

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

TABLE OF CONTENTS

JUNE 30, 2006

	<u>Page</u>	<u>Exhibit</u>
OFFICIAL ROSTER		
INDEPENDENT AUDITORS' REPORT	1	
MANAGEMENT DISCUSSION AND ANALYSIS	3	
BASIC FINANCIAL STATEMENTS:	13	
Statement of Net Assets	14	A-1
Statement of Activities	15	B-1
Balance Sheet - Governmental Funds	16	C-1
Governmental Funds - General Fund Sub Funds	18	C-1a
Reconciliation of Governmental Funds to Balance Sheet to the Statement of Net Assets	21	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	22	C-3
Governmental Funds - General Fund Sub Funds	24	C-3a
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	26	C-4
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual		
General Fund	27	C-5
Food Services	28	C-6
ESEA Title I - Basic	29	C-7
Debt Service	30	C-8
Bond Building	31	C-9
FIDUCIARY FUND FINANCIAL STATEMENTS:	33	
Statement of Fiduciary Net Assets	35	E-1
Statement of Changes in Fiduciary Fund Net Assets	36	E-2
NOTES TO FINANCIAL STATEMENTS	37	
SUPPLEMENTARY INFORMATION:	67	
Non-Major Governmental Funds		
Combining Balance Sheet	68	H-1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80	H-2
Private Purpose Trust Funds		
Combining Statement of Net Assets	91	H-3
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	92	H-4

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

**TABLE OF CONTENTS
(Continued)**

BUDGET COMPARISONS:	93	
General Funds:	95	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	96	J-1 to J-3
Special Revenue Funds:	99	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	103	J-4 to J-52
Debt Service Funds:	153	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	154	J-53
Capital Projects Funds:	155	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	156	J-54 to J-60
Schedule of Changes in Agency Funds	163	K-1
FEDERAL AWARD SECTION:	165	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	167	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	169	
Schedule of Findings and Questioned Costs	171	
Schedule of Status of Prior Findings	184	
Corrective Action Plan	185	
Schedule of Expenditures of Federal Awards	193	
Notes on Accounting Policies for Federal Awards	195	
Exit Conference	196	

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

OFFICIAL ROSTER

JUNE 30, 2006

BOARD OF EDUCATION

<u>Name</u>	<u>Title</u>
Jennifer Viramontes	President
Craig Ford	Vice-President
Maria Saenz	Secretary
Manuela Huerta	Member
Daniel Castillo	Member

SCHOOL OFFICIALS

Cynthia Nava	Superintendent
Efren Yturralde	Associate Superintendent for Student Services
Steve W. Suggs	Associate Superintendent for Finance
Barbara Browder	Associate Superintendent for Human Resources
Richard Chavez	Associate Superintendent for Support Services
Yvonne Lozano	Associate Superintendent for Curriculum & Instruction

INDEPENDENT AUDITOR'S REPORT

Mr. Hector H. Balderas, State Auditor and
The Board of Education of
Gadsden Independent School District No. 16

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and major budgetary comparisons of Gadsden Independent School District No. 16 (the "District"), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also 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 and nonmajor budget comparison statements as of and for the year ended June 30, 2006, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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.

We were not able to obtain sufficient documentary evidence to substantiate the cash balance stated at \$15,611,263 as of 6/30/06. Similarly, we were not able to determine the validity of the Capital Asset balance, stated at \$ 121,524,646 in the Statement of Net Assets as of 6/30/06.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient documentary evidence to determine the cash balance and the Capital Asset balance, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, the aggregate remaining fund information, and major budgetary comparisons of Gadsden Independent School District No. 16, as of June 30, 2006, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity

governmental, and fiduciary funds and the respective changes in financial position and nonmajor budget comparison statements of Gadsden Independent School District No. 16, as of June 30, 2006, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2009 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis information on pages 3 to 12, is not 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 opinions on the financial statements that collectively comprise the District's basic financial statements and the combining and individual fund financial statements, and budgetary comparisons. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. We have also included the schedule of joint powers agreements and schedule of changes in net assets and liabilities for agency funds. This 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.

A handwritten signature in black ink, appearing to read "Charles R. Patterson, LLC". The signature is fluid and cursive, with the letters "C", "R", and "P" being particularly prominent.

El Paso, Texas
March 3, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

This page is left blank intentionally.

**State of New Mexico
Gadsden Independent School District No. 16**

Management's Discussion and Analysis

As management of the Gadsden Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2006 are as follows:

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$120,922,680 (net assets). Of this amount, \$105,103,020 is invested in capital assets, \$12,338,855 is restricted for capital and Federal and State program purposes and \$3,480,805 is unrestricted and may be used to meet District's ongoing obligations.
- The District's total net assets increased by \$545,678, which is reflected in the District's Statement of Activities.
- The District's liabilities decreased by \$783,004 in fiscal year 2006. This decrease is due to a decrease in long-term obligations.
- At June 30, 2006, the unreserved and undesignated fund balance for the general fund was (\$906,782), which reflects a decrease of \$1,625,950. This decrease is due to a trend of annual expenditures exceeding annual revenues. This three year trend was addressed during the 2005-06 budget development process when the Local Board of Education voted to implement a financial plan designed to re-build cash balances over a period of three years.
- The District's general obligation bond debt balance is \$25,800,000, which reflects a \$3,400,000 decrease due to net offset of retiring old bonds and issuing new debt. Voters authorized new bonds in the amount of \$38,000,000 in an election in February 2006, which allows the District to issue this debt over a four year period.

Basic Financial Statements

In general, the purpose of financial reporting is to provide external parties that read the financial statements with information that will help them to make decisions or draw conclusions about the reporting entity. There are many external parties that read and use the District's financial statements; however, these parties do not always have the same objectives. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader may understand the District's overall financial position. In accordance with required reporting requirements, the District presents (1) government-wide financial statements and (2) fund financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

State of New Mexico
Gadsden Independent School District No. 16

Both the *statement of net assets* and the *statement of activities* distinguish functions of the District that are primarily supported by property taxes and state revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the District include education, pupil transportation, food service and community service. The District does not have any business-type activities.

The *government-wide financial statements* can be found on pages 14-15 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Government Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available as the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. A reconciliation to facilitate the comparison of the governmental funds and governmental activities has been provided.

The District has six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the following funds:

- General Fund
- Food Services Fund
- ESEA Title I Fund
- Debt Service Fund
- Bond Building Fund
- Other Funds

The first five funds are considered major funds. Individual fund data for each of the funds included in the Other Funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-26 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary fund financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are not reported in the government-wide financial statements.

The fiduciary fund financial statements can be found on pages 35-36 of this report.

**State of New Mexico
Gadsden Independent School District No. 16**

Overview of the District's Financial Position and Operations

The District's overall financial position and operations for the current year are as follows:

Gadsden Independent School District's Net Assets

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Current and other assets	\$ 33,889,276	\$ 35,447,676
Capital Assets	<u>121,524,650</u>	<u>120,203,576</u>
Total Assets	<u>\$155,413,926</u>	<u>\$155,651,252</u>
Long-term liabilities	\$ 20,904,193	\$ 24,660,058
Other liabilities	<u>13,587,053</u>	<u>10,614,192</u>
Total Liabilities	<u>\$ 34,491,246</u>	<u>\$ 35,274,250</u>
Net assets:		
Invested in capital assets, net of debt	\$105,103,020	\$101,708,920
Restricted for:		
Debt Service	8,176,175	7,770,278
Federal & State Programs	4,162,680	3,973,810
Capital projects		
Other activities		
Designated for subsequent year		
Undesignated	<u>3,480,805</u>	<u>6,923,994</u>
Total Net Assets	<u>\$120,922,680</u>	<u>\$120,377,002</u>

As noted in the schedule on the previous page, 3% of the District's net assets are unrestricted in nature and can be used at the discretion of the District and to meet ongoing obligations to creditors and stakeholders. All other portions are restricted for the stated purpose. 87% of the District's net assets are invested in capital assets, net of related debt. This indicates that the accumulated depreciation along with the asset value exceed existing debt. Current and other assets decreased from 2005 to 2006 by \$1,558,400. This decrease was primarily due to a flattening of local and state funding generated from minimal growth in the District's student enrollment and slowing of the property valuation in the communities served by our District. The District was able to improve on investment practices and doubled the interest and investment earnings earned in the prior year. Capital Assets increased \$1,321,074 due to continued funding for construction projects in the District. The District continues to utilize local Bond Funds and State Appropriations to construct new schools and improve on other facilities. Total Liabilities decreased by \$783,004 primarily due to the Long-term debt associated with the capital funding related to capital.

