

FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
STATE OF NEW MEXICO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended June 30, 2012

Prepared by
Randall Bondow, Assistant Superintendent of Finance
and
The Business Office

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INTRODUCTORY SECTION

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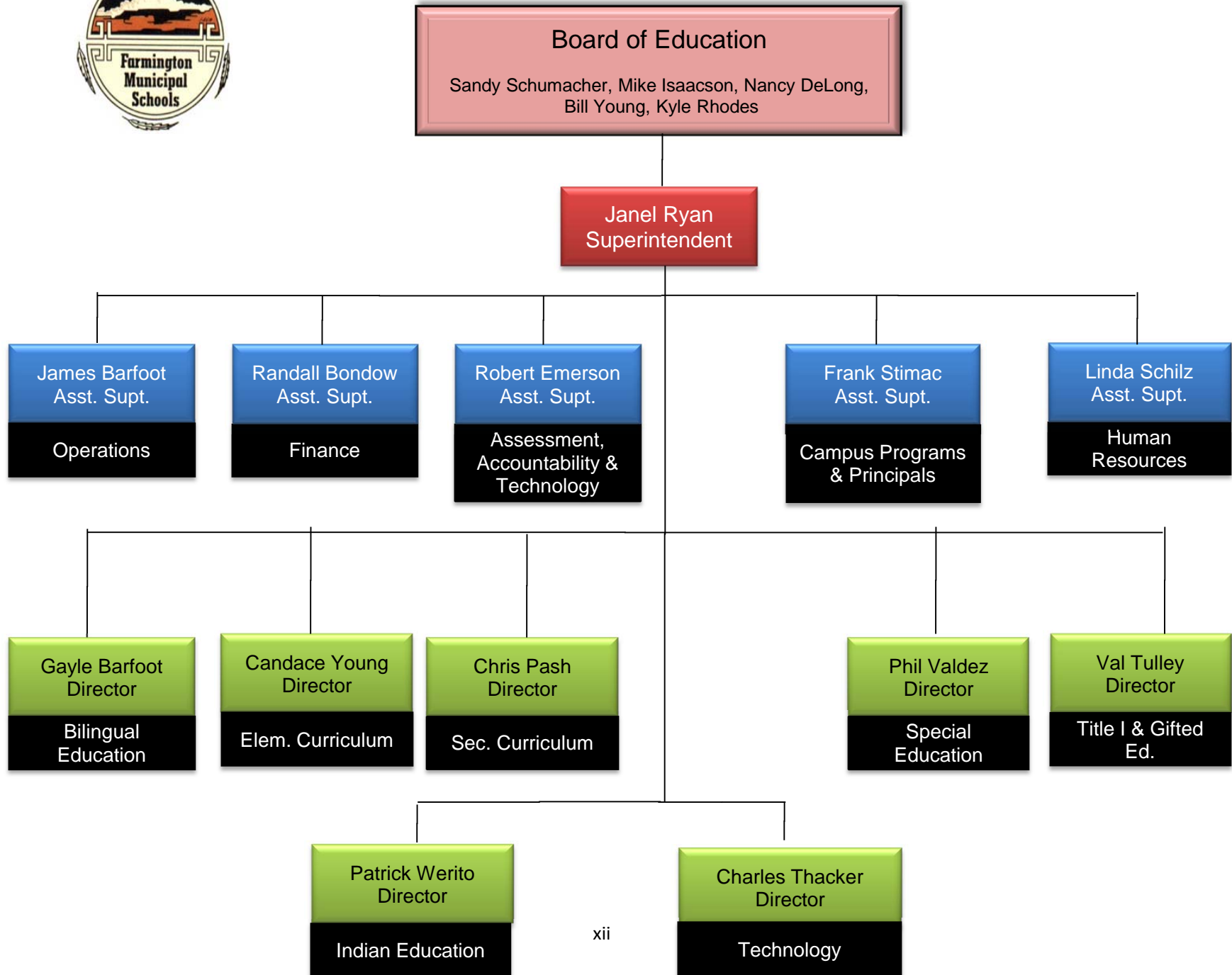
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STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
LIST OF PRINCIPAL OFFICIALS
June 30, 2012

Sandy Schumacher Board President
Mike Isaacson..... Board Vice President
Nancy DeLong..... Board Secretary
Bill Young..... Board Deputy Secretary
Kyle Rhodes Board Member
Janel Ryan..... Superintendent
Frank Stimac Assistant Superintendent of Campus Programs
James Barfoot Assistant Superintendent of Operations
Linda Schilz Assistant Superintendent of Human Resources
Robert Emerson Assistant Superintendent of Technology, Assessment & Accountability
Randall Bondow Assistant Superintendent of Finance

Farmington Schools Organizational Chart



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, 2011

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.



Linda C. Davison

President

Jeffrey R. Emer

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

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October 31, 2012

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, 2012.

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, 2012.

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, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the District

The District is a political subdivision of the State organized for the purpose of operating and maintaining an educational program for school-age children residing within its boundaries. The Farmington Municipal School District No. 5 is the seventh largest district in the State with an enrollment of 10,724 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'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 15,000 students (FTE basis).

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

The Farmington Schools, as a whole, is accredited by the State of New Mexico’s Public Education Department. The 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 8-9 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 10 and pages 47-102.

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 the four-lane Highway 550 from Albuquerque to Farmington, which provides further opportunities for economic growth for the region.

Retail trade. Farmington is the largest city in the Four Corners area of Colorado, Arizona, Utah and New Mexico. It serves as the retail distribution and service center for an estimated population 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 AT&T Wireless offices, Animas Pediatric Dental Group and Tractor Supply as well as several smaller franchise businesses.

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



Arizona Public Service Company operates Four Corners Power Plant, a five-unit, 2,050-megawatt coal-fired plant. Located 20 miles west of Farmington, the plant employs 573 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 12,717 active oil & gas wells in San Juan County as of October 2012.

The Four Corners as well as the State of New Mexico has been negatively impacted this past year by the low prices of natural gas and oil.

The State of New Mexico is facing budget deficits due to the reduction in revenue from oil and gas taxes. Those state revenues affect the amount the state allocates to public education through the state equalization formula. The reduction in public education funding could be significant as education funding is 47% of the state's budget.



Coal Mining The major coal producer in the area is BHP-Utah International, Inc., which owns two large mines producing coal for the Four Corners and San Juan Generating Stations. The Navajo Mine supplies the Four Corners Plant. The San Juan, estimated to have useful lives in excess of twenty years, supplies the San Juan Plant. The Navajo Mine is located approximately 20 miles southwest of Farmington and the San Juan mine is northwest. Production is estimated at over 20 million tons of coal per year.

Employment is approximately 1,030 at all mines (as of December 2010) and the annual payroll is approximately \$72,000,000.

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 12th and 13th centuries), Aztec Ruins National



Monument (500 room Indian community ruin with reconstructed Kiva), white water river rafting and nationally renowned trout fishing on the San Juan River just below Navajo Lake. Tourist visits to Aztec Ruins have increased 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.

AWARDS AND ACKNOWLEDGEMENTS

Mrs. Ryan recognized the Finance Department for again receiving the Certificate of Achievement for Excellence in Financial Reporting for its comprehensive

annual financial report. The District has received this honor every year since 1993.

CURRENT PROJECTS

On August 24, 2010 voters approved issuing \$50,000,000 in bonds to fund replacement of Tibbetts Middle School and numerous improvement projects.



The District has received Public School Critical Capital Outlay funds in the amount of \$19,000,000 to help with construction of Tibbetts Middle School.

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 2012 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, 2011. This was the (19) consecutive year (1993-2011) 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 Sandy Schumacher and members of the Board of Education for their continuing interest and support in conducting the financial affairs of this school district for the 2011-2012 fiscal year, thereby advancing the effort toward excellence in education in the Farmington Municipal School District.

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

Respectfully submitted,



Randall Bondow
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, the budgetary comparisons for the general fund and major special revenue funds and the aggregate remaining fund information of the Farmington Municipal School District No. 5 (District), as of and for the year ended June 30, 2012, 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 funds, and the budgetary comparisons for the major capital projects funds, debt service funds and all nonmajor funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, 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.

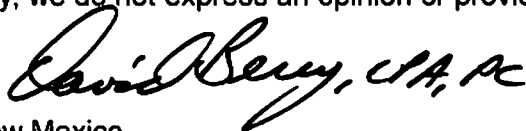
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, 2012, and the respective changes in financial position, thereof, and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in 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, 2012, 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, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages xxvii through xxxvii be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining, individual fund financial statements and budgetary comparisons. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. 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 basic 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.



Farmington, New Mexico
October 31, 2012

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, 2012. 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 – xxiv.

Financial Highlights

- The assets of the Farmington Municipal School District exceeded liabilities at the close of the most recent fiscal year by \$79,807,368 (*net assets*). Of this amount, \$22,960,900 (*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 \$48,138,197, an increase of \$6,452,284 in comparison with the prior year. Approximately 22% of this total amount, \$10,448,869 is *available for spending* at the district's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,448,869 or 16% of the total general fund expenditures.
- The Farmington Municipal School District's total net debt increased by \$11,705,770 or 29% during the current fiscal year. The district retired \$9,044,230 of debt while issuing new debt in the amount of \$20,750,000. The district issued \$6,750,000 in general obligation educational technology notes authorized by the board in 2012 and \$14,000,000 in general obligation school building bonds authorized by the voters in 2010.

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 5 and 6 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 59 governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental

funds is provided in the form of *combining statements* following the notes to the financial statements (pages 37-46).

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 3-11 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 page 12 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 13-28 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 \$79,807,368 at the close of the most recent fiscal year.

A portion (52%) 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 2012	FY 2011	FY 2012	FY 2011
Current and other assets	\$ 66,319,925	\$ 60,445,211	\$ 66,319,925	\$ 60,445,211
Capital assets	\$ 74,551,167	\$ 70,660,053	\$ 74,551,167	\$ 70,660,053
Total assets	\$ 140,871,092	\$ 131,105,264	\$ 140,871,092	\$ 131,105,264
Current Liabilities	\$ 5,242,495	\$ 6,301,071	\$ 5,242,495	\$ 6,301,071
Noncurrent liabilities:				
Due within one year	\$ 9,216,630	\$ 9,594,349	\$ 9,216,630	\$ 9,594,349
Due in more than one year	\$ 46,604,599	\$ 33,748,699	\$ 46,604,599	\$ 33,748,699
Total liabilities	\$ 61,063,724	\$ 49,644,119	\$ 61,063,724	\$ 49,644,119
Net assets:				
Invested in capital assets, net of related debt	\$ 41,429,758	\$ 44,134,648	\$ 41,429,758	\$ 44,134,648
Restricted	\$ 15,416,710	\$ 15,877,450	\$ 15,416,710	\$ 15,877,450
Unrestricted	\$ 22,960,900	\$ 21,449,047	\$ 22,960,900	\$ 21,449,047
Total net assets	\$ 79,807,368	\$ 81,461,145	\$ 79,807,368	\$ 81,461,145

Farmington Municipal School District's Net Assets

A large portion of Farmington Municipal School District's net assets (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$22,960,900) 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 decreased by \$1,653,777 during the current fiscal year. Total assets increased primarily due to increased cash revenues from the bond proceeds received in the current fiscal year and the beginning of construction of a new middle school. Long-term liabilities increased due to the issuance of additional debt.

Governmental activities. Governmental activities decreased Farmington Municipal School District's net assets by \$1,653,777. Key elements of this decrease are as follows:

- Operating grants & contributions for governmental activities decreased primarily due to a 25% reduction in the amount of federal funding from the Educational Stimulus Funds received by the district and a 10% reduction in the amount of bond proceeds.

The reduction was offset by a 1.6% increase in state equalization revenue as shown in the comparison of grants and contributions not restricted to specific programs.

- Earnings from investments have declined due to the state of the economy and lower interest rates.

The increase in expenses for the district resulted from an increase in construction projects in the district.

Farmington Municipal School District's Changes in Net Assets

	Governmental Activities		Total	
	FY2012	FY2011	FY2012	FY2011
Revenues:				
Program Revenues:				
Charges for services	\$ 1,681,024	\$ 1,713,639	\$ 1,681,024	\$ 1,713,639
Operating grants & contributions	\$ 12,483,985	\$ 16,238,340	\$ 12,483,985	\$ 16,238,340
Capital grants & contributions	\$ 16,536	\$ 226,196	\$ 16,536	\$ 226,196
General Revenues:			\$ -	\$ -
Property taxes-general purpose	\$ 571,308	\$ 583,549	\$ 571,308	\$ 583,549
Property taxes-debt service	\$ 11,156,818	\$ 9,983,458	\$ 11,156,818	\$ 9,983,458
Property taxes-capital projects	\$ 2,510,503	\$ 3,136,308	\$ 2,510,503	\$ 3,136,308
Grants and contributions not restricted to specific programs	\$ 68,459,802	\$ 67,228,446	\$ 68,459,802	\$ 67,228,446
Other:				
Earnings from investments	\$ 25,249	\$ 116,388	\$ 25,249	\$ 116,388
Gain on sale of capital asset	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 96,905,225	\$ 99,226,324	\$ 96,905,225	\$ 99,226,324
Expenses:				
Direct instruction	\$ 48,705,662	\$ 50,181,718	\$ 48,705,662	\$ 50,181,718
Support Services:		\$ 22,424,212	\$ -	\$ 22,424,212
Students	\$ 10,524,749		\$ 10,524,749	
Instruction - support	\$ 1,733,137		\$ 1,733,137	
General administrative	\$ 1,181,832		\$ 1,181,832	
School administrative	\$ 4,463,277		\$ 4,463,277	
Central services	\$ 799,198		\$ 799,198	
Operations and maintenance	\$ 7,608,853		\$ 7,608,853	
Student transportation	\$ 3,108,422	\$ 2,760,952	\$ 3,108,422	\$ 2,760,952
Other support services	\$ 109,193		\$ 109,193	
Non-instructional services				
Food services	\$ 3,873,724	\$ 3,495,334	\$ 3,873,724	\$ 3,495,334
Community services	\$ 134,934		\$ 134,934	
Facilities, supplies and materials	\$ 11,950,619		\$ 11,950,619	
Depreciation - unallocated	\$ 3,171,107		\$ 3,171,107	
Interest on long-term obligations	\$ 1,194,295		\$ 1,194,295	
Operation of non-instruction services	\$ -	\$ 14,373,083	\$ -	\$ 14,373,083
Athletics	\$ -	\$ 280,813	\$ -	\$ 280,813
Other	\$ -	\$ 1,001,828	\$ -	\$ 1,001,828
Total Expenses	\$ 98,559,002	\$ 94,517,940	\$ 98,559,002	\$ 94,517,940
Increase/(Decrease) in net assets	\$ (1,653,777)	\$ 4,708,384	\$ (1,653,777)	\$ 4,708,384
Net assets - Beginning	\$ 81,461,145	\$ 76,752,761	\$ 81,461,145	\$ 76,752,761
Net assets - Ending	\$ 79,807,368	\$ 81,461,145	\$ 79,807,368	\$ 81,461,145

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 \$48,138,197 an increase in comparison with the prior year. Approximately 22% of this total amount (\$10,448,869) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$10,911,578), 2) for capital projects (\$25,286,190) and 3) a variety of other restricted purposes (\$1,491,560).

The general fund is the chief operating fund of Farmington Municipal School District. At the end of the current fiscal year, unassigned fund balance of the general funds was \$10,448,869, which is also the total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned represents 16% percent of the total general fund expenditures, and the total fund balance represents 16% as well since none of the general fund balance was restricted at June 30, 2012.

The fund balance of Farmington Municipal School District's general fund increased by \$1,330,013 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. The revenue reductions from the state did not materialize to the level forecasted by the state. The district reduced expenditures to meet the forecasted reduction and therefore, the district budget reflected a larger portion of the revenues from the state equalization guarantee be set aside in cash reserves. The current fiscal year budget reflects a decrease in the cash balance. The fund balance is expected to decrease this next fiscal year as the district will replace some non-recurring expense items on an opportunistic basis.

The district's debt service fund's total fund balance was \$7,251,827 that is restricted for the payment of debt service. This is a net decrease in fund balance of \$28,844. The decrease during the current year resulted from a decrease in cash that was used to retire debt obligations of the district.

The educational technical debt service fund balance was \$3,659,751. The total amount is restricted for the payment of debt service. This is a net increase in fund balance of \$160,447. The increase is the result of increased tax collections for the purpose of debt payment.

There was an increase of \$5,076,416 in the fund balance of the bond building capital fund resulting in a fund balance of \$20,168,187. The increase was the result of the \$14,000,000 debt issue in May 2012 offset by spending proceeds for construction projects in the current fiscal year.

The SB-9 capital improvement fund balance was \$1,265,539 that is used primarily for maintenance and repair of facilities and grounds. This is a net decrease in fund balance of \$991,265. The expenditures in this fund can fluctuate depending on the number, complexity and cost of the maintenance work orders for any given year. This year's revenues decreased by 9.3% compared to the prior year due to a decrease in oil & gas severance taxes collected. Expenditures increased due to an increase in high cost repairs.

General Fund Budgetary Highlights

Differences between the original budgeted revenues and the final amended budgeted revenues were resulted in a budget increase of \$235,849, which can be briefly summarized as follows:

- The difference resulted from a mid-year 0.4% increase in revenue from the state in state equalization funds.
- Expenditures were increased to balance the budget.
- Additional cash from 6/30/11 was carried forward and budgeted in 2011-2012.

Capital Asset and Debt Administration

Capital assets. Farmington Municipal School District's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$74,551,167 (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 \$74,551,167 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:

- Student laptops were purchased for high school students as part of the district's technology master plan.

- Construction was completed on a new library at an elementary school.
- Construction was completed on an addition to the high school.

Additional information on Farmington Municipal School District’s capital assets can be found in note “C” on page 23 of this report.

	Government Activities		Total	
	FY2012	FY2011	FY2012	FY2011
Land	\$ 3,444,131	\$ 3,444,131	\$ 3,444,131	\$ 3,444,131
Construction in progress	\$ 4,648,597	\$ -	\$ 4,648,597	\$ -
Land improvements	\$ 1,623,801	\$ 623,773	\$ 1,623,801	\$ 623,773
Buildings and improvements	\$ 60,787,488	\$ 61,500,322	\$ 60,787,488	\$ 61,500,322
Machinery and equipment	\$ 4,047,150	\$ 5,091,827	\$ 4,047,150	\$ 5,091,827
Total	\$ 74,551,167	\$ 70,660,053	\$ 74,551,167	\$ 70,660,053

Long-term debt. At the end of the current fiscal year, Farmington Municipal School District had total bonded debt outstanding of \$53,578,101. The total outstanding debt represents general obligation bonds secured solely by specified revenue sources (i.e., property tax collections).

Farmington Municipal School District's Outstanding Debt

General Obligation Bonds

**Governmental
activities**

Total FY 2012	Total FY 2011
------------------	------------------

General obligation bonds	\$53,578,101	\$41,872,331
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Farmington Municipal School District’s total debt increased by \$11,705,770 during the current fiscal year. The district retired \$9,044,230 of debt while issuing new debt in the amount of \$20,750,000. The district issued \$6,750,000 in general obligation educational technology notes authorized by the board in 2012. The district issued \$14,000,000 in general obligation school building bonds authorized by the voters in 2010.

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 \$87,238,742, 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” of this report on pages 24-25.

Economic Factors and Next Year's Budget

Farmington Municipal School District is located in San Juan County. San Juan County, like the rest of New Mexico and the nation, has experienced a declining economy. Due to the economic factors affecting the entire country in 2012-2013 the State of New Mexico and San Juan County have seen a rise in unemployment and a slow down of the oil and gas economy. The taxes on oil and gas in New Mexico are a vital revenue factor in the state's budget. 98% of Farmington Municipal Schools' operating revenue comes from the state and the district anticipates a slight increase in funding allocated for schools in FY 2013. The board of education is being proactive and considering ways to reduce expenditures and maintain the district's cash balance in preparation for slight increases in revenues.

