

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21

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COMPREHENSIVE FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2005  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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## **INTRODUCTORY SECTION**

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STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
OFFICIAL ROSTER  
June 30, 2005

Board of Education

David M. Montoya	Board President
Steve Cata	Board Vice President
Clyde B. Vicenti	Board Secretary
Victoria Paquin	Board Member
Joanna Dykehouse	Board Member

School Officials

Loren Cushman	Superintendent
Linda Hale	Assistant Superintendent
Judy Lynch	Director of Finance

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STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
Year Ended June 30, 2005

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**FINANCIAL SECTION**

**FISCAL YEAR 2005**

**JULY 1, 2004 THROUGH JUNE 30, 2005**

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# KEYSTONE ACCOUNTING, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

*The Archway To Financial Success*

## INDEPENDENT AUDITORS' REPORT

Domingo P. Martinez, CGFM, State Auditor  
and the Board of Education,  
Dulce Independent School District No. 21

We have audited the accompanying financial statements of the governmental activities, each major fund and respective budgetary comparison for the general fund and each major fund thereof, and the aggregate remaining fund information of Dulce Independent School District No. 21 (District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2005, as listed in the table of contents. These financial statements are the responsibility of Dulce Independent School District No. 21'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 Dulce Independent School District No. 21, as of June 30, 2005, and the respective changes in financial position thereof and the respective budgetary comparisons of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental and fiduciary fund of the Dulce Independent School District No. 21, as of June 30, 2005, and the respective changes in financial position thereof and the respective budgetary comparisons for the nonmajor governmental 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 November 14, 2005, on our consideration of the Dulce Independent School District No. 21'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 Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Domingo P. Martinez, CGFM, State Auditor  
and the Board of Education  
Dulce Independent School District No. 21

The management's discussion and analysis information on pages 6 through 13, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Dulce Independent School District No. 21's basic financial statements and combining and individual fund financial statements and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-profit Organizations, and is not a required part of the basic financial statements of Dulce Independent School District No. 21. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Dulce Independent School District No. 21. The supplemental information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



November 14, 2005

**KEYSTONE ACCOUNTING, L.L.C.**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DULCE INDEPENDENT SCHOOL DISTRICT NO. 21**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Year Ended June 30, 2005**  
**Unaudited**

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2005.

**FINANCIAL HIGHLIGHTS**

State revenues accounted for \$2.6 million or 19.3% of total revenues. Federal and Local revenues accounted for \$11 million or 80.7%.

The general fund reported a positive fund balance of \$339,635.

Outlays for Capital Improvements were \$5,530,923 and included renovations at various sites throughout the district.

Outlays from HB-33 Capital Improvements and SB-9 Capital Improvements were \$1,927,476 million to include work on a various construction projects. Additional outlays for these projects in the amount of \$3,513,643 were made from Bond Building Capital Projects Fund.

**USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

**The Statement of Net Assets and Statement of Activities**

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenue and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

Fiscal year 2005 is the second year of implementing GASB 34 requirements. Therefore, prior-year data is available and will be provided.

**DULCE INDEPENDENT SCHOOL DISTRICT NO. 21**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Year Ended June 30, 2005**  
**Unaudited**

**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

Our analysis of the District's major funds begins on page 18. The fund financial statements begin on page 18 and provide detailed information about the most significant funds- not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's governmental funds use different accounting approaches as further described in the notes to the financial statements.

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by approximately \$25.5 million at the close of the most recent fiscal year.

The largest portion of the District's net assets reflect its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the 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.

**DULCE INDEPENDENT SCHOOL DISTRICT NO. 21**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Year Ended June 30, 2005**  
**Unaudited**

An analysis of fiscal year 2005 follows:

	Changes in Net Assets	
	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Current Assets	\$ 18,030,441	\$ 20,296,955
Non depreciable	70,141	70,141
Capital Assets - net	<u>26,383,119</u>	<u>22,780,788</u>
Total Assets	<u>44,483,701</u>	<u>43,147,884</u>
<b>Liabilities</b>		
Current Liabilities	2,775,139	1,200,204
Long Term Liabilities	<u>18,100,000</u>	<u>21,160,000</u>
Total Liabilities	<u>20,875,139</u>	<u>22,360,204</u>
Total Net Assets	<u>\$ 23,608,562</u>	<u>\$ 20,787,680</u>
<b>Net Assets:</b>		
Invested in Capital	\$ 6,328,260	\$ 835,929
Assets, net of debt		
Restricted	16,560,166	19,427,020
Unrestricted	<u>720,136</u>	<u>524,729</u>
Total Net Assets	<u>\$ 23,608,562</u>	<u>\$ 20,787,678</u>

An additional portion of the District's net assets (70%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing activities.



**DULCE INDEPENDENT SCHOOL DISTRICT NO. 21**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
Year Ended June 30, 2005  
Unaudited

Changes in Net Assets		
	<u>2005</u>	<u>2004</u>
<b>Revenues</b>		
<b>Program Revenues</b>		
Charges for Services	\$ 145,090	\$ 134,046
Operating grants	2,167,543	672,622
Capital grants and contributions	688,258	707,929
Total Program Revenues	<u>3,000,891</u>	<u>1,514,597</u>
<b>General Revenues</b>		
Property Taxes	6,118,440	8,569,279
Grants and contributions not restricted	4,399,179	5,404,104
Investment Earnings	18,051	1,444
Miscellaneous income	20,081	2,470
Total General Revenues	<u>10,555,751</u>	<u>13,977,297</u>
Total Revenues	<u>13,556,642</u>	<u>15,491,894</u>
<b>Expenses</b>		
Direct instruction	3,384,150	3,340,784
Instructional support	1,247,616	1,404,718
Administration	397,087	356,661
Business/support services	172,102	204,123
Operation and maintenance	1,529,003	1,382,843
Food services	318,936	282,921
Athletics	131,130	129,581
Non-instructional support	5,307	9,513
Community services	325,236	159,140
Pupil transportation	88,690	94,079
Bond interest paid	1,087,910	792,328
Depreciation - unallocated	1,928,592	1,433,528
Total governmental activities	<u>10,615,759</u>	<u>9,590,219</u>
Change in Net Assets	<u>\$ 2,940,883</u>	<u>\$ 5,901,675</u>

**Governmental Activities**

Net assets of the District's governmental activities increased by \$2,940,883 and unrestricted net assets reflect a positive balance of \$720,136.

The property tax laws in New Mexico create the need to periodically seek voter approval for additional capital outlay funds. Tax revenue generated from the 2-mill levy provided approximately \$3.3 million for fiscal year 2005. School Districts such as ours are dependent upon property taxes as a primary source of revenue to maintain facilities district-wide.

**DULCE INDEPENDENT SCHOOL DISTRICT NO. 21**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Year Ended June 30, 2005**  
**Unaudited**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues for the governmental activities. General revenues, including tax revenue, investment earnings, and unrestricted State entitlements must support the net cost of program services.

	<u>Net Cost of Services 2005</u>	<u>Net Cost of Services 2004</u>
Direct instruction	\$ (2,197,597)	\$ (2,849,826)
Instructional support	(810,175)	(1,198,282)
Administration	(257,860)	(304,247)
Business/support services	(111,759)	(174,125)
Operation and maintenance	(851,033)	(1,179,622)
Food services	1,996	27,797
Athletics	(74,328)	(78,031)
Non-instructional support	74,340	67,273
Community services	(245,579)	(152,595)
Pupil transportation	92,098	(8,108)
Bond interest paid	(1,087,910)	(792,328)
Depreciation - unallocated	<u>(2,037,887)</u>	<u>(1,433,528)</u>
<b>Total governmental activities</b>	<b>\$ <u>(7,505,694)</u></b>	<b>\$ <u>(8,075,622)</u></b>

**THE DISTRICT'S FUNDS**

The District's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$17,372,119. The schedule below indicates the fund balance by type as of June 30, 2005.

	<u>Fund Balance June 30, 2005</u>	<u>Fund Balance June 30, 2004</u>
General	\$ 339,635	\$ 239,916
Debt Service	5,087,363	4,438,363
HB-33 Capital Improvements	10,032,412	14,442,437
SB-9 Capital Improvements	1,128,429	4,370
Other Governmental	<u>784,280</u>	<u>522,776</u>
<b>Total</b>	<b>\$ <u>17,372,119</u></b>	<b>\$ <u>19,647,862</u></b>

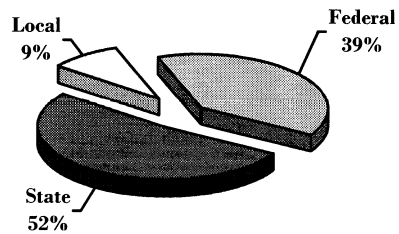
**DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
MANAGEMENT'S DISCUSSION & ANALYSIS  
Year Ended June 30, 2005  
Unaudited**

**General Fund**

The District's general fund balance decrease is due to many factors. The tables and graphs that follow assist in illustrating the financial activities and balance of the general fund.

**Sources of Revenues FY 2005**

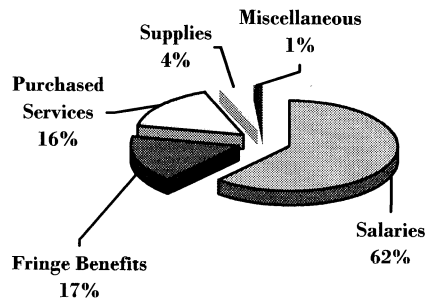
Federal	\$	1,817,296
State		2,413,443
Local		<u>429,887</u>
Total	\$	<u>4,660,626</u>



As the graph below illustrates, the largest portions of general fund expenditures are for salaries and fringe benefits. The District is a service entity and as such is labor intensive.

**Expenditures for FY 2005**

Salaries & Wages	\$	2,807,735
Fringe Benefits		762,848
Purchased Services		730,467
Supplies		204,290
Miscellaneous		<u>68,391</u>
Total	\$	<u>4,573,731</u>



Revenues exceeded expenditures during the fiscal year resulting in an increase to fund balance.

**DULCE INDEPENDENT SCHOOL DISTRICT NO. 21**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Year Ended June 30, 2005**  
**Unaudited**

**Other Funds**

The District's debt service fund balance increased by \$649,000 primarily due to collected oil and gas revenues. The revenues of the fund are oil and gas taxes, calculated by the state officials. The expenses of the fund include debt principal and interest payments as well as treasurer fees.

The HB-33 fund decreased the fund balance by \$798,003. This is mainly due to the fact that the property tax levy is finished, and a new levy has not been enacted.

The SB-9 fund increased the fund balance by \$1,124,059. This is mainly due to the fact that the property tax levy has been enacted, and the oil and gas taxes.

Other governmental funds consist of non-major special revenue funds and non-major capital projects funds. There was a decrease in fund balance of \$3,346,734. This is mainly due to the completion of the construction of new buildings.

**General Fund Budget Information**

The District's budget is prepared in accordance with New Mexico State of Education law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District's actual revenues reflect greater than originally anticipated revenues primarily due to prior year adjustments from Public Law 874. The final budget for expenditures was \$1,728,171 over the original budget primarily due to an increase in wages and benefits. Other appropriations required changes in functional categories due to spending patterns. The District utilizes input from the budget committee, the Superintendent, Director of Finance, Principals, Directors, Supervisors, and community members to assist in the development of the annual budget. The budget committee, consisting of District staff and community members, has three meetings during the budget process commencing with a March meeting and ending with an April meeting. The site and department budgets are reviewed periodically to ensure management becomes aware of any significant variations during the year.

**Capital Assets**

The District has \$26.5 million invested in capital assets net of depreciation all in governmental activities. Detailed information regarding capital asset activity is included on page 38.

The District, on February 4, 2004 passed a Public School Capital Improvement Tax (2-mill) for property tax years 2004 through 2008. The funds are used for a wide range of projects including renovations, building and equipment maintenance, furniture, technology, etc. For the fiscal year ended June 30, 2005 the tax provided \$3.3 million in revenues.