Governmental activities increased the District's net assets by \$545,678. This improves the financial position of the District. Another important fact is the District's liquidity which is the ability to convert assets into cash to pay for obligations and commitments. Cash and cash equivalents and investments represent approximately 71% of the District's current assets.

State of New Mexico
Gadsden Independent School District No. 16

The following are major elements of the District's governmental activities contributing to the increase in the change in net assets.

Gadsden Independent School District's Changes in Net Assets

Governmental Activities	<u>2006</u>	<u>2005</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,123,380	\$ 1,227,771
Operating grants and contributions	21,221,198	22,707,203
General revenues:		
Local property taxes	\$ 9,324,679	8,586,413
Federal and state aid	92,509,084	92,262,954
Interest and investment earnings	429,634	235,043
Other	<u>604,267</u>	<u>1,159,141</u>
Total revenues	<u>\$125,212,242</u>	<u>\$126,178,525</u>
Expenses:		
Direct Instruction	\$ 61,805,264	\$ 57,645,108
Instructional Support	24,327,519	23,251,089
Administration	2,550,096	2,295,474
Business and support services	960,292	923,090
Operation and maintenance of plant	8,568,836	7,712,306
Food services	6,388,797	6,601,854
Athletics	1,159,236	991,156
Non-instructional support	960,203	1,313,553
Community service	516,974	803,620
Transportation	5,345,813	5,062,519
Capital outlay	11,652,721	19,220,396
Interest on long-term debt	999,047	1,021,380
Principal on long-term debt	6,600,000	6,272,393
Debt issuance costs		<u>63,993</u>
Total expenses	<u>\$131,834,798</u>	<u>\$133,177,931</u>
Excess (Deficiency) of Revenues Over & Under) Expenditures	\$ (6,622,556)	\$ (6,999,406)
Other Financing Sources (Uses):		
Capital-related Debt Issued (Regular Bonds)	\$ 3,200,000	\$ 9,575,000
Sale of Real and Personal Property		60
Premium or Discount on Issuance of Bonds		78,443
Transfers In	27,000	
Transfers Out (Use)	<u>(27,000)</u>	
Total Other Financing Sources (Uses)	<u>\$ 3,200,000</u>	<u>\$ 9,653,503</u>
Net Change in Fund Balances	\$ (3,422,556)	\$ 2,654,097

**State of New Mexico
Gadsden Independent School District No. 16**

Beginning Fund Balance – July 1	29,613,277	26,964,288
Prior Period Adjustment	(3,523)	(5,108)
Ending Fund Balance – June 30	<u>& 26,187,198</u>	<u>\$ 29,613,277</u>

As noted on above, the District is heavily dependent on federal and state aid which comprises 74% of its total revenues. Correspondingly, it spends almost 65% of total expenditures on direct instruction and instructional support, the two primary functions that indicate direct school spending. Revenues from local sources remained relatively stable. An increase of \$738,266 was the result of increased property tax revenues. Federal and State grants and contributions sources were relatively stable compared to amounts received in 2006, an increase of \$246,130 over 2005. Due to the economic factors of the communities we serve, the District qualifies for substantial Federal assistance. The ability to obtain Capital Funding from the State is directly related to the student growth the district is experiencing.

The other major funds noted similar variances when comparing 2005 to 2006. The Debt Service Fund has decreased as a direct result of paying down long term debt. The Food Service Fund has maintained its stable operations and noted a fund increase over the prior year. The Title I Fund is a federal grant and is expended as authorized by the funding agency. The Bond Building Fund is decreasing due to completion of various construction projects.

General Fund Budgetary Highlights

Budget to actual comparison schedules are presented for all major funds on pages 27-31. In addition, budget to actual comparison schedules are presented for each individual fund in the supplementary information section of this report. These schedules are prepared on a cash basis which is the format allowed by the District's oversight agency, the New Mexico Public Education Department.

The original expenditure budget for the District's general fund was increased by \$1,813,709 due to additional state funding during the year. The final expenditure budget was \$92,299,007, of which \$90,506,885 was expended in the current year. Of the almost \$90.1 million revenue budget, 99% of the budget was received during the year.

The District continues to maintain a strong financial position in the debt service fund.

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets as of June 30, 2006 is \$121,524,650. These assets include land and land improvements, building and building improvements, equipment and furniture, vehicles, and construction in progress. Construction in progress consisted of major construction projects currently underway in the District such as construction of new schools in the communities of Chaparral and the remodel / addition projects throughout the District. Assets increased approximately 3% from prior year due to the construction at these schools and the completion of the Pre-Kinder Center in the community of Santa Teresa.

Depreciation calculated during 2005 and 2006 as a result of GASB 34 implementation resulted in a balance of \$50,173,077, of which \$6,331,227 is for depreciation in the current year. Additional information of the District's capital assets is presented in Note 4 of the financial statements.

**State of New Mexico
Gadsden Independent School District No. 16**

Long-term obligations

At the end of the current year, the district had \$27,890,229 in long-term debt related to governmental activities. Of this debt, \$27,375,000 was related to general obligation bonds and educational technology notes outstanding at year end. The debt position of the District is summarized below and is more fully analyzed in Note 4 of the financial statements.

	Balance 7/01/05	Additions	Deletions	Balance 6/30/06	Amts Due In One Yr
Governmental Activities:					
Compensated Absences	\$ 645,147	\$ 114,235	\$ 389,671	\$ 369,711	\$ 145,518
Lease Revenue Bonds	1,575,000	-	-	1,575,000	575,000
School Bldg. Bonds	29,200,000	3,200,000	6,600,000	25,800,000	6,120,000
Total	<u>\$31,420,147</u>	<u>\$3,314,235</u>	<u>\$6,989,671</u>	<u>\$27,744,711</u>	<u>\$6,840,518</u>

The District issued General Obligation Bonds in the amount of \$3,200,000 for a total of \$3,200,000 in new debt. On August 15, 2005, the District reduced the debt principal by \$6,600,000 in accordance with scheduled bond payments.

Overall, the District decreased its debt balances by \$3,529,918, which was due to the issuance of new bonds and increased compensated absences and then offset by the scheduled debt payment activity described above.

The most recent issuances by the District have received the following credit ratings:

- The \$8,770,000 bonds issued in October 2002 received a Moody's rating of Aaa, and an A3 Underlying rating.
- The \$9,800,000 bonds issued in September 2003 received an upgraded Moody's rating of Enhanced Aa2 and an A3 underlying rating. The upgrade in rating is partly due to recent legislative action that guarantees payment to the bond holders in the event of default by the District.
- The \$8,000,000 bonds issued in September 2004 received a Moody's rating of Aa2.
- The \$3,200,000 bonds issued in August 2005 received a Moody's rating of Enhanced Aa2 and an A3 underlying rating.

Relevant Current Economic Factors, Decisions and Conditions

As in prior years, the District continues to experience growth in student population, which has an effect on the amount of state revenues as well as on future construction needs. Since the District, like all other New Mexico school districts, is funded on a prior year funding formula, (i.e. the student population from this year will determine the amount of funding received in the following year), it must maintain tight budgetary controls in order to meet current year needs with last year's funding. The District's primary general source of revenues is derived from the formula. The District anticipates that the student population will continue to grow at least 2% per year, which translates to approximately 284 students.

**State of New Mexico
Gadsden Independent School District No. 16**

Due to this growth, primarily in the southern and Chaparral areas of the District, the need exists to continue to add new schools and/or construct major additions to its existing schools. The District was appropriated \$22 million for the new high school in the community of Chaparral and to complete the construction of the new elementary school in the community of Vado. In 2005, \$11.3 million was appropriated for the renovation, upgrade and expansion of Gadsden Middle School in the community of Anthony.