San Juan County's population continues to increase (14% between 2000 and 2010 census) and Farmington Municipal Schools experienced an increase in enrollment for the current fiscal year. The current enrollment is flat when compared to the same period in the prior year. The projections are that the enrollment will remain relatively flat over the next two to three years pending the impact of a new charter school that the board recently approved. The charter school is under the Farmington Municipal Schools so enrollment may decline if students choose to attend the charter school scheduled to open for the 2012-2013 school year.

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 \$10,448,869 of its unassigned fund balance for spending in the 2013 fiscal year budget. The \$10,448,869 budgeted primarily into direct classroom instruction to fund additional staff needed to meet the state mandated class sizes while accommodating the slight growth in the elementary student population.

Requests for information

This financial report is designed to provide a general overview of Farmington Municipal School District's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the 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, 2012

	Primary Government Governmental Activities
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 50,496,703
Cash with fiscal agent	802,909
Receivables (net, where applicable, of allowances for uncollectibles):	
Property taxes	13,356,568
Due from other governments	1,535,376
Inventories	128,369
Capital assets not being depreciated:	
Land	3,444,131
Construction in progress	4,648,597
Capital assets (net of accumulated depreciation):	
Buildings and improvements	60,787,488
Improvements other than buildings	1,623,801
Equipment	4,047,150
Total assets	140,871,092
<u>LIABILITIES:</u>	
Accounts payable	1,637,609
Accrued payroll, taxes and benefits	2,135,063
Accrued interest payable	417,335
Unearned revenue	1,052,488
Noncurrent liabilities:	
Due within one year	9,216,630
Due in more than one year	46,604,599
Total liabilities	61,063,724
<u>NET ASSETS:</u>	
Invested in capital assets, net of related debt	41,429,758
Restricted for:	
Transportation	137,500
Instructional materials	128,103
Restricted by grantor	883,317
Athletic program	115,401
Student activities	227,239
Capital projects funds	3,013,572
Debt Service funds	10,911,578
Unrestricted	22,960,900
Total net assets	\$ 79,807,368

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, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		<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>
Governmental activities:					
Instruction	\$ 48,705,662	\$ 740,797	\$ 4,603,575	\$ 16,536	\$ (43,344,754)
Support services:					
Students	10,524,749	-	3,079,864	-	(7,444,885)
Instruction - support	1,733,137	-	152,964	-	(1,580,173)
General administrative	1,181,832	-	109,273	-	(1,072,559)
School administrative	4,463,277	-	1,549,390	-	(2,913,887)
Central services	799,198	-	-	-	(799,198)
Operations and maintenance	7,608,853	-	3,334	-	(7,605,519)
Student transportation	3,108,422	-	-	-	(3,108,422)
Other support services	109,193	-	-	-	(109,193)
Non-instructional services:					
Food services	3,873,724	940,227	2,985,585	-	52,088
Community services	134,934	-	-	-	(134,934)
Facilities, supplies and materials	11,950,619	-	-	-	(11,950,619)
Depreciation - unallocated	3,171,107	-	-	-	(3,171,107)
Interest on long-term obligations	1,194,295	-	-	-	(1,194,295)
Total governmental activities	<u>98,559,002</u>	<u>1,681,024</u>	<u>12,483,985</u>	<u>16,536</u>	<u>(84,377,457)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					571,308
Property taxes, levied for debt service					11,156,818
Property taxes, levied for capital projects					2,510,503
Federal and state grants not restricted for specific programs					
General					68,459,802
Earnings from investments					<u>25,249</u>
Total general revenues					<u>82,723,680</u>
Change in net assets					(1,653,777)
Net assets - beginning					<u>81,461,145</u>
Net assets - ending					<u>\$ 79,807,368</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, 2012

	General	Transportation	Instructional Materials	Debt Service	Educational Technical	Bond Building	SB-9 Capital Improvements	Educational Technical Equipment	Other Governmental Funds	Total Governmental Funds
	11000	13000	14000	41000	43000	31100	31700	31900		
ASSETS										
Pooled cash and investments	\$ 12,683,625	\$ 9,131	\$ 128,103	\$ 7,155,460	\$ 3,613,525	\$ 20,229,932	\$ 1,235,510	\$ 2,394,795	\$ 3,046,622	\$ 50,496,703
Cash with fiscal agent	-	-	-	-	-	802,909	-	-	-	802,909
Property taxes receivables	536,606	-	-	7,064,506	3,037,666	-	2,717,790	-	-	13,356,568
Due from other governments	8,835	-	-	96,367	46,226	-	37,909	-	1,346,039	1,535,376
Due from other funds	-	-	-	-	-	-	-	-	1,346,039	1,346,039
Inventories	-	128,369	-	-	-	-	-	-	-	128,369
Total assets	\$ 13,229,066	\$ 137,500	\$ 128,103	\$ 14,316,333	\$ 6,697,417	\$ 21,032,841	\$ 3,991,209	\$ 2,394,795	\$ 5,738,700	\$ 67,665,964
LIABILITIES AND FUND BALANCES										
Liabilities:										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,346,039	\$ 1,346,039
Accounts payable	108,528	-	-	-	-	864,654	7,880	290,364	366,183	1,637,609
Accrued payroll, taxes and benefits	2,135,063	-	-	-	-	-	-	-	-	2,135,063
Deferred revenue	536,606	-	-	7,064,506	3,037,666	-	2,717,790	-	-	13,356,568
Unearned revenue	-	-	-	-	-	-	-	-	1,052,488	1,052,488
Total liabilities	2,780,197	-	-	7,064,506	3,037,666	864,654	2,725,670	290,364	2,764,710	19,527,767
Fund balances:										
Restricted:										
Transportation	-	137,500	-	-	-	-	-	-	-	137,500
Instructional materials	-	-	128,103	-	-	-	-	-	-	128,103
Restricted by grantor	-	-	-	-	-	-	-	-	883,317	883,317
Athletic program	-	-	-	-	-	-	-	-	115,401	115,401
Student activities	-	-	-	-	-	-	-	-	227,239	227,239
Capital projects funds	-	-	-	-	-	20,168,187	1,265,539	2,104,431	1,748,033	25,286,190
Debt service funds	-	-	-	7,251,827	3,659,751	-	-	-	-	10,911,578
Unassigned:										
General fund	10,448,869	-	-	-	-	-	-	-	-	10,448,869
Total fund balances	10,448,869	137,500	128,103	7,251,827	3,659,751	20,168,187	1,265,539	2,104,431	2,973,990	48,138,197
Total liabilities and fund balances	\$ 13,229,066	\$ 137,500	\$ 128,103	\$ 14,316,333	\$ 6,697,417	\$ 21,032,841	\$ 3,991,209	\$ 2,394,795	\$ 5,738,700	

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.	74,551,167
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	13,356,568
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(56,238,564)
Net assets of governmental activities	\$ 79,807,368

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, 2012

	General	Transportation	Instructional Materials	Debt Service	Educational Technical	Bond Building	SB-9 Capital Improvements	Educational Technical Equipment	Other Governmental Funds	Total Governmental Funds
	11000	13000	14000	41000	43000	31100	31700	31900		
Revenues:										
Intergovernmental:										
State equalization guarantee	\$ 65,310,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,310,556
Transportation	-	2,698,211	-	-	-	-	-	-	-	2,698,211
State instructional material	-	-	451,035	-	-	-	-	-	-	451,035
Grants	187,121	-	-	-	-	-	16,536	-	12,061,244	12,264,901
Taxes - property	570,411	-	-	7,049,115	3,436,885	-	2,725,598	-	-	13,782,009
Fees and activities	74,646	-	-	-	-	-	-	-	1,606,378	1,681,024
Earnings from investments	12,581	-	-	2,529	1,137	5,301	1,535	66	2,100	25,249
Donations and miscellaneous	235,620	-	-	-	-	-	-	-	-	235,620
Total revenue	66,390,935	2,698,211	451,035	7,051,644	3,438,022	5,301	2,743,669	66	13,669,722	96,448,605
Expenditures:										
Instruction	43,430,608	-	419,300	-	-	-	-	-	4,795,630	48,645,538
Support services:										
Students	7,404,777	-	-	-	-	-	-	-	3,079,864	10,484,641
Instruction - support	1,540,474	-	-	-	-	-	-	-	151,952	1,692,426
General administrative	1,135,500	-	-	64,050	31,102	-	24,706	-	110,285	1,365,643
School administrative	2,849,106	-	-	-	-	-	-	-	1,567,471	4,416,577
Central services	789,070	-	-	-	-	-	-	-	-	789,070
Operations & maintenance of plant	7,661,076	-	-	-	-	-	-	-	3,334	7,664,410
Student transportation	-	2,729,501	-	-	-	-	-	-	-	2,729,501
Other support services	97,296	-	-	-	-	-	-	-	-	97,296
Non-instructional services:										
Food services	-	-	-	-	-	-	-	-	3,845,948	3,845,948
Community services	134,934	-	-	-	-	-	-	-	-	134,934
Capital outlay	-	-	-	-	-	9,731,794	3,710,228	5,978,313	-	19,420,335
Debt service:										
Principal retirement	-	-	-	6,060,000	2,984,230	-	-	-	-	9,044,230
Bond interest paid	-	-	-	956,438	262,243	-	-	-	-	1,218,681
Debt issuance costs	-	-	-	-	-	106,313	-	-	-	106,313
Total expenditures	65,042,841	2,729,501	419,300	7,080,488	3,277,575	9,838,107	3,734,934	5,978,313	13,554,484	111,655,543
Excess (deficiency) of revenues over expenditures	1,348,094	(31,290)	31,735	(28,844)	160,447	(9,832,806)	(991,265)	(5,978,247)	115,238	(15,206,938)
Other financing sources (uses)										
Bonds issued	-	-	-	-	-	14,000,000	-	-	-	14,000,000
Premium on debt issued	-	-	-	-	-	909,222	-	-	-	909,222
Capital lease	-	-	-	-	-	-	-	6,750,000	-	6,750,000
Transfer in	-	-	-	-	-	-	-	-	18,081	18,081
Transfer out	(18,081)	-	-	-	-	-	-	-	-	(18,081)
Total other financing sources (uses)	(18,081)	-	-	-	-	14,909,222	-	6,750,000	18,081	21,659,222
Net change in fund balances	1,330,013	(31,290)	31,735	(28,844)	160,447	5,076,416	(991,265)	771,753	133,319	6,452,284
Fund balances at beginning	9,118,856	168,790	96,368	7,280,671	3,499,304	15,091,771	2,256,804	1,332,678	2,840,671	41,685,913
Fund balances at ending	10,448,869	137,500	128,103	7,251,827	3,659,751	20,168,187	1,265,539	2,104,431	2,973,990	48,138,197

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, 2012

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

Net change in fund balances - total governmental funds (page 6)	\$ 6,452,284
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.	3,891,114
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	456,620
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.	(12,444,173)
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>(9,622)</u>
Change in net assets of governmental activities (page 4)	<u>\$ (1,653,777)</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
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Public Law 874	\$ 117,654	\$ 117,654	\$ 96,588	\$ (21,066)
Federal flowthrough grants	47,891	47,891	60,508	12,617
Federal direct grants	43,595	43,595	30,025	(13,570)
Total federal revenues	<u>209,140</u>	<u>209,140</u>	<u>187,121</u>	<u>(22,019)</u>
State sources:				
State equalization guarantee	65,049,350	65,285,199	65,310,556	25,357
State flow through grants	26,850	26,850	-	(26,850)
Total state revenues	<u>65,076,200</u>	<u>65,312,049</u>	<u>65,310,556</u>	<u>(1,493)</u>
Local sources:				
District school tax levy	565,820	565,820	580,572	14,752
Fees and activities	46,000	46,000	74,646	28,646
Earnings from investments	9,801	9,801	12,581	2,780
Donations and miscellaneous	-	-	235,620	235,620
Total local revenues	<u>621,621</u>	<u>621,621</u>	<u>903,419</u>	<u>281,798</u>
Total revenues	<u>65,906,961</u>	<u>66,142,810</u>	<u>66,401,096</u>	<u>258,286</u>
Expenditures:				
Instruction	47,746,723	47,981,498	43,430,608	4,550,890
Support Services:				
Students	7,598,331	7,597,131	7,404,777	192,354
Instruction - Support	1,952,820	1,950,170	1,540,474	409,696
General Administration	1,346,189	1,346,189	1,135,500	210,689
School Administration	2,849,115	2,849,115	2,849,106	9
Central Services	960,737	960,737	789,070	171,667
Operation & Maintenance of Plant	9,275,764	9,280,688	7,831,675	1,449,013
Other Support Services	2,071,529	2,071,529	97,296	1,974,233
Non-Instructional Services:				
Community Services	134,941	134,941	134,934	7
Total expenditures	<u>73,936,149</u>	<u>74,171,998</u>	<u>65,213,440</u>	<u>8,958,558</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
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	(8,029,188)	(8,029,188)	1,187,656	9,216,844
Other financing sources (uses): Transfer out	-	(18,081)	(18,081)	-
Net change in fund balances	(8,029,188)	(8,047,269)	1,169,575	9,216,844
Beginning cash balance budgeted	8,029,188	8,047,269	-	(8,047,269)
Fund balances at beginning of the year	-	-	9,118,856	9,118,856
Fund balances at end of the year	\$ -	\$ -	10,288,431	\$ 10,288,431
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(10,161)	
Changes in payables			170,599	
			\$ 10,448,869	

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

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 TRANSPORTATION FUND - 13000
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
Transportation	\$ 2,474,250	\$ 2,698,211	\$ 2,698,211	\$ -
Total state revenues	<u>2,474,250</u>	<u>2,698,211</u>	<u>2,698,211</u>	<u>-</u>
Expenditures:				
Support Services:				
Student Transportation	<u>2,474,250</u>	<u>2,761,749</u>	<u>2,752,618</u>	<u>9,131</u>
Total expenditures	<u>2,474,250</u>	<u>2,761,749</u>	<u>2,752,618</u>	<u>9,131</u>
Excess (deficiency) of revenues over (under) expenditures	-	(63,538)	(54,407)	9,131
Beginning cash balance budgeted	-	63,538	-	(63,538)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>168,790</u>	<u>168,790</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>114,383</u>	<u>\$ 114,383</u>
RECONCILIATION TO GAAP BASIS:				
Change in Inventories			<u>23,117</u>	
			<u>\$ 137,500</u>	

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

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 INSTRUCTIONAL MATERIALS FUND - 14000
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
State sources:				
State instructional material	\$ 378,593	\$ 451,035	\$ 451,035	\$ -
Total state revenues	<u>378,593</u>	<u>451,035</u>	<u>451,035</u>	<u>-</u>
Expenditures:				
Instruction	<u>472,635</u>	<u>545,077</u>	<u>448,929</u>	<u>96,148</u>
Total expenditures	<u>472,635</u>	<u>545,077</u>	<u>448,929</u>	<u>96,148</u>
Excess (deficiency) of revenues over (under) expenditures	(94,042)	(94,042)	2,106	96,148
Beginning cash balance budgeted	94,042	94,042	-	(94,042)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>96,368</u>	<u>96,368</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	98,474	<u>\$ 98,474</u>
RECONCILIATION TO GAAP BASIS:				
Changes in payables			<u>29,629</u>	
			<u>\$ 128,103</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 FIDUCIARY NET ASSETS - AGENCY FUNDS
June 30, 2012

	<u>Student Activities</u>
<u>ASSETS</u>	
Pooled cash and investments	<u>\$ 1,565,667</u>
<u>LIABILITIES</u>	
Deposits held in trust for others	<u>1,565,667</u>
Total liabilities	<u>\$ 1,565,667</u>

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

STATE OF NEW MEXICO
FARMINGTON MUNICIPAL SCHOOL DISTRICT NO.5
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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, 2012.

Discretely presented component units

The District had no discrete component units during the fiscal year ended June 30, 2012.

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 is 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 *Pupil Transportation Fund* is used to account for the State Equalization, received from the Public Education Department (PED), which is used to pay for the costs associated with transporting school age children. This is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* is used to account for the monies received from the Public Education Department (PED) for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

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

The *Educational Technical* fund accounts for the servicing of general long-term debt 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 \$65,310,556 in state equalization guarantee distributions during the year ended June 30, 2012.

Transportation Distribution: School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and- from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$2,673,150 in transportation distributions during the year ended June 30, 2012.

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 \$5,000 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 current portion is estimated 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. Net assets flow assumptions

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. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net assets and unrestricted net assets in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net assets to have been depleted before unrestricted net assets.

8. Fund equity flow assumptions

In the fund financial statements, governmental funds report restricted and unassigned fund balances. Restricted fund balances represent amounts that are constrained externally by creditors (such as debt covenants), grantors, contributors, or laws of other governments. Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing body (Board of Education) may also assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. 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 \$56,238,564 difference are as follows:

Bonds payable	\$ 44,030,000
Plus: Issuance premium (to be amortized as interest expense)	1,815,926
Capital lease	9,548,101
Accrued interest payable	417,335
Compensated absences	<u>427,202</u>
Net adjustment to reduce <i>fund balance-total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$ <u>56,238,564</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 \$3,891,114 difference are as follows:

Capital outlay	\$ 7,768,225
Depreciation expense	<u>(3,877,111)</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>\$ 3,891,114</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 (\$12,444,173) difference are as follows:

Bonds issued	\$ (14,000,000)
Premium on bonds issued	(909,222)
Bond principal repayments	7,070,000
Capital lease issued	(6,750,000)
Capital lease repayments	1,974,230
Amortization of issuance premiums	<u>170,819</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>\$ (12,444,173)</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 (\$9,622) difference are as follows:

Compensated absences	\$ (34,008)
Accrued interest	<u>24,386</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>\$ (9,622)</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.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a Governmental Agency from exceeding an individual line item.

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 school district to exceed a functional line item.

B. Excess of expenditures over appropriations

For the year ended June 30, 2012, the District's expenditures did not exceed approved budgetary authority.

C. Deficit Fund Equity

As of June 30, 2012, 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:

Bank deposits – non-interest bearing	\$ 26,024,002
Bank deposits – interest bearing	23,302,545
Certificates of deposit	1,400,000
State Treasurer’s Office Local Government Investment Pool	1,335,823
Total	\$ 52,062,370

Deposits

Custodial credit risk. 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 Statutes require that bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. As of June 30, 2012, the District was in compliance with state statute. As of June 30, 2012, the District’s carrying amount of deposits was \$50,726,547 and the bank balance was \$52,869,915. Of the bank balance, \$28,510,423 was covered by federal depository insurance. \$16,344,289 was collateralized with securities held by the pledging financial institution’s trust department or agent in the District’s name, and \$8,015,203 was uninsured and uncollateralized, and subject to custodial credit risk.

Investments

The District has investments in the State Treasurer’s Office Local Government Investment Pool (LGIP). The investments are valued at fair value based on quoted market prices as of June 30, 2012. The LGIP 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 LGIP 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 LGIP is voluntary. The pool has a AAAM rating by Standard & Poor’s.

Interest rate risk. Interest rate risk is the risk that interest rate variations may adversely affect the fair value of an investment. An acceptable method for reporting interest rate risk is weighted average maturity (WAM). The State Treasurer’s Office uses this method for reporting purposes for the Local Government Investment Pool. The WAM(R) was 60 days and WAM(F) was 83 days, at June 30, 2012. 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. The LGIP is exempt from this reporting requirement.

Custodial credit risk. 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 LGIP is exempt from this reporting requirement.

B. Receivables

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

<i>Receivables:</i>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property taxes Receivable	\$ 536,606	\$ -	\$10,102,172	\$2,717,790	\$13,356,568
Due from other governments	8,835	1,346,039	142,593	37,909	1,535,376

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	\$ 13,356,568	\$ -
Grant proceeds not yet earned	-	1,052,488
Total deferred / unearned revenue for governmental funds	<u>\$ 13,356,568</u>	<u>\$ 1,052,488</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	\$1,346,039	\$1,346,039

Operating Transfer in /out

The District made one operating transfer during the fiscal year ended June 30, 2012 of \$18,081 out of the General Fund and into the School Improvement Special Revenue Fund, which was approved by the State Board of Education Regulation.