The continuation of the 2-mill levy without increasing the tax burden on current taxpayers is something that is a positive in terms of no new taxes to the taxpayer. A detailed summary of long term debt is provided on page 39.

**DULCE INDEPENDENT SCHOOL DISTRICT NO. 21**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**Year Ended June 30, 2005**  
**Unaudited**

**Debt**

At June 30, 2005, the District had \$20,125,000 in outstanding bonds payable. The District paid \$1,890,000 on bond principal repayments and \$792,328 on bond interest payments during the fiscal year.

**Restrictions and Other Limitations**

With the continued proceeds from the last bond issue of \$6.0 million and the passage of the 2-mill levy, the District is provided the necessary funds to maintain its facilities. The District's financial position is very sound as of June 30, 2005; however, the future financial stability is not without challenges.

The first challenge is for management to ensure resources can be preserved as long as possible. Maintaining membership numbers is of vital importance so to generate revenues necessary to continue educational programs. Loss of students will result in less revenue, which would cause the District to scale down the number of employees employed, facilities currently utilized and possibly educational programs offered.

The second challenge facing the District is based on the state's economy. The District's funding is based on a cumbersome calculation that is currently in place and is based on what the state legislature appropriates. The directive by the state legislature to reduce cash balances will increase pressure on budget decisions.

**CONTACTING THE DULCE INDEPENDENT SCHOOL DISTRICT**

This financial report is designed to provide our community, taxpayers, investors and creditors with an overview of the Dulce Independent School District financial condition and to provide accountability for the funds the District receives. If you have questions about our report, please contact:

Loren Cushman, Superintendent  
PO Box 547  
Dulce, New Mexico 87528.

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## **BASIC FINANCIAL STATEMENTS**

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
STATEMENT OF NET ASSETS  
June 30, 2005

	<u>Governmental Activities</u>
 <u>ASSETS</u>	
Cash and cash equivalents	\$ 17,075,269
Receivables:	
Delinquent property taxes receivable	589,073
Due from other governments	325,539
Deferred charges	38,476
USDA commodities inventory	2,084
Non-current:	
Non-depreciable assets	70,141
Depreciable capital assets, net	<u>26,492,293</u>
 Total assets	 <u>44,592,875</u>
 <u>LIABILITIES</u>	
Accounts payable	306,409
Accrued liabilities	372,403
Deposits held for others	2,750
Compensated absences	68,577
Noncurrent liabilities:	
Due within one year	2,025,000
Due in more than one year	<u>18,100,000</u>
 Total liabilities	 <u>20,875,139</u>
 <u>NET ASSETS</u>	
Invested in capital assets, net of related debt	6,437,434
Restricted:	
Debt service	4,693,473
Capital projects	11,866,693
Unrestricted	<u>720,136</u>
 Total net assets	 <u>\$ 23,717,736</u>

See accompanying notes.



STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities
Primary government:					
Governmental activities:					
Direct instruction	\$ 3,384,150	-	\$ 828,852	\$ 357,701	\$ (2,197,597)
Instructional support	1,247,616	-	305,569	131,872	(810,175)
Administration	397,087	-	97,255	41,972	(257,860)
Business/support services	172,102	-	42,152	18,191	(111,759)
Operations of plant	1,310,534	-	320,979	138,522	(851,033)
Food services	318,936	8,641	312,291	-	1,996
Athletics	131,130	56,802	-	-	(74,328)
Non-instructional support	5,307	79,647	-	-	74,340
Community services	325,236	-	79,657	-	(245,579)
Pupil transportation	88,690	-	180,788	-	92,098
Bond interest paid	1,087,910	-	-	-	(1,087,910)
Depreciation - unallocated	2,037,887	-	-	-	(2,037,887)
Total governmental activities	\$ 10,506,585	\$ 145,090	\$ 2,167,543	\$ 688,258	(7,505,694)
General revenues:					
Property Taxes:					
General purposes					337,607
Debt service					3,357,033
Capital projects					2,423,800
Grants and contributions not restricted					4,399,179
Unrestricted investment earnings					18,051
Miscellaneous income					20,081
Total general revenues					10,555,751
Change in net assets					3,050,057
Net assets - beginning					20,667,679
Net assets - ending					\$ 23,717,736

See accompanying notes.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2005

	General Fund	Debt Service Fund	HB-33 Capital Improvements Fund	SB-9 Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Pooled cash and investments	\$ 311,929	\$ 4,632,822	\$ 10,201,337	\$ 867,925	\$ 1,061,256	\$ 17,075,269
Receivables:						
Delinquent property taxes	44,744	298,663	15,900	218,580	11,186	589,073
Due from other governments	23,748	164,492	20,844	110,518	5,937	325,539
USDA commodities inventory	-	-	-	-	2,084	2,084
Total assets	<u>\$ 380,421</u>	<u>\$ 5,095,977</u>	<u>\$ 10,238,081</u>	<u>\$ 1,197,023</u>	<u>\$ 1,080,463</u>	<u>\$ 17,991,965</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 37,402	\$ -	\$ 197,726	\$ 67,431	\$ 3,850	\$ 306,409
Deposits held for others	2,750	-	-	-	-	2,750
Deferred revenue:						
Federal, state, and local grants	-	-	-	-	292,174	292,174
Delinquent property taxes	634	8,614	7,943	1,163	159	18,513
Total liabilities	<u>40,786</u>	<u>8,614</u>	<u>205,669</u>	<u>68,594</u>	<u>296,183</u>	<u>619,846</u>
Fund balance:						
Reserved:						
Retirement of long-term debt	-	5,087,363	-	-	-	5,087,363
Inventories	-	-	-	-	2,084	2,084
Unreserved reported in:						
General fund	339,635	-	-	-	-	339,635
Special revenue funds	-	-	-	-	85,609	85,609
Capital projects funds	-	-	10,032,412	1,128,429	696,587	11,857,428
Total fund balance	<u>339,635</u>	<u>5,087,363</u>	<u>10,032,412</u>	<u>1,128,429</u>	<u>784,280</u>	<u>17,372,119</u>
Total liabilities and fund balance	<u>\$ 380,421</u>	<u>\$ 5,095,977</u>	<u>\$ 10,238,081</u>	<u>\$ 1,197,023</u>	<u>\$ 1,080,463</u>	<u>\$ 17,991,965</u>

See accompanying notes.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
RECONCILIATION OF THE BALANCE SHEET - ALL  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2005

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

Net assets - total governmental funds	\$	17,372,119
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		26,562,434
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		310,687
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		<u>(20,527,504)</u>
Net assets of governmental activities	\$	<u>23,717,736</u>

See accompanying notes.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2005

	General Fund	Debt Service Fund	HB-33 Capital Improvements Fund	SB-9 Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Federal	\$ 1,817,296	\$ -	\$ -	\$ -	\$ 2,562,564	\$ 4,379,860
State	2,413,443	-	-	-	303,095	2,616,538
Local	429,887	3,387,128	1,302,139	1,256,893	199,526	6,575,573
<b>Total revenue</b>	<u>4,660,626</u>	<u>3,387,128</u>	<u>1,302,139</u>	<u>1,256,893</u>	<u>2,965,185</u>	<u>13,571,971</u>
<b>Expenditures:</b>						
Current:						
Direct instruction	2,236,446	-	-	-	1,147,704	3,384,150
Instructional support	812,299	-	-	-	435,317	1,247,616
Administration	349,657	1,953	-	1,321	41,812	394,743
Business/support services	172,102	-	-	-	-	172,102
Operations of plant	842,491	-	271,622	32,537	163,864	1,310,534
Food services	-	-	-	-	318,936	318,936
Athletics	66,739	-	-	-	64,391	131,130
Non-instructional support	5,307	-	-	-	-	5,307
Community services	-	-	-	-	325,236	325,236
Pupil transportation	88,690	-	-	-	-	88,690
Capital outlay	-	-	1,828,520	98,956	3,821,916	5,749,392
Debt service:						
Principal retirement	-	1,890,000	-	-	-	1,890,000
Bond interest paid	-	846,175	-	-	-	846,175
<b>Total expenditures</b>	<u>4,573,731</u>	<u>2,738,128</u>	<u>2,100,142</u>	<u>132,834</u>	<u>6,319,176</u>	<u>15,864,011</u>
<b>Excess (deficiency) of revenues over expenditures</b>	86,895	649,000	(798,003)	1,124,059	(3,353,991)	(2,292,040)
<b>Other sources and uses:</b>						
Transfers in	-	-	-	-	22,728	22,728
Other in	19,131	-	-	-	950	20,081
Transfers out	(6,307)	-	-	-	(16,421)	(22,728)
<b>Total other sources and uses</b>	<u>12,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,257</u>	<u>20,081</u>
<b>Net change in fund balance</b>	99,719	649,000	(798,003)	1,124,059	(3,346,734)	(2,271,959)
<b>Fund balance at beginning of the year</b>	239,916	4,438,363	10,830,415	4,370	4,131,014	19,644,078
<b>Fund balance at end of the year</b>	<u>\$ 339,635</u>	<u>\$ 5,087,363</u>	<u>\$ 10,032,412</u>	<u>\$ 1,128,429</u>	<u>\$ 784,280</u>	<u>\$ 17,372,119</u>

See accompanying notes.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2005

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

Net change in fund balance - total governmental funds	\$ (2,271,959)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year	3,711,505
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(35,410)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, 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.	1,886,514
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	<u>(240,593)</u>
Change in net assets of governmental activities	<u>\$ 3,050,057</u>

See accompanying notes.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Public Law 874	\$ 2,149,604	\$ 2,149,604	\$ 1,758,143	\$ (391,461)
Forest reserve	14,602	14,602	13,997	(605)
Federal grant	19,000	19,000	18,524	(476)
Federal direct grant	<u>40,000</u>	<u>40,000</u>	<u>26,632</u>	<u>(13,368)</u>
<b>Total federal revenues</b>	<u>2,223,206</u>	<u>2,223,206</u>	<u>1,817,296</u>	<u>(405,910)</u>
<b>State sources:</b>				
State equalization guarantee	1,931,593	1,860,281	2,184,004	323,723
Transportation	86,620	180,787	180,788	1
State instructional material	46,028	46,610	46,610	-
State grant	<u>1,866</u>	<u>1,866</u>	<u>2,041</u>	<u>175</u>
<b>Total state revenues</b>	<u>2,066,107</u>	<u>2,089,544</u>	<u>2,413,443</u>	<u>323,899</u>
<b>Local sources:</b>				
District school tax levy	193,930	193,930	289,490	95,560
Fees and activities	86,000	86,000	71,947	(14,053)
Earnings from investments	<u>370</u>	<u>370</u>	<u>12,348</u>	<u>11,978</u>
<b>Total local revenues</b>	<u>280,300</u>	<u>280,300</u>	<u>373,785</u>	<u>93,485</u>
<b>Total revenues</b>	<u>4,569,613</u>	<u>4,593,050</u>	<u>4,604,524</u>	<u>11,474</u>

(continued)

See accompanying notes.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Direct instruction	\$ 2,354,427	\$ 2,283,697	\$ 2,228,251	\$ 55,446
Instructional support	866,023	866,023	811,152	54,871
Administration	333,152	353,152	346,813	6,339
Business/support services	175,174	175,174	172,102	3,072
Operations of plant	890,841	870,841	836,515	34,326
Athletics	68,467	68,467	66,739	1,728
Non-instructional support	5,374	5,374	5,308	66
Pupil transportation	<u>86,620</u>	<u>180,787</u>	<u>88,589</u>	<u>92,198</u>
Total current expenses	4,780,078	4,803,515	4,555,469	248,046
Non-operating reserves	<u>18,915</u>	<u>18,915</u>	-	<u>18,915</u>
Total expenditures	<u>4,798,993</u>	<u>4,822,430</u>	<u>4,555,469</u>	<u>266,961</u>
Excess (deficiency) of revenues over expenditures	(229,380)	(229,380)	49,055	278,435
Other sources and uses:				
Other in	<u>5,500</u>	<u>5,500</u>	<u>17,544</u>	<u>12,044</u>
Net change in fund balance	(223,880)	(223,880)	61,878	285,758
Beginning cash balance budgeted	223,880	223,880	-	(223,880)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>239,916</u>	<u>239,916</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	301,794	<u>\$ 301,794</u>
RECONCILIATION TO GAAP BASIS:				
Change in Inventory			(3,747)	
Change in property tax receivable			43,796	
Change in due from other governments			4,323	
Change in payables			(14,515)	
Change in accrued liabilities			7,700	
Change in deferred property taxes			<u>284</u>	
			<u>\$ 339,635</u>	

See accompanying notes.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
AGENCY FUNDS  
June 30, 2005

ASSETS

Pooled cash and investments	\$ <u>66,360</u>
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LIABILITIES

Deposits held for others	\$ <u>66,360</u>
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See accompanying notes.



STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

I. Summary of significant accounting policies

A. Implementation of new accounting principal

For the fiscal year 2005, the Dulce Independent School District No. 21 has implemented GASB Statement No. 33 (GASB 33), Accounting and Financial Reporting for Non-exchange Transactions, GASB Statement No. 34 (GASB34), Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments, GASB Statement No. 37 (GASB37), Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus and GASB Statement No. 38. (GASB 38), Certain Financial Statement Disclosure. At July 1, 2002, there was no effect on fund balance as a result of implementing GASB 33, GASB 34, GASB 37, and GASB 38.

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

GASB – 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

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

B. Reporting entity

Dulce Independent School District (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the City of Bloomfield 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.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

I. Summary of significant accounting policies (continued)

B. Reporting entity (continued)

The School District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

C. 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 non-fiduciary activities of the school district. For the most part, the effect of interfund activity has been removed from these statements.

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

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

D. Measurement focus, basis of accounting, and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

I. Summary of significant accounting policies (continued)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

The government reports the following major governmental funds:

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

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

HB-33 Capital Improvements – This fund provides financing for the purchase of equipment and capital improvements to the School District property. Funding is received from a 5 mill property levy and interest earned on investments, under House Bill 33.

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

Additionally, the government reports the following fund types:

**SPECIAL REVENUE FUNDS**

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

**CAPITAL PROJECTS FUNDS**

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

**FIDUCIARY FUNDS**

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

Similar to private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

I. Summary of significant accounting policies (continued)

D. Measurement focus, basis of accounting, and financial statement presentation (continued)

Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

E. Assets, liabilities, and net assets or equity

1. *Deposits and investments*

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

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

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

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

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

Investments for the District are reported at fair value. The State Treasurer's 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 shares.

2. *Receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due 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."

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

I. Summary of significant accounting policies (continued)

E. Assets, liabilities, and net assets or equity (continued)

The School District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1<sup>st</sup>. The assessed valuation for the 2005 fiscal year was \$389,997,916. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB – 9 Capital Improvements Fund, 20% Capital Outlay Fund and Debt Service Fund. Taxes are payable in two equal installments on November 10<sup>th</sup> and April 10<sup>th</sup> following the levy and become delinquent after 30 days.

3. *Inventories*

USDA Commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. *Capital assets*

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The cost of library books are not depreciated unless the individual cost is in excess of \$1,000. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Vehicles	5
Office equipment	5
Computer equipment	5

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

I. Summary of significant accounting policies (continued)

E. Assets, liabilities, and net assets or equity (continued)

5. *Compensated absences*

It is the School District's policy to permit employees to accumulate earned but unused vacation, which will be paid to employees upon separation from the District's service. Twelve-month employees that are full time are entitled to two weeks paid vacation per year. Vacation days may not accrue from one year to the next without the prior approval of the superintendent, and is accrued when incurred in the government-wide financial statements.

Sick pay does not vest and is recorded as an expenditure when it is paid.

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of net 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 discounts. Bond 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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

7. *Fund equity*

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

8. *Indirect Costs*

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

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

I. Summary of significant accounting policies (continued)

E. Assets, liabilities, and net assets or equity (continued)

9. *Estimates*

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

10. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$2,184,004 in state equalization guarantee distributions during the year ended June 30, 2005.

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 \$180,788 in transportation distributions during the year ended June 30, 2005.

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 "capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of the \$26,562,434 difference are as follows:

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

II. Reconciliation of government-wide and fund financial statements (continued)

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

Capital assets	\$	41,534,850
Accumulated depreciation		<u>(14,972,416)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	\$	<u>26,562,434</u>

Another element of the reconciliation states “other assets are not available to pay to current-period expenditures and therefore are deferred in the funds.” The details of the \$310,687 difference are as follows:

Property taxes receivable	\$	18,513
Deferred revenue		<u>292,174</u>
Other assets are not available to pay for current - period expenditures and therefore are deferred in the funds	\$	<u>310,687</u>

The final adjustment in the reconciliation indicates 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 \$20,527,504 difference is detailed as follows:

Bonds payable	\$	(20,125,000)
Accrued interest payable		(372,403)
Accrued vacation payable		(68,577)
Amortization of bond issue costs		<u>38,476</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	\$	<u>(20,527,504)</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 change

s in fund balances includes a reconciliation between *net changes in fund balances – 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 \$3,711,505 difference are as follows:



STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

II. Reconciliation of government-wide and fund financial statements (continued)

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 (continued)

Capital outlay	\$ 5,749,392
Depreciation expense	<u>(2,037,887)</u>
Net adjustment to changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 3,711,505</u>

The second element in the reconciliation indicates “revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The adjustment of \$35,410 is detailed as follows:

Reduction in revenue:	
Deferred grant revenue in 2004	\$ (282,314)
Deferred property taxes in 2004	(63,783)
Amounts to be included in revenue:	
Deferred grant revenue in 2005	292,174
Deferred property taxes in 2005	<u>18,513</u>
Net adjustment to change in net assets of governmental activities for revenues that are not recorded in the funds	<u>\$ (35,410)</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 \$1,886,514 difference are as follows:

Principal repayments:	
General obligation debt	\$ 1,890,000
Amortization of bond issuance costs	<u>(3,486)</u>
Net adjustment to decrease change in net assets of governmental activities	<u>\$ 1,886,514</u>

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

II. Reconciliation of government-wide and fund financial statements (continued)

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 (continued)

The final 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 \$240,593 difference are as follows:

Accrued interest:	
June 30, 2005	\$ (372,403)
June 30, 2004	134,154
Compensated absences:	
June 30, 2005	(68,577)
June 30, 2004	<u>66,233</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	
	<u>\$ (240,593)</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 Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

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

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

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

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

III. Stewardship, compliance, and accountability (continued)

A. Budgetary information (continued)

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

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

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2005 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	<u>Original Budget</u>	<u>Final Budget</u>
General Fund	\$ 4,798,993	\$ 4,822,430
Special Revenue Fund	2,150,807	2,868,499
Debt Service Fund	3,214,700	3,214,700
Capital Projects Fund	13,342,976	14,330,018
Totals	\$ 23,507,476	\$ 25,235,647

B. Deficit fund equity

There were not any deficit fund balances at June 30, 2005.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

IV. Detailed notes on all funds

A. Cash and temporary investments

At June 30, 2005, the carrying amount of the District's deposits was \$17,141,629 and the bank balance was \$17,956,273. Of this balance \$100,000 was covered by federal depository insurance and \$11,802,630 was covered by collateral held in joint safekeeping by a third party. The remaining \$4,930,724 is comprised of amounts in excess of those required to be collateralized under State law. The amount that was not covered by pledged collateral was \$3,050,805.

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the direct obligations of the United States government or are agencies sponsored by the United States government. 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 local government investment pool is voluntary.

As of June 30, 2005, the District's investments were as follows:

<u>Investment</u>	<u>Fair Value</u>
New Mexico State Treasury Pool	\$ <u>7,789,737</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2005, \$3,050,805 of the District's bank balance of \$10,166,535 was uninsured and uncollateralized and was exposed to custodial risk.

<u>Depository Accounts</u>	
Insured	\$ 100,000
Collateralized:	
Collateral held by pledging bank's trust department in the District's name	11,802,630
Collateral in excess of bank balance	<u>(1,736,095)</u>
Total deposits	<u>\$ 10,166,535</u>
Collateral requirement:	
50% of uninsured public fund bank deposits	\$ 648,071
102% of uninsured public fund bank deposit	8,945,800
Pledged security	<u>11,802,630</u>
Over collateralization	<u>\$ 2,208,759</u>

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

IV. Detailed notes on all funds (continued)

A. Cash and temporary investments (continued)

The collateral pledged is listed on Page 114 of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Authority, public unit deposits are funds owned by the schools. Time deposits, savings deposits and interest bearing "Now" accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

B. Receivables

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

	<u>General</u>	<u>Debt Service</u>	<u>HB-33 Capital Improvements</u>	<u>SB-9 Capital Improvements</u>	<u>Other Governmental Funds</u>
Receivables:					
Delinquent property taxes	\$ 44,744	\$ 298,663	\$ 15,900	\$ 218,580	\$ 11,186
Due from other Governments	\$ 23,748	\$ 164,492	\$ 20,844	\$ 110,518	\$ 5,937

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

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (General Fund)	\$ 634	\$ -
Delinquent property taxes receivable (Debt Service Fund)	8,614	-
Delinquent property taxes receivable (HB-33 Capital Improvement)	7,943	-
Delinquent property taxes receivable (SB-9 Capital Improvement)	1,163	-
Delinquent property taxes receivable (other governmental funds)	159	-
Grant drawdowns prior to meeting all eligibility requirements	-	292,174
Total deferred/unearned revenue for governmental funds	<u>\$ 18,513</u>	<u>\$ 292,174</u>

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

IV. Detailed notes on all funds (continued)

C. Capital assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 70,141	\$ -	\$ -	\$ 70,141
Construction in progress	<u>4,362,591</u>	<u>-</u>	<u>4,362,591</u>	<u>-</u>
Total capital assets, not being depreciated	<u>\$ 4,432,732</u>	<u>\$ -</u>	<u>\$ 4,362,591</u>	<u>\$ 70,141</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 28,610,056	\$ 9,114,518	\$ -	\$ 37,724,574
Equipment	<u>2,742,670</u>	<u>997,465</u>	<u>119,082</u>	<u>3,621,053</u>
Total capital assets being depreciated	<u>31,352,726</u>	<u>10,111,983</u>	<u>119,082</u>	<u>41,345,627</u>
Less accumulated depreciation for:				
Buildings and improvements	10,831,479	1,532,395	-	12,363,874
Equipment	<u>2,103,050</u>	<u>505,492</u>	<u>119,082</u>	<u>2,489,460</u>
Total accumulated depreciation	<u>12,934,529</u>	<u>2,037,887</u>	<u>119,082</u>	<u>14,853,334</u>
Total capital assets being depreciated, net	<u>\$ 18,418,197</u>	<u>\$ 8,074,096</u>	<u>\$ -</u>	<u>\$ 26,492,293</u>

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

Depreciation expense was not charged to functions/programs of the District because the detail information was not available.

Construction commitments

The District is involved in several long-term construction projects as part of their master plan for upgrading the district buildings. The amount of \$11,866,693 in the capital projects fund designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

D. Inter-fund receivables and payables

There were no inter-fund receivables or payables for the year ended June 30, 2005.

DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

IV. Detailed notes on all funds (continued)

E. Inter-fund transfers

The composition of inter-fund transfers at June 30, 2005 is as follows:

	<u>Transfer From</u>	<u>Transfer To</u>
General Fund	\$ 6,307	\$ -
Other governmental funds	16,421	22,728
Total	\$ 22,728	\$ 22,728

The purpose of the inter-fund transfers was to cover expenditures made within the bounds of the budget and the budgeted revenues have not yet been received.