With respect to property taxes, the District's tax rate has remained stable over the last few years due to the bond program implemented by the District. As old debt is retired, new debt is issued, thereby maintaining a non-residential rate of approximately \$14.4 per \$1,000 assessed valuation. In February 2003 new bonds in the amount of \$21 million were approved by voters, as well as a \$2.00 mill levy for capital improvements. In August 2003, \$9.8 million of these bonds were sold, in August 2004, an additional \$8 million bonds were sold and the balance of this authorization, \$3.2 million were sold in August 2005. Continuing construction needs due to increased student population as well as aging of facilities requires funding from taxpayers as well as continued support through direct legislative appropriations.

In February 2006 new bonds in the amount of \$38,000,000 were approved by voters, as well as the continuation of the \$2.00 mill levy for capital improvements. This debt authorization will be sold over a four year period from 2006 to 2009.

Request for Information

This financial report is designed to provide various interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or require additional information, contact the District's Finance Department as follows:

Steven W. Suggs, CPA
Associate Superintendent for Finance
(505) 882-6243
ssuggs@qisd.k12.nm.us

Physical Address:
4950 McNutt
Sunland Park, NM 88063

Mailing Address:
P. O. Drawer 70
Anthony, NM 88021

This page is left blank intentionally.

BASIC FINANCIAL STATEMENTS

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
STATEMENT OF NET ASSETS
JUNE 30, 2006

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 15,611,263
Investments - Current	8,290,959
Receivables (net of allowance for uncollectibles)	9,060,398
Due From External Parties	36,953
Inventories	712,123
Unused Textbook Credit	435,100
Capitalized Debt Issuance Costs	100,680
Discount or (Premium) on Issuance of Debt	(341,166)
Restricted Assets:	
Temporarily Restricted:	
Restricted Cash	(17,034)
Capital Assets:	
Land	2,466,374
Buildings, net	94,733,037
Improvements other than Buildings, net	3,973,130
Machinery and Equipment, net	2,611,196
Construction in Progress	17,740,913
Total Assets	155,413,926
LIABILITIES	
Accounts Payable and other current liabilities	6,248,157
Accrued Interest Payable	316,120
Deferred Revenues	182,258
Noncurrent Liabilities	
Due Within One Year	6,840,518
Due in More Than One Year	20,904,193
Total Liabilities	34,491,246
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	105,103,020
Restricted for:	
Restricted for Debt Service	8,176,175
Restricted for Federal and State Programs	4,162,680
Unrestricted Net Assets	3,480,805
Total Net Assets	\$ 120,922,680

The notes to the Financial Statements are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT B-1

Net (Expense)
Revenue and
Changes in Net
Assets

	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Direct Instruction	\$ 62,984,254	\$ 75,399	\$ 7,284,029	\$ (55,624,826)
Instructional Support	26,090,995	502,701	6,167,482	(19,420,812)
Administration	2,641,821	-	726,362	(1,915,459)
Business Support Services	1,086,176	-	4,109	(1,082,067)
Operational Maintenance of Plant	8,632,619	-	11,256	(8,621,363)
Athletics	1,258,534	102,111	-	(1,156,423)
Non-instructional Student Support	1,060,969	125,675	-	(935,294)
Transportation	5,564,767	-	181,478	(5,383,289)
Corrections	485	-	-	(485)
Community Services	516,974	67,076	362,956	(86,942)
Food Services	8,301,375	250,418	6,483,526	(1,567,431)
Bond Interest	880,291	-	-	(880,291)
Issuance Costs	19,001	-	-	(19,001)
Capital Outlay	617,083	-	-	(617,083)
TOTAL PRIMARY GOVERNMENT:	\$ 119,655,344	\$ 1,123,380	\$ 21,221,198	(97,310,766)

General Revenues:

Taxes:		
Property Taxes, Levied for General Purposes		(354,217)
Property Taxes, Levied for Debt Service		7,973,763
Property Taxes, Levied for Capital Projects		1,091,408
Grants and Contributions Not Restricted		92,656,558
Miscellaneous Revenue		456,793
Investment Earnings		429,634
Total General Revenues		102,253,939
Change in Net Assets		4,943,173
Net Assets--Beginning		120,377,002
Prior Period Adjustment		(4,397,495)
Net Assets--Ending		\$ 120,922,680

The notes to the Financial Statements are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General Fund	Food Services	ESEA Title I Part A
ASSETS			
Cash and Cash Equivalents	\$ 3,179,614	\$ 2,311,868	\$ 1,441,691
Investments - Current	-	1,311,545	-
Taxes Receivable	39,410	-	-
Allowance for Uncollectible Taxes (credit)	(11,035)	-	-
Receivables	2,738	-	-
Intergovernmental Receivables	-	-	-
Due from Other Funds	1,630,734	887	37,217
Inventories	386,571	325,552	-
Unused Textbook Credit	435,100	-	-
Restricted Assets:			
Restricted Assets-Amounts held in Trust	(17,034)	-	-
Total Assets	<u>\$ 5,646,098</u>	<u>\$ 3,949,852</u>	<u>\$ 1,478,908</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 907,791	\$ 88,361	\$ 56,638
Wages and Salaries Payable	4,052,924	155,747	233,312
Contracts Payable	3,279	61	1,112
Due to Other Funds	288,607	-	601,038
Deferred Revenues	23,129	-	586,808
Total Liabilities	<u>5,275,730</u>	<u>244,169</u>	<u>1,478,908</u>
Fund Balances:			
Reserved For:			
Debt Service	-	-	-
Capital Acquisition	-	-	-
Inventories	386,571	-	-
Encumbrances	890,579	226,293	295,604
Special Revenue Funds	-	3,479,390	(295,604)
Unreserved and Undesignated:			
Reported in the General Fund	(906,782)	-	-
Total Fund Balances	<u>370,368</u>	<u>3,705,683</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 5,646,098</u>	<u>\$ 3,949,852</u>	<u>\$ 1,478,908</u>

The notes to the Financial Statements are an integral part of this statement.

Debt Service Fund	Bond Building Fund	Other Funds	Total Governmental Funds
\$ 7,169,763	\$ 3,726,211	\$ (2,217,884)	\$ 15,611,263
-	6,682,833	296,581	8,290,959
1,466,589	-	268,866	1,774,865
(410,645)	-	(75,283)	(496,963)
113,833	-	23,412	139,983
-	-	7,642,513	7,642,513
80,991	75,562	177,915	2,003,306
-	-	-	712,123
-	-	-	435,100
-	-	-	(17,034)
<u>\$ 8,420,531</u>	<u>\$ 10,484,606</u>	<u>\$ 6,116,120</u>	<u>\$ 36,096,115</u>
\$ -	\$ 93,653	\$ 394,244	\$ 1,540,687
-	-	260,802	4,702,785
-	-	135	4,587
-	80,991	995,717	1,966,353
817,290	-	267,278	1,694,505
<u>817,290</u>	<u>174,644</u>	<u>1,918,176</u>	<u>\$ 9,908,917</u>
7,603,241	-	572,934	8,176,175
-	9,638,621	1,871,355	11,509,976
-	-	-	386,571
-	671,341	1,100,313	3,184,130
-	-	653,342	3,837,128
-	-	-	(906,782)
<u>7,603,241</u>	<u>10,309,962</u>	<u>4,197,944</u>	<u>\$ 26,187,198</u>
<u>\$ 8,420,531</u>	<u>\$ 10,484,606</u>	<u>\$ 6,116,120</u>	<u>\$ 36,096,115</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
BALANCE SHEET
GOVERNMENTAL FUNDS - GENERAL FUND SUB FUNDS
JUNE 30, 2006

	Operational Fund	Transportation Fund
ASSETS		
Cash and Cash Equivalents	\$ 2,689,251	\$ 20,540
Investments - Current	-	-
Taxes Receivable	39,410	-
Allowance for Uncollectible Taxes (credit)	(11,035)	-
Receivables	2,738	-
Intergovernmental Receivables	-	-
Due from Other Funds	1,485,052	-
Inventories	386,571	-
Unused Textbook Credit	-	-
Restricted Assets - Amounts held in Trust	(17,034)	-
Total Assets	\$ 4,574,953	\$ 20,540
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable	112,360	-
Wages and Salaries Payable	4,050,114	2,810
Contracts Payable	3,279	-
Due to Other Funds	285,269	-
Deferred Revenues	23,129	-
Total Liabilities	4,474,151	2,810
Fund Balances:		
Reserved For:		
Inventories	386,571	-
Encumbrances	303,760	-
Unreserved and Undesignated: Reported in the General Fund	(589,529)	17,730
Total Fund Balances	100,802	17,730
Total Liabilities and Fund Balances	\$ 4,574,953	\$ 20,540