C. Capital assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance <u>July 1, 2011</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2012</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,444,131	\$ -	\$ -	\$ 3,444,131
Construction in progress	<u>-</u>	<u>4,648,597</u>	<u>-</u>	<u>4,648,597</u>
Total capital assets, not being depreciated	<u>3,444,131</u>	<u>4,648,597</u>	<u>-</u>	<u>8,092,728</u>
Capital assets, being depreciated:				
Buildings and improvements	94,261,701	1,349,000	-	95,610,701
Improvements other than buildings	6,649,023	1,324,154	-	7,973,177
Equipment	<u>22,056,425</u>	<u>446,474</u>	<u>(4,073,822)</u>	<u>18,429,077</u>
Total capital assets being depreciated	<u>122,967,149</u>	<u>3,119,628</u>	<u>(4,073,822)</u>	<u>122,012,955</u>
Less accumulated depreciation for:				
Buildings and improvements	(32,761,379)	(2,061,834)	-	(34,823,213)
Improvements other than buildings	(6,025,250)	(324,126)	-	(6,349,376)
Equipment	<u>(16,964,598)</u>	<u>(1,491,151)</u>	<u>4,073,822</u>	<u>(14,381,927)</u>
Total accumulated depreciation	<u>(55,751,227)</u>	<u>(3,877,111)</u>	<u>4,073,822</u>	<u>(55,554,516)</u>
Total capital assets, being depreciated, net	<u>67,215,922</u>	<u>(757,483)</u>	<u>-</u>	<u>66,458,439</u>
Governmental activities capital assets, net	<u>\$ 70,660,053</u>	<u>\$ 3,891,114</u>	<u>\$ -</u>	<u>\$ 74,551,167</u>

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

Governmental activities:

Instruction	\$ 26,116
Support services - students	45,503
Support services - instruction	40,711
Support services – general administrative	11,078
Support services – school administrative	56,590
Central services	10,128
Operations and maintenance of plant	11,364
Student transportation	464,841
Other support services	11,897
Non-instructional services – food services	27,776
Depreciation - unallocated	<u>3,171,107</u>
Total depreciation expense – governmental activities	<u>\$3,877,111</u>

Construction commitments

The District contracts with outside vendors for construction and renovation of various facilities. As of June 30, 2012, commitments and encumbrances outstanding for capital projects totaled \$7,473,507. The amount of \$23,213,474 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 \$69,135,000.

General Obligation Bonds - The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds as of June 30, 2012 are as follows:

	Original Amount	Interest Rates	Balance June 30, 2012
Series 2007 General Obligation Bonds	9,000,000	3.7% to 5.1%	\$ 4,800,000
Series 2009 General Obligation Bonds	16,000,000	3.0% to 5.0%	6,275,000
Series 2010 General Obligation Refunding	4,900,000	2.0% to 3.5%	3,255,000
Series 2010 General Obligation Tech Notes	5,310,000	2.0% to 3.0%	4,300,000
Series 2011 General Obligation Bonds	12,500,000	3.0% to 4.0%	11,400,000
Series 2012 General Obligation Bonds	14,000,000	2.0% to 4.0%	14,000,000
			<u>44,030,000</u>
Add (less) deferred amounts:			
For issuance premiums			<u>1,815,926</u>
Total General Obligation Bonds			<u>\$ 45,845,926</u>

Maturities of long-term debt as of June 30, 2012 are as follows:

<u>General Obligation Bonds</u>			
Year Ending June 30,	Principal	Interest	Total Requirements
2013	\$ 6,950,000	\$ 1,231,942	\$ 8,181,942
2014	5,585,000	1,142,688	6,727,688
2015	5,150,000	980,119	6,130,119
2016	4,370,000	840,775	5,210,775
2017	2,950,000	730,225	3,680,225
2018-2022	13,675,000	2,155,063	15,830,063
2023-2025	5,350,000	230,250	5,580,250
Total	<u>\$ 44,030,000</u>	<u>\$ 7,311,062</u>	<u>\$ 51,341,062</u>

Capital Lease Obligation

The District issued General Obligation Educational Technology Lease Purchase Agreement Series 2009 to provide for the acquisition of computer equipment. The original amount of general obligation bonds issued was \$4,500,000. 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.

Also, the District issued General Obligation Educational Technology Lease Purchase Agreement Series 2008, 2009 and 2012 to provide for the acquisition of computer equipment. The original amount of general obligation bonds issued was \$4,750,000, \$4,500,000 and \$6,750,000 during the fiscal years ended June 30, 2008, 2009 and 2012, respectively. 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 leases are substantially all individual items costing less than \$5,000 and therefore are not capital assets subject to annual depreciation.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>2008 Issue</u> <u>Payments</u>	<u>2009 Issue</u> <u>Payments</u>	<u>2012 Issue</u> <u>Payments</u>	<u>Total</u>
2013	\$ 505,573	\$ 1,210,375	\$ 45,457	\$ 1,761,405
2014	-	1,171,563	1,309,879	2,481,442
2015	-	-	1,300,914	1,300,914
2016	-	-	2,160,717	2,160,717
2017	-	-	2,137,720	2,137,720
Total	505,573	2,381,938	6,954,687	9,842,198
Less:				
interest	(7,472)	(81,938)	(204,687)	(294,097)
Net	\$ 498,101	\$ 2,300,000	\$ 6,750,000	\$ 9,548,101

Changes in Long-term Liabilities

Changes in Long-term Liabilities - During the year ended June 30, 2012, the following changes occurred in liabilities:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
Bonds Payable:					
General obligation bonds payable	\$ 37,100,000	\$ 14,000,000	\$ 7,070,000	\$ 44,030,000	\$ 6,950,000
Add (less) deferred amounts:					
For issuance premiums	1,077,523	909,222	170,819	1,815,926	220,529
Total bonds payable	38,177,523	14,909,222	7,240,819	45,845,926	7,170,529
Capital lease	4,772,331	6,750,000	1,974,230	9,548,101	1,648,101
Total	42,949,854	21,659,222	9,215,049	55,394,027	8,818,630
Compensated absences	393,194	446,608	412,600	427,202	398,000
Total	\$ 43,343,048	\$ 22,105,830	\$ 9,627,649	\$ 55,821,229	\$ 9,216,630

Compensated absences are paid from the same fund that the employee is paid.

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, 2012.

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 four 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.

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. During the fiscal year ended June 30, 2012, the statute required each participating employer to contribute 1.834% of each participating employee's annual salary; each participating employee was required to contribute .917% of their salary. In the fiscal years ending June 30, 2013 the contribution rates for employees and employers will rise as follows:

<u>Fiscal year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
2013	2.000%	1.000%

Also, employers joining the program after January 1, 1998 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, 2012, 2011 and 2010 were \$925,845, \$822,336 and \$678,704, 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 (ERB) 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. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained by writing to ERB, P.O. Box 26129, Santa Fe, New Mexico 87502. The report is also available on ERB's website at www.nmerb.org.

Funding Policy. Plan members earning \$20,000 or less annually are required by statute to contribute 7.9% of their gross salary. Plan members earning over \$20,000 annually were required to contribute 11.15% of their gross salary in fiscal year 2012 and will be required to contribute 9.40% of their gross salary in fiscal year 2013. The District has been and is required to contribute 12.4% of the gross covered salary for employees earning \$20,000 or less, in fiscal years 2012 and 2013.

In fiscal years 2012 the District contributed 9.15% of the gross covered salary of employees earning more than \$20,000 annually. In fiscal year 2013 the District will contribute 10.9% of the gross covered salary of employees earning more than \$20,000 annually. 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 contribution to ERB for the fiscal years ending June 30, 2012, 2011, and 2010 were \$4,761,588, \$5,486,968 and \$5,816,798, respectively, which equal the amount of the required contributions for each fiscal year.

E. Subsequent Events

In July 2011, the New Mexico Virtual Academy (NMVA) charter school applied for organization within the District. Charter school organization and management is set forth under 22.8B1 through 15, NMSA. This section of the law allows for charter schools to be formed and funded within an existing school district under specific criteria. The District's Board of Education is responsible for the review and approval of charter school applications. The Board of Education approved the application on September 22, 2011. NMVA will work on the start-up during the 2011-2012 fiscal year and is scheduled to begin operations in the 2012-2013 school year. Management of the District is analyzing the effect that the charter school will have on the District's financial statements.

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 Discretionary 24107 - The IDEA-B Discretionary program is to provide grants to states, that flow-through to schools, to assist local educational agencies in providing positive behavioral interventions and supports and mental health services for children with disabilities.

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 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.

IDEA-B Private School Share 24115 – To provide grants to States to assist the States in providing a free appropriate public education to all children with disabilities.

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.

IDEA-B Redistribution 24120 – To provide grants to States to assist them in providing special education and related services to all children with disabilities.

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.

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.

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.

Carl Perkins Redistribution 24176 - To develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in career and technical education programs.

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

High Schools that Work Carryover 24182 – To participate in District leadership activities, state staff development activities and the annual program staff development conference.

Title I ARRA 24201 – To help Local Educational Agencies (LEA) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic achievement standards.

IDEA-B ARRA 24206 – Funds are used by State and local educational agencies, in accordance with the IDEA, to help provide the special education and related services needed to make a free appropriate public education available to all eligible children and, in some cases, early intervening services.

IDEA-B Preschool ARRA 24209 – To provide grants to States to make available special education and related services for children with disabilities ages three - five years, and at a State's discretion, two-year old children with disabilities who will reach age three during the school year.

IDEA-B EIS ARRA 24212 – To provide grants to States to assist the States to implement and maintain a statewide, comprehensive, coordinated, multidisciplinary, interagency systems to make available early intervention services to infants and toddlers with disabilities and their families.

Homeless ARRA 24213 - To ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children, the Education for Homeless Children and Youth program provides assistance to states, outlying areas, and the Bureau of Indian Education (BIE) to: (1) establish or designate an Office of Coordinator of Education of Homeless Children and Youths; (2) develop and carry out a State plan for the education of homeless children; and (3) make sub grants to local educational agencies to support the education of those children.

Teaching American History 25107 – To support US History and Social Studies Teachers in San Juan County. The funds are used to offset the cost of a master's degree in history from Adam's State College. The program supports staff development for all teachers focused on US History and Government. The funds are also used to fund the community Chautauqua series in collaboration with the New Mexico and Colorado Humanities Councils.

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.

Mentoring for Safe Schools 25187 - To provide funding to state, local, community, and national organizations to propose the enhancement or expansion of initiatives that will assist in the development and maturity of community programs to provide mentoring services to high-risk populations that are underserved due to location, shortage of mentors, special physical or mental challenges of the targeted population, or other analogous situations identified by the community in need of mentoring services.

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

Substance Abuse and Mental Health 25238 - To provide priority substance abuse treatment, prevention and mental health needs of regional and national significance through assistance (grants and cooperative agreements) to States, political subdivisions of States, Indian tribes and tribal organizations, and other public or nonprofit private entities.

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.

Bilingual Education Title III 25248 – The goal of the five year grant is to service Native American students and improve their academic performance. The target schools are Esperanza Elementary School and Hermosa Middle School. Funds are available for instructional materials, professional development for staff, and providing opportunities for parental involvement.

Education Job Fund 25255 - To provide funds to States to assist local educational agencies (LEAs) in saving or creating education jobs for school year 2010-2011.

Kellogg Foundation 26121 – This grant will expand evidence-based parent education and family support programs targeting vulnerable families in select New Mexico neighborhoods to promote parental knowledge of child development needs and parental advocacy skills.

Parent Reaching Out 26174 – The Parent Reaching Out (PRO) Grant was made available to Parents as Teachers (PAT), who work with students primarily birth-to-three. PRO is an advocacy organization for parents with some affiliation with the PED. The agreement with PRO confirms our willingness to disseminate information regarding PRO and their services to parents at activities and workshops provided by PAT.

Dual Credit HB2 27103 – Instructional materials for a course approved by Higher Education Department and through a college/university for which the district has an approved agreement.

GO Bond 2008 SB333 27105 – To update and expand library collections in order to circulate and provide access of materials to students and teachers.

NM GO Bond Library 27106 – To update and expand library collections in order to circulate and provide access of materials to students and teachers.

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.

Breakfast for Elementary Students 27155 – To help students develop lifelong healthful eating habits and ensuring they are ready to learn.

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

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.

CATCH Grant 28140 - This grant provides a Coordinated School Health approach to wellness for K-5 Classrooms. This includes classroom teachers as well as Physical Education teachers.

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

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, 2012

	Special Revenue										
	Food Services 21000	Athletics 22000	Student Activities 23000	Title I 24101	Javits - Gifted and Talented 24102	IDEA-B Entitlement 24106	IDEA-B Discretionary 24107	IDEA-B Preschool 24109	Homeless Grant 24113	IDEA-B Private School Share 24115	Fresh Fruit and Vegetable 24118
ASSETS											
Pooled cash and investments	\$ 955,949	\$ 115,401	\$ 227,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:											
Property taxes	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	669,708	-	207,947	5,000	3,972	-	-	5,235
Due from other funds	293,551	-	-	-	1,610	-	-	-	20,051	-	-
Total assets	\$ 1,249,500	\$ 115,401	\$ 227,239	\$ 669,708	\$ 1,610	\$ 207,947	\$ 5,000	\$ 3,972	\$ 20,051	\$ -	\$ 5,235
LIABILITIES AND FUND BALANCES											
Liabilities:											
Due to other funds	\$ -	\$ -	\$ -	\$ 669,708	\$ -	\$ 207,947	\$ 5,000	\$ 3,972	\$ -	\$ -	\$ 5,235
Accounts payable	366,183	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	1,610	-	-	-	20,051	-	-
Total liabilities	366,183	-	-	669,708	1,610	207,947	5,000	3,972	20,051	-	5,235
Fund balances:											
Restricted:											
Grantor	883,317	-	-	-	-	-	-	-	-	-	-
Athletic program	-	115,401	-	-	-	-	-	-	-	-	-
Student activities	-	-	227,239	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	883,317	115,401	227,239	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 1,249,500	\$ 115,401	\$ 227,239	\$ 669,708	\$ 1,610	\$ 207,947	\$ 5,000	\$ 3,972	\$ 20,051	\$ -	\$ 5,235

(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 BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue											
	IDEA-B Redistribution 24120	Eng Language Acquisition 24153	Title II-A 24154	School Improvements 24162	Carl Perkins 24174	Carl Perkins Redistribution 24176	High Schools that Work 24180	High Schools that Work C/O 24182	Title I ARRA 24201	IDEA-B ARRA 24206	IDEA-B Preschool ARRA 24209	IDEA-B EIS ARRA 24212
ASSETS												
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:												
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	50,367	200,862	-	23,709	6,865	17,310	132	-	2,581	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	55
Total assets	\$ -	\$ 50,367	\$ 200,862	\$ -	\$ 23,709	\$ 6,865	\$ 17,310	\$ 132	\$ -	\$ 2,581	\$ -	\$ 55
LIABILITIES AND FUND BALANCES												
Liabilities:												
Due to other funds	\$ -	\$ 50,367	\$ 200,862	\$ -	\$ 23,709	\$ 6,865	\$ 17,310	\$ 132	\$ -	\$ 2,581	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	55
Total liabilities	-	50,367	200,862	-	23,709	6,865	17,310	132	-	2,581	-	55
Fund balances:												
Restricted:												
Grantor	-	-	-	-	-	-	-	-	-	-	-	-
Athletic program	-	-	-	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ 50,367	\$ 200,862	\$ -	\$ 23,709	\$ 6,865	\$ 17,310	\$ 132	\$ -	\$ 2,581	\$ -	\$ 55

(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 BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue										
	Homeless ARRA 24213	Teaching American History 25107	Alcohol Abuse Reduction 25111	Johnson O'Malley 25131	Federal Impact Aid Special Ed 25145	Federal Impact Aid Indian Ed 25147	Medicaid 25153	Indian Education Act Title IX 25184	Mentoring Safe Schools 25187	Navajo Medical Center 25209	Substance Abuse Mental Health 25238
ASSETS											
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:											
Property taxes	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	52,321	-	-	-	701	-	-	-
Due from other funds	-	1,490	-	-	55,386	71,489	355,995	25,273	-	24,170	6,246
Total assets	\$ -	\$ 1,490	\$ -	\$ 52,321	\$ 55,386	\$ 71,489	\$ 355,995	\$ 25,273	\$ 701	\$ 24,170	\$ 6,246
LIABILITIES AND FUND BALANCES											
Liabilities:											
Due to other funds	\$ -	\$ -	\$ -	52,321	\$ -	\$ -	\$ -	\$ -	701	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	1,490	-	-	55,386	71,489	355,995	25,273	-	24,170	6,246
Total liabilities	-	1,490	-	52,321	55,386	71,489	355,995	25,273	701	24,170	6,246
Fund balances:											
Restricted:											
Grantor	-	-	-	-	-	-	-	-	-	-	-
Athletic program	-	-	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ 1,490	\$ -	\$ 52,321	\$ 55,386	\$ 71,489	\$ 355,995	\$ 25,273	\$ 701	\$ 24,170	\$ 6,246

(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 BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue										
	Safe Schools Students	Bilingual Education Title III	Education Job Fund	Kellogg Foundation	Parent Reaching Out	Dual Credit HB2	GO Bond 2008 SB333	NM GO Bond Student Library	Technology Grant	Breakfast for Elementary Students	Library GO Bonds
	25243	25248	25255	26121	26174	27103	27105	27106	27117	27155	27170
ASSETS											
Pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:											
Property taxes	-	-	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	4,763	8,520	21,268	-	7,464	-
Due from other funds	91,793	25,800	-	231,798	15,856	-	-	92,912	-	-	2,431
Total assets	\$ 91,793	\$ 25,800	\$ -	\$ 231,798	\$ 15,856	\$ 4,763	\$ 8,520	\$ 21,268	\$ 92,912	\$ 7,464	\$ 2,431
LIABILITIES AND FUND BALANCES											
Liabilities:											
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	4,763	8,520	21,268	\$ -	7,464	\$ -
Accounts payable	-	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	91,793	25,800	-	231,798	15,856	-	-	92,912	-	-	2,431
Total liabilities	91,793	25,800	-	231,798	15,856	4,763	8,520	21,268	92,912	7,464	2,431
Fund balances:											
Restricted:											
Grantor	-	-	-	-	-	-	-	-	-	-	-
Athletic program	-	-	-	-	-	-	-	-	-	-	-
Student activities	-	-	-	-	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 91,793	\$ 25,800	\$ -	\$ 231,798	\$ 15,856	\$ 4,763	\$ 8,520	\$ 21,268	\$ 92,912	\$ 7,464	\$ 2,431

(continued)