F. Long-term debt

General Obligation Bonds

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2005 are as follows:

<u>General Obligation Bonds</u>	<u>Original Amount</u>	<u>Interest Rates</u>	<u>Balance June 30, 2004</u>	<u>Amount Due Within One Year</u>
Series 2001	\$ 8,000,000	4.50% to 6.00%	\$ 5,220,000	\$ 645,000
Series 2001	2,000,000	2.95% to 4.35%	1,400,000	210,000
Series 2002	5,000,000	4.00% to 4.125%	4,150,000	445,000
Series 2003	4,000,000	3.85% to 4.35%	3,790,000	285,000
Series 2004	6,000,000	3.00% to 3.65%	5,565,000	440,000
Total	\$ 25,000,000		\$ 20,125,000	\$ 2,025,000

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

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

IV. Detailed notes on all funds (continued)

F. Long-term debt (continued)

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

General Obligation Bonds			
Year Ending June 30,	Principal	Interest	Total Requirements
2006	\$ 2,025,000	\$ 762,947	\$ 2,787,947
2007	2,105,000	679,624	2,784,624
2008	2,180,000	595,969	2,775,969
2009	2,260,000	8,201	2,268,201
2010	2,365,000	414,575	2,779,575
2011 - 2015	8,175,000	828,167	9,003,167
2016 - 2020	1,015,000	19,994	1,034,994
Total	\$ 20,125,000	\$ 3,309,477	\$ 23,434,477

Changes in long term debt – During the year ended June 30, 2005 the following changes occurred in liabilities reported in the general obligation bonds account group:

	Balance June 30, 2004	Additions	Retirements	Balance June 30, 2005	Amount Due Within One Year
Compensated absences	\$ 66,233	\$ 56,250	\$ 53,906	\$ 68,577	\$ 68,577
Bonds payable	22,015,000	-	1,890,000	20,125,000	2,025,000
	\$ 22,081,233	\$ 56,250	\$ 1,943,906	\$ 20,193,577	\$ 2,093,577

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

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.



DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

V. Other information (continued)

A. Risk Management (continued)

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, 2005.

B. Contingent liabilities

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

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

C. Employee retirement plan

Plan Description - Substantially all of Dulce Independent School District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978). The Educational Retirement Board (ERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits and cost-of-living adjustments to plan members and beneficiaries. ERA issues a separate, publicly available financial report that includes the financial statements and required supplementary information. That report may be obtained by writing to ERA, P.O. Box 26129, Santa Fe, New Mexico 87502-6129.

Funding Policy - Plan members are required to contribute 7.6% of their gross salary. Dulce Independent School District is required to contribute 8.65% of the gross covered salary. The contribution requirements of plan members and the Dulce Independent School District are established in Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of legislature. The Dulce Independent School District's contributions to the ERA for the years ended June 30, 2005, 2004 and 2003 were: \$329,493, \$350,363, and \$322,493 respectively, equal to the amount of the required contribution for the year.

DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
Notes to the Financial Statements  
June 30, 2005

V. Other information (continued)

D. Post-retirement health care benefits

The Retiree Health Care Act (Act) (Chapter 10, Article 7C NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Retiree Health Care Authority is the administrator of the plan. The purpose is to provide eligible retirees, their spouses, dependents, and surviving spouses and dependents with health insurance consisting of a plan, or optional plans, of benefits that can be purchased by funds flowing into the Retiree Health Care Fund and by co-payments or the out-of-pocket payments of eligible retirees.

Monies flow to the Retiree Health Care Fund on a pay-as-you-go basis from eligible employers and eligible retirees. Eligible employers consist of institutions of higher education, school districts, or other entities participating in the Public School Insurance Authority, state agencies, state courts, magistrate courts, municipalities or counties, which are affiliated under or covered by the Educational Retirement Act, Public Employees Retirement Act, Volunteer Firefighters Retirement Act, Judicial Retirement Act or the Magistrate Retirement Act.

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 Retiree Health Care Act on the person's behalf, unless that person retired on or before employer's NMHRCA effective date, in which event the time period for contributions becomes the time between the employer's effective date and the date of retirement; or
2. Retirees defined by the Act who retired prior to July 1, 1990; and former legislators who served at least two years.

Each participating employer makes contributions to the fund in the amount of 1.3% of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .65% of the employee's annual salary. Each participating retiree pays a monthly premium for the medical plus basic life plan and an additional participation fee of five dollars (\$5.00) if the eligible participant retired prior to employer's NMRHCA effective date or is a former legislator. Participants may also enroll on optional plans of coverage.

Contributions from participating employers and employees become the property of the Retiree Health Care Fund and are not refundable under any circumstances, including termination of employment or termination of the participating employer's operation or participation in the Retiree Health Care Act. The employer, employee, and retiree contributions are required to be remitted to the Retiree Health Care Authority on a monthly basis.

The Retiree Health Care Authority issues a separate, publicly available audited financial report that includes post employment benefit expenditures of premiums and claims paid, participant contributions (employer, employee, and retiree), and net expenditures for the fiscal year. The report also includes the approximate number of retirees participating in the plan. That report may be obtained in writing to the Albuquerque State Government Center, 401 Roma NW Suite 200, Albuquerque, NM 87102.

For the fiscal year ended June 30, 2005, Dulce Independent School District remitted \$51,390 in employer contributions and \$25,695 in employee contributions to the Retiree Health Care Authority.

**NONMAJOR GOVERNMENTAL FUNDS**

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2005

Special Revenue Funds

	Food Services Fund	Athletics Fund	Title I Fund	IDEA-B Entitlement Fund	IDEA-B Discretionary Fund	IDEA-B Competitive Fund	Title II Math/Science Fund
Pooled cash and investments	\$ 78,956	\$ 6,653	\$ 24,311	\$ 25,279	\$ 20,148	\$ 7,609	\$ 727
Receivables:							
Delinquent property taxes	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
USDA commodities inventory	2,084	-	-	-	-	-	-
Total assets	<u>\$ 81,040</u>	<u>\$ 6,653</u>	<u>\$ 24,311</u>	<u>\$ 25,279</u>	<u>\$ 20,148</u>	<u>\$ 7,609</u>	<u>\$ 727</u>

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts payable	\$ -	\$ -	\$ 230	\$ -	\$ -	\$ -	\$ -
Deferred revenue:							
Federal, state, and local grants	-	-	24,081	25,279	20,148	7,609	727
Delinquent property taxes	-	-	-	-	-	-	-
Total liabilities	-	-	<u>24,311</u>	<u>25,279</u>	<u>20,148</u>	<u>7,609</u>	<u>727</u>
Fund balance:							
Reserved:							
Inventories	2,084	-	-	-	-	-	-
Unreserved:							
Designated for subsequent years' expenditures	-	-	-	-	-	-	-
Undesignated	78,956	6,653	-	-	-	-	-
Total fund balance	<u>81,040</u>	<u>6,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 81,040</u>	<u>\$ 6,653</u>	<u>\$ 24,311</u>	<u>\$ 25,279</u>	<u>\$ 20,148</u>	<u>\$ 7,609</u>	<u>\$ 727</u>

(continued)

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2005

Special Revenue Funds

	Technology Literacy Challenge Fund	Title V Fund	Title II Fund	Title IV Fund	21st Century Community Living Fund	Title I School Improvement Fund	Reading First Fund	Johnson O'Malley Fund	P.L. 81-874 Special Ed Fund
Pooled cash and investments	\$ 12,179	\$ 12,440	\$ 2,468	\$ 5,227	\$ 32,367	\$ 30	\$ 32,847	\$ 7,147	\$ 30,532
Receivables:									
Delinquent property taxes	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-
USDA commodities inventory	-	-	-	-	-	-	-	-	-
Total assets	\$ 12,179	\$ 12,440	\$ 2,468	\$ 5,227	\$ 32,367	\$ 30	\$ 32,847	\$ 7,147	\$ 30,532

**LIABILITIES AND FUND BALANCE**

Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 91	\$ -	\$ -	\$ -	\$ -
Deferred revenue:									
Federal, state, and local grants	12,179	12,440	2,468	5,227	32,276	30	32,847	7,147	30,532
Delinquent property taxes	-	-	-	-	-	-	-	-	-
Total liabilities	12,179	12,440	2,468	5,227	32,367	30	32,847	7,147	30,532
Fund balance:									
Reserved:									
Inventories	-	-	-	-	-	-	-	-	-
Unreserved:									
Designated for subsequent years' expenditures	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-
Total fund balance	-	-	-	-	-	-	-	-	-
Total liabilities and fund balance	\$ 12,179	\$ 12,440	\$ 2,468	\$ 5,227	\$ 32,367	\$ 30	\$ 32,847	\$ 7,147	\$ 30,532

(continued)

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2005

Special Revenue Funds

	P.L. 81- 874 Indian Fund	Rural Education Achievement Fund	Full Day Kindergarten Fund	Incentives for School Improvements Fund	Truancy Intervention Fund	Gear-Up Fund	Beginning Teacher Mentoring Fund	Total Nonmajor Special Revenue Funds
Pooled cash and investments	\$ 44,274	\$ 89	\$ 5	\$ 601	\$ 10,356	\$ 23,717	\$ 142	\$ 378,104
Receivables:								
Delinquent property taxes	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
USDA commodities inventory	-	-	-	-	-	-	-	2,084
<b>Total assets</b>	<b>\$ 44,274</b>	<b>\$ 89</b>	<b>\$ 5</b>	<b>\$ 601</b>	<b>\$ 10,356</b>	<b>\$ 23,717</b>	<b>\$ 142</b>	<b>\$ 380,188</b>

LIABILITIES AND FUND BALANCE

Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321
Deferred revenue:								
Federal, state, and local grants	44,274	89	5	601	10,356	23,717	142	292,174
Delinquent property taxes	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>44,274</b>	<b>89</b>	<b>5</b>	<b>601</b>	<b>10,356</b>	<b>23,717</b>	<b>142</b>	<b>292,495</b>
Fund balance:								
Reserved:								
Inventories	-	-	-	-	-	-	-	2,084
Unreserved:								
Designated for subsequent years' expenditures	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	85,609
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,693</b>
<b>Total liabilities and fund balance</b>	<b>\$ 44,274</b>	<b>\$ 89</b>	<b>\$ 5</b>	<b>\$ 601</b>	<b>\$ 10,356</b>	<b>\$ 23,717</b>	<b>\$ 142</b>	<b>\$ 380,188</b>

(continued)

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2005

Capital Projects Funds

	Bond Building Fund	Special Capital Outlay - Federal Fund	20% Capital Outlay Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Pooled cash and investments	\$ 74,076	\$ 192,868	\$ 416,208	\$ 683,152	\$ 1,061,256
Receivables:					
Delinquent property taxes	-	-	11,186	11,186	11,186
Due from other governments	-	-	5,937	5,937	5,937
USDA commodities inventory	-	-	-	-	2,084
Total assets	\$ 74,076	\$ 192,868	\$ 433,331	\$ 700,275	\$ 1,080,463

LIABILITIES AND FUND BALANCE

Liabilities:					
Accounts payable	\$ -	\$ -	\$ 3,529	\$ 3,529	\$ 3,850
Deferred revenue:					
Federal, state, and local grants	-	-	-	-	292,174
Delinquent property taxes	-	-	159	159	159
Total liabilities	-	-	3,688	3,688	296,183
Fund balance:					
Reserved:					
Inventories	-	-	-	-	2,084
Unreserved:					
Designated for subsequent years' expenditures	74,076	192,868	429,643	696,587	696,587
Undesignated	-	-	-	-	85,609
Total fund balance	74,076	192,868	429,643	696,587	784,280
Total liabilities and fund balance	\$ 74,076	\$ 192,868	\$ 433,331	\$ 700,275	\$ 1,080,463

STATE OF NEW MEXICO  
 DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2005