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
BALANCE SHEET
GOVERNMENTAL FUNDS - GENERAL FUND SUB FUNDS
JUNE 30, 2006

Instructional Materials Fund	Payables Clearing Fund	Payroll Clearing Fund	Total General Fund
\$ 457,975	\$ 11,848	\$ -	\$ 3,179,614
-	-	-	-
-	-	-	39,410
-	-	-	(11,035)
-	-	-	2,738
-	-	-	-
142,344	-	3,338	1,630,734
-	-	-	386,571
435,100	-	-	435,100
-	-	-	(17,034)
<u>\$ 1,035,419</u>	<u>\$ 11,848</u>	<u>\$ 3,338</u>	<u>\$ 5,646,098</u>
795,431	-	-	907,791
-	-	-	4,052,924
-	-	-	3,279
-	-	3,338	288,607
-	-	-	23,129
<u>795,431</u>	<u>-</u>	<u>3,338</u>	<u>5,275,730</u>
-	-	-	386,571
586,819	-	-	890,579
<u>(346,831)</u>	<u>11,848</u>	<u>-</u>	<u>(906,782)</u>
<u>239,988</u>	<u>11,848</u>	<u>-</u>	<u>370,368</u>
<u>\$ 1,035,419</u>	<u>\$ 11,848</u>	<u>\$ 3,338</u>	<u>\$ 5,646,098</u>

This page left blank intentionally.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2006

Total Fund Balances - Governmental Funds	\$	26,187,198
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		121,524,650
Long term liabilities, including bonds payable, notes payable, capital leases payable and compensated absences, are not included in the current period and therefore are not reported in the funds.		(27,744,711)
In order to convert full accrual basis of accounting, it is necessary to recognize deferred revenue as revenue.		1,512,149
Interest on long-term debt is not recognized in the governmental funds and therefore an adjustment is needed to convert to the full accrual basis of accounting.		(316,120)
Debt issuance costs and discounts/premiums on issuance of debt are not financial resources and therefore are not reported in governmental funds. In 2006, capitalized issuance costs \$100,680 totaled and total premiums related to issuance of debt totaled (341,166).		(240,486)
Net Assets of Governmental Activities	\$	120,922,680

The notes to the Financial Statements are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General Fund	Food Services	ESEA Title I Part A
REVENUES:			
Taxes:			
Property Taxes	\$ 205,956	\$ -	\$ -
Intergovernmental Revenue and Grants	89,249,789	6,405,817	6,311,588
Charges for Services	83,776	250,241	-
Investment Earnings	62,599	41,938	-
Rents and Royalties	4,516	-	-
Contributions & Donations from Private Sources	58,384	-	-
Other Revenue	311,481	-	-
Total Revenues	89,976,501	6,697,996	6,311,588
EXPENDITURES:			
Current:			
General Government:			
Direct Instruction	54,566,756	-	3,774,655
Instructional Support	18,289,454	-	2,019,121
Administration	2,114,233	-	187,165
Business Support Services	956,183	-	-
Operational Maintenance of Plant	8,525,789	-	23,047
Athletics	1,108,651	-	-
Non-instructional Student Support	244,778	-	-
Transportation	5,224,692	-	121,121
Public Safety:			
Operational Maintenance of Plant	-	-	485
Conservation and Development:			
Community Services	103,595	-	185,994
Food Services	-	6,353,074	-
Debt Service:			
Bond Principal	-	-	-
Bond Interest	-	-	-
Capital Outlay:			
Capital Outlay	-	-	-
Total Expenditures	91,134,131	6,353,074	6,311,588
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,157,630)	344,922	-
OTHER FINANCING SOURCES (USES):			
Capital-related Debt Issued (Regular Bonds)	-	-	-
Transfers In	-	-	-
Transfers Out (Use)	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(1,157,630)	344,922	-
Fund Balance - July 1 (Beginning)	1,531,521	3,360,761	-
Prior Period Adjustment	(3,523)	-	-
Fund Balance - June 30 (Ending)	\$ 370,368	\$ 3,705,683	\$ -

The notes to the Financial Statements are an integral part of this statement.

Debt Service Fund	Bond Building Fund	Other Funds	Total Governmental Funds
\$ 7,407,160	\$ -	\$ 1,711,563	\$ 9,324,679
-	-	11,763,089	113,730,283
-	-	784,846	1,118,863
64,467	219,644	40,986	429,634
-	-	-	4,516
-	-	89,089	147,473
-	145,313	-	456,794
<u>7,471,627</u>	<u>364,957</u>	<u>14,389,573</u>	<u>125,212,242</u>
-	-	3,463,853	61,805,264
-	-	4,018,944	24,327,519
73,404	-	175,296	2,550,098
-	-	4,109	960,292
-	-	19,513	8,568,349
-	-	50,585	1,159,236
-	-	715,425	960,203
-	-	-	5,345,813
-	-	-	485
-	-	227,385	516,974
-	-	35,723	6,388,797
6,600,000	-	-	6,600,000
965,260	-	33,787	999,047
-	6,264,044	5,388,677	11,652,721
<u>7,638,664</u>	<u>6,264,044</u>	<u>14,133,297</u>	<u>131,834,798</u>
<u>(167,037)</u>	<u>(5,899,087)</u>	<u>256,276</u>	<u>(6,622,556)</u>
-	3,200,000	-	3,200,000
-	-	27,000	27,000
-	-	(27,000)	(27,000)
-	3,200,000	-	3,200,000
<u>(167,037)</u>	<u>(2,699,087)</u>	<u>256,276</u>	<u>(3,422,556)</u>
7,770,278	13,009,049	3,941,668	29,613,277
-	-	-	(3,523)
<u>\$ 7,603,241</u>	<u>\$ 10,309,962</u>	<u>\$ 4,197,944</u>	<u>\$ 26,187,198</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS - GENERAL FUND SUB FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	Operational Fund	Transportation Fund
REVENUES:		
Taxes:		
Property Taxes	\$ 205,956	\$ -
Intergovernmental Revenue and Grants	82,746,936	5,235,058
Charges for Services	83,776	-
Investment Earnings	62,599	-
Rents and Royalties	4,516	-
Contributions & Donations from Private Sources	58,384	-
Other Revenue	305,083	-
	<u>83,467,250</u>	<u>5,235,058</u>
Total Revenues		
EXPENDITURES:		
Current:		
Direct Instruction	53,235,132	-
Instructional Support	18,203,574	-
Administration	2,114,256	-
Business Support Services	956,183	-
Operational Maintenance of Plant	8,525,789	-
Athletics	1,108,651	-
Non-instructional Student Support	244,778	-
Transportation Services	-	5,224,692
Community Services	103,595	-
Food Services	-	-
Capital Outlay	-	-
	<u>84,491,958</u>	<u>5,224,692</u>
Total Expenditures		
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,024,708)</u>	<u>10,366</u>
OTHER FINANCING SOURCES (USES):		
Sale of Real and Personal Property	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,024,708)	10,366
Fund Balance - July 1 (Beginning)	1,125,510	7,364
Prior Period Adjustment	<u>-</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ 100,802</u>	<u>\$ 17,730</u>

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS - GENERAL FUND SUB FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

Instructional Materials Fund	Payables Clearing Fund	Payroll Clearing Fund	Total General Fund
\$ -	\$ -	\$ -	\$ 205,956
1,267,795	-	-	89,249,789
-	-	-	83,776
-	-	-	62,599
-	-	-	4,516
-	-	-	58,384
-	6,398	-	311,481
1,267,795	6,398	-	89,976,501
1,331,624	-	-	54,566,756
85,880	-	-	18,289,454
-	-	(23)	2,114,233
-	-	-	956,183
-	-	-	8,525,789
-	-	-	1,108,651
-	-	-	244,778
-	-	-	5,224,692
-	-	-	103,595
-	-	-	-
1,417,504	-	(23)	91,134,131
(149,709)	6,398	23	(1,157,630)
-	-	-	-
-	-	-	-
(149,709)	6,398	23	(1,157,630)
389,697	8,973	(23)	1,531,521
-	(3,523)	-	(3,523)
\$ 239,988	\$ 11,848	\$ -	\$ 370,368