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2012

	Special Revenue				Capital Projects			Total Nonmajor Governmental Funds	
	Youth Conservation 28133	Catch Grant 28140	Tutoring 28178	Total Special Revenue	Special Building Local 31300	Special Building State 31400	Public Schools 20% Outlay 32100		Total Capital Projects
ASSETS									
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 1,298,589	\$ 1,543,627	\$ 104,533	\$ 99,873	\$ 1,748,033	\$ 3,046,622
Receivables:									
Property taxes	-	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	57,314	1,346,039	-	-	-	-	1,346,039
Due from other funds	30,133	-	-	1,346,039	-	-	-	-	1,346,039
Total assets	\$ 30,133	\$ -	\$ 57,314	\$ 3,990,667	\$ 1,543,627	\$ 104,533	\$ 99,873	\$ 1,748,033	\$ 5,738,700
LIABILITIES AND FUND BALANCES									
Liabilities:									
Due to other funds	\$ -	\$ -	\$ 57,314	\$ 1,346,039	\$ -	\$ -	\$ -	\$ -	\$ 1,346,039
Accounts payable	-	-	-	366,183	-	-	-	-	366,183
Accrued liabilities	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-
Deposits held	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Unearned revenue	30,133	-	-	1,052,488	-	-	-	-	1,052,488
Total liabilities	30,133	-	57,314	2,764,710	-	-	-	-	2,764,710
Fund balances:									
Restricted:									
Grantor	-	-	-	883,317	-	-	-	-	883,317
Athletic program	-	-	-	115,401	-	-	-	-	115,401
Student activities	-	-	-	227,239	-	-	-	-	227,239
Capital projects	-	-	-	-	1,543,627	104,533	99,873	1,748,033	1,748,033
Total fund balances	-	-	-	1,225,957	1,543,627	104,533	99,873	1,748,033	2,973,990
Total liabilities and fund balances	\$ 30,133	\$ -	\$ 57,314	\$ 3,990,667	\$ 1,543,627	\$ 104,533	\$ 99,873	\$ 1,748,033	\$ 5,738,700

(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, 2012

Special Revenue

	Food Services 21000	Athletics 22000	Student Activities 23000	Title I 24101	Javits - Gifted and Talented 24102	IDEA-B Entitlement 24106	IDEA-B Discretionary 24107	IDEA-B Preschool 24109	Homeless Grant 24113	IDEA-B Private School Share 24115	Fresh Fruit and Vegetable 24118
Revenues:											
Federal	\$ 2,901,268	\$ -	\$ -	\$ 2,533,223	\$ -	\$ 2,055,677	\$ 5,000	\$ 49,328	\$ 18,532	\$ 5,415	\$ 42,612
State	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	-	-	-
Fees and activities	940,227	292,258	372,742	-	-	-	-	-	-	-	-
Earnings from investments	887	114	-	-	-	-	-	-	-	-	-
Total revenues	3,842,382	292,372	372,742	2,533,223	-	2,055,677	5,000	49,328	18,532	5,415	42,612
Expenditures:											
Instruction	-	279,368	335,428	1,999,808	-	919,657	-	48,616	18,532	-	-
Support Services:											
Students	-	-	-	296,093	-	679,156	5,000	712	-	5,415	-
Instruction - Support	-	-	-	-	-	-	-	-	-	-	-
General Administration	-	-	-	32,702	-	24,721	-	-	-	-	-
School Administration	-	-	-	204,620	-	432,143	-	-	-	-	-
Central Services	-	-	-	-	-	-	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-	-	-	-	-	-
Non-Instructional Services:											
Food Services	3,761,631	-	-	-	-	-	-	-	-	-	42,612
Community Services	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	3,761,631	279,368	335,428	2,533,223	-	2,055,677	5,000	49,328	18,532	5,415	42,612
Excess (deficiency) of revenues over expenditures	80,751	13,004	37,314	-	-	-	-	-	-	-	-
Other financing sources (uses):											
Transfer in	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	80,751	13,004	37,314	-	-	-	-	-	-	-	-
Fund balance at beginning of year	802,566	102,397	189,925	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ 883,317	\$ 115,401	\$ 227,239	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(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, 2012

	Special Revenue											
	IDEA-B Redistribution	Eng Language Acquisition	Title II-A	School Improvements	Carl Perkins	Carl Perkins Redistribution	High Schools that Work	High Schools that Work C/O	Title I ARRA	IDEA-B ARRA	IDEA-B Preschool ARRA	IDEA-B EIS ARRA
	24120	24153	24154	24162	24174	24176	24180	24182	24201	24206	24209	24212
Revenues:												
Federal	\$ -	\$ 86,748	\$ 320,595	\$ -	\$ 70,570	\$ 6,248	\$ 37,636	\$ 7,578	\$ -	\$ -	\$ -	\$ 135,155
State	-	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	-	-	-	-
Fees and activities	-	-	-	-	-	-	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	86,748	320,595	-	70,570	6,248	37,636	7,578	-	-	-	135,155
Expenditures:												
Instruction	-	85,736	174,209	-	70,347	6,248	37,636	7,578	-	-	-	-
Support Services:												
Students	-	-	494	-	-	-	-	-	-	-	-	135,155
Instruction - Support	-	-	-	-	-	-	-	-	-	-	-	-
General Administration	-	1,012	3,850	-	223	-	-	-	-	-	-	-
School Administration	-	-	142,042	18,081	-	-	-	-	-	-	-	-
Central Services	-	-	-	-	-	-	-	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-	-	-	-	-	-	-
Non-Instructional Services:												
Food Services	-	-	-	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	86,748	320,595	18,081	70,570	6,248	37,636	7,578	-	-	-	135,155
Excess (deficiency) of revenues over expenditures	-	-	-	(18,081)	-	-	-	-	-	-	-	-
Other financing sources (uses):												
Transfer in	-	-	-	18,081	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(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, 2012

	Special Revenue										
	Homeless ARRA 24213	Teaching American History 25107	Alcohol Abuse Reduction 25111	Johnson O'Malley 25131	Federal Impact Aid Special Ed 25145	Federal Impact Aid Indian Ed 25147	Medicaid 25153	Indian Education Act Title IX 25184	Mentoring Safe Schools 25187	Navajo Medical Center 25209	Substance Abuse Mental Health 25238
Revenues:											
Federal	\$ -	\$ 255,412	\$ 1	\$ 201,716	\$ 10,086	\$ 16,137	\$ 382,785	\$ 637,801	\$ 78,914	\$ 3,716	\$ 68,612
State	-	-	-	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-	-	-	-
Fees and activities	-	-	-	-	-	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-	-	-	-	-
Total revenues	-	255,412	1	201,716	10,086	16,137	382,785	637,801	78,914	3,716	68,612
Expenditures:											
Instruction	-	-	-	25,093	-	12,476	-	419,218	-	532	3,606
Support Services:											
Students	-	-	1	168,817	10,086	3,465	344,731	92,333	67,129	3,184	53,823
Instruction - Support	-	-	-	-	-	-	17,432	-	-	-	-
General Administration	-	3,021	-	2,916	-	196	20,622	8,908	959	-	834
School Administration	-	252,391	-	4,890	-	-	-	114,008	10,826	-	10,349
Central Services	-	-	-	-	-	-	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-	-	-	3,334	-	-	-
Student Transportation	-	-	-	-	-	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-	-	-	-	-	-
Non-Instructional Services:											
Food Services	-	-	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	255,412	1	201,716	10,086	16,137	382,785	637,801	78,914	3,716	68,612
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):											
Transfer in	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(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, 2012

	Special Revenue										
	Safe Schools Healthy Students	Bilingual Education Title III	Education Job Fund	Kellogg Foundation	Parent Reaching Out	Dual Credit HB2	GO Bond 2008 SB333	NM GO Bond Library	Technology Grant	Breakfast for Elementary Students	Library GO Bonds
	25243	25248	25255	26121	26174	27103	27105	27106	27117	27155	27170
Revenues:											
Federal	\$ 1,378,330	\$ 152,190	\$ 27,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State	-	-	-	-	-	18,696	8,520	21,268	86,036	41,705	-
Local	-	-	-	25,202	21,268	-	-	-	-	-	-
Fees and activities	-	-	-	-	-	-	-	-	-	-	-
Earnings from investments	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1,378,330	152,190	27,394	25,202	21,268	18,696	8,520	21,268	86,036	41,705	-
Expenditures:											
Instruction	467	90,608	27,394	25,202	797	-	-	-	-	-	-
Support Services:											
Students	1,051,003	-	-	-	20,471	-	-	-	-	-	-
Instruction - Support	-	-	-	-	-	18,696	8,520	21,268	86,036	-	-
General Administration	8,471	1,850	-	-	-	-	-	-	-	-	-
School Administration	318,389	59,732	-	-	-	-	-	-	-	-	-
Central Services	-	-	-	-	-	-	-	-	-	-	-
Operation & Maintenance of Plar	-	-	-	-	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-	-	-	-	-	-
Non-Instructional Services:											
Food Services	-	-	-	-	-	-	-	-	-	41,705	-
Community Services	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,378,330	152,190	27,394	25,202	21,268	18,696	8,520	21,268	86,036	41,705	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-	-	-	-
Other financing sources (uses):											
Transfer in	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-	-	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(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, 2012

	Special Revenue			Total Special Revenue	Capital Projects			Total Capital Projects	Total Nonmajor Governmental Funds
	Youth Conservation	Catch Grant	Tutoring		Special Building Local	Special Building State	Public Schools 20% Capital Outlay		
	28133	28140	28178		31300	31400	32100		
Revenues:									
Intergovernmental - grants	\$ -	\$ -	\$ -	\$ 11,488,679	\$ -	\$ -	\$ -	\$ -	\$ 11,488,679
State	127,065	-	222,806	526,096	-	-	-	-	526,096
Local	-	-	-	46,470	-	-	-	-	46,470
Fees and activities	-	-	-	1,605,227	1,151	-	-	1,151	1,606,378
Earnings from investments	-	-	-	1,001	998	101	-	1,099	2,100
Total revenues	127,065	-	222,806	13,667,473	2,149	101	-	2,250	13,669,723
Expenditures:									
Instruction	127,065	-	80,009	4,795,630	-	-	-	-	4,795,630
Support Services:									
Students	-	-	142,796	3,079,864	-	-	-	-	3,079,864
Instruction - Support	-	-	-	151,952	-	-	-	-	151,952
General Administration	-	-	-	110,285	-	-	-	-	110,285
School Administration	-	-	-	1,567,471	-	-	-	-	1,567,471
Central Services	-	-	-	-	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	3,334	-	-	-	-	3,334
Student Transportation	-	-	-	-	-	-	-	-	-
Other Support Services	-	-	-	-	-	-	-	-	-
Non-Instructional Services:									
Food Services	-	-	-	3,845,948	-	-	-	-	3,845,948
Community Services	-	-	-	-	-	-	-	-	-
Total expenditures	127,065	-	222,806	13,554,485	-	-	-	-	13,554,485
Excess (deficiency) of revenues over expenditures	-	-	0	112,988	2,149	101	-	2,250	115,238
Other financing sources (uses):									
Transfer in	-	-	-	18,081	-	-	-	-	18,081
Net change in fund balances	-	-	0	131,069	2,149	101	-	2,250	133,319
Fund balance at beginning of year	-	-	-	1,094,888	1,541,478	104,432	99,873	1,745,783	2,840,671
Fund balance at end of year	\$ -	\$ -	\$ 0	\$ 1,225,957	\$ 1,543,627	\$ 104,533	\$ 99,873	\$ 1,748,033	\$ 2,973,990

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
District school tax levy	\$ 7,016,438	\$ 7,016,438	\$ 7,168,979	\$ 152,541
Earnings from investments	<u>2,800</u>	<u>2,800</u>	<u>2,529</u>	<u>(271)</u>
Total revenues	<u>7,019,238</u>	<u>7,019,238</u>	<u>7,171,508</u>	<u>152,270</u>
Expenditures:				
Support Services:				
General Administration	62,850	65,350	64,050	1,300
Debt Service:				
Principal	13,477,232	13,474,732	6,060,000	7,414,732
Interest	<u>956,438</u>	<u>956,438</u>	<u>956,438</u>	<u>-</u>
Total expenditures	<u>14,496,520</u>	<u>14,496,520</u>	<u>7,080,488</u>	<u>7,416,032</u>
Excess (deficiency) of revenues over (under) expenditures	(7,477,282)	(7,477,282)	91,020	7,568,302
Beginning cash balance budgeted	7,477,282	7,477,282	-	(7,477,282)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>7,280,671</u>	<u>7,280,671</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	7,371,691	<u>\$ 7,371,691</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>(119,864)</u>	
			<u>\$ 7,251,827</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 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
District school tax levy	\$ 3,246,473	\$ 3,246,473	\$ 3,481,815	\$ 235,342
Earnings from investments	<u>1,500</u>	<u>1,500</u>	<u>1,137</u>	<u>(363)</u>
Total revenues	<u>3,247,973</u>	<u>3,247,973</u>	<u>3,482,952</u>	<u>234,979</u>
Expenditures:				
Support Services:				
General Administration	28,890	31,890	31,102	788
Debt Service:				
Principal	5,922,174	5,919,174	2,984,230	2,934,944
Interest	<u>262,243</u>	<u>262,243</u>	<u>262,243</u>	<u>-</u>
Total expenditures	<u>6,213,307</u>	<u>6,213,307</u>	<u>3,277,575</u>	<u>2,935,732</u>
Excess (deficiency) of revenues over (under) expenditures	(2,965,334)	(2,965,334)	205,377	3,170,711
Beginning cash balance budgeted	2,965,334	2,965,334	-	(2,965,334)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>3,499,304</u>	<u>3,499,304</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	3,704,681	<u>\$ 3,704,681</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>(44,930)</u>	
			<u>\$ 3,659,751</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Earnings from investments	7,000	7,000	5,301	(1,699)
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>5,301</u>	<u>(1,699)</u>
Expenditures:				
Non-Instructional Services:				
Capital Outlay	28,300,593	28,190,593	9,712,625	18,477,968
Debt Service:				
Bond Issuance Cost	-	110,000	106,313	3,687
Total expenditures	<u>28,300,593</u>	<u>28,300,593</u>	<u>9,818,938</u>	<u>18,481,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(28,293,593)</u>	<u>(28,293,593)</u>	<u>(9,813,637)</u>	<u>18,479,956</u>
Other financing sources (uses):				
Bonds issued	12,500,000	12,500,000	14,000,000	1,500,000
Premium on debt issued	-	-	909,222	909,222
Total other financing sources (uses)	<u>12,500,000</u>	<u>12,500,000</u>	<u>14,909,222</u>	<u>2,409,222</u>
Net change in fund balances	(15,793,593)	(15,793,593)	5,095,585	20,889,178
Beginning cash balance budgeted	15,793,593	15,793,593	-	(15,793,593)
Fund balances at beginning of the year	-	-	15,091,771	15,091,771
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	20,187,356	<u>\$ 20,187,356</u>
RECONCILIATION TO GAAP BASIS:				
Changes in payables			<u>(19,169)</u>	
			<u>\$ 20,168,187</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	-	216,097	16,536	(199,561)
Total state revenues	-	216,097	16,536	(199,561)
Local sources:				
District school tax levy	2,903,427	2,903,427	2,776,581	(126,846)
Earnings from investments	2,000	2,000	1,535	(465)
Total local revenues	2,905,427	2,905,427	2,778,116	(127,311)
Total revenues	2,905,427	3,121,524	2,794,652	(326,872)
Expenditures:				
Support Services:				
General Administration	24,277	26,777	24,706	2,071
Non-Instructional Services:				
Capital Outlay	4,803,476	5,017,073	3,964,061	1,053,012
Total expenditures	4,827,753	5,043,850	3,988,767	1,055,083
Excess (deficiency) of revenues over (under) expenditures	(1,922,326)	(1,922,326)	(1,194,115)	728,211
Beginning cash balance budgeted	1,922,326	1,922,326	-	(1,922,326)
Fund balances at beginning of the year	-	-	2,256,804	2,256,804
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,062,689	<u>\$ 1,062,689</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(50,983)	
Changes in payables			253,833	
			<u>\$ 1,265,539</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 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Earnings from investments	\$ -	\$ -	\$ 66	\$ 66
Total revenues	-	-	66	66
Expenditures:				
Non-Instructional Services:				
Capital Outlay	2,184,543	8,934,543	6,385,242	2,549,301
Total expenditures	2,184,543	8,934,543	6,385,242	2,549,301
Excess (deficiency) of revenues over (under) expenditures	(2,184,543)	(8,934,543)	(6,385,176)	2,549,367
Other financing sources (uses):				
Capital lease	-	6,750,000	6,750,000	-
Net change in fund balances	(2,184,543)	(2,184,543)	364,824	2,549,367
Beginning cash balance budgeted	2,184,543	2,184,543	-	(2,184,543)
Fund balances at beginning of the year	-	-	1,332,678	1,332,678
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,697,502	<u>\$ 1,697,502</u>
RECONCILIATION TO GAAP BASIS:				
Changes in payables			406,929	
			<u>\$ 2,104,431</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Food and milk reimbursements	\$ 2,200,000	\$ 2,200,000	\$ 2,828,778	\$ 628,778
Total federal revenues	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,828,778</u>	<u>628,778</u>
Local sources:				
Fees and activities	945,000	945,000	940,227	(4,773)
Earnings from investments	<u>650</u>	<u>650</u>	<u>887</u>	<u>237</u>
Total local revenues	<u>945,650</u>	<u>945,650</u>	<u>941,114</u>	<u>(4,536)</u>
Total revenues	<u>3,145,650</u>	<u>3,145,650</u>	<u>3,769,892</u>	<u>624,242</u>
Expenditures:				
Non-Instructional Services:				
Food Services	<u>3,497,300</u>	<u>3,497,300</u>	<u>3,376,319</u>	<u>120,981</u>
Total expenditures	<u>3,497,300</u>	<u>3,497,300</u>	<u>3,376,319</u>	<u>120,981</u>
Excess (deficiency) of revenues over (under) expenditures	(351,650)	(351,650)	393,573	745,223
Beginning cash balance budgeted	351,650	351,650	-	(351,650)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>802,566</u>	<u>802,566</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	1,196,139	<u>\$ 1,196,139</u>
RECONCILIATION TO GAAP BASIS:				
Changes in payables			<u>(312,822)</u>	
			<u>\$ 883,317</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Fees and activities	\$ 280,000	\$ 280,000	\$ 292,258	\$ 12,258
Earnings from investments	<u>230</u>	<u>230</u>	<u>114</u>	<u>(116)</u>
Total local revenues	<u>280,230</u>	<u>280,230</u>	<u>292,372</u>	<u>12,142</u>
Expenditures:				
Instruction	<u>347,253</u>	<u>347,253</u>	<u>279,368</u>	<u>67,885</u>
Total expenditures	<u>347,253</u>	<u>347,253</u>	<u>279,368</u>	<u>67,885</u>
Excess (deficiency) of revenues over (under) expenditures	(67,023)	(67,023)	13,004	80,027
Beginning cash balance budgeted	67,023	67,023	-	(67,023)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>102,397</u>	<u>102,397</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>115,401</u>	<u>\$ 115,401</u>
RECONCILIATION TO GAAP BASIS:				
Change in receivables			<u>-</u>	
			<u>\$ 115,401</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Fees and activities	\$ 335,000	\$ 335,000	\$ 372,742	\$ 37,742
Total local revenues	<u>335,000</u>	<u>335,000</u>	<u>372,742</u>	<u>37,742</u>
Expenditures:				
Instruction	<u>543,282</u>	<u>543,282</u>	<u>335,428</u>	<u>207,854</u>
Total expenditures	<u>543,282</u>	<u>543,282</u>	<u>335,428</u>	<u>207,854</u>
Excess (deficiency) of revenues over (under) expenditures	(208,282)	(208,282)	37,314	245,596
Beginning cash balance budgeted	208,282	208,282	-	(208,282)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>189,925</u>	<u>189,925</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>227,239</u>	<u>\$ 227,239</u>
RECONCILIATION TO GAAP BASIS:				
Change in receivables			<u>-</u>	
			<u>\$ 227,239</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 2,232,067	\$ 2,811,103	\$ 1,730,708	\$ (1,080,395)
Total federal revenues	<u>2,232,067</u>	<u>2,811,103</u>	<u>1,730,708</u>	<u>(1,080,395)</u>
Expenditures:				
Instruction	1,932,625	2,216,981	1,999,808	217,173
Support Services:				
Students	22,320	300,392	296,093	4,299
General Administration	29,121	37,729	32,702	5,027
School Administration	<u>248,001</u>	<u>256,001</u>	<u>204,620</u>	<u>51,381</u>
Total expenditures	<u>2,232,067</u>	<u>2,811,103</u>	<u>2,533,223</u>	<u>277,880</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(802,515)	(802,515)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(802,515)	<u>\$ (802,515)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			669,708	
Change in unearned revenue			<u>132,807</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -
Total federal revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Instruction	-	-	-	-
Support Services:				
Students	-	-	-	-
General Administration	-	-	-	-
School Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 2,171,192	\$ 4,215,554	\$ 1,410,107	\$ (2,805,447)
Total federal revenues	<u>2,171,192</u>	<u>4,215,554</u>	<u>1,410,107</u>	<u>(2,805,447)</u>
Expenditures:				
Instruction	1,248,500	2,319,180	919,657	1,399,523
Support Services:				
Students	466,400	1,303,305	679,156	624,149
General Administration	26,292	26,292	24,721	1,571
School Administration	<u>430,000</u>	<u>566,777</u>	<u>432,143</u>	<u>134,634</u>
Total expenditures	<u>2,171,192</u>	<u>4,215,554</u>	<u>2,055,677</u>	<u>2,159,877</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(645,570)	(645,570)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(645,570)	<u>\$ (645,570)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			207,947	
Change in unearned revenue			<u>437,623</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 DISCRETIONARY SPECIAL REVENUE FUND - 24107
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 5,000	\$ 5,000	\$ -
Total federal revenues	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Expenditures:				
Support Services:				
Students	-	5,000	5,000	-
Total expenditures	<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in receivables			<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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 58,625	\$ 83,062	\$ 34,794	\$ (48,268)
Total federal revenues	<u>58,625</u>	<u>83,062</u>	<u>34,794</u>	<u>(48,268)</u>
Expenditures:				
Instruction	58,625	65,506	48,616	16,890
Support Services:				
Students	<u>-</u>	<u>17,556</u>	<u>712</u>	<u>16,844</u>
Total expenditures	<u>58,625</u>	<u>83,062</u>	<u>49,328</u>	<u>33,734</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(14,534)	(14,534)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(14,534)	<u>\$ (14,534)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			3,972	
Change in unearned revenue			<u>10,562</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 29,757	\$ 9,444	\$ (20,313)
Total federal revenues	-	29,757	9,444	(20,313)
Expenditures:				
Instruction	-	28,757	18,532	10,225
Support Services:				
Students	-	1,000	-	1,000
Total expenditures	-	29,757	18,532	11,225
Excess (deficiency) of revenues over (under) expenditures	-	-	(9,088)	(9,088)
Fund balances at beginning of the year	-	-	-	-
Fund balances (deficit) at end of the year	\$ -	\$ -	(9,088)	\$ (9,088)
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			9,088	
			<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 PRIVATE SCHOOL SHARE SPECIAL REVENUE FUND - 24115
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 5,415	\$ 5,415	\$ 5,415	\$ -
Total federal revenues	<u>5,415</u>	<u>5,415</u>	<u>5,415</u>	<u>-</u>
Expenditures:				
Support Services:				
Students	<u>5,415</u>	<u>5,415</u>	<u>5,415</u>	<u>-</u>
Total expenditures	<u>5,415</u>	<u>5,415</u>	<u>5,415</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in receivables			<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
 FRESH FRUIT AND VEGETABLE SPECIAL REVENUE FUND - 24118
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 44,772	\$ 37,377	\$ (7,395)
Total federal revenues	-	44,772	37,377	(7,395)
Expenditures:				
Non-Instructional Services:				
Food Services	-	44,772	42,612	2,160
Total expenditures	-	44,772	42,612	2,160
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,235)	(5,235)
Fund balances at beginning of the year	-	-	-	-
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(5,235)	<u>\$ (5,235)</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			5,235	
			<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
 IDEA-B REDISTRIBUTION SPECIAL REVENUE FUND - 24120
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 20,132	\$ 14,263	\$ (5,869)
Total federal revenues	-	20,132	14,263	(5,869)
Expenditures:				
Instruction	-	20,132	-	20,132
Total expenditures	-	20,132	-	20,132
Excess (deficiency) of revenues over (under) expenditures	-	-	14,263	14,263
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	14,263	<u>\$ 14,263</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(14,263)	
			<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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 82,247	\$ 98,684	\$ 16,215	\$ (82,469)
Total federal revenues	<u>82,247</u>	<u>98,684</u>	<u>16,215</u>	<u>(82,469)</u>
Expenditures:				
Instruction	81,235	97,672	85,736	11,936
Support Services:				
General Administration	<u>1,012</u>	<u>1,012</u>	<u>1,012</u>	<u>-</u>
Total expenditures	<u>82,247</u>	<u>98,684</u>	<u>86,748</u>	<u>11,936</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(70,533)	(70,533)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(70,533)	<u>\$ (70,533)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			50,367	
Change in unearned revenue			<u>20,166</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 - 25154
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal flowthrough grants	\$ -	\$ 583,844	\$ 238,023	\$ (345,821)
Total federal revenues	<u>-</u>	<u>583,844</u>	<u>238,023</u>	<u>(345,821)</u>
Expenditures:				
Instruction	-	347,433	174,209	173,224
Support Services:				
Students	-	6,716	494	6,222
General Administration	-	5,228	3,850	1,378
School Administration	-	224,467	142,042	82,425
Total expenditures	<u>-</u>	<u>583,844</u>	<u>320,595</u>	<u>263,249</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(82,572)	(82,572)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(82,572)	<u>\$ (82,572)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>82,572</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
 SCHOOL IMPROVEMENTS SPECIAL REVENUE FUND - 25162
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal flowthrough grants	\$ -	\$ -	\$ -	\$ -
Total federal revenues	-	-	-	-
Expenditures:				
Instruction	-	-	-	-
Support Services:				
Students	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses):				
Transfer in	-	18,081	18,081	-
Net change in fund balances	-	18,081	18,081	-
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ 18,081</u>	18,081	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(18,081)	
			<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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 61,708	\$ 83,480	\$ 31,839	\$ (51,641)
Total federal revenues	<u>61,708</u>	<u>83,480</u>	<u>31,839</u>	<u>(51,641)</u>
Expenditures:				
Instruction	61,485	83,257	70,347	12,910
Support Services:				
General Administration	<u>223</u>	<u>223</u>	<u>223</u>	<u>-</u>
Total expenditures	<u>61,708</u>	<u>83,480</u>	<u>70,570</u>	<u>12,910</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(38,731)	(38,731)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(38,731)	<u>\$ (38,731)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			23,709	
Change in unearned revenue			<u>15,022</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
 CARL PERKINS REDISTRIBUTION - 24176
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 10,815	\$ 13,400	\$ -	\$ (13,400)
Total federal revenues	<u>10,815</u>	<u>13,400</u>	<u>-</u>	<u>(13,400)</u>
Expenditures:				
Instruction	<u>10,815</u>	<u>13,400</u>	<u>6,248</u>	<u>7,152</u>
Total expenditures	<u>10,815</u>	<u>13,400</u>	<u>6,248</u>	<u>7,152</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(6,248)	(6,248)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(6,248)	<u>\$ (6,248)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>6,248</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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 39,469	\$ 55,526	\$ 32,062	\$ (23,464)
Total federal revenues	<u>39,469</u>	<u>55,526</u>	<u>32,062</u>	<u>(23,464)</u>
Expenditures:				
Instruction	<u>39,469</u>	<u>55,526</u>	<u>37,636</u>	<u>17,890</u>
Total expenditures	<u>39,469</u>	<u>55,526</u>	<u>37,636</u>	<u>17,890</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,574)	(5,574)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(5,574)	<u>\$ (5,574)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>5,574</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
 HIGH SCHOOLS THAT WORK C/O SPECIAL REVENUE FUND - 24182
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ 7,446	\$ 16,328	\$ 7,446	\$ (8,882)
Total federal revenues	<u>7,446</u>	<u>16,328</u>	<u>7,446</u>	<u>(8,882)</u>
Expenditures:				
Instruction	<u>7,446</u>	<u>16,328</u>	<u>7,578</u>	<u>8,750</u>
Total expenditures	<u>7,446</u>	<u>16,328</u>	<u>7,578</u>	<u>8,750</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(132)	(132)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(132)	<u>\$ (132)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>132</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 I ARRA SPECIAL REVENUE FUND - 24201
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ 13,976	\$ 13,976
Total federal revenues	-	-	13,976	13,976
Expenditures:				
Support Services:				
Students	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	13,976	13,976
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	13,976	\$ 13,976
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(13,976)	
			\$ -	