Special Revenue Funds

	Food Services Fund	Athletics Fund	Title I Fund	IDEA-B Entitlement Fund	IDEA-B Discretionary Fund	IDEA-B Competitive Fund	Title V Fund	Title II Fund	Title IV Fund	21st Century Community Living Fund
Revenues:										
Federal	\$ 312,291	\$ -	\$ 331,293	\$ 91,289	\$ 44,852	\$ 5,391	\$ 7,971	\$ 65,953	\$ 1,477	\$ 251,705
State	-	-	-	-	-	-	-	-	-	-
Local	9,778	56,890	-	-	-	-	-	-	-	-
Total revenue	322,069	56,890	331,293	91,289	44,852	5,391	7,971	65,953	1,477	251,705
Expenditures:										
Current:										
Direct instruction	-	-	243,130	30,426	44,852	5,391	7,612	60,901	1,305	-
Instructional support	-	-	70,788	60,863	-	-	-	2,826	105	-
Administration	-	-	14,922	-	-	-	359	3,176	67	-
Operations of plant	-	-	-	-	-	-	-	-	-	-
Food services	318,936	-	-	-	-	-	-	-	-	-
Athletics	-	64,391	-	-	-	-	-	-	-	-
Community services	-	-	2,453	-	-	-	-	-	-	251,705
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	318,936	64,391	331,293	91,289	44,852	5,391	7,971	66,903	1,477	251,705
Excess (deficiency) of revenues over expenditures	3,133	(7,501)	-	-	-	-	-	(950)	-	-
Other sources and uses:										
Transfers in	-	6,307	-	-	-	-	-	-	-	-
Other in	-	-	-	-	-	-	-	950	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other sources and uses	-	6,307	-	-	-	-	-	950	-	-
Net change in fund balance	3,133	(1,194)	-	-	-	-	-	-	-	-
Fund balance (deficit) at beginning of the year	77,907	7,847	-	-	-	-	-	-	-	-
Fund balance at end of the year	\$ 81,040	\$ 6,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)



STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2005

Special Revenue Funds

	Title I School Improvement Fund	Reading First Fund	Johnson O'Malley Fund	P.L. 81-874 Special Ed Fund	P.L. 81-874 Indian Ed Fund	Full Day Kindergarten Fund	Truancy Intervention Fund	Gear-Up Fund	Beginning Teacher Mentoring Fund	Total Nonmajor Special Revenue Funds
Revenues:										
Federal	\$ 47,823	\$ 119,228	\$ 59,529	\$ 134,654	\$ 580,318	\$ -	\$ -	\$ -	\$ -	\$ 2,053,774
State	-	-	-	-	-	112,257	10,644	74,487	5,707	203,095
Local	-	-	-	1,010	3,467	-	-	-	-	71,145
Total revenue	47,823	119,228	59,529	135,664	583,785	112,257	10,644	74,487	5,707	2,328,014
Expenditures:										
Current:										
Direct instruction	47,823	30,230	53,016	77,031	413,970	112,257	10,644	3,409	5,707	1,147,704
Instructional support	-	88,998	6,513	52,525	152,699	-	-	-	-	435,317
Administration	-	-	-	6,108	17,116	-	-	-	-	41,748
Operations of plant	-	-	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-	-	318,936
Athletics	-	-	-	-	-	-	-	-	-	64,391
Community services	-	-	-	-	-	-	-	71,078	-	325,236
Capital outlay	-	-	-	-	-	-	-	-	-	-
Total expenditures	47,823	119,228	59,529	135,664	583,785	112,257	10,644	74,487	5,707	2,333,332
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-	-	(5,318)
Other sources:										
Transfers in	-	-	-	-	-	-	-	-	-	6,307
Other in	-	-	-	-	-	-	-	-	-	950
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other sources	-	-	-	-	-	-	-	-	-	7,257
Net change in fund balance	-	-	-	-	-	-	-	-	-	1,939
Fund balance (deficit) at beginning of the year	-	-	-	-	-	-	-	-	-	85,754
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,693

(continued)

STATE OF NEW MEXICO  
 DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2005

**Capital Projects Funds**

	Bond Building Fund	Special Capital Outlay - State Fund	Special Capital Outlay - Federal Fund	20% Capital Outlay Fund	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>						
Federal	\$ -	\$ -	\$ 65,755	\$ 443,035	\$ 508,790	\$ 2,562,564
State	-	-	-	-	-	203,095
Local	35,207	-	843	92,331	128,381	199,526
<b>Total revenue</b>	<u>35,207</u>	<u>-</u>	<u>66,598</u>	<u>535,366</u>	<u>637,171</u>	<u>2,965,185</u>
<b>Expenditures:</b>						
Current:						
Direct instruction	-	-	-	-	-	1,147,704
Instructional support	-	-	-	-	-	435,317
Administration	-	-	-	64	64	41,812
Operations of plant	55,726	-	-	108,138	163,864	163,864
Food services	-	-	-	-	-	318,936
Athletics	-	-	-	-	-	64,391
Community services	-	-	-	-	-	325,236
Capital outlay	3,513,643	-	-	308,273	3,821,916	3,821,916
<b>Total expenditures</b>	<u>3,569,369</u>	<u>-</u>	<u>-</u>	<u>416,475</u>	<u>3,985,844</u>	<u>6,319,176</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,534,162)</u>	<u>-</u>	<u>66,598</u>	<u>118,891</u>	<u>(3,348,673)</u>	<u>(3,353,991)</u>
<b>Other sources:</b>						
Transfers in	-	16,421	-	-	16,421	22,728
Other in	-	-	-	-	-	950
Transfers out	-	-	-	(16,421)	(16,421)	(16,421)
<b>Total other sources</b>	<u>-</u>	<u>16,421</u>	<u>-</u>	<u>(16,421)</u>	<u>-</u>	<u>7,257</u>
<b>Net change in fund balance</b>	<u>(3,534,162)</u>	<u>16,421</u>	<u>66,598</u>	<u>102,470</u>	<u>(3,348,673)</u>	<u>(3,346,734)</u>
<b>Fund balance (deficit) at beginning of the year</b>	<u>3,608,238</u>	<u>(16,421)</u>	<u>126,270</u>	<u>327,173</u>	<u>4,045,260</u>	<u>4,131,014</u>
<b>Fund balance (deficit) at end of the year</b>	<u>\$ 74,076</u>	<u>\$ -</u>	<u>\$ 192,868</u>	<u>\$ 429,643</u>	<u>\$ 696,587</u>	<u>\$ 784,280</u>

## **BUDGETARY PRESENTATION**

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## NONMAJOR SPECIAL REVENUE FUNDS

### FOOD SERVICES

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

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

### TITLE I

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

### IDEA-B ENTITLEMENT/DISCRETIONARY/COMPETITIVE

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

### TITLE II MATH/SCIENCE

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.

### TECHNOLOGY LITERACY CHALLENGE

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. The program is funded through the Office of Technology for the State of New Mexico. Authorized by the IASA Improving America School Act PL 103-382.

### TITLE V

To assist State and Local educational agencies in the reform of elementary and secondary education. Authorized by the Elementary and Secondary Education Act of 1965, Title VI, as amended, 20 U.S.C. 7301-7373.

### TITLE III

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

## NONMAJOR SPECIAL REVENUE FUNDS (continued)

### TITLE II

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

### TITLE IV

To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Authorized by Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 U.S.C. 7111-7118.

### 21<sup>ST</sup> CENTURY COMMUNITY LIVING

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

### TITLE I SCHOOL IMPROVEMENT

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

### READING FIRST

To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorization is granted by Elementary and Secondary Education Act of 1965 (ESEA), as amended, Public Law 107-110.

### JOHNSON O'MALLEY

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.

### P.L. 81-874 SPECIAL ED./INDIAN ED.

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

## NONMAJOR SPECIAL REVENUE FUNDS (continued)

### RURAL EDUCATION ACHIEVEMENT

To offer a disciplined environment conducive to learning, by preventing violence in and around schools and strengthen programs that prevent the illegal use of alcohol, tobacco, and drugs, involve parents, and coordinated with related Federal, State, and community efforts and resources. Authorized by the Elementary and Secondary Education Act, Title IV, Part A, Subpart 1, as amended. 20 U.S.C. 7111-7118.

### TECHNOLOGY FOR EDUCATION

State funding to provide financial assistance to school districts to improve educational opportunities for all students to close the technology gap between schools and the workplace through enhancement of computer education. The funding is provided by state resources and supplements the federal funding for the Technology Literacy Challenge grant. The creation of the fund is authorized by NMSA 1978 22-15A-1 TO 22-15A-10.

### FULL DAY KINDERGARTEN

Funds intended to further the literacy of children starting at the kindergarten level and continuing the second grade.

### INCENTIVES FOR SCHOOL IMPROVEMENTS

State funding awarded to five School Districts in the state for achieving improved test scores of the students in their districts. The funds were used to purchase supplies and other textbooks for the school district. Authority for creation is NMSA 25-13A-1.

### TRUANCY INTERVENTION

To implement and strengthen programs and strategies for the purpose of identifying best practices for truancy prevention that are unique to New Mexico populations and cultures; establish collaborative partnerships and agreements with New Mexico's communities, including public schools, correction entities, community based organizations, youth advocates and others for the purpose of implementing effective truancy prevention programs and strategies at the local level; and establish collaborative partnerships and agreements with New Mexico's Native America tribes and pueblos for the purpose of implementing effective truancy prevention programs and strategies.

### GEAR UP

Local funding used to provide educational services to students during the summer, to be used to prepare students for the up-coming academic school year.

### BEGINNING TEACHER MENTORING PROGRAM

Funds to assist school districts in the design, implementation, and evaluation of beginning teacher mentoring programs. Funding is provided through the 2000 legislative session, with appropriated funds from the General Appropriations Act.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
FOOD SERVICES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts ( <u>Budgetary Basis</u> )	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive ( <u>Negative</u> )
<b>Revenues:</b>				
<b>Federal sources:</b>				
Food and milk reimbursements	\$ 280,000	\$ 280,000	\$ 300,502	\$ 20,502
USDA Commodities	-	11,789	11,789	-
<b>Total federal revenues</b>	<u>280,000</u>	<u>291,789</u>	<u>312,291</u>	<u>20,502</u>
<b>Local sources:</b>				
Fees and activities	6,000	6,000	8,641	2,641
Earnings from investments	100	100	1,137	1,037
<b>Total local revenues</b>	<u>6,100</u>	<u>6,100</u>	<u>9,778</u>	<u>3,678</u>
<b>Total revenues</b>	286,100	297,889	322,069	24,180
<b>Expenditures:</b>				
<b>Current:</b>				
Food services	411,130	422,919	321,020	101,899
<b>Excess (deficiency) of revenues   over expenditures</b>	(125,030)	(125,030)	1,049	126,079
<b>Beginning cash balance budgeted</b>	125,030	125,030	-	(125,030)
<b>Fund balance at beginning of the year</b>	-	-	77,907	77,907
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	78,956	<u>\$ 78,956</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in Inventory			<u>2,084</u>	
			<u>\$ 81,040</u>	



STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
ATHLETICS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources:				
Fees and activities	\$ 60,000	\$ 60,000	\$ 56,802	\$ (3,198)
Earnings from investments	<u>15</u>	<u>15</u>	<u>88</u>	<u>73</u>
Total revenues	60,015	60,015	56,890	(3,125)
<b>Expenditures:</b>				
Current:				
Athletics	<u>77,097</u>	<u>77,097</u>	<u>67,234</u>	<u>9,863</u>
Excess (deficiency) of revenues over expenditures	(17,082)	(17,082)	(10,344)	6,738
<b>Other sources:</b>				
Transfers in	<u>-</u>	<u>-</u>	<u>6,307</u>	<u>6,307</u>
Net change in fund balance	(17,082)	(17,082)	(4,037)	13,045
Beginning cash balance budgeted	17,082	17,082	-	(17,082)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>7,847</u>	<u>7,847</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	3,810	<u>\$ 3,810</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			<u>2,843</u>	
			<u>\$ 6,653</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
TITLE I SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 336,743	\$ 355,835	\$ 344,514	\$ (11,321)
Expenditures:				
Current:				
Direct instruction	243,362	261,593	242,899	18,694
Instructional support	73,964	73,964	70,788	3,176
Administration	14,767	15,628	14,922	706
Community services	4,650	4,650	2,453	2,197
Total expenditures	<u>336,743</u>	<u>355,835</u>	<u>331,062</u>	<u>24,773</u>
Excess of revenues over expenditures	-	-	13,452	13,452
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	13,452	<u>\$ 13,452</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			(230)	
Change in deferred revenue			<u>(13,222)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
IDEA-B ENTITLEMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 112,869	\$ 112,869	\$ 116,300	\$ 3,431
Expenditures:				
Current:				
Direct instruction	32,000	31,960	30,426	1,534
Instructional support	<u>80,869</u>	<u>80,909</u>	<u>60,862</u>	<u>20,047</u>
Total expenditures	<u>112,869</u>	<u>112,869</u>	<u>91,288</u>	<u>21,581</u>
Excess of revenues over expenditures	-	-	25,012	25,012
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	25,012	<u>\$ 25,012</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>(25,012)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
IDEA-B DISCRETIONARY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 49,000	\$ 49,000	\$ 65,000	\$ 16,000
Expenditures:				
Current:				
Direct instruction	<u>49,000</u>	<u>49,000</u>	<u>44,852</u>	<u>4,148</u>
Excess of revenues over expenditures	-	-	20,148	20,148
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	20,148	<u>\$ 20,148</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>(20,148)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
IDEA-B COMPETITIVE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 13,000	\$ 13,000	\$ -
Expenditures:				
Current:				
Direct instruction	-	13,000	5,391	7,609
Excess of revenues over expenditures	-	-	7,609	7,609
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	7,609	<u>\$ 7,609</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			(7,609)	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
TECHNOLOGY LITERACY CHALLENGE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal sources:				
Federal grant	\$ -	\$ 18,079	\$ 9,688	\$ (8,391)
<b>Expenditures:</b>				
Current:				
Instructional support	-	8,831	-	8,831
Administration	-	9,248	-	9,248
Total expenditures	-	18,079	-	18,079
Excess of revenues over expenditures	-	-	9,688	9,688
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	9,688	<u>\$ 9,688</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			(9,688)	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
TITLE V SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 15,965	\$ 28,543	\$ 11,847	\$ (16,696)
Expenditures:				
Current:				
Direct instruction	15,241	27,591	7,612	19,979
Administration	724	952	359	593
Total expenditures	<u>15,965</u>	<u>28,543</u>	<u>7,971</u>	<u>20,572</u>
Excess of revenues over expenditures	-	-	3,876	3,876
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	3,876	<u>\$ 3,876</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>(3,876)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
TITLE III SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 11,792	\$ -	\$ (11,792)
 Expenditures:				
Current:				
Direct instruction	-	11,792	-	11,792
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
TITLE II SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal sources:				
Federal grant	\$ 60,118	\$ 99,395	\$ 55,882	\$ (43,513)
<b>Expenditures:</b>				
Current:				
Direct instruction	53,727	78,692	64,466	14,226
Instructional support	3,643	17,346	2,827	14,519
Administration	2,748	3,357	3,176	181
Total expenditures	<u>60,118</u>	<u>99,395</u>	<u>70,469</u>	<u>28,926</u>
Excess (deficiency) of revenues over expenditures	-	-	(14,587)	(14,587)
<b>Other sources:</b>				
Other in	-	-	950	950
Net change in fund balance	-	-	(13,637)	(13,637)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(13,637)	<u>\$ (13,637)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			3,566	
Change in deferred revenue			<u>10,071</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
TITLE IV SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ 6,139	\$ 8,414	\$ 6,703	\$ (1,711)
Expenditures:				
Current:				
Direct instruction	5,555	7,809	1,305	6,504
Instructional support	300	300	105	195
Administration	284	305	67	238
Total expenditures	<u>6,139</u>	<u>8,414</u>	<u>1,477</u>	<u>6,937</u>
Excess of revenues over expenditures	-	-	5,226	5,226
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	5,226	<u>\$ 5,226</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			<u>(5,226)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
21ST CENTURY COMMUNITY LIVING SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Federal sources:				
Federal grant	\$ 214,500	\$ 290,301	\$ 228,799	\$ (61,502)
<b>Expenditures:</b>				
Current:				
Direct instruction	<u>214,500</u>	<u>290,301</u>	<u>254,434</u>	<u>35,867</u>
Excess (deficiency) of revenues over expenditures	-	-	(25,635)	(25,635)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(25,635)	<u>\$ (25,635)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			2,730	
Change in deferred revenue			<u>22,905</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
TITLE I SCHOOL IMPROVEMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Federal grant	\$ 22,986	\$ 122,332	\$ 37,000	\$ (85,332)
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	21,949	117,070	47,823	69,247
Administration	<u>1,037</u>	<u>5,262</u>	<u>-</u>	<u>5,262</u>
<b>Total expenditures</b>	<u>22,986</u>	<u>122,332</u>	<u>47,823</u>	<u>74,509</u>
Excess (deficiency) of revenues over expenditures	-	-	(10,823)	(10,823)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(10,823)	<u>\$ (10,823)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>10,823</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
READING FIRST SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ 123,855	\$ 152,075	\$ 28,220
Expenditures:				
Current:				
Direct instruction	-	30,281	30,230	51
Instructional support	-	93,574	88,998	4,576
Total expenditures	-	123,855	119,228	4,627
Excess of revenues over expenditures	-	-	32,847	32,847
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	32,847	<u>\$ 32,847</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			(32,847)	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
JOHNSON O'MALLEY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Federal sources:</b>				
Federal direct grant	\$ -	\$ 86,176	\$ 66,676	\$ (19,500)
<b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	-	79,495	53,016	26,479
Instructional support	-	6,681	6,513	168
<b>Total expenditures</b>	<b>-</b>	<b>86,176</b>	<b>59,529</b>	<b>26,647</b>
 Excess of revenues over expenditures	 -	 -	 7,147	 7,147
 Fund balance at beginning of the year	 -	 -	 -	 -
 Fund balance at end of the year	 <u>\$ -</u>	 <u>\$ -</u>	 7,147	 <u>\$ 7,147</u>
 <b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>(7,147)</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
P.L. 81-874 SPECIAL ED SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues:</b>				
Federal sources:				
Federal direct grant	\$ 191,134	\$ 191,134	\$ 96,906	\$ (94,228)
Local sources:				
Earnings from investments	-	-	1,010	1,010
Total revenues	<u>191,134</u>	<u>191,134</u>	<u>97,916</u>	<u>(93,218)</u>
<b>Expenditures:</b>				
Current:				
Direct instruction	103,472	103,472	77,031	26,441
Instructional support	56,861	56,861	52,525	4,336
Administration	8,615	8,615	6,108	2,507
Community services	<u>22,186</u>	<u>22,186</u>	-	<u>22,186</u>
Total expenditures	<u>191,134</u>	<u>191,134</u>	<u>135,664</u>	<u>55,470</u>
Excess (deficiency) of revenues over expenditures	-	-	(37,748)	(37,748)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(37,748)	<u>\$ (37,748)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>37,748</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
P.L. 81-874 INDIAN ED SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
<b>Revenues:</b>				
<b>Federal sources:</b>				
Federal direct grant	\$ 610,879	\$ 624,681	\$ 549,420	\$ (75,261)
<b>Local sources:</b>				
Earnings from investments	<u>          -</u>	<u>          -</u>	<u>      3,467</u>	<u>      3,467</u>
<b>Total revenues</b>	<u>      610,879</u>	<u>      624,681</u>	<u>      552,887</u>	<u>      (71,794)</u>
 <b>Expenditures:</b>				
<b>Current:</b>				
Direct instruction	416,122	426,807	413,970	12,837
Instructional support	180,298	173,798	152,699	21,099
Administration	<u>      14,459</u>	<u>      24,076</u>	<u>      17,116</u>	<u>      6,960</u>
<b>Total expenditures</b>	<u>      610,879</u>	<u>      624,681</u>	<u>      583,785</u>	<u>      40,896</u>
Excess (deficiency) of revenues over expenditures	-	-	(30,898)	(30,898)
Fund balance at beginning of the year	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
Fund balance at end of the year	<u>\$          -</u>	<u>\$          -</u>	(30,898)	<u>\$      (30,898)</u>
 <b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>      30,898</u>	
			<u>\$          -</u>	



STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
TECHNOLOGY FOR EDUCATION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources:				
State grant	\$ -	\$ 13,693	\$ 3,745	\$ (9,948)
<b>Expenditures:</b>				
Current:				
Instructional support	-	12,630	-	12,630
Administration	-	1,063	-	1,063
Total expenditures	-	13,693	-	13,693
Excess of revenues over expenditures	-	-	3,745	3,745
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	3,745	<u>\$ 3,745</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(3,745)	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
FULL DAY KINDERGARTEN SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources:				
State grant	\$ -	\$ 112,262	\$ 112,262	\$ -
<b>Expenditures:</b>				
Current:				
Direct instruction	-	112,262	112,257	5
Excess of revenues over expenditures	-	-	5	5
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	5	<u>\$ 5</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			(5)	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
TRUANCY INTERVENTION SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues:				
State sources:				
State grant	\$ -	\$ 15,000	\$ 21,000	\$ 6,000
Expenditures:				
Current:				
Instructional support	-	14,000	10,644	3,356
Community services	-	1,000	-	1,000
Total expenditures	-	15,000	10,644	4,356
Excess of revenues over expenditures	-	-	10,356	10,356
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	10,356	\$ 10,356
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			(10,356)	
			\$ -	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
GEAR-UP SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
State sources:				
State grant	\$ 42,247	\$ 98,204	\$ 61,656	\$ (36,548)
<b>Expenditures:</b>				
Current:				
Administration	1,913	6,449	3,409	3,040
Community services	<u>40,334</u>	<u>91,755</u>	<u>71,078</u>	<u>20,677</u>
Total expenditures	<u>42,247</u>	<u>98,204</u>	<u>74,487</u>	<u>23,717</u>
Excess (deficiency) of revenues over expenditures	-	-	(12,831)	(12,831)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(12,831)	<u>\$ (12,831)</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in deferred revenue			<u>12,831</u>	
			<u>\$ -</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
BEGINNING TEACHER MENTORING SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
State sources:				
State grant	\$ -	\$ 5,707	\$ 5,707	\$ -
Expenditures:				
Current:				
Direct instruction	-	5,707	5,707	-
Excess of revenues over expenditures	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
RECONCILIATION TO GAAP BASIS:				
Change in deferred revenue			-	
			<u>\$ -</u>	

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## **DEBT SERVICE FUND**

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

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STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources:				
Fees and activities	\$ -	\$ -	\$ 3,316,082	\$ 3,316,082
<b>Expenditures:</b>				
Current:				
Administration	5,000	5,000	1,952	3,048
Debt service:				
Principal retirement	1,890,000	1,890,000	1,890,000	-
Bond interest paid	846,175	846,175	846,175	-
Total debt service	2,736,175	2,736,175	2,736,175	-
Non-operating reserves	473,525	473,525	-	473,525
Total expenditures	3,214,700	3,214,700	2,738,127	476,573
Excess (deficiency) of revenues over expenditures	(3,214,700)	(3,214,700)	577,955	3,792,655
Beginning cash balance budgeted	3,214,700	3,214,700	-	(3,214,700)
Fund balance at beginning of the year	-	-	4,438,363	4,438,363
Fund balance at end of the year	\$ -	\$ -	5,016,318	\$ 5,016,318
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			258,959	
Change in due from other governments			(218,009)	
Change in deferred property taxes			30,095	
			<u>5,087,363</u>	
			\$	<u>5,087,363</u>

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## CAPITAL PROJECTS FUNDS

### BOND BUILDING FUND

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

### SPECIAL CAPITAL OUTLAY - STATE

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

### SPECIAL CAPITAL OUTLAY - FEDERAL

To maintain school facilities owned by the Department of Education and operated by Board of Education agencies and transfer these facilities to local agencies where appropriate. These funds are authorized by the Elementary and Secondary Education Act of 1965, Title VIII, Section 8008 as amended.

### HB – 33 CAPITAL IMPROVEMENTS

This fund provides financing for the purchase of equipment and capital improvements to the School District property. Funding is received from a 5 mill property levy and interest earned on investments, under House Bill 33.