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006

Total Net Change in Fund Balances - Governmental Funds	\$	3,422,556
 Current year capital outlays net of deletions were \$5,811,926 and long-term principal payments totaled \$4,116,851. The change in compensated absences caused a increase of 275,436. Furthermore, capital related debt issued totaled \$(3,200,000) and other amounts related to amortization of premium and bond issue costs increased net assets by . In addition, the change in interest from the prior year caused an increase of \$66,094 . These amounts are expenditures or other resources in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term det and revenues in the government-wide financial statements. The net effect of removing the 2006 capital outlays, debt principal payments and other resources is to increase net assets.		7,238,119
 Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(6,331,227)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include adjusting current year revenue to show the revenue earned from the current year's tax levy, which totaled \$9,324,679. The net effect of this reclassification and recognition is to increase net assets.		613,725
 Change in Net Assets of Governmental Activities	\$	4,943,173

The notes to the Financial Statements are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT C-5

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Taxes:				
Property Taxes	\$ 187,957	\$ 187,957	\$ 205,837	\$ 17,880
Intergovernmental Revenue and Grants	87,841,458	89,620,167	89,249,789	(370,378)
Charges for Services	115,000	115,000	83,776	(31,224)
Investment Earnings	55,000	55,000	62,599	7,599
Rents and Royalties	16,000	16,000	4,516	(11,484)
Contributions & Donations from Private Sources	-	35,000	58,384	23,384
Other Revenue	50,000	50,000	313,205	263,205
Total Revenues	<u>88,265,415</u>	<u>90,079,124</u>	<u>89,978,106</u>	<u>(101,018)</u>
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	53,629,815	54,460,962	53,940,391	520,571
Instructional Support	18,438,228	18,635,377	18,291,963	343,414
Administration	2,304,511	2,311,505	2,126,867	184,638
Business Support Services	1,105,781	1,108,781	960,287	148,494
Operational Maintenance of Plant	8,603,152	8,928,953	8,520,607	408,346
Athletics	1,125,263	1,110,263	1,092,586	17,677
Non-instructional Student Support	149,754	338,681	245,857	92,824
Transportation	5,015,367	5,235,058	5,224,732	10,326
Conservation and Development:				
Community Services	113,427	143,427	103,595	39,832
Capital Outlay:				
Capital Outlay	-	26,000	-	26,000
Total Expenditures	<u>90,485,298</u>	<u>92,299,007</u>	<u>90,506,885</u>	<u>1,792,122</u>
Change in Fund Balance	(2,219,883)	(2,219,883)	(528,779)	1,691,104
Fund Balance - July 1 (Beginning)	-	980,807	980,807	-
Fund Balance - June 30 (Ending)	<u>\$ (2,219,883)</u>	<u>\$ (1,239,076)</u>	<u>\$ 452,028</u>	<u>\$ 1,691,104</u>

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - FOOD SERVICES
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT C-6

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 4,940,000	\$ 4,940,000	\$ 6,222,511	\$ 1,282,511
Charges for Services	195,000	195,000	250,241	55,241
Investment Earnings	30,000	30,000	41,938	11,938
Total Revenues	5,165,000	5,165,000	6,514,690	1,349,690
EXPENDITURES:				
Current:				
Conservation and Development:				
Food Services	7,426,666	7,426,666	6,260,060	1,166,606
Total Expenditures	7,426,666	7,426,666	6,260,060	1,166,606
Change in Fund Balance	(2,261,666)	(2,261,666)	254,630	2,516,296
Fund Balance - July 1 (Beginning)	-	3,213,861	3,213,861	-
Fund Balance - June 30 (Ending)	\$ (2,261,666)	\$ 952,195	\$ 3,468,491	\$ 2,516,296

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ESEA TITLE I - BASIC
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT C-7

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 6,831,281	\$ 8,745,032	\$ 6,438,962	\$ (2,306,070)
Total Revenues	6,831,281	8,745,032	6,438,962	(2,306,070)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	3,583,017	5,466,448	4,270,074	1,196,374
Instructional Support	2,188,664	2,341,643	2,035,677	305,966
Administration	183,184	233,327	187,165	46,162
Operational Maintenance of Plant	50,088	51,055	21,080	29,975
Transportation	225,000	155,021	121,121	33,900
Conservation and Development:				
Community Services	601,328	497,538	186,937	310,601
Total Expenditures	6,831,281	8,745,032	6,822,054	1,922,978
Change in Fund Balance	-	-	(383,092)	(383,092)
Fund Balance - July 1 (Beginning)	-	1,032,832	1,032,832	-
Fund Balance - June 30 (Ending)	\$ -	\$ 1,032,832	\$ 649,740	\$ (383,092)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT C-8

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Taxes:				
Property Taxes	\$ 7,519,250	\$ 7,519,250	\$ 7,391,790	\$ (127,460)
Investment Earnings	-	-	64,467	64,467
Total Revenues	7,519,250	7,519,250	7,456,257	(62,993)
EXPENDITURES:				
Current:				
General Government:				
Administration	73,450	73,450	73,404	46
Debt Service:				
Bond Principal	6,600,000	6,600,000	6,600,000	-
Bond Interest	919,250	919,250	965,260	(46,010)
Fiscal Agent's Fees	6,115,715	6,115,715	-	6,115,715
Total Expenditures	13,708,415	13,708,415	7,638,664	6,069,751
Change in Fund Balance	(6,189,165)	(6,189,165)	(182,407)	6,006,758
Fund Balance - July 1 (Beginning)	-	7,433,161	7,433,161	-
Fund Balance - June 30 (Ending)	\$ (6,189,165)	\$ 1,243,996	\$ 7,250,754	\$ 6,006,758

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BOND BUILDING
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT C-9

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Investment Earnings	\$ 109,676	\$ 109,676	\$ 219,644	\$ 109,968
Other Revenue	-	-	145,313	145,313
Total Revenues	<u>109,676</u>	<u>109,676</u>	<u>364,957</u>	<u>255,281</u>
EXPENDITURES:				
Current:				
Capital Outlay:				
Capital Outlay	12,565,481	12,565,481	7,100,292	5,465,189
Total Expenditures	<u>12,565,481</u>	<u>12,565,481</u>	<u>7,100,292</u>	<u>5,465,189</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,455,805)</u>	<u>(12,455,805)</u>	<u>(6,735,335)</u>	<u>5,720,470</u>
OTHER FINANCING SOURCES (USES):				
Capital-related Debt Issued (Regular Bonds)	3,200,000	3,200,000	3,200,000	-
Total Other Financing Sources (Uses)	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,200,000</u>	<u>-</u>
Change in Fund Balance	(9,255,805)	(9,255,805)	(3,535,335)	5,720,470
Fund Balance - July 1 (Beginning)	-	13,938,951	13,938,951	-
Fund Balance - June 30 (Ending)	<u>\$ (9,255,805)</u>	<u>\$ 4,683,146</u>	<u>\$ 10,403,616</u>	<u>\$ 5,720,470</u>

The accompanying notes are an integral part of this statement.

This page is left blank intentionally.

FIDUCIARY FUND FINANCIAL STATEMENTS

This page is left blank intentionally.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 39,772	\$ -
Cash with Fiscal Agent	-	380,621
Investments - Current	16,177	-
Total Assets	<u>55,949</u>	<u>\$ 380,621</u>
LIABILITIES		
Accounts Payable	-	\$ 331,993
Wages and Salaries Payable	-	422
Due to Other Funds	-	36,953
Due to Others	-	11,253
Total Liabilities	<u>-</u>	<u>\$ 380,621</u>
NET ASSETS		
Unrestricted Net Assets	<u>55,949</u>	
Total Net Assets	<u>\$ 55,949</u>	

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Private Purpose Trust Funds
ADDITIONS:	
Investment Earnings	\$ 1,555
Contributions & Donations from Private	8,551
Total Additions	<u>10,106</u>
DEDUCTIONS:	
Other Operating Expenses	2,550
Total Deductions	<u>2,550</u>
Change in Net Assets	7,556
Total Net Assets - July 1 (Beginning)	<u>48,393</u>
Total Net Assets - June 30 (Ending)	<u><u>\$ 55,949</u></u>

The notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gadsden Independent School District No. 16 (the "District") is a public educational agency operating under the applicable laws and regulations of the State of New Mexico. It is governed by a five member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of contracts and grants of agencies from which it receives funds. In addition, the District follows the State of New Mexico Public Education Department guidelines related to financial reporting presentation. The PED modifies the reporting of functional expenditure categories from time to time.