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 ARRA SPECIAL REVENUE FUND - 24206
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ 355,978	\$ 355,978
Total federal revenues	-	-	355,978	355,978
Expenditures:				
Support Services:				
Students	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	355,978	355,978
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	355,978	\$ 355,978
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(355,978)	
			\$ -	

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 ARRA SPECIAL REVENUE FUND - 24209
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ -	\$ 24,540	\$ 24,540
Total federal revenues	-	-	24,540	24,540
Expenditures:				
Support Services:				
Students	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	24,540	24,540
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	24,540	\$ 24,540
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(24,540)	
			\$ -	

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 EIS ARRA SPECIAL REVENUE FUND - 24212
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal flowthrough grants	\$ -	\$ 137,619	\$ 135,820	\$ (1,799)
Total federal revenues	-	137,619	135,820	(1,799)
Expenditures:				
Support Services:				
Students	-	137,619	135,155	2,464
Total expenditures	-	137,619	135,155	2,464
Excess (deficiency) of revenues over (under) expenditures	-	-	665	665
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	665	\$ 665
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(610)	
Change in unearned revenue			(55)	
			\$ -	

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

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 HOMELESS ARRA SPECIAL REVENUE FUND - 24213
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ -	\$ 35	\$ 35
Total federal revenues	-	-	35	35
Expenditures:				
Support Services:				
General Administration	-	-	-	-
School Administration	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	35	35
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	35	<u>\$ 35</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(35)	
			<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
 TEACHING AMERICAN HISTORY SPECIAL REVENUE FUND - 25107
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 797,902	\$ 230,000	\$ (567,902)
Total federal revenues	<u>-</u>	<u>797,902</u>	<u>230,000</u>	<u>(567,902)</u>
Expenditures:				
Support Services:				
General Administration	-	10,084	3,021	7,063
School Administration	-	787,818	252,391	535,427
Total expenditures	<u>-</u>	<u>797,902</u>	<u>255,412</u>	<u>542,490</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(25,412)	(25,412)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(25,412)</u>	<u>\$ (25,412)</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>25,412</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 1	\$ -	\$ (1)
Total federal revenues	-	1	-	(1)
Expenditures:				
Support Services:				
Students	-	1	1	-
Total expenditures	-	1	1	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(1)	(1)
Beginning cash balance budgeted	-	-	-	-
Fund balances at beginning of the year	-	-	-	-
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(1)	<u>\$ (1)</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			1	
			<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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 205,040	\$ 188,573	\$ (16,467)
Total federal revenues	-	205,040	188,573	(16,467)
Expenditures:				
Instruction	-	25,190	25,093	97
Support Services:				
Students	-	171,568	168,817	2,751
General Administration	-	3,295	2,916	379
School Administration	-	4,987	4,890	97
Total expenditures	-	205,040	201,716	3,324
Excess (deficiency) of revenues over (under) expenditures	-	-	(13,143)	(13,143)
Fund balances at beginning of the year	-	-	-	-
Fund balances (deficit) at end of the year	\$ -	\$ -	(13,143)	\$ (13,143)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			13,143	
			<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 SPECIAL REVENUE FUND - 25145
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 10,086	\$ 62,366	\$ 52,280
Total federal revenues	-	10,086	62,366	52,280
Expenditures:				
Support Services:				
Students	-	10,086	10,086	-
Total expenditures	-	10,086	10,086	-
Excess (deficiency) of revenues over (under) expenditures	-	-	52,280	52,280
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	52,280	\$ 52,280
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			(52,280)	
			\$ -	

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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 65,617	\$ 24,147	\$ (41,470)
Total federal revenues	<u>-</u>	<u>65,617</u>	<u>24,147</u>	<u>(41,470)</u>
Expenditures:				
Instruction	-	56,716	12,476	44,240
Support Services:				
Students	-	5,000	3,465	1,535
General Administration	<u>-</u>	<u>3,901</u>	<u>196</u>	<u>3,705</u>
Total expenditures	<u>-</u>	<u>65,617</u>	<u>16,137</u>	<u>49,480</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	8,010	8,010
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	8,010	<u>\$ 8,010</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>(8,010)</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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal direct grants	\$ -	\$ 642,972	\$ 356,001	\$ (286,971)
Total federal revenues	<u>-</u>	<u>642,972</u>	<u>356,001</u>	<u>(286,971)</u>
Expenditures:				
Support Services:				
Students	-	350,635	344,731	5,904
Instruction - Support	-	23,458	17,432	6,026
General Administration	-	268,879	20,622	248,257
Total expenditures	<u>-</u>	<u>642,972</u>	<u>382,785</u>	<u>260,187</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(26,784)	(26,784)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(26,784)</u>	<u>\$ (26,784)</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>26,784</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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 887,252	\$ 655,957	\$ (231,295)
Total federal revenues	<u>-</u>	<u>887,252</u>	<u>655,957</u>	<u>(231,295)</u>
Expenditures:				
Instruction	-	593,523	419,218	174,305
Support Services:				
Students	-	151,297	92,333	58,964
General Administration	-	15,922	8,908	7,014
School Administration	-	119,510	114,008	5,502
Operation & Maintenance of Plant	-	7,000	3,334	3,666
Total expenditures	<u>-</u>	<u>887,252</u>	<u>637,801</u>	<u>249,451</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	18,156	18,156
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	18,156	<u>\$ 18,156</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>(18,156)</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
 MENTORING SAFE SCHOOLS SPECIAL REVENUE FUND - 25187
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 255,543	\$ 80,940	\$ (174,603)
Total federal revenues	<u>-</u>	<u>255,543</u>	<u>80,940</u>	<u>(174,603)</u>
State sources:				
Expenditures:				
Instruction	-	-	-	-
Support Services:				
Students	-	194,222	67,129	127,093
General Administration	-	3,515	959	2,556
School Administration	-	57,806	10,826	46,980
Total expenditures	<u>-</u>	<u>255,543</u>	<u>78,914</u>	<u>176,629</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	2,026	2,026
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	2,026	<u>\$ 2,026</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>(2,026)</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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 11,497	\$ -	\$ (11,497)
Total federal revenues	-	11,497	-	(11,497)
Expenditures:				
Instruction	-	542	532	10
Support Services:				
Students	-	10,955	3,184	7,771
Total expenditures	-	11,497	3,716	7,781
Excess (deficiency) of revenues over (under) expenditures	-	-	(3,716)	(3,716)
Fund balances at beginning of the year	-	-	-	-
Fund balances (deficit) at end of the year	\$ -	\$ -	(3,716)	\$ (3,716)
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			3,716	
			<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
 SUBSTANCE ABUSE & MENTAL HEALTH SPECIAL REVENUE FUND - 25238
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 164,273	\$ 75,475	\$ (88,798)
Total federal revenues	-	164,273	75,475	(88,798)
Expenditures:				
Instruction	-	6,771	3,606	3,165
Support Services:				
Students	-	137,361	53,823	83,538
General Administration	-	2,132	834	1,298
School Administration	-	18,009	10,349	7,660
Total expenditures	-	164,273	68,612	95,661
Excess (deficiency) of revenues over (under) expenditures	-	-	6,863	6,863
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	6,863	\$ 6,863
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(617)	
Change in unearned revenue			(6,246)	
			<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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 1,850,327	\$ 1,475,000	\$ (375,327)
Total federal revenues	-	1,850,327	1,475,000	(375,327)
Expenditures:				
Instruction	-	20,000	467	19,533
Support Services:				
Students	-	1,270,983	1,051,003	219,980
General Administration	-	22,513	8,471	14,042
School Administration	-	536,831	318,389	218,442
Total expenditures	-	1,850,327	1,378,330	471,997
Excess (deficiency) of revenues over (under) expenditures	-	-	96,670	96,670
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	\$ -	\$ -	96,670	\$ 96,670
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(4,877)	
Change in unearned revenue			(91,793)	
			<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
 BILINGUAL EDUCATION TITLE III SPECIAL REVENUE FUND - 25248
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 364,966	\$ 175,025	\$ (189,941)
Total federal revenues	<u>-</u>	<u>364,966</u>	<u>175,025</u>	<u>(189,941)</u>
Expenditures:				
Instruction	-	256,822	90,608	166,214
Support Services:				
Instruction - Support	-	22,979	-	22,979
General Administration	-	4,490	1,850	2,640
School Administration	-	80,675	59,732	20,943
Total expenditures	<u>-</u>	<u>364,966</u>	<u>152,190</u>	<u>212,776</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	22,835	22,835
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	22,835	<u>\$ 22,835</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>(22,835)</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
 EDUCATION JOB FUND SPECIAL REVENUE FUND - 25255
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Federal direct grants	\$ -	\$ 27,394	\$ 518,954	\$ 491,560
Total federal revenues	-	27,394	518,954	491,560
Expenditures:				
Instruction	-	27,394	27,394	-
Total expenditures	-	27,394	27,394	-
Excess (deficiency) of revenues over (under) expenditures	-	-	491,560	491,560
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	491,560	<u>\$ 491,560</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(491,560)	
			<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
 KELLOGG FOUNDATION SPECIAL REVENUE FUND - 26121
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Grant	\$ -	\$ 98,000	\$ 257,000	\$ 159,000
Total local revenues	<u>-</u>	<u>98,000</u>	<u>257,000</u>	<u>159,000</u>
Expenditures:				
Instruction	<u>-</u>	<u>98,000</u>	<u>25,202</u>	<u>72,798</u>
Total expenditures	<u>-</u>	<u>98,000</u>	<u>25,202</u>	<u>72,798</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	231,798	231,798
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	231,798	<u>\$ 231,798</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>(231,798)</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
 PARENTS REACHING OUT SPECIAL REVENUE FUND - 26174
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Grant	\$ -	\$ 37,124	\$ 16,250	\$ (20,874)
Total local revenues	<u>-</u>	<u>37,124</u>	<u>16,250</u>	<u>(20,874)</u>
Expenditures:				
Instruction	-	3,787	797	2,990
Support Services:				
Students	<u>-</u>	<u>33,337</u>	<u>20,471</u>	<u>12,866</u>
Total expenditures	<u>-</u>	<u>37,124</u>	<u>21,268</u>	<u>15,856</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,018)	(5,018)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(5,018)	<u>\$ (5,018)</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			<u>5,018</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
 DUAL CREDIT HB2 SPECIAL REVENUE FUND - 27103
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 19,694	\$ 13,488	\$ (6,206)
Total state revenues	<u>-</u>	<u>19,694</u>	<u>13,488</u>	<u>(6,206)</u>
Expenditures:				
Support Services:				
Instruction - Support	-	19,694	18,696	998
Total expenditures	<u>-</u>	<u>19,694</u>	<u>18,696</u>	<u>998</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(5,208)	(5,208)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(5,208)	<u>\$ (5,208)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			4,763	
Change in unearned revenue			<u>445</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
 GO BOND 2008 SB333 SPECIAL REVENUE FUND - 27105
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 8,520	\$ 8,868	\$ 348
Total state revenues	-	8,520	8,868	348
Expenditures:				
Support Services:				
Instruction - Support	-	8,520	8,520	-
Total expenditures	-	8,520	8,520	-
Excess (deficiency) of revenues over (under) expenditures	-	-	348	348
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	348	<u>\$ 348</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(348)	
			<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
 NM GO BOND STUDENT LIBRARY - 27106
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ 45,227	\$ 45,227	\$ -	\$ (45,227)
Total state revenues	<u>45,227</u>	<u>45,227</u>	<u>-</u>	<u>(45,227)</u>
Expenditures:				
Support Services:				
Instruction - Support	<u>45,227</u>	<u>45,227</u>	<u>21,268</u>	<u>23,959</u>
Total expenditures	<u>45,227</u>	<u>45,227</u>	<u>21,268</u>	<u>23,959</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(21,268)	(21,268)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>(21,268)</u>	<u>\$ (21,268)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>21,268</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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 178,947	\$ -	\$ (178,947)
Total state revenues	-	178,947	-	(178,947)
Expenditures:				
Support Services:				
Instruction - Support	-	178,947	86,036	92,911
Total expenditures	-	178,947	86,036	92,911
Excess (deficiency) of revenues over (under) expenditures	-	-	(86,036)	(271,858)
Fund balances at beginning of the year	-	-	-	-
Fund balances (deficit) at end of the year	\$ -	\$ -	(86,036)	\$ (271,858)
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			86,036	
			\$ -	