### SB – 9 CAPITAL IMPROVEMENTS

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

### 20% CAPITAL OUTLAY

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  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
BOND BUILDING CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Earnings from investments	\$ -	\$ -	\$ 31,423	\$ 31,423
Expenditures:				
Current:				
Operations of plant	50,000	80,000	55,726	24,274
Capital outlay:				
Buildings and improvements	<u>5,527,933</u>	<u>5,497,933</u>	<u>3,732,112</u>	<u>1,765,821</u>
Total expenditures	<u>5,577,933</u>	<u>5,577,933</u>	<u>3,787,838</u>	<u>1,790,095</u>
Excess (deficiency) of revenues over expenditures	(5,577,933)	(5,577,933)	(3,756,415)	1,821,518
Beginning cash balance budgeted	5,577,933	5,577,933	-	(5,577,933)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>3,608,238</u>	<u>3,608,238</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	(148,177)	<u>\$ (148,177)</u>
RECONCILIATION TO GAAP BASIS:				
Change in payables			<u>222,253</u>	
			<u>\$ 74,076</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
SPECIAL CAPITAL OUTLAY - STATE CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Earnings from investments	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay:				
Buildings and improvements	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Other sources:				
Transfers in	-	-	16,421	16,421
Net change in fund balance	-	-	16,421	16,421
Fund balance (deficit) at beginning of the year	-	-	(16,421)	(16,421)
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
SPECIAL CAPITAL OUTLAY - FEDERAL CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal sources:				
Federal grant	\$ -	\$ -	\$ 65,755	\$ 65,755
Local sources:				
Earnings from investments	<u>-</u>	<u>-</u>	<u>843</u>	<u>843</u>
Total revenues	-	-	66,598	66,598
Expenditures:				
Capital outlay:				
Buildings and improvements	<u>126,270</u>	<u>126,270</u>	<u>-</u>	<u>126,270</u>
Excess (deficiency) of revenues over expenditures	(126,270)	(126,270)	66,598	192,868
Beginning cash balance budgeted	126,270	126,270	-	(126,270)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>126,270</u>	<u>126,270</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,868</u>	<u>\$ 192,868</u>

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
HB-33 CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources:				
District school tax levy	\$ 1,949,990	\$ 1,949,990	\$ 1,319,393	\$ (630,597)
Earnings from investments	<u>-</u>	<u>-</u>	<u>198,832</u>	<u>198,832</u>
Total revenues	<u>1,949,990</u>	<u>1,949,990</u>	<u>1,518,225</u>	<u>(431,765)</u>
<b>Expenditures:</b>				
Current:				
Operations of plant	<u>153,000</u>	<u>403,000</u>	<u>271,622</u>	<u>131,378</u>
Capital outlay:				
Land and improvements	50,000	600,000	273,397	326,603
Buildings and improvements	5,845,311	4,345,311	447,973	3,897,338
Equipment	<u>700,000</u>	<u>1,400,000</u>	<u>909,424</u>	<u>490,576</u>
Total capital outlay	<u>6,595,311</u>	<u>6,345,311</u>	<u>1,630,794</u>	<u>4,714,517</u>
Total expenditures	<u>6,748,311</u>	<u>6,748,311</u>	<u>1,902,416</u>	<u>4,845,895</u>
Excess (deficiency) of revenues over expenditures	(4,798,321)	(4,798,321)	(384,191)	4,414,130
Beginning cash balance budgeted	4,798,321	4,798,321	-	(4,798,321)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>10,830,415</u>	<u>10,830,415</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	10,446,224	<u>\$ 10,446,224</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			(8,651)	
Change in due from other governments			(223,422)	
Change in payables			(197,725)	
Change in deferred property taxes			<u>15,986</u>	
			<u>\$ 10,032,412</u>	

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
SB-9 CAPITAL IMPROVEMENTS CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources:				
District school tax levy	\$ -	\$ 987,042	\$ 922,977	\$ (64,065)
Earnings from investments	-	-	5,981	5,981
	<u>-</u>	<u>987,042</u>	<u>928,958</u>	<u>(58,084)</u>
Total revenues				
<b>Expenditures:</b>				
Current:				
Administration	-	1,350	1,321	29
Operations of plant	4,371	374,421	19,947	354,474
	<u>4,371</u>	<u>375,771</u>	<u>21,268</u>	<u>354,503</u>
Total current expenses				
Capital outlay:				
Land and improvements	-	200,000	1,344	198,656
Buildings and improvements	-	200,000	-	200,000
Equipment	-	215,642	42,791	172,851
	<u>-</u>	<u>615,642</u>	<u>44,135</u>	<u>571,507</u>
Total capital outlay				
Total expenditures				
	<u>4,371</u>	<u>991,413</u>	<u>65,403</u>	<u>926,010</u>
Excess (deficiency) of revenues over expenditures	(4,371)	(4,371)	863,555	867,926
Beginning cash balance budgeted	4,371	4,371	-	(4,371)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>4,370</u>	<u>4,370</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>867,925</u>	<u>\$ 867,925</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			218,580	
Change in due from other governments			110,518	
Change in payables			(67,430)	
Change in deferred property taxes			<u>(1,164)</u>	
			<u>\$ 1,128,429</u>	



STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
20% CAPITAL OUTLAY CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Federal sources:				
Public Law 874	\$ 429,921	\$ 429,921	\$ 439,536	\$ 9,615
Forest reserve	2,920	2,920	3,499	579
Total federal revenues	<u>432,841</u>	<u>432,841</u>	<u>443,035</u>	<u>10,194</u>
Local sources:				
District school tax levy	44,871	44,871	72,372	27,501
Earnings from investments	-	-	7,859	7,859
Total local revenues	<u>44,871</u>	<u>44,871</u>	<u>80,231</u>	<u>35,360</u>
Total revenues	<u>477,712</u>	<u>477,712</u>	<u>523,266</u>	<u>45,554</u>
<b>Expenditures:</b>				
Current:				
Administration	100	100	65	35
Operations of plant	452,820	452,820	323,077	129,743
Total current expenses	<u>452,920</u>	<u>452,920</u>	<u>323,142</u>	<u>129,778</u>
Capital outlay:				
Buildings and improvements	253,171	253,171	-	253,171
Equipment	180,000	180,000	89,804	90,196
Total capital outlay	<u>433,171</u>	<u>433,171</u>	<u>89,804</u>	<u>343,367</u>
Total expenditures	<u>886,091</u>	<u>886,091</u>	<u>412,946</u>	<u>473,145</u>
Excess (deficiency) of revenues over expenditures	(408,379)	(408,379)	110,320	518,699
Other uses:				
Transfers out	-	-	(16,421)	(16,421)
Net change in fund balance	(408,379)	(408,379)	93,899	502,278
Beginning cash balance budgeted	408,379	408,379	-	(408,379)
Fund balance at beginning of the year	-	-	327,173	327,173
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	421,072	<u>\$ 421,072</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			10,949	
Change in due from other governments			1,081	
Change in payables			(3,528)	
Change in deferred property taxes			69	
			<u>\$ 429,643</u>	

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**SUPPLEMENTAL INFORMATION**

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
STATEMENT OF CAPITAL ASSETS - BY SOURCE  
June 30, 2005

Capital assets:

Land and improvements	\$ 70,141
Buildings and improvements	37,724,574
Equipment (software)	<u>3,621,053</u>
 Total Capital assets	 <u>\$ 41,415,768</u>

Investment in Capital assets from:

General Fund	\$ 341,137
Special revenue funds:	
Federal Projects	13,544
State Projects	1,134
Athletics	12,806
Capital projects funds:	
Bond Building Fund	25,236,712
HB-33 Capital Improvements	14,430,638
SB-9 Capital Improvements	254,933
Capital Outlay 20%	446,197
Capital Outlay	<u>678,667</u>
 Total investment in Capital assets	 <u>\$ 41,415,768</u>

See accompanying notes.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
Year Ended June 30, 2005

Activity		Balance			Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2004</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2005</u>
6011	Class of 2011	\$ -	\$ 272	\$ -	\$ 272
6100	Class of 2010	669	1,415	198	1,886
6101	Class of 2001	499	-	-	499
6102	Class of 2002	3,034	-	-	3,034
6103	Class of 2003	1,289	-	-	1,289
6104	Class of 2004	2,699	-	100	2,599
6105	Class of 2005	3,759	1,333	3,632	1,460
6106	Class of 2006	3,520	10,300	8,832	4,988
6107	Class of 2007	1,622	4,604	1,529	4,697
6108	Class of 2008	1,125	1,480	791	1,814
6109	Class of 2009	778	733	508	1,003
6110	Soccer	2,125	180	2,030	275
6111	Coke	1	31	-	32
6112	MS Activity	546	336	348	534
6113	MH BB Shoes	208	-	-	208
6114	MS Student Council	466	5,301	4,029	1,738
6115	Earth shuttle	179	-	-	179
6116	Art Club	6	218	-	224
6117	Closeup	2,234	-	-	2,234
6118	French club	3,477	-	-	3,477
6119	FFA	2,778	2,401	3,141	2,038
6120	HS Library	1,481	1,245	1,484	1,242
6121	HS Cheerleaders	369	-	-	369
6122	Elem. Computer	1,565	-	-	1,565
6123	HS Student Council	2,391	9,421	8,628	3,184
6124	Home Ec	95	377	351	121
6125	Elementary Library	5,258	6,003	7,150	4,111
6126	Dreams Yearbook	1,156	2,538	2,886	808
6127	Science Club HS	1,137	-	842	295
6128	Ski Club Elem	563	-	-	563
6129	Tribal donation	114	-	114	-
6130	MS Water	1,185	3,059	2,135	2,109
6131	Natural Helpers	952	-	-	952
6134	Dreams	385	1,782	1,572	595
6135	Voc. Donation	84	-	-	84
6137	Honor	43	49	50	42
6138	EmpathyBoth	241	-	200	41
6139	Textbook/both	26	24	-	50
6140	Football Club/hs	525	41	566	-
6141	Elem Act	235	6,077	4,895	1,417

(Continued)

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS  
Year Ended June 30, 2005

Activity		Balance			Balance
<u>Fund</u>	<u>ASSETS</u>	<u>June 30, 2004</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>June 30, 2005</u>
6142	H.S. Activity	\$ 793	\$ 403	\$ 731	\$ 465
6143	Indian club/Elem	25	-	-	25
6144	Elem Student Council	183	-	124	59
6145	Journalism	2,255	450	516	2,189
6146	HS Boys BB Shoes	(160)	610	-	450
6147	Elementary Social	53	-	-	53
6149	Tsunami	5	341	-	346
6150	Cinco De Mayo	97	-	-	97
6151	Admin	74	-	34	40
6152	Chess Club	369	-	-	369
6153	Hat Club	-	23	-	23
6154	Mid School Band	96	56	-	152
6157	HS Boys Basketball	4,798	6,406	7,449	3,755
6158	HS Volleyball	-	396	390	6
6159	HS Girls Basketball	1,874	10,154	11,307	721
6160	Dedication	8	17,237	17,159	86
6161	Catch the dream	300	-	-	300
6162	HS Ski	128	-	-	128
6163	Rodeo	3,360	-	-	3,360
6164	MS Science	1	-	-	1
6165	HS Indian Club	1,707	-	-	1,707
		<u>1,707</u>	<u>-</u>	<u>-</u>	<u>1,707</u>
	Pooled cash and investments	<u>\$ 64,785</u>	<u>\$ 90,076</u>	<u>\$ 88,501</u>	<u>\$ 66,360</u>
	<b>LIABILITIES</b>				
	<u>Deposits held for others</u>	<u>\$ 64,785</u>	<u>\$ 90,076</u>	<u>\$ 88,501</u>	<u>\$ 66,360</u>

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
SCHEDULE OF PLEDGED COLLATERAL  
June 30, 2005

	Wells Fargo Bank	Wells Fargo Bank (Repo Account)
Cash on deposit at June 30, 2005	\$ 1,396,143	\$ 8,770,392
Less FDIC coverage	100,000	-
Uninsured funds	1,296,143	8,770,392
50% collateral requirement	648,071	-
102% collateral requirement (Repo Account)	-	8,945,800
Amount requiring pledged collateral	648,071	8,945,800
Pledged collateral	2,856,830	8,945,800
Excess of pledged collateral	\$ 2,208,759	\$ -

Pledged collateral of financial institutions consists of the following at June 30, 2005

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Wells Fargo Bank:			
FNCL	12/1/2031	31371KF89	\$ 2,856,830

The above securities are held in Wells Fargo Bank at Minneapolis, Minnesota.