A. Reporting Entity

Because the Board of Trustees (the "Board") is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity."

The decisions to include or exclude a potential component unit in the reporting entity were made by applying standards contained in GAAP. The most primary standard for including or excluding a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most crucial manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but certainly are not limited to, the selection of the governing authority, the designation of management, the ability to materially influence operations and accountability include, but certainly are not limited to, the selection of the governing authority, the designation of management, the ability to materially influence operations and accountability for fiscal matters. The second standard used to evaluate potential component units is the scope of public services. Application of this standard entails considering whether the activity benefits the District, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. The third standard involved in evaluating whether potential component units are included or excluded from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The above standards were applied to the Gadsden Foundation, Inc. (Foundation), and the District determined that the entity is a component unit of the District.

Gadsden Foundation, Inc. (Foundation)

The Foundation is governed by a fifteen member board composed of the Superintendent of the District, eleven members appointed, and four officers. The balances included in these financial statements related to the Foundation are as of June 30, 2006, and are presented as a blended private purpose trust fund.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by charges to school districts for services, State funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues. In addition, under the full accrual method, property taxes are recognized when the taxes are levied.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet. All interfund transactions between governmental funds and between governmental and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds as major and reports their financial condition and results of operations in a separate column.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Revenues from local sources consist primarily of services provided to districts and teachers and property taxes. Revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the District to refund all or part of the unused amount.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The District reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The subfunds of the general fund are the Operational Fund, Transportation Fund, Instructional Materials Fund, Payables Clearing Fund and Payroll Clearing Fund..

Food Services Fund - The Food Services Fund is a special revenue fund used to account for income from meal sales, State/Federal reimbursements and to make cash disbursements for activities dealing with preparation and serving of meals. (P.L. 100-435).

ESEA Title I Fund - The ESEA Title I Fund is a special revenue fund used to account for Federal revenues administered by the State Department of Education to provide assistance to educationally deprived students in low income areas of the District. (P.L. 100-297).

Debt Service Fund - The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long term general obligation debt of governmental funds

Bond Building Fund - The Bond Building Fund is a capital projects fund used to account for bond proceeds. Resources are used for the purpose of erecting, remodeling, making additions to, or furnishing public school buildings and purchasing or improving public school grounds.

The District reports no major enterprise fund.

Additionally, the District reports the following fund types:

GOVERNMENTAL FUNDS:

1. Special Revenue Funds - These funds account for resources restricted to, or designated for, specific purposes by a grantor. Most Federal and State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances are returned to the grantor at the close of specified project periods.
2. Debt Service Funds - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

FIDUCIARY FUNDS:

4. Private Purpose Trust Funds - Used to account for assets held and administered by the District where the District is acting in a fiduciary capacity for individuals, private organizations, or other governments. The District currently maintains two such funds as follows:

Private Purpose Trust Fund - To account for monies bequeathed by a former teacher, Machree Causey, to provide for a scholarship each year to a graduating senior from Gadsden High School who has shown an interest in business subjects. This fund also accounts for monies bequeathed by Mr. Jim O'Toole to provide for scholarships to students from Santa Teresa High School and Gadsden High School to be given based on recommendations by School Administrators. The principal amounts are to be maintained intact and invested. Investment earnings are to be used for the scholarships.

Gadsden Foundation, Inc - A blended component unit used to account for donations and charitable contributions received for the purpose of providing scholarships to eligible graduates of the District.

5. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. Assets equal liabilities, and this fund does not include measurements or results of operations. The District's Agency Funds are the Student Activity account and the Cafeteria Plan.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Other Accounting Policies

1. The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. Inventories of supplies on the balance sheet are recorded at cost using the first-in, first-out method and they include consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the New Mexico Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the New Mexico Department of Human Services and recorded as expenditures when requisitioned, and revenue is recognized for an equal amount.
3. 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 are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
4. In the fund financial statements, governmental fund types recognized 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 issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.
5. 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. Estimates in these financial statements include the District's estimate of useful lives for determining accumulated depreciation and depreciation expense, an estimate of accrued interest and an estimate on property taxes receivable.
6. It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

(Continued)

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Capital assets, which include land, buildings, furniture and equipment and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Site improvements (paving, flagpoles, retaining walls, sidewalks, fencing, outdoor lights)	20 years
School buildings and portable buildings	50 years
HVAC systems, roofing, interior construction, including heating, ventilation and air conditioning systems, and fire suppression systems; and electrical/plumbing	20 years
Equipment/radio towers, including playground, fuel tanks, pumps	20 years
Licensed and activity vehicles	10 to 20 years
Buses	10 to 20 years
Contractors equipment (major off-road vehicles, front-end loaders, large tractors, mobile air compressors)	10 years
Furniture and equipment (including computers and software)	5 to 20 years

8. 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.
9. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
10. The District receives substantial amounts of funding from special revenue sources. The majority of this money is advanced to the District by the federal government or the Public Education Department. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as an expenditure in the Special Revenue Fund, as required by the Public Education Department.

(Continued)

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. The Public Education Department receives federal minerals leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, seventy percent is restricted to the purchase of material listed in the State Board of Education "State Adopted Instructional Material" list, while thirty percent of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the seventy percent account for purchase of material from the adopted list. The Districts receive an allotment for the year and all cash is received and carried over from year to year.
12. 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 8-25, 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 \$82,282,476 in state equalization guarantee distributions during the year ended June 30, 2006.

13. School districts in the State of New Mexico receive student transportation distributions. The transportation 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 \$5,235,058 in transportation distributions during the year ended June 30, 2006.
14. The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$929,774 in state SB-9 matching during the year ended June 30, 2006.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

15. Under the provisions of Chapter 22, Article 24 a public school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms.

The council shall approve an application for grant assistance from the fund when the council determines that:

- a. A critical need exists requiring action;
- b. The residents of the school district have provided all available resources to the district to meet its capital outlay requirements;
- c. The school district has used its resources in a prudent manner;
- d. The District is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will used for the tax year 1979 as certified by the property tax division; and
- e. The school district has provided insurance of buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

The District received \$1,907,562 in Public School Capital Outlay funding during the year ended June 30, 2006.

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

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

**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

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets.

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds are prepared by management and approved by the local school board and the School Budget Planning Unit of the Department of Education. Expendable and nonexpendable trust funds and 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. Because 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 legally exceed budgeted appropriations at the function level. If a transfer between functions or a budget increase is required, approval must be obtained from the local Board of Education and the Public School Finance Division.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

(Continued)

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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

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

1. Prior to June 20 of each year, the Board of Education presents the budget of the School district for the ensuing fiscal year at a public hearing. The operating budget includes proposed expenditures and the means of financing them.
2. On or before July 1 of each year, the Department of Education, School Finance Division, approves and certifies to the School Board the estimated operating budgets for use by the local board pending final approval.
3. Before the first Monday in September of each year, the Department of Education approves and certifies a final budget after making any necessary corrections, revisions or amendments.
4. The District may transfer budgeted amounts between expenditure line items in the same series (intra-budget transfers) within a single fund provided approval is given by the Board of Education. The District may transfer budgeted amounts between expenditure line items in different series (inter-budget transfers) within a single fund provided approval is given by the Board of Education and Department of Education. All budget increases and decreases must also be approved through the latter process.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds with appropriations lapsing at year end. Total expenditures of any activity category may not exceed categorical appropriations.
6. To conform to the Department of Education requirements, budgets for all funds of the School District are adopted on the cash basis of accounting with the following exception:

Federal Projects - Federal categorical grants are budgeted on the grant's project year rather than the School District's fiscal year and, therefore, may not reflect cash basis budgeting. Unexpended portions of prior year's programs are rebudgeted into the subsequent year's program budget. Since the programs are incomplete at June 30, the schedules of budgeted and actual revenue and expenditures present unrealized revenue and expended budget, rather than budget saving.