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
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State flow through grants	\$ -	\$ 42,115	\$ 29,660	\$ (12,455)
Total state revenues	<u>-</u>	<u>42,115</u>	<u>29,660</u>	<u>(12,455)</u>
Expenditures:				
Non-Instructional Services:				
Food Services	-	42,115	41,705	410
Total expenditures	<u>-</u>	<u>42,115</u>	<u>41,705</u>	<u>410</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(12,045)	(12,045)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	(12,045)	<u>\$ (12,045)</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			7,464	
Change in unearned revenue			<u>4,581</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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State grant	\$ -	\$ -	\$ -	\$ -
Total state revenues	-	-	-	-
Expenditures:				
Instruction	-	-	-	-
Support Services:				
General Administration	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) 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 due from other governments			-	
			<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
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State grant	\$ -	\$ 297,951	\$ 135,920	\$ (162,031)
Total state revenues	-	297,951	135,920	(162,031)
Expenditures:				
Instruction	-	294,351	127,065	167,286
Support Services:				
General Administration	-	3,600	-	3,600
Total expenditures	-	297,951	127,065	170,886
Excess (deficiency) of revenues over (under) expenditures	-	-	8,855	8,855
Fund balances at beginning of the year	-	-	-	-
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	8,855	<u>\$ 8,855</u>
RECONCILIATION TO GAAP BASIS:				
Change in unearned revenue			(8,855)	
			<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
 CATCH GRANT SPECIAL REVENUE FUND - 28140
 SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State grant	\$ -	\$ 1,400	\$ -	\$ (1,400)
Total state revenues	-	1,400	-	(1,400)
Expenditures:				
Instruction	-	1,400	-	1,400
Total expenditures	-	1,400	-	1,400
Excess (deficiency) of revenues over (under) 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 due from other governments			-	
			<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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
State sources:				
State grant	\$ -	\$ 239,590	\$ 202,447	\$ (37,143)
Total state revenues	-	239,590	202,447	(37,143)
Expenditures:				
Instruction	-	89,567	80,009	9,558
Support Services:				
Students	-	150,023	142,796	7,227
Total expenditures	-	239,590	222,806	16,784
Excess (deficiency) of revenues over (under) expenditures	-	-	(20,359)	(20,359)
Fund balances at beginning of the year	-	-	-	-
Fund balances (deficit) at end of the year	\$ -	\$ -	(20,359)	\$ (20,359)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			20,359	
			<u>\$ 0</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 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Federal sources:				
Local sources:				
Fees and activities	\$ 1,800	\$ 1,800	\$ 1,151	\$ (649)
Earnings from investments	<u>1,300</u>	<u>1,300</u>	<u>998</u>	<u>(302)</u>
Total revenues	<u>3,100</u>	<u>3,100</u>	<u>2,149</u>	<u>(951)</u>
Expenditures:				
Non-Instructional Services:				
Capital Outlay	<u>1,544,561</u>	<u>1,544,561</u>	<u>-</u>	<u>1,544,561</u>
Total expenditures	<u>1,544,561</u>	<u>1,544,561</u>	<u>-</u>	<u>1,544,561</u>
Excess (deficiency) of revenues over (under) expenditures	(1,541,461)	(1,541,461)	2,149	1,543,610
Beginning cash balance budgeted	1,541,461	1,541,461	-	(1,541,461)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>1,541,478</u>	<u>1,541,478</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>1,543,627</u>	<u>\$ 1,543,627</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>-</u>	
			<u>\$ 1,543,627</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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Local sources:				
Earnings from investments	\$ 200	\$ 200	\$ 101	\$ (99)
Total revenues	<u>200</u>	<u>200</u>	<u>101</u>	<u>(99)</u>
Expenditures:				
Non-Instructional Services:				
Capital Outlay	<u>104,621</u>	<u>104,621</u>	<u>-</u>	<u>104,621</u>
Total expenditures	<u>104,621</u>	<u>104,621</u>	<u>-</u>	<u>104,621</u>
Excess (deficiency) of revenues over (under) expenditures	(104,421)	(104,421)	101	104,522
Beginning cash balance budgeted	104,421	104,421	-	(104,421)
Fund balances at beginning of the year	<u>-</u>	<u>-</u>	<u>104,432</u>	<u>104,432</u>
Fund balances at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>104,533</u>	<u>\$ 104,533</u>
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			<u>-</u>	
			<u>\$ 104,533</u>	

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

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 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, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Support Services:				
Non-Instructional Services:				
Capital Outlay	99,873	99,873	-	99,873
Total expenditures	99,873	99,873	-	99,873
Excess (deficiency) of revenues over (under) expenditures	(99,873)	(99,873)	-	99,873
Beginning cash balance budgeted	99,873	99,873	-	(99,873)
Fund balances at beginning of the year	-	-	99,873	99,873
Fund balances at end of the year	\$ -	\$ -	99,873	\$ 99,873
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			-	
			<u>\$ 99,873</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, 2012

	Balance June 30, <u>2011</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2012</u>
<u>ASSETS</u>				
<u>Cash:</u>				
Central office, Junior high, elementary schools	\$ 1,740,259	\$ 1,672,912	\$ 2,528,552	\$ 884,619
Farmington High School	242,272	785,517	693,170	334,619
Farmington High School special activity	14,895	44,310	43,910	15,295
Piedra Vista High School	296,397	715,973	694,489	317,881
Piedra Vista High School special activity	<u>18,861</u>	<u>54,449</u>	<u>60,057</u>	<u>13,253</u>
 Total assets	 <u>\$ 2,312,684</u>	 <u>\$ 3,273,161</u>	 <u>\$ 4,020,178</u>	 <u>\$ 1,565,667</u>
 <u>LIABILITIES</u>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deposits held for others	<u>2,312,684</u>	<u>3,273,161</u>	<u>4,020,178</u>	<u>1,565,667</u>
 Total liabilities	 <u>\$ 2,312,684</u>	 <u>\$ 3,273,161</u>	 <u>\$ 4,020,178</u>	 <u>\$ 1,565,667</u>

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

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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, 2012

	2012
Governmental funds capital assets:	
Land	\$ 3,444,131
Construction in progress	-
Buildings and improvements	95,610,701
Improvements other than buildings	7,973,177
Equipment	18,429,077
Construction in progress	4,648,597
Total governmental funds capital assets	\$ 130,105,683
Investment in governmental funds capital assets by source:	
General fund	\$ 1,673,670
Special revenue fund	12,895,960
Capital projects fund	115,536,053
Total governmental funds capital assets	\$ 130,105,683

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, 2012

	<u>Land</u>	<u>Improvements</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Total</u>
FUNCTION AND ACTIVITY					
Educational services:					
Instruction	\$ 551,062	\$ 1,041,135	\$ 12,702,941	\$ 5,509,674	\$ 19,804,812
Support services	585,502	1,106,205	12,673,361	1,879,976	16,245,044
Operation of non-instructional services	1,687,624	4,987,633	56,930,362	7,683,380	71,288,999
Food services	34,441	65,071	681,505	-	781,017
Athletics	103,324	195,213	2,229,070	512,109	3,039,716
Pupil transportation	<u>482,178</u>	<u>577,920</u>	<u>10,393,462</u>	<u>2,843,938</u>	<u>14,297,498</u>
Total governmental funds					
capital assets	<u>\$ 3,444,131</u>	<u>\$ 7,973,177</u>	<u>\$ 95,610,701</u>	<u>\$ 18,429,077</u>	125,457,086
Construction in Progress					4,648,597
					<u>\$ 130,105,683</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, 2012

	General Capital Assets <u>July 1, 2011</u>	<u>Reclassifications</u>	<u>Additions</u>	<u>Deletions</u>	General Capital Assets <u>June 30, 2012</u>
FUNCTION AND ACTIVITY					
Educational services:					
Instruction	\$ 23,876,151	\$ (4,071,339)	\$ -	\$ -	\$ 19,804,812
Support services	14,954,700	2,935,286	145,668	(1,790,610)	16,245,044
Operation of non-instructional services	68,324,173	1,784,212	2,888,040	(1,707,426)	71,288,999
Food services	985,070	40,287	-	(244,340)	781,017
Athletics	2,951,758	87,958	-	-	3,039,716
Pupil transportation	<u>15,319,428</u>	<u>(776,404)</u>	<u>85,920</u>	<u>(331,446)</u>	<u>14,297,498</u>
Total governmental funds capital assets	<u>\$ 126,411,280</u>	<u>\$ -</u>	<u>\$ 3,119,628</u>	<u>\$ (4,073,822)</u>	<u>\$ 125,457,086</u>

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, 2012

	Wells Fargo	Bank of America	Citizens Bank of Farmington	Four Corners Community Bank	Bank of the Southwest	Total
<u>Bank Deposits:</u>						
Checking account - non-interest bearing	\$ 27,488,235	\$ -	\$ -	\$ -	\$ -	\$ 27,488,235
Certificates of deposit and interest bearing accounts	-	22,188	20,925,660	1,400,000	1,260,609	23,608,457
Money Market Accounts - interest bearing	1,773,223	-	-	-	-	1,773,223
Deposits, at June 30, 2012	29,261,458	22,188	20,925,660	1,400,000	1,260,609	52,869,915
FDIC Insurance - non-interest bearing	27,488,235	-	-	-	-	27,488,235
FDIC Insurance - interest bearing	250,000	22,188	250,000	250,000	250,000	1,022,188
Uninsured amount	<u>\$ 1,523,223</u>	<u>\$ -</u>	<u>\$ 20,675,660</u>	<u>\$ 1,150,000</u>	<u>\$ 1,010,609</u>	<u>\$ 24,359,492</u>
<u>Pledged Collateral Require</u>						
50 percent of uninsured amount	761,612	-	10,337,830	575,000	505,305	12,179,747
Pledged collateral at June 30, 2012	801,085	-	14,157,499	785,705	600,000	16,344,289
Excess (deficiency)	<u>\$ 39,473</u>	<u>\$ -</u>	<u>\$ 3,819,669</u>	<u>\$ 210,705</u>	<u>\$ 94,695</u>	<u>\$ 4,164,542</u>
<u>Pledged collateral location</u>						
	<u>Wells Fargo, California</u> <u>Sioux Falls, SD</u>		<u>Dallas, TX</u>	<u>Dallas, TX</u>	<u>Dallas, TX</u>	
Pledged collateral (market value) as of June 30, 2012:						
FNAH5160; #3138A2WW5; 01/01/2041	4,640	-	-	-	-	4,640
FNAH6438; #3138A8EL6; 02/01/2026	13,736	-	-	-	-	13,736
FNAH6269; #3138A77E2; 04/01/2041	21,427	-	-	-	-	21,427
FNMA1027; #31418AD96; 04/01/2042	31,466	-	-	-	-	31,466
FNAJ5475; #3138AXCM1; 10/01/2026	57,692	-	-	-	-	57,692
GNSF 781210; #36225BKX5; 09/15/2029	672,124	-	-	-	-	672,124
FHLB; #51778FBK4; 05/01/2015	-	-	500,000	-	-	500,000
FHLB; #31398TMW8; 7/25/2040	-	-	8,898,474	-	-	8,898,474
FHLB; #3137A7AS9; 06/15/2040	-	-	4,039,881	-	-	4,039,881
FHLB; #31398PYM5; 02/25/2039	-	-	719,144	-	-	719,144
Silver City NM School; #827513ES7; 08/01/2012	-	-	-	301,146	-	301,146
Bloomfield NM; #094072BN4; 08/01/2012	-	-	-	100,427	-	100,427
Mountain Vlg Col San Miguel Cnty GO UT; 624506KB	-	-	-	384,132	-	384,132
FHLB - Letter of Credit - 04/01/2013	-	-	-	-	100,000	100,000
FHLB - Letter of Credit - 09/19/2012	-	-	-	-	500,000	500,000
Totals	<u>\$ 801,085</u>	<u>\$ -</u>	<u>\$ 14,157,499</u>	<u>\$ 785,705</u>	<u>\$ 600,000</u>	<u>\$ 16,344,289</u>
<u>Reconciliation to Financial Statements:</u>						
Total per banks	\$ 29,261,458	\$ 22,188	\$ 20,925,660	\$ 1,400,000	\$ 1,260,609	\$ 52,869,915
Reconciling items	(1,464,233)	-	(668,026)	-	(11,109)	(2,143,368)
	<u>\$ 27,797,225</u>	<u>\$ 22,188</u>	<u>\$ 20,257,634</u>	<u>\$ 1,400,000</u>	<u>\$ 1,249,500</u>	<u>\$ 50,726,547</u>
Investments						1,335,823
Total cash and investments						<u>\$ 52,062,370</u>
Pooled cash and investments						50,496,703
Fiduciary cash and investments						1,565,667
Cash and investments per financial statement:						<u>\$ 52,062,370</u>

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 SCHEDULE OF CASH ACCOUNTS AND INVESTMENTS
 June 30, 2012

<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	\$ 7,386,053	\$ 442,457	\$ 7,828,510
Employee Benefits Plan	Checking	Wells Fargo	2,135,063	-	2,135,063
Transportation	Checking	Wells Fargo	291,014	(281,883)	9,131
Non-Budgeted Activities	Checking	Wells Fargo	228,514	(1,275)	227,239
Federal Projects	Checking	Wells Fargo	215,923	(783,276)	(567,353)
State & Local	Checking	Wells Fargo	273,733	68	273,801
Building Fund	Checking	Wells Fargo	6,327,828	(99,234)	6,228,594
Payroll	Checking	Wells Fargo	739,416	(739,416)	-
Debt Service	Checking	Wells Fargo	9,207,960	-	9,207,960
Debt Service	Money Market	Wells Fargo	764,892	-	764,892
Investment account	Checking	Wells Fargo	7	-	7
Operating	Money Market	Wells Fargo	1,008,331	-	1,008,331
FHS Special Activities	Checking	Wells Fargo	18,015	(2,719)	15,296
PVHS Special Activity Account	Checking	Wells Fargo	17,902	(4,648)	13,254
PVHS Activity Fund	Checking	Wells Fargo	318,315	(434)	317,881
Scorps Activity Fund	Checking	Wells Fargo	328,493	6,126	334,619
Total			<u>29,261,459</u>	<u>(1,464,234)</u>	<u>27,797,225</u>
Building Fund	Checking	Citizens	14,001,338	-	14,001,338
Special Building Local	Checking	Citizens	1,543,651	(24)	1,543,627
Tech Bonds	Checking	Citizens	2,661,405	(266,610)	2,394,795
Capital Improvement Mill	Checking	Citizens	1,693,202	(353,160)	1,340,042
Secondary Athletics	Checking	Citizens	93,778	(565)	93,213
Central Office Activity	Checking	Citizens	932,286	(47,667)	884,619
Total			<u>20,925,660</u>	<u>(668,026)</u>	<u>20,257,634</u>
Operating	Certificate of Deposit	Four Corners Community	1,400,000	-	1,400,000
Cafeteria	Checking	Bank of the Southwest	1,260,609	(11,109)	1,249,500
Scorpions CD	Certificate of Deposit	Bank of America	22,188	-	22,188
Total			<u>\$ 52,869,916</u>	<u>\$ (2,143,369)</u>	<u>\$ 50,726,547</u>
Operating	Investment	NM State Treasurer	539,690	-	539,690
Debt service	Investment	NM State Treasurer	796,133	-	796,133
Total			<u>\$ 1,335,823</u>	<u>\$ -</u>	<u>\$ 1,335,823</u>

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 Schedule of Cash Reconciliation
 June 30, 2012

	Beginning Cash	Receipts	Distributions	Other	Net Cash end of Period	Adjustments to the report	Total Cash on Report
Operational Account	\$ 9,378,987	\$ 66,401,096	\$ (65,231,521)	\$ -	10,548,562	\$ -	\$ 10,548,562
Transportation	63,538	2,698,211	(2,752,618)	-	9,131	-	9,131
Instructional Materials	125,997	451,035	(448,929)	-	128,103	-	128,103
Food Services	855,929	3,769,891	(3,376,319)	-	1,249,501	-	1,249,501
Athletics	102,396	292,373	(279,368)	-	115,401	-	115,401
Non-Instructional	189,924	372,743	(335,428)	-	227,239	-	227,239
Federal Flowthrough Grants	258,650	4,103,042	(5,533,665)	-	(1,171,973)	-	(1,171,973)
Federal Direct Grants	(24,725)	3,842,437	(3,213,093)	-	604,619	-	604,619
Local Grants	20,875	273,250	(46,470)	-	247,655	-	247,655
State Flowthrough Grants	204,034	52,016	(202,723)	-	53,327	-	53,327
State Direct Grants	(15,677)	338,367	(349,870)	-	(27,180)	-	(27,180)
Bond Building	15,937,257	14,005,300	(9,712,625)	-	20,229,932	-	20,229,932
Special Capital Outlay - Local	1,541,477	2,149	-	-	1,543,626	-	1,543,626
PSCOC	-	-	-	-	-	-	-
Special Capital Outlay - State	104,432	100	-	-	104,532	-	104,532
Capital Improvement SB - 9	2,429,626	2,794,652	(3,988,767)	-	1,235,511	-	1,235,511
Education Technology	2,029,971	6,750,066	(6,385,242)	-	2,394,795	-	2,394,795
PSCO - 20%	99,873	-	-	-	99,873	-	99,873
Debt Service	7,550,612	7,171,508	(7,566,660)	-	7,155,460	-	7,155,460
Ed Tech Debt Service	2,921,976	3,482,951	(2,791,402)	-	3,613,525	-	3,613,525
Agency	-	-	-	-	-	-	-
Total	43,775,152	\$ 116,801,187	\$ (112,214,700)	\$ -	\$ 48,361,639	\$ -	48,361,639
Non Department of Education Accounts:							
Employee benefits account	2,099,095						2,135,064
Agency	2,312,684						1,565,667
Total	\$ 48,186,931						\$ 52,062,370

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STATISTICAL SECTION

This part of the Farmington Municipal School's comprehensive annual financial report represents 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.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	119
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	124
Dept Capacity <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>	128
Demographic and Economic Information <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>	131
Operating Information <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>	134

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

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

	Fiscal Year								
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities									
Invested in capital assets, net of related debt	\$ 26,761,005	\$ 22,326,416	\$ 25,733,106	\$ 21,445,446	\$ 30,436,357	\$ 26,012,989	\$ 44,326,970	\$ 44,134,648	\$ 41,429,758
Restricted	9,298,119	11,363,268	14,453,493	11,222,388	9,745,827	13,551,499	15,247,416	15,877,450	15,416,710
Unrestricted	6,195,967	7,582,686	16,586,943	26,477,373	23,784,295	34,891,564	17,178,375	21,449,047	22,960,900
Total governmental activities net assets	<u>\$ 42,255,091</u>	<u>\$ 41,272,370</u>	<u>\$56,773,542</u>	<u>\$ 59,145,207</u>	<u>\$ 63,966,479</u>	<u>\$ 74,456,052</u>	<u>\$ 76,752,761</u>	<u>\$ 81,461,145</u>	<u>\$ 79,807,368</u>

Note - The District began reporting accrual information with the implemented of GASB Statement 34 in 2004.