Wells Fargo Bank (Repo Account):			
FNCL	5/1/2034	31404QCS6	\$ 8,945,800

The above securities are held in Wells Fargo Bank at Minneapolis, Minnesota.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
CASH RECONCILIATION  
June 30, 2005

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 181,099	\$ 4,312,412	\$ (4,297,585)	\$ (4,721)	\$ 191,205	\$ -	\$ 191,205
Teachrage	33,261	85,506	(98,335)	(3,826)	16,606	-	16,606
Transportation	-	180,788	(88,589)	-	92,199	-	92,199
Instructional Materials	35,689	48,721	(72,491)	-	11,919	-	11,919
Food Services	77,907	310,280	(309,231)	(25)	78,931	25	78,956
Athletics	10,690	56,889	(56,717)	(4,209)	6,653	-	6,653
Federal Projects	251,409	1,759,238	(1,752,513)	(460)	257,674	-	257,674
Local/State	37,291	204,370	(203,095)	(3,745)	34,821	-	34,821
Bond Building	3,830,491	31,511	(3,787,839)	(87)	74,076	-	74,076
Capital Outlay - Federal	126,270	66,598	-	-	192,868	-	192,868
HB-33 Capital Outlay	10,585,527	1,518,225	(1,902,415)	-	10,201,337	-	10,201,337
Capital Improvement SB - 9	4,370	928,958	(65,403)	-	867,925	-	867,925
PSCO - 20%	305,888	523,266	(429,367)	16,421	416,208	-	416,208
Debt Service	4,054,868	3,316,082	(2,738,128)	-	4,632,822	-	4,632,822
Agency Funds	-	-	-	-	-	66,360	66,360
Total	\$ 19,534,760	\$ 13,342,844	\$ (15,801,708)	\$ (652)	\$ 17,075,244	\$ 66,385	\$ 17,141,629

Account Name	Account Type	Bank Name	Bank Amount	Adjustments to report:
Operational	Checking	Wells Fargo	\$ 900,000	Petty Cash - Food Services
Operational	Repo Account	Wells Fargo	8,770,392	Agency funds
Escrow	Checking	Wells Fargo	425,036	Total adjustment to report
Activities	Checking	Wells Fargo	71,108	Adjustments to cash:
State Investment Pool	Investment	State Investment	7,789,737	Bank Balance
Total			\$ 17,956,273	Reconciling items
				Total adjustment to cash
				\$ 17,141,629



**SINGLE AUDIT SECTION**

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

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# KEYSTONE ACCOUNTING, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

*The Archway To Financial Success*

## 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

Domingo P. Martinez, CGFM, State Auditor  
and the Board of Education  
Dulce Independent School District No. 21

We have audited the financial statements of the governmental activities, each major fund and respective budgetary comparison for the general fund and each major fund thereof, and the aggregate remaining fund information of Dulce Independent School District No. 21, as of and for the year ended June 30, 2005, which collectively comprise the Dulce Independent School District No. 21's basic financial statements. We also have audited the financial statements of each of the District's nonmajor governmental and fiduciary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2005, as listed in the table of contents and have issued our report thereon dated November 14, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dulce Independent School District No. 21's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### Compliance and other matters

As part of obtaining reasonable assurance about whether Dulce Independent School District No. 21's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. We noted other immaterial instances of noncompliance, described in the accompanying schedule of findings and questioned costs as item 2005-1, that are required to be reported per Section 22-10A-5 NMSA 1978.

Domingo P. Martinez, CGFM, State Auditor  
and the Board of Education  
Dulce Independent School District No. 21

This report is intended solely for the information and use of the New Mexico State Auditor, New Mexico State Legislature, management, others within the organization and federal awarding agencies and pass-through entities 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 "Keystone Accounting, LLC". The signature is written in a cursive, flowing style.

November 14, 2005

**KEYSTONE ACCOUNTING, L.L.C.**

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**REPORT ON COMPLIANCE WITH REQUIREMENT APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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# KEYSTONE ACCOUNTING, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

*The Archway To Financial Success*

## REPORT ON COMPLIANCE WITH REQUIREMENT APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Domingo P. Martinez, CGFM, State Auditor  
And the Board of Education  
Dulce Independent School District No. 21

### Compliance

We have audited the compliance of Dulce Independent School District No. 21 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* (Revised May, 2005) that are applicable to each of its major federal programs for the year ended June 30, 2005. Dulce Independent School's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of finding 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 Dulce Independent School's management. Our responsibility is to express an opinion on Dulce Independent School'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; standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, 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 Dulce Independent School District No. 21'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 Dulce Independent School District No. 21's compliance with those requirements.

In our opinion, Dulce Independent School District No. 21, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### Internal Control Over Compliance

The management of Dulce Independent School District No. 21 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 Dulce Independent School District No. 21's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Domingo P. Martinez, CGFM, State Auditor  
And the Board of Education  
Dulce Independent School District No. 21

Our consideration of the internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the New Mexico State Auditor, New Mexico State Legislature, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



November 14, 2005

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STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2005

A. PRIOR YEAR AUDIT FINDINGS

2004 – 1. IMPROPER PAYROLL PROCEDURES

*Condition:* A volunteer football coach for the fall was paid as an employee during the spring, and none of the proper payroll information was completed.

*Criteria:* As employees are hired proper notice should be given to the employee and the payroll department so that the proper documentation can be completed.

*Management's response:* Steps will be taken to inform the payroll department of new employees before they start work.

*Current status:* Resolved. Not repeated in the current year.

2004 – 2 FAILURE TO FILE AUDIT REPORT BY REQUIRED DUE DATE

*Condition:* The filing date of the completed annual audit is subsequent to the required due date.

*Criteria:* According to the State of New Mexico, Office of the State Auditor publication 2 NMAC 2.2 Requirements for Contracting and Conducting Audits of Agencies, Section 9.1, the filing date for audit reports of school districts, counties, and institutions of higher education is November 15th following the end of the fiscal year.

*Management Response:* The audit contract will be signed and completed by the due date required by the State Auditor in the future

*Current status:* Resolved. Not repeated in the current year.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Dulce Independent School District No. 21.
2. There was one reportable condition disclosed during the audit of the financial statements in the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Dulce Independent School District No. 21 were disclosed during the audit.
4. There were no reportable conditions disclosed during the audit of the major federal awards program in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Dulce Independent School District No. 21 expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Dulce Independent School District No. 21.
7. The programs treated as major programs include: Impact Aid CFDA No. 84.041, Title I CFDA 84.010, and USDA Cluster, CFDA No. 10.555, 10.553 and 10.550.
8. The threshold for distinguishing types A and B programs was \$300,000.
9. Dulce Independent School District No. 21 was determined to be a low-risk auditee.

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2005

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2005 – 1 BACKGROUND CHECKS WERE MISSING

*Condition:* There were three personnel files that were missing the background checks required by State Department of Education.

*Criteria:* Pursuant to NMSA 1978 Section 22-10A-5, school personnel, contractors, and contractors' employees having unsupervised contact with students must receive a cleared background check. School officials are required to develop and implement policies and procedures to require background checks on applicants that will have such contact.

*Effect of Condition:* Hiring personnel without the proper background investigation causes students to be placed in a potentially harmful situation.

*Cause:* Lack of proper monitoring during the hiring process.

*Recommendation:* Meticulous monitoring of the hiring process should be put into place to ensure that all personnel requiring background checks will not be hired until all investigations indicate a clear background.

*Management's Response:* Closer monitoring of the hiring process will be put into place and hiring will only be finalized after a final review of the personnel file.

C. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

No audit findings to report.

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Child Nutrition -- Cluster:</u>			
<u>U.S. Department of Agriculture:</u>			
Pass-Through Program From:			
New Mexico Department of Education:			
USDA National School Lunch Program	10.555	21000	\$ 201,844
USDA School Breakfast Program	10.553	21000	<u>98,658</u>
 Total USDA - Child Nutrition Cluster			 300,502
 Direct Program:			
Forest Reserve	10.670	11000	17,496
 Pass-Through Program From:			
New Mexico Human Service Department:			
USDA Commodities Program	10.550	21000	<u>11,789</u>
 Total U.S. Department of Agriculture			 <u>329,787</u>
 <u>National Foundation For The Arts</u>			
Direct Program			
Promotion of the Arts	45.027	24231	<u>\$ 59,529</u>

(continued)

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



STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005

<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>Special Education -- Cluster:</u>			
<u>U.S. Department of Education:</u>			
Pass-Through Programs From:			
New Mexico Department of Education:			
IDEA-B Entitlement	84.027	24106	\$ <u>141,532</u>
Direct Programs:			
P.L. 81-874 Special / Indian Education	84.041	24245	2,912,651
21st Century	84.287	24299	<u>251,705</u>
Subtotal Direct Programs			<u>3,164,356</u>
Pass-Through Programs From:			
New Mexico Department of Education:			
Title I Basic Education Grant	84.010	24101	331,293
Title VI Inovative Education	84.298	24150	7,971
Title II Improving Teacher Quality	84.367	24154	65,953
Title IV - Safe and Drug-Free Schools	84.186	24157	1,477
		24162	47,823
Reading First	84.357	24167	<u>119,228</u>
Subtotal Pass-Through Programs			<u>573,745</u>
Total U.S. Department of Education			<u>3,879,633</u>
Total Expenditures of Federal Awards			<u>\$ 4,268,949</u>

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

STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2005

1. Scope of audit pursuant to OMB Circular A-133

All federal grant operations of Dulce Independent School District No. 21 (the "School 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 (Revised May 2005 the "Compliance Supplement"). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal 2005 cash and non-cash expenditures to ensure coverage of at least 25% (low risk auditee) of federally granted funds. Actual coverage is approximately 83% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$4,268,949 and all non-cash expenditures amounted to \$11,789.

Major Federal Award Program Description	Fiscal 2005 <u>Expenditure</u>
Cash assistance:	
Impact Aid	\$ 2,912,651
Title I	331,293
USDA	300,502
Noncash assistance:	
USDA	<u>11,789</u>
Total	<u>\$ 3,556,235</u>

The School District's federal program Title I and USDA were considered high risk Type A program and the federal program Impact Aid was considered low risk Type A program for the 2005 audit.

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

2. Summary of significant accounting policies

Basis of presentation

The accompanying Schedule of Expenditure of Federal Awards includes all federal grants to the School District that had activity during the fiscal year ended June 30, 2005. This Statement has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the School District has met the qualifications for the respective grant.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the School District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

3. Audits performed by other entities

There were no other audits performed by other organizations on the School Districts federal grant programs in 2005.

**REQUIRED DISCLOSURE**

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STATE OF NEW MEXICO  
DULCE INDEPENDENT SCHOOL DISTRICT NO. 21  
REQUIRED DISCLOSURES  
Year Ended June 30, 2005

**REQUIRED DISCLOSURE**

The financial statements were prepared by the independent public accountants.

An exit conference was held November 14, 2005, during which the audit findings were discussed. The exit conference was attended by the following individuals:

**DULCE INDEPENDENT SCHOOL DISTRICT NO. 21**

David M. Montoya	Board President
Loren Cushman	Superintendent
Linda Hale	Assistant Superintendent
Judy Lynch	Business Manager
Beverly Martinez	Accounts Payable Clerk
Rhonda Stroup	Payroll Clerk
Mary Jane Maestas	Administrative Secretary

**KEYSTONE ACCOUNTING, LLC**

Terry Ogle, CPA	Partner
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