Since the School District's budgets are not prepared in conformity with generally accepted accounting principles (GAAP), budgetary comparisons are presented on the non-GAAP basis.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

District Policies and Legal and Contractual Provisions Governing Deposits and Investments

Gadsden Independent School District is authorized under the provisions of Chapter 6, Article 10, Paragraph 10 NMSA 1978, Comp. to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

All money not immediately necessary for the public uses of the District may be invested in:

- 1) bonds or negotiable securities of the United States, the State or any county, municipality or school district which has taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- 2) securities that are issued by the United States Government or by its agencies or instrumentalities that are either direct obligations of the United States or are backed by the full faith and credit of the United States Government or agencies guaranteed by the United States Government;
- 3) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices as a price differential representing the interest income to be earned by the investor. The contract shall be on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in the subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. State Statutes authorize the investment of District funds in a wide variety of instruments, certificates of deposits and other similar obligations, State investment pool, money market accounts, and United States Government obligations.

The District's cash balances consist of demand deposits. The carrying amount of cash in demand deposit accounts are displayed in the balance sheet as cash and cash equivalents.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

The certificates of deposit carry a market interest rate and have original maturity dates of one year. These certificates are recorded as short-term investments and are summarized below:

Name	Carrying Amount	Market Value	Credit Risk Rating	Rated by	Weighted Avg Maturity
Certificates of Deposit	\$ 8,307,136	\$ 8,307,136	not provided	N/A	1 year

Custodial Credit Risk for Deposits - Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The District's deposits are not exposed to custodial credit risk as they are fully collateralized, and the collateral is held at depository institutions in the District's name.

Custodial Credit Risk for Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. The District does not have a policy for custodial credit risk, other than the State requirements for insurance and collateralization. The District's investments are not exposed to custodial credit risk as they are fully collateralized, and the collateral is held at depository institutions in the District's name.

Concentration of Credit Risk for Deposits and Investments - Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District does not have a written policy for limiting concentration of credit risk. The District is exposed to concentration of credit risk because it uses only two financial institutions for all but one small demand deposit and all certificates of deposit.

Foreign Currency Risk for Deposits and Investments - The District eliminates the risk that changes in exchange rates will adversely affect a deposit by not having any deposits or investments denominated in a foreign currency.

Interest Rate Risk for Investments - The District does not have a written policy for limiting interest rate risk. However, the average maturity of certificates of deposits is 12 months, which is an effective limit of interest rate risk.

Over (under)-collateralization per State requirements - The State requires that at least 50% of uninsured demand deposits and deposit type investments such as certificates of deposit be collateralized by the depository banking institution. The schedules that follow present cash balances and collateral information.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

	Columbus Bank and Trust	Wells Fargo Bank			Bank of the West
		Gadsden District	Gadsden Foundation, Inc.	Private Purpose Trusts	
Demand Deposits and CDs	\$ 25,343	\$15,964,080	\$ 39,772	\$ 16,177	\$ 8,648,878
Less FDIC insurance	25,343	100,000	39,772	16,177	100,000
Uninsured public funds	-	15,864,080	-	-	8,548,878
50% collateral requirement	-	7,932,040	-	-	4,274,439
Pledged security - market value	-	10,425,977	-	-	4,020,633
		18,358,017			8,295,072
Over (under)-collateralized	\$ -	\$ 2,493,937	\$ -	\$ -	\$ (253,806)

Detail of deposits. Following is the detail for demand deposits and certificates of deposits.

Account Name	Account Type	Bank Balance	Reconciling	Book Balance
Wells Fargo Bank				
Operational	Checking	\$ 844	\$ 2,263,352	\$ 2,264,196
Lunch	Checking	2,279,580	140	2,279,720
Building	Checking	770,241	276,190	1,046,431
Athletics	Checking	151,514	-	151,514
Activity	Checking	478,667	(926)	477,741
GISD Technology Fund	Checking	-	5,616	5,616
Accounts Payable	Checking	1,557,688	(1,498,805)	58,883
Payroll	Checking	2,434,587	(1,426,052)	1,008,535
Gadsden Foundation, Inc.	MMA	39,772	-	39,772
Bank of the West				
Federal	Checking	914,225	25,024	939,249
Debt service	Checking	7,734,654	-	7,734,654
Columbus B & T				
Commercial	Checking	25,343	-	25,343
Total cash and cash equivalents		\$ 16,387,115	\$ (355,461)	\$ 16,031,654

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

Account Name	Account Type	Bank Balance	Reconciling	Book Balance
Wells Fargo Bank				
Lunch	Certificate of Deposit	1,311,545	-	1,311,545
Activity	Certificate of Deposit	244,883	-	244,883
Building	Certificate of Deposit	6,682,833	-	6,682,833
Athletics	Certificate of Deposit	51,698	-	51,698
O'Toole	Certificate of Deposit	12,543	-	12,543
Machree Causy	Certificate of Deposit	3,634	-	3,634
Total certificates of deposit		8,307,136	-	8,307,136

Detail of collateral. Following is the detail for collateral.

Institution/Location	Type	Number	CUSIP	Maturity	Fair Market
Wells Fargo Bank					
Federal Reserve Bank	FNCL	545390	31385H2X9	01/01/2032	1,304,593
Federal Reserve Bank	FNCL	666295	31391GGC4	11/01/2032	4,010,362
Federal Reserve Bank	FNCL	831480	31407HXX4	04/01/2036	5,111,022
Total collateral at Wells Fargo Bank					10,425,977

Bank of the West

Wells Fargo Brokerage Services	FG	M80806	31282R3P7	03/01/2010	572,400
Wells Fargo Brokerage Services	FG	E91228	3128GVLH1	09/01/2017	694,608
Wells Fargo Brokerage Services	FG	E01378	31294KQ73	05/01/2018	678,578
Wells Fargo Brokerage Services	FH	788863	31295MZ45	12/01/2031	99,244
Wells Fargo Brokerage Services	FN	731477	31402KUA0	09/01/2033	490,583

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

Institution/Location	Type	Number	CUSIP	Maturity	Fair Market
Wells Fargo Brokerage Services	FN	775201	31404QGJ2	05/01/2034	703,220
Wells Fargo Brokerage Services	FNMA	4.34	3136F66D6	5/30/2008	195,500
Wells Fargo Brokerage Services	FNMA	4.34	3136F66F1	5/30/2008	<u>586,500</u>
Total collateral at Bank of the West					<u>4,020,633</u>

Reconciliation to State Department of Education (PED) reports.

	Operational	Transportation	Instructional Materials	Subtotal General Fund
Cash per PED at 06/30/05	\$ 404,170	\$ 7,404	\$ 462,887	\$ 874,461
Per PED report				
Revenues	83,467,196	5,235,058	1,267,795	89,970,049
Expenditures	<u>80,908,948</u>	<u>5,223,149</u>	<u>1,130,363</u>	<u>87,262,460</u>
Cash per PED report	2,962,418	19,313	600,319	3,582,050
Due to/from funds	(1,199,783)	-	(142,344)	(1,342,127)
Audit adjustments:				
Current Year	<u>938,464</u>	<u>1,227</u>	<u>-</u>	<u>939,691</u>
Audited Cash 06/30/06	<u>\$ 2,701,099</u>	<u>\$ 20,540</u>	<u>\$ 457,975</u>	<u>\$ 3,179,614</u>

	Athletics	Activity	Other Special Revenue	Capital Projects
Cash per PED at 06/30/05	\$ 153,833	\$ 303,739	\$ 1,702,334	\$ 15,736,172
Per PED report				
Revenues	101,617	692,924	12,615,917	5,455,422
Expenditures	50,584	676,609	14,660,989	13,439,031
Permanent cash transfers	<u>-</u>	<u>27,000</u>	<u>-</u>	<u>(27,000)</u>
Cash per PED report	204,866	347,054	(342,738)	7,725,563
Due to/from funds	(1,626)	(6,053)	1,299,563	95,168
Audit adjustments:				
Current Year	<u>(28)</u>	<u>(196)</u>	<u>134,436</u>	<u>(91,467)</u>
Audited Cash 06/30/06	<u>\$ 203,212</u>	<u>\$ 340,805</u>	<u>\$ 1,091,261</u>	<u>\$ 7,729,264</u>

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

	Debt Service	Food Service	Total All Funds
Cash per PED at 06/30/05	\$ 7,337,365	\$ 3,213,556	\$ 29,321,460
Per PED report			
Revenues	8,006,150	6,521,873	123,363,952
Expenditures	7,663,693	6,136,431	129,889,797
Cash per PED report	7,679,822	3,598,998	22,795,615
Due to/from funds	(80,991)	(887)	(36,953)
Audit adjustments:			
Current Year	135,822	25,302	1,143,560
Audited Cash 06/30/06	\$ 7,734,653	\$ 3,623,413	\$ 23,902,222

B. Unused Textbook credits

The New Mexico State Department of Education receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of textbooks. The following is an analysis of the textbook allocation account for the District for the 2005-06 fiscal year.