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

	Fiscal Year								
	2004	2005	2006	2007 ¹	2008	2009	2010	2011	2012
Expenses									
Governmental Activities:									
Instruction	\$ 38,918,969	\$ 40,346,948	\$43,430,362	\$48,281,471	\$50,679,984	\$51,556,881	\$52,940,094	\$50,181,718	\$48,705,662
Support services:	24,219,781	23,394,475	24,308,684	25,064,662	25,720,684	27,915,022	19,176,000	22,424,212	
Students									10,524,749
Instruction - support									1,733,137
General Administrative									1,181,832
School Administrative									4,463,277
Central Services									799,198
Operations & Maintenance of Plant									7,608,853
Student Transportation	3,085,123	2,981,013	2,843,698	3,603,949	3,122,735	3,023,738	3,206,068	2,760,952	3,108,422
Other support services									109,193
Non-instructional services:									
Food services	2,787,877	2,550,012	2,718,578	2,967,794	2,805,272	3,113,562	3,134,259	3,495,334	3,873,724
Community services									134,934
Facilities, supplies and materials									11,950,619
Depreciation - unallocated									3,171,107
Operation of non-instructional services	4,266,962	4,530,640	4,510,266	5,250,877	5,589,905	1,852,097	17,149,315	14,373,083	
Athletics	980,466	1,022,332	1,023,958	469,366	553,966	304,874	366,917	280,813	
Interest on long-term obligations	1,417,602	1,205,605	1,329,330	1,216,796	1,105,550	1,099,819	1,320,460	1,001,828	1,194,295
Total governmental activities expenses	<u>\$ 75,676,780</u>	<u>\$ 76,031,025</u>	<u>\$80,164,876</u>	<u>\$86,854,915</u>	<u>\$89,578,096</u>	<u>\$88,865,993</u>	<u>\$97,293,113</u>	<u>\$94,517,940</u>	<u>\$98,559,002</u>
Program Revenues									
Governmental Activities:									
Charges for services:									
General government	\$ 795,932	\$ 894,145	\$ 747,161	\$ 882,564	\$ 1,086,221	\$ 874,480	\$ 721,172	\$ 841,094	\$ 740,797
Food Services	884,009	902,161	875,592	765,005	806,247	1,118,605	836,626	872,545	940,227
Operating grants and contributions	10,691,140	11,666,813	12,241,136	10,794,422	11,066,893	11,739,989	18,451,821	16,238,340	12,483,985
Capital grants and contributions	1,585,914	1,258,320	291,136	298,570	434,644	15,789	414,564	226,196	16,536
Total governmental activities program revenues	<u>\$ 13,956,995</u>	<u>\$ 14,721,439</u>	<u>\$ 14,155,025</u>	<u>\$ 12,740,561</u>	<u>\$ 13,394,005</u>	<u>\$ 13,748,863</u>	<u>\$ 20,424,183</u>	<u>\$ 18,178,175</u>	<u>\$ 14,181,545</u>
Net (expense)/revenue									
Governmental activities	<u>\$ 61,719,785</u>	<u>\$ 61,309,586</u>	<u>\$ 66,009,851</u>	<u>\$ 74,114,354</u>	<u>\$ 76,184,091</u>	<u>\$ 75,117,130</u>	<u>\$ 76,868,930</u>	<u>\$ 76,339,765</u>	<u>\$ 84,377,457</u>

Note 1: New Mexico adopted the UCOA for school districts and combined governmental activity functions into Instruction, Support services, Operation of non-instructional services, Food services, Athletics, Pupil Transportation and Interest on long-term debt. Prior years have been adjusted accordingly.

Note - The District began reporting accrual information with the implemented of GASB Statement 34 in 2004.

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

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

	Fiscal Year								
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net (expense)/revenue									
Governmental activities	\$ 61,719,785	\$ 61,309,586	\$ 66,009,851	\$ 74,114,354	\$ 76,184,091	\$ 75,117,130	\$ 76,868,930	\$ 76,339,765	\$ 84,377,457
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes, general purpose	\$ 301,045	\$ 321,151	\$ 478,090	\$ 481,236	\$ 552,995	\$ 606,564	\$ 590,775	\$ 583,549	\$ 571,308
Property taxes, debt service	7,146,982	7,335,464	9,891,805	9,941,059	10,039,044	10,858,918	10,554,810	9,983,458	11,156,818
Property taxes, capital projects	1,794,239	2,681,404	2,263,627	2,296,075	2,636,299	2,889,531	2,787,701	3,136,308	2,510,503
Unrestricted grants and contributions	53,046,341	55,335,082	60,820,387	62,759,755	66,897,642	71,133,055	64,409,185	67,228,446	68,459,802
Investment earnings	65,780	324,475	696,176	1,007,894	704,280	118,635	330,227	116,388	25,249
Gain on sale of capital assets	-	-	-	-	-	-	492,941	-	-
Total government activities	\$ 62,354,387	\$ 65,997,576	\$ 74,150,085	\$ 76,486,019	\$ 80,830,260	\$ 85,606,703	\$ 79,165,639	\$ 81,048,149	\$ 82,723,680
Change in Net Assets									
Governmental activities	\$ 634,602	\$ 4,687,990	\$ 8,140,234	\$ 2,371,665	\$ 4,646,169	\$ 10,489,573	\$ 2,296,709	\$ 4,708,384	\$ (1,653,777)

Note - The District began reporting accrual information with the implemented of GASB Statement 34 in 2004.

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund										
Unassigned	\$ 3,638,633	\$ 4,533,600	\$ 4,774,761	\$ 4,765,834	\$ 3,517,211	\$ 3,990,364	\$ 5,239,278	\$ 5,318,316	\$ 9,384,014	\$ 10,714,472
Total general fund	<u>3,638,633</u>	<u>4,533,600</u>	<u>4,774,761</u>	<u>4,765,834</u>	<u>3,517,211</u>	<u>3,990,364</u>	<u>5,239,278</u>	<u>5,318,316</u>	<u>9,384,014</u>	<u>10,714,472</u>
All other governmental funds										
Restricted:										
Special revenue funds	\$ 2,242,645	\$ 1,740,204	\$ 2,347,132	\$ 2,754,591	\$ 556,080	\$ 527,486	\$ 750,723	\$ 924,709	\$ 1,094,888	\$ 1,225,957
Capital projects funds	5,776,557	2,372,487	3,417,490	3,506,522	13,418,626	8,750,195	18,385,461	11,157,362	20,427,036	25,286,190
Debt service funds	6,618,282	7,557,915	9,016,136	11,698,902	10,666,308	10,273,313	12,800,776	10,652,904	10,779,975	10,911,578
Total all other governmental funds	<u>14,637,484</u>	<u>11,670,606</u>	<u>14,780,758</u>	<u>17,960,015</u>	<u>24,641,014</u>	<u>19,550,994</u>	<u>31,936,960</u>	<u>22,734,975</u>	<u>32,301,899</u>	<u>37,423,725</u>
Total fund balance	<u>\$ 18,276,117</u>	<u>\$ 16,204,206</u>	<u>\$ 19,555,519</u>	<u>\$ 22,725,849</u>	<u>\$ 28,158,225</u>	<u>\$ 23,541,358</u>	<u>\$ 37,176,238</u>	<u>\$ 28,053,291</u>	<u>\$ 41,685,913</u>	<u>\$ 48,138,197</u>

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

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

	Fiscal Year								
	2004	2005	2006	2007 ¹	2008	2009	2010	2011	2012
Revenues									
Federal Sources:									
Federal grants	\$ 10,440,166	\$ 10,993,164	\$ 10,989,835	\$ 10,217,871	\$ 10,189,633	\$ 10,340,525	\$ 18,117,216	\$ 15,572,955	\$ 11,724,519
Total federal sources	\$ 10,440,166	\$ 10,993,164	\$ 10,989,835	\$ 10,217,871	\$ 10,189,633	\$ 10,340,525	\$ 18,117,216	\$ 15,572,955	\$ 11,724,519
State Sources:									
State equalization quarantee	\$ 49,794,973	\$ 52,403,605	\$ 56,281,212	\$ 59,023,094	\$ 62,565,757	\$ 67,158,187	\$ 60,836,533	\$ 64,288,193	\$ 65,310,556
Transportation	\$ 2,158,327	\$ 2,201,596	\$ 3,592,442	\$ 2,620,544	\$ 3,330,992	\$ 2,766,260	\$ 3,158,507	\$ 2,520,300	\$ 2,698,211
State instructional materials	\$ 846,447	\$ 840,379	\$ 900,863	\$ 902,771	\$ 1,000,893	\$ 1,208,608	\$ 414,145	\$ 419,953	\$ 451,035
State grants	\$ 2,079,175	\$ 1,819,395	\$ 1,582,370	\$ 1,387,104	\$ 1,311,904	\$ 1,410,172	\$ 749,169	\$ 891,581	\$ 542,632
Total state sources	\$ 54,878,922	\$ 57,264,975	\$ 62,356,887	\$ 63,933,513	\$ 68,209,546	\$ 72,543,227	\$ 65,158,354	\$ 68,120,027	\$ 69,002,434
Local Sources:									
District school tax levy	\$ 9,324,636	\$ 9,528,421	\$ 10,286,058	\$ 11,469,129	\$ 12,536,566	\$ 13,327,597	\$ 13,357,629	\$ 13,474,931	\$ 13,782,009
Fees and activities	\$ 943,276	\$ 936,612	\$ 917,801	\$ 1,112,511	\$ 1,882,145	\$ 1,935,504	\$ 1,557,798	\$ 1,713,639	\$ 1,679,873
Earnings from investments	\$ 46,594	\$ 302,234	\$ 664,118	\$ 953,089	\$ 704,280	\$ 118,635	\$ 330,227	\$ 116,388	\$ 24,150
Other revenue	\$ 677,788	\$ 1,693,609	\$ 1,846,793	\$ 475,544	\$ 10,323	\$ 57,581	\$ -	\$ -	\$ 235,620
Total local sources	\$ 10,992,294	\$ 12,460,876	\$ 13,714,770	\$ 14,010,273	\$ 15,133,314	\$ 15,439,317	\$ 15,245,654	\$ 15,304,958	\$ 15,721,652
Total revenues	\$ 76,311,382	\$ 80,719,015	\$ 87,061,492	\$ 88,161,657	\$ 93,532,493	\$ 98,323,069	\$ 98,521,224	\$ 98,997,940	\$ 96,448,605
Expenditures									
Instruction	\$ 37,720,657	\$ 39,474,013	\$ 42,841,934	\$ 47,072,766	\$ 48,829,221	\$ 50,606,964	\$ 50,753,301	\$ 48,611,814	\$ 48,645,538
Support services:	\$ 22,263,009	\$ 22,877,894	\$ 24,902,432	\$ 24,387,234	\$ 24,885,397	\$ 27,457,142	\$ 18,854,030	\$ 18,292,277	
Students									\$ 10,484,641
Instruction - support									\$ 1,692,426
General Administrative									\$ 1,365,643
School Administrative									\$ 4,416,577
Central Services									\$ 789,070
Operations & Maintenance of Plant									\$ 7,664,410
Student Transportation	\$ 1,979,114	\$ 2,155,774	\$ 2,322,595	\$ 2,528,779	\$ 2,616,475	\$ 2,517,478	\$ 2,683,042	\$ 2,679,202	\$ 2,729,501
Other support services									\$ 97,296
Non-instructional services:									
Food services	\$ 2,714,143	\$ 2,494,996	\$ 2,683,838	\$ 2,896,116	\$ 2,771,521	\$ 3,079,811	\$ 3,099,390	\$ 3,490,358	\$ 3,845,948
Community services									\$ 134,934
Operation of non-instructional services	\$ 1,376,772	\$ 1,443,680	\$ 1,603,838	\$ 1,107,827	\$ 2,465,366	\$ 259,590	\$ 10,385,256	\$ 9,855,378	
Athletics	\$ 763,132	\$ 884,793	\$ 937,107	\$ 310,337	\$ 309,539	\$ 220,497	\$ 279,746	\$ 263,334	
Capital outlay	\$ 5,403,730	\$ 6,777,808	\$ 7,951,510	\$ 4,394,012	\$ 10,955,679	\$ 13,604,850	\$ 9,858,461	\$ 10,312,236	\$ 19,420,335
Debt service:									
Principal	\$ 4,650,000	\$ 4,600,000	\$ 4,875,000	\$ 8,750,000	\$ 8,795,000	\$ 6,815,735	\$ 10,861,286	\$ 14,305,648	\$ 9,044,230
Interest	\$ 1,507,343	\$ 1,298,838	\$ 1,272,908	\$ 1,142,044	\$ 1,248,718	\$ 998,752	\$ 1,362,600	\$ 1,100,745	\$ 1,218,681
Capital lease issuance costs					\$ 22,444	\$ 116,716	\$ -	\$ -	\$ 106,313
Total expenditures	\$ 78,377,900	\$ 82,007,796	\$ 89,391,162	\$ 92,589,115	\$ 102,899,360	\$ 105,677,535	\$ 108,137,112	\$ 108,910,992	\$ 111,655,543
Revenues over (under) expenditures	\$ (2,066,518)	\$ (1,288,781)	\$ (2,329,670)	\$ (4,427,458)	\$ (9,366,867)	\$ (7,354,466)	\$ (9,615,888)	\$ (9,913,052)	\$ (15,206,938)
Other Financing Sources (Uses)									
Sale of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492,941	\$ -	\$ -
Bonds issued	\$ 3,827,607	\$ 11,685,000	\$ 5,500,000	\$ 10,100,000	\$ -	\$ 16,000,000	\$ -	\$ 22,710,000	\$ 14,000,000
Premium on bonds issued	\$ -	\$ 234,859	\$ -	\$ 58,471	\$ -	\$ 314,243	\$ -	\$ 835,674	\$ 909,222
Capital lease	\$ -	\$ -	\$ -	\$ -	\$ 4,750,000	\$ 4,500,000	\$ -	\$ -	\$ 6,750,000
Payments to refunded debt escrow	\$ (3,800,000)	\$ (7,279,765)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	\$ 27,607	\$ 4,640,094	\$ 5,500,000	\$ 10,158,471	\$ 4,750,000	\$ 20,814,243	\$ 492,941	\$ 23,545,674	\$ 21,659,222
Net Change in Fund Balances	\$ (2,071,911)	\$ 3,351,313	\$ 3,170,330	\$ 5,731,013	\$ (4,616,867)	\$ 13,459,777	\$ (9,122,947)	\$ 13,632,622	\$ 6,452,284
Debt Service as a Percentage of Noncapital Expenditures									
	8.2%	7.6%	7.5%	10.7%	10.6%	8.6%	11.7%	14.6%	10.0%

Note ¹: New Mexico adopted the UCOA for school districts and combined governmental activity categories into Instruction, Support services, Operation of non-instructional services, Food services, Athletics, Pupil Transportation and Interest on long-term debt. Prior years have been adjusted accordingly.

Note - The District began reporting accrual information with the implemented of GASB Statement 34 in 2004.

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

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

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 & Gas Assessed</u>	<u>Exemptions</u>	<u>Total Taxable Valuation</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value¹</u>	<u>Total Direct Tax Rate</u>
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
2009	1,230,768,674	82,737,036	238,830,914	98,012,298	1,552,336,624	1,454,324,326	484,726,298	\$ 9.915
2010	1,253,326,754	91,177,960	131,413,661	101,810,388	1,475,918,375	1,374,107,987	457,990,192	\$ 9.921
2011	1,409,817,347	84,283,882	148,590,174	230,196,464	1,642,691,403	1,412,494,939	470,784,563	\$ 9.923
2012	1,449,286,960	83,782,919	162,995,453	242,086,301	1,696,065,332	1,453,979,031	484,611,211	\$ 9.924

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

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Farmington School District										
Assessed Valuation	\$ 940,718,982	\$ 1,012,435,339	\$ 1,107,682,922	\$ 1,181,865,197	\$ 1,274,130,350	\$ 1,439,118,979	\$ 1,552,336,624	\$ 1,475,918,375	\$ 1,642,691,403	\$ 1,696,065,332
Total Direct Rate	9.887	9.943	9.961	9.934	9.953	9.902	9.915	9.921	9.923	9.924
General Obligation Debt	\$ 37,135,000	\$ 32,530,000	\$ 32,715,000	\$ 33,340,000	\$ 34,690,000	\$ 30,645,000	\$ 44,329,266	\$ 33,467,980	\$ 41,872,331	\$ 53,578,102
Percentage Applicable to District	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Direct and Overlapping Debt	\$ 37,135,000	\$ 32,530,000	\$ 32,715,000	\$ 33,340,000	\$ 34,690,000	\$ 30,645,000	\$ 44,329,266	\$ 33,467,980	\$ 41,872,331	\$ 53,578,102
City of Farmington										
Assessed Valuation	\$ 616,431,614	\$ 618,280,126	\$ 666,071,139	\$ 699,304,478	\$ 842,822,919	\$ 901,408,835	\$ 1,021,829,130	\$ 991,798,318	\$ 1,015,188,129	\$ 1,033,372,545
Total Direct Rate										
General Obligation Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage Applicable to District	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Direct and Overlapping Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
San Juan County										
Assessed Valuation	\$ 2,681,038,593	\$ 3,256,889,555	\$ 3,653,126,771	\$ 4,312,013,190	\$ 4,254,982,295	\$ 4,399,915,615	\$ 5,314,431,158	\$ 3,748,757,651	\$ 3,989,615,349	\$ 4,063,851,736
Total Direct Rate						8.500	8.500	8.500	8.500	8.500
General Obligation Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage Applicable to District	35.088%	31.090%	30.322%	27.409%	29.944%	32.708%	29.210%	39.371%	41.174%	41.735%
Direct and Overlapping Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
San Juan College										
Assessed Valuation	\$ 2,681,038,593	\$ 3,256,889,555	\$ 3,653,126,771	\$ 4,312,013,190	\$ 4,254,982,295	\$ 4,399,915,615	\$ 5,314,431,158	\$ 3,748,757,651	\$ 3,989,615,349	\$ 4,063,851,736
Total Direct Rate						5.100	5.100	5.100	5.100	4.920
General Obligation Debt	\$ 18,300,000	\$ 17,400,000	\$ 16,475,000	\$ 25,825,000	\$ 24,858,649	\$ 22,950,420	\$ 20,240,000	\$ 18,890,000	\$ 17,890,000	\$ 16,078,000
Percentage Applicable to District	35.088%	31.086%	30.322%	27.409%	29.944%	32.708%	29.210%	39.371%	41.174%	41.735%
Direct and Overlapping Debt	\$ 6,421,104	\$ 5,409,660	\$ 4,995,468	\$ 7,078,287	\$ 7,443,782	\$ 7,506,595	\$ 5,912,071	\$ 7,437,157	\$ 7,366,061	\$ 6,710,220
Total Direct Debt	\$ 37,135,000	\$ 32,530,000	\$ 32,715,000	\$ 33,340,000	\$ 34,690,000	\$ 30,645,000	\$ 44,329,266	\$ 33,467,980	\$ 41,872,331	\$ 53,578,102
Total Overlapping Debt	\$ 6,421,104	\$ 5,409,660	\$ 4,995,468	\$ 7,078,287	\$ 7,443,782	\$ 7,506,595	\$ 5,912,071	\$ 7,437,157	\$ 7,366,061	\$ 6,710,220
Total Direct and Overlapping Debt	\$ 43,556,104	\$ 37,939,660	\$ 37,710,468	\$ 40,418,287	\$ 42,133,782	\$ 38,151,595	\$ 50,241,337	\$ 40,905,137	\$ 49,238,392	\$ 60,288,322
Total Direct Rate						23.502	23.515	23.521	23.523	23.344

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 TEN YEARS AGO

Taxpayer	Type of Business	2012			2002		
		Assessed Valuation	Rank	Percentage of Assessed Valuation	Assessed Valuation	Rank	Percentage of Assessed Valuation
Public Service of NM	Gas Utility	187,746,772	1	13.29%	2,481,638	10	0.30%
BHP Navajo Coal Co	Coal	86,650,444	2	6.13%			0.00%
Tucson Electric Power Co	Utility	82,957,536	3	5.87%			0.00%
Arizona Public Service Co	Utility	77,858,392	4	5.51%			0.00%
Enterprise Field Service, LLC	Gas & Oil	76,290,852	5	5.40%			0.00%
Williams Four Corners LLC	Telephone	74,991,373	6	5.31%			0.00%
Southern California Edison Co	Utility	49,839,852	7	3.53%			0.00%
San Juan Coal Company	Coal	49,294,232	8	3.49%	35,101,542	1	4.18%
El Paso Natural Gas	Utility	41,883,047	9	2.97%	2,532,680	9	0.30%
MSR Public Power Agency	Utility	30,583,253	10	2.17%	5,185,188	5	0.62%
El Paso Field Service	Oil Well Service				6,071,310	4	0.72%
Qwest Communications	Telephone				7,760,834	2	0.92%
Price Development	Shopping Mall				6,606,663	3	0.79%
Bolack	Minerals				3,835,092	6	0.46%
Wal Mart/Sam's Club	Retail				3,417,190	7	0.41%
Trans Colorado	Pipeline				2,844,379	8	0.34%
Total		\$ 758,095,753		53.67%	\$ 75,836,516		9.02%
District's Assessed Valuation		1,412,494,939		100.00%	\$ 840,640,614		100.00%

Source: San Juan County's Assessor's Office
 State of New Mexico Taxation & Revenue, Property Tax Division

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOLS DISTRICT NO. 5
 PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2003	\$ 8,886,382	\$ 7,292,653	82.1%	\$1,593,417	\$ 8,886,070	100.00%
2004	\$ 7,453,550	\$ 7,151,818	96.0%	\$301,441	\$ 7,453,259	100.00%
2005	\$ 7,745,250	\$ 7,420,233	95.8%	\$324,486	\$ 7,744,719	99.99%
2006	\$ 8,333,205	\$ 7,967,763	95.6%	\$363,638	\$ 8,331,401	99.98%
2007	\$ 8,983,201	\$ 8,609,233	95.8%	\$370,219	\$ 8,979,452	99.96%
2008	\$ 10,118,658	\$ 9,662,514	95.5%	\$451,492	\$ 10,114,006	99.95%
2009	\$ 10,829,306	\$ 10,386,217	95.9%	\$425,956	\$ 10,812,173	99.84%
2010	\$ 11,761,234	\$ 11,209,714	95.3%	\$497,999	\$ 11,707,713	99.54%
2011	\$ 11,987,873	\$ 11,498,161	95.9%	\$332,469	\$ 11,830,630	98.69%
2012	\$ 12,256,341	\$ 11,802,343	96.3%	n/a	\$ 11,802,343	96.30%

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>				
	<u>General Obligation Bonds</u>	<u>Capital Lease</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income²</u>	<u>Per Capita²</u>
2003	37,135,000	-	\$ 37,135,000	3.888%	824
2004	32,530,000	-	\$ 32,530,000	3.075%	694
2005	32,715,000	-	\$ 32,715,000	2.794%	681
2006	33,340,000	-	\$ 33,340,000	2.540%	677
2007	34,690,000	-	\$ 34,690,000	2.292%	676
2008	25,895,000	4,750,000	\$ 30,645,000	1.742%	549
2009	35,985,000	8,344,266	\$ 44,329,266	2.656%	771
2010	26,550,000	6,917,980	\$ 33,467,980	1.958%	576
2011	37,100,000	4,772,331	\$ 41,872,331	N/A	695
2012	44,030,000	9,548,101	\$ 53,578,101	N/A	902

Notes:

- 1.) NA = Not Available
- 2.) New Mexico state statute authorizes school districts to issue debt and impose a property tax for the purpose of financing technology leases.

² **Source:** United States Department of Commerce, Bureau of Economic Analysis

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
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
2009	44,329,266	12,491,260	31,838,006	2.19%	554.00
2010	33,467,980	10,333,086	23,134,894	1.68%	398.36
2011	41,872,331	10,472,589	31,399,742	2.22%	521.25
2012	53,578,102	10,768,985	42,809,117	2.94%	720.74

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 56,443,139	\$ 60,746,120	\$ 66,460,975	\$ 70,911,912	\$ 76,447,821	\$ 86,347,139	\$ 91,327,232	\$ 82,446,479	\$ 84,749,696	\$ 87,238,742
Total net debt applicable to limit	<u>\$ 37,135,000</u>	<u>\$ 32,530,000</u>	<u>\$ 32,715,000</u>	<u>\$ 33,340,000</u>	<u>\$ 34,690,000</u>	<u>\$ 30,645,000</u>	<u>\$ 44,329,266</u>	<u>\$ 33,467,980</u>	<u>\$ 41,872,331</u>	<u>\$ 53,578,101</u>
Legal debt margin	\$ 19,308,139	\$ 28,216,120	\$ 33,745,975	\$ 46,321,912	\$ 41,757,821	\$ 55,702,139	\$ 46,997,966	\$ 48,978,499	\$ 42,877,365	\$ 33,660,641
Total net debt applicable to the limit as a percentage of debt limit	66%	54%	49%	47%	45%	35%	49%	41%	49%	61%

Legal Debt Limit Calculation for Fiscal Year 2012

Assessed Value	\$ 1,453,979,031
Debt limit (6% of total assessed value)	87,238,742
Debt applicable to limit:	
General Obligation Bonds	44,030,000
Capital Lease	<u>9,548,101</u>
Total Debt	<u>53,578,101</u>
Legal debt margin	\$ 33,660,641

Note: The debt limit for school districts in New Mexico is 6% of the district's assessed value.

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN YEARS

Calendar Year	Population	Personal Income	Per Capita Income¹	Unemployment Rate²
2003	45,045	955,044,090	\$ 21,202	7.80%
2004	46,847	1,057,992,648	\$ 22,584	7.20%
2005	48,018	1,171,062,984	\$ 24,388	6.20%
2006	49,253	1,312,346,185	\$ 26,645	5.00%
2007	53,506	1,513,684,740	\$ 28,290	3.70%
2008	55,826	1,759,579,694	\$ 31,519	4.70%
2009	57,501	1,668,966,525	\$ 29,025	7.80%
2010	58,076	1,709,583,212	\$ 29,437	9.90%
2011	60,239	N/A	N/A	8.70%
2012	59,396	N/A	N/A	7.30%

Notes: NA=Not available - 2011 to be released in December 2012

Source: ¹ United States Department of Commerce, Bureau of Economic Analysis

² United States Bureau of Labor Statistics

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND 2005

<u>Employer</u>	<u>2012</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
San Juan Medical Center	1,770	1	3.45%	1,375	1	2.47%
Farmington Municipal School District No.5	1,550	2	3.03%	1,252	2	2.24%
Central Consolidated Schools	1,200	3	2.34%	1,125	3	2.02%
BHP Billiton	1,031	4	2.01%	950	5	1.70%
San Juan College	1,000	5	1.95%	1,000	4	1.79%
City of Farmington	901	6	1.76%	685	6	1.23%
Wal-Mart	825	7	1.61%	677	7	1.21%
Conoco Phillips	610	8	1.19%			0.00%
Arizona Public Service Company	573	9	1.12%	590	9	1.06%
Bloomfield Schools	462	10	0.90%	500	10	0.90%
Basin Home Health/Basin Coord.				640	8	1.15%
	9,922		19.37%	8,794		15.77%

Note: The information for comparison is only available since 2005.

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Supervisory										
Instructional administrators	4	4	4	4	6	7	7	7	7	7
Noninstructional administrators	5	5	5	5	5	5	5	5	5	5
Consultants/supervisors of instruction										
Principals	18	17	17	17	17	17	17	17	18	18
Assistant Principals	8	9	9	9	9	10	10	10	10	10
Total supervisory	35	35	35	35	37	39	39	39	40	40
Instruction										
Certified classroom teachers	620	616	621	623	625	630	646	614	617	623
Educational assistants	127	109	129	124	125	128	136	126	125	131
Total instruction	747	725	750	747	750	758	781	740	742	754
Student Services										
Guidance counselors	17	17	17	17	18	21	23	22	21	22
Social workers	1	1	1	1	1	1	1	1	1	1
Ancillary providers	35	35	35	34	32	32	32	31	32	32
Librarians	6	6	6	6	6	6	6	6	7	7
Nurses	6	6	6	6	6	6	9	9	6	6
Other professionals (non-instructional)										
Technicians	4	4	4	4	4	4	4	4	4	4
Total student services	69	69	69	68	67	70	74	69	71	72
Support and Administration										
Clerical/Secretarial	88	88	89	89	89	89	89	87	86	86
Maintenance	16	16	16	16	16	17	23	22	24	24
Custodial	80	80	80	78	78	78	72	70	72	69
Bus drivers	72	72	73	73	75	75	75	75	75	40
Total support and administration	256	256	258	256	258	259	259	254	257	219

Notes: Full-time instructional employees of the district are employed for all 185 scheduled school days, at 7.5 hours per day or 1,387.5 hours per year.

Bus Drivers FTE calculation changed in 2012 to reflect actual hours in route.

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
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%	82,139,764	8,117	0.00%	625	16.19	42.56%
2008	10,215	67,943,902	6,651	2.99%	89,869,172	8,798	8.39%	630	16.21	42.38%
2009	10,441	67,490,728	6,464	-2.82%	100,786,596	9,653	9.72%	646	16.17	48.97%
2010	10,517	61,407,778	5,839	-9.67%	96,050,751	9,133	-5.39%	614	17.13	49.21%
2011	10,572	60,880,957	5,759	-1.37%	91,811,663	8,684	-4.91%	617	17.13	52.58%
2012	10,569	65,213,440	6,170	7.15%	101,652,711	9,618	10.75%	623	16.96	55.90%

Notes: Enrollment figures from average student counts on 80th and 120th day of school.

2009 Operating expenditures include only expenditures for 11000 general fund. Prior years included transportation and instructional materials as they were classified as general funds by the state until 2009.

Expenses include expenditures for all governmental funds less debt service

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

<u>School</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>School</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Preschool						Middle School				
FS Preschool (1991)						Heights (1971)				
Square Feet	6,745	6,745	6,745	13,505	13,505	Square Feet	88,229	88,229	88,229	88,229
Capacity	46	46	46	92	92	Capacity	1100	1100	1100	1100
Enrollment	48	70	70	99	89	Enrollment	686	702	695	721
Elementary						Hermosa (1960)				
Animas (1963)						Square Feet				
Square Feet	50,610	50,640	50,640	50,640	58,923	Capacity	85,849	85,849	85,849	85,849
Capacity	539	539	539	539	539	Enrollment	934	934	934	934
Enrollment	471	507	494	468	480	Mesa View (1994)				
Apache (1956)						Square Feet				
Square Feet	53,577	53,577	53,577	55,088	55,088	Capacity	100,987	100,987	100,987	100,987
Capacity	580	580	580	580	580	Enrollment	1150	1150	1150	1150
Enrollment	458	439	436	455	469	Tibbetts (1940)				
Bluffview (1961)						Square Feet				
Square Feet	59,405	59,405	59,405	59,405	59,405	Capacity	90,791	90,791	90,791	90,791
Capacity	632	632	632	632	632	Enrollment	966	966	966	966
Enrollment	539	555	556	530	495	High School				
Country Club (1959)						Farmington (1955)				
Square Feet	51,279	54,684	54,684	54,684	54,684	Square Feet	206,786	206,786	206,786	208,630
Capacity	529	551	551	551	551	Capacity	2334	2334	2334	2334
Enrollment	524	520	526	526	534	Enrollment	1488	1344	1316	1308
Esperanza (1995)						Piedra Vista (1998)				
Square Feet	73,908	73,908	73,908	73,908	73,908	Square Feet	245,698	245,698	245,698	247,138
Capacity	636	636	636	636	636	Capacity	1821	1821	1821	1821
Enrollment	607	600	587	573	570	Enrollment	1271	1318	1284	1274
Ladera (1963)						Rocinante (1996)				
Square Feet	53,665	55,597	55,597	55,597	55,597	Square Feet	24,187	24,187	24,187	24,187
Capacity	569	569	569	569	569	Capacity	333	333	333	333
Enrollment	545	575	588	599	609	Enrollment	151	157	162	181
McCormick (1954)						Cate Center (1949)				
Square Feet	50,908	53,858	53,858	53,858	53,858	Square Feet	52,191	52,191	52,191	52,191
Capacity	554	595	595	595	595	Capacity	719	719	719	719
Enrollment	438	413	400	393	438	Enrollment	200	200	200	200
McKinley (1954)										
Square Feet	43,029	59,744	59,744	59,744	59,744					
Capacity	511	600	600	600	600					
Enrollment	558	552	553	551	568					
Mesa Verde (1963)										
Square Feet	43,557	46,972	46,972	46,972	46,972					
Capacity	509	519	519	519	519					
Enrollment	518	526	525	520	554					
Northeast (1963)										
Square Feet	47,825	49,630	49,630	49,630	49,630					
Capacity	513	513	513	513	513					
Enrollment	515	515	521	543	563					

Source: School District's Master Facility Survey

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SINGLE AUDIT SECTION

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2012

<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.S. Department of Agriculture:			
Pass-Through Program From:			
New Mexico Department of Education:			
USDA National School Lunch Program	10.555	21000	\$ 2,061,431
USDA School Breakfast Program	10.553	21000	<u>767,347</u>
Total USDA - Child Nutrition Cluster			(1) <u>2,828,778</u>
<u>Early Intervention Services (IDEA) Cluster:</u>			
Department of Education			
Pass-Through Program From			
New Mexico Department of Education:			
ARRA-Special Education - Grants for Infants and Families	84.393	24212	(1) <u>135,155</u>
<u>Impact Aid Cluster:</u>			
Department of Education Direct Programs			
Impact Aid	84.041	11000 / 25145 / 25147	<u>213,344</u>
<u>Medicaid Cluster:</u>			
Department of Health and Human Services			
Pass-Through Program From			
New Mexico Department of Education:			
Medical Assistance Program	93.778	25153	(1) <u>382,785</u>
<u>Special Education (IDEA) Cluster:</u>			
Department of Education			
Pass-Through Program From			
New Mexico Department of Education:			
Special Education Grants to States	84.027	24106 / 24107 / 24115	2,066,092
Special Education - Preschool Grant	84.173	24109	<u>49,328</u>
Total Special Education (IDEA) Cluster			<u>2,115,420</u>
<u>Title I, Part A Cluster:</u>			
Department of Education			
Pass-Through Program From			
New Mexico Department of Education:			
Title I Grants to Local Educational Agencies	84.010	24101	<u>2,533,223</u>
<u>Other Programs:</u>			
Department of the Interior			
Pass-Through Program From			
Navajo Nation			
Indian Education - Assistance to Schools	15.130	25131	<u>201,716</u>
Department of Justice			
Pass-Through Program From			
New Mexico Department of Education:			
Juvenile Mentoring Program	16.726	25187	<u>78,914</u>

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, 2012

<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>
Department of Education			
Pass-Through Program From			
New Mexico Department of Education			
Career and Technical Education - Basic Grants to State	84.048	24174 / 24176 / 24180 / 24182	122,032
Education for Homeless Children and Yout	84.196	24113	18,532
Education Jobs Func	84.410	25255	27,394
English Language Acquisition Grant:	84.365	24153 / 25248	238,938
Fund for the Improvement of Educatio	84.215	25107	255,412
Improving Teacher Quality State Grant	84.367	24154	320,595
Indian Education - Grants to Local Educational Agencie	84.060	25184	637,801
Safe and Drug-Free Schools and Communities - National Program	84.184	25111 / 25243	1,378,331
Department of Health and Human Services			
Pass-Through Program From			
New Mexico Department of Education			
Special Diabetes Program for Indian	93.237	25209	3,716
Sustance Abuse and Mental Health Service:	93.243	25238	68,612
U.S. Department of Agriculture			
New Mexico Human Service Department:			
USDA Commodities Program	10.551	21000	72,490
New Mexico Department of Education			
Fresh Fruit and Vegetable Program	10.582	24118	<u>42,612</u>
Total Other Programs:			<u>3,467,095</u>
Total Expenditures of Federal Award			<u>\$ 11,675,800</u>

(1) Denotes Major Federal Financial Assistance Program

STATE OF NEW MEXICO
 FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2012

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 2012 cash and non-cash expenditures to ensure coverage of at least 25 percent (low risk auditee) of federally granted funds. Actual coverage is 34% of total cash and non-cash federal award program expenditures.

Major Federal Award Program Description	<u>2012 Expenditure</u>
Child Nutrition Cluster:	
10.555 – USDA National School Lunch Program	\$2,061,431
10.553 – USDA School Breakfast Program	<u>767,347</u>
	<u>2,828,778</u>
Early Intervention Services (IDEA) Cluster:	
84.393 – Special Education – Grants for Infants and Families - ARRA	<u>135,155</u>
Medicare Cluster:	
93.778 – Medical Assistance Program	<u>382,785</u>
84.060 – Indian Education – Grants to Local Educational Agencies	<u>637,801</u>
	<u>\$ 3,984,519</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 (Schedule) includes the federal grant activity of the District and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

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 2012.

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 budgetary comparisons of the general fund and major special revenue funds, and the combining and individual funds and related budgetary comparison presented as supplemental information of the Farmington Municipal School District No. 5 (District), as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012. 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

Management of the District is responsible for establishing and maintaining effective 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider 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 Standard*.

This report is intended solely for the information and use of the Board of Education, District management, the New Mexico Public Education Department, 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, sweeping initial "D".

Farmington, New Mexico
October 31, 2012

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 Farmington Municipal School District No. 5 (District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2012. 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 compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2012.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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". The signature is written in a cursive style with a large, sweeping initial "D".

Farmington, New Mexico
October 31, 2012

FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
 SCHEDULE OF FINDINGS AND
 QUESTIONED COSTS
 Year Ended June 30, 2012

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

1. Type of auditors' report issued..... Unqualified
2. Internal control over financial reporting:
 - a. Material weakness identified? No
 - b. Significant deficiencies identified not considered to be material weaknesses? No
 - c. Noncompliance material to financial statements noted? No

Federal Awards:

1. Internal control over major programs:
 - a. Material weakness identified? No
 - b. Significant deficiencies identified not considered to be material weaknesses? No
2. Type of auditors' report issued on compliance for major programs Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 No
4. The programs tested as major programs included:

Major Federal Award Program Description	<u>2012 Expenditure</u>
Child Nutrition Cluster:	
10.555 – USDA National School Lunch Program	\$2,061,431
10.553 – USDA School Breakfast Program	<u>767,347</u>
	<u>2,828,778</u>
Early Intervention Services (IDEA) Cluster:	
84.393 – Special Education – Grants for Infants and Families - ARRA	<u>135,155</u>
Medicare Cluster:	
93.778 – Medical Assistance Program	<u>382,785</u>
84.060 – Indian Education – Grants to Local Educational Agencies	<u>637,801</u>
	<u>\$ 3,984,519</u>

5. The threshold for distinguishing Types A and B programs was \$350,274
6. Auditee qualified as low-risk auditee? Yes

FARMINGTON MUNICIPAL SCHOOL DISTRICT NO. 5
SCHEDULE OF FINDINGS AND
QUESTIONED COSTS
Year Ended June 30, 2012

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

Prior Year Finding Description

2011-1 - Roll Forward Amounts – Cleared and not repeated.

2011-2 - Actual expenditures exceeded final budget expenditures – Cleared and not repeated.

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, 2012

An exit conference was held on November 12, 2012. In attendance were:

For the Farmington Municipal School District No. 5:

Janel Ryan	Superintendent of Schools
Randall Bondow	Assistant Superintendent of Finance
Kyle Rhodes	Board Member
Cecilia Taulbee	Community Member
Robyn Hoffman	Community Member
Bobbi Newland	Comptroller
Lori Thurstonson	Administrative Assistant

For David Berry, CPA, PC (auditors):

David Berry	CPA
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