Unused textbook credit balance, July 1, 2005	\$ 433,968
2005-06 allocation	920,658
2005-06 expenditures	(919,526)
Unused textbook credit, June 30, 2006	\$ 435,100

C. Other Receivables

Other receivables of \$139,983 in the general fund, debt service fund and capital improvements fund are shown at gross value. Management believes an allowance for doubtful accounts is not necessary for fair presentation.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

D. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Property tax rates for the year are set no later than September 1 each year by the Secretary of Finance and Administration. The rates of tax are then used by County Assessors to develop the property tax schedule by October 1. Taxes are payable in equal semiannual installments by November 10th and April 10th of the subsequent year with the levies becoming delinquent 30 days thereafter unless a timely protest has been made. Taxes are collected on behalf of the District by the County Treasurers, and are remitted to the District in the month following collection. Because the Treasurers of the Counties in which the District is located are statutorily required to collect taxes as an intermediary agency for all forms of government, distribution of taxes are made through the applicable counties to the District. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

E. Delinquent Taxes Receivable

Delinquent taxes are prorated between operational, debt service and capital improvements based on rates adopted for the year of the levy. The property tax receivable allowance is equal to 28% of outstanding property taxes at June 30, 2006.

F. Interfund Receivables and Payables

The interfund balances have primarily been recorded when funds overdraw their share of pooled cash. Interfund balances at June 30, 2006 consisted of the following individual fund balances:

	Due From Other Funds	Due to Other Funds
General Fund		
Food Services Fund	\$ -	\$ 887
ESEA Title I, Part A Fund	563,821	-
Special Revenue Funds	728,063	-
Capital Projects Funds	14,177	-
Agency Fund	36,953	-
Total General Fund	1,343,014	887
Food Services Fund		
General Fund	887	-
ESEA Title I, Part A Fund		
General Fund	-	563,821

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

	Due From Other Funds	Due to Other Funds
Debt Service Fund		
Bond Building Fund	80,991	-
Bond Building Fund		
Debt Service Fund	-	80,991
Nonmajor Special Revenue Funds		
General Fund	-	728,063
Nonmajor Capital Projects Funds		
General Fund	-	14,177
Agency Funds		
General Fund	-	36,953
Total	\$ 1,424,892	\$ 1,424,892

G. Capital Asset

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 2,234,157	\$ 292,850	\$ (60,633)	\$ 2,466,374
Construction in progress	16,141,478	5,869,204	(4,269,769)	17,740,913
Total capital assets, not being depreciated	18,375,635	6,162,054	(4,330,402)	20,207,287
Capital assets, being depreciated				
Buildings and improvements	111,815,986	14,790,872	-	126,606,858
Machinery and equipment	26,088,074	1,193,243	(7,990,036)	19,291,281
Land improvements	5,360,751	231,550	-	5,592,301
Total capital assets, being depreciated	143,264,811	16,215,665	(7,990,036)	151,490,440

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

Less accumulated depreciation for:

Building and improvements	28,307,651	4,086,531	(520,361)	31,873,821
Machinery and equipment	11,610,578	5,069,507	-	16,680,085
Land improvements	1,518,640	268,000	(167,469)	1,619,171

Total accumulated depreciation	41,436,869	9,424,038	(687,830)	50,173,077
--------------------------------	------------	-----------	-----------	------------

Total capital assets, being depreciated, net	101,827,942	6,791,627	(7,302,206)	101,317,363
--	-------------	-----------	-------------	-------------

Governmental activities capital assets, net	<u>\$ 120,203,577</u>	<u>\$ 12,953,681</u>	<u>\$ (11,632,608)</u>	<u>\$ 121,524,650</u>
---	-----------------------	----------------------	------------------------	-----------------------

Depreciation expense was charged to governmental functions as follows:

Direct instruction	\$ 1,853,532
Instructional support	1,804,319
Administration	101,193
Business/support services	125,884
Operation of plant	64,270
Athletics	124,633
Non-instructional support	100,766
Pupil transportation	218,954
Food services	<u>1,937,676</u>
Total depreciation	<u>\$ 6,331,227</u>

Construction commitments

The District has active construction projects as of June 30, 2006, including new school buildings and additions to existing school buildings, ADA compliance projects and various remodeling projects.

Project	Spent to Date	Remaining Commitment
Middle and High School Accessibility Upgrade	\$ 2,285,330	\$ 7,617
Santa Teresa High School Addition	11,231,959	119,668
Chaparral High School	1,740,167	722,893
Various remodeling	<u>1,178,633</u>	<u>225,812</u>
Total	<u>\$ 16,436,089</u>	<u>\$ 1,075,990</u>

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

H. Changes in Long-Term Liabilities

Long-term activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
<u>Bonds and Notes Payable:</u>					
School Building Bonds	\$ 29,200,000	\$ 3,200,000	\$ 6,600,000	\$ 25,800,000	\$ 6,120,000
Lease Revenue Bonds	1,575,000	-	-	1,575,000	575,000
Total Bonds Payable	30,775,000	3,200,000	6,600,000	27,375,000	6,695,000
<u>Other Long-Term Liabilities:</u>					
Compensated Absences	645,147	114,235	389,671	369,711	145,518
Total Other Liabilities	645,147	114,235	389,671	369,711	145,518
Total Governmental Long-term Liabilities	\$ 31,420,147	\$ 3,314,235	\$ 6,989,671	\$ 27,744,711	\$ 6,840,518

The lease revenue bonds and other long-term liabilities are paid for by the general fund.

A summary of changes in bonds payable for the year ended June 30, 2006 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Outstanding 06/30/05	Issued	Retired	Outstanding 06/30/06	Due Within One Year
School Building Bonds Series 1997	4.25 - 6.25%	4,700,000	1,175,000	-	300,000	875,000	300,000
School Building Bonds Series 1998	4.0 - 5.35%	4,925,000	1,525,000	-	200,000	1,325,000	200,000
School Building Bonds Series 1999	4.3 - 5.8%	5,375,000	2,800,000	-	300,000	2,500,000	400,000
School Building Bonds Series 2000	4.375 - 5.85%	6,000,000	3,000,000	-	400,000	2,600,000	400,000
School Building Bonds Series 2001	3.5 - 4.2%	4,350,000	1,600,000	-	200,000	1,400,000	200,000
School Building and Refunding Bonds Series 2002	3.5 - 5.0%	8,770,000	4,200,000	-	1,000,000	3,200,000	1,000,000

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

Description	Interest Rate Payable	Amounts Original Issue	Outstanding 06/30/05	Issued	Retired	Outstanding 06/30/06	Due Within One Year
School Building Bonds Series 2003	2.5 - 3.7%	9,800,000	6,900,000	-	1,200,000	5,700,000	1,000,000
School Building Bonds Series 2004	2.3 - 3.5%	8,000,000	8,000,000	-	3,000,000	5,000,000	2,200,000
Education Technology Lease Purchase Series 2005	2.002 - 2.394%	1,575,000	1,575,000	-	-	1,575,000	575,000
School Building Bonds Series 2005	3.1 - 4.5%	3,200,000	-	3,200,000	-	3,200,000	420,000
Total			<u>\$ 30,775,000</u>	<u>\$ 3,200,000</u>	<u>\$ 6,600,000</u>	<u>\$ 27,375,000</u>	<u>\$ 6,695,000</u>

Premium payable for the year ended June 30, 2006 is as follows:

Description	Premium Outstanding 07/01/05	Additions	Premium Retired	Premium Outstanding 06/30/06
2002 Series	\$ 256,389	\$ -	\$ 36,627	\$ 219,762
2003 Series	64,793	-	8,099	56,694
2004 Series	72,464	-	7,936	64,528
Total Premium Payable	<u>\$ 393,646</u>	<u>\$ -</u>	<u>\$ 52,662</u>	<u>\$ 340,984</u>

Debt service requirements of the bonds are as follows:

<u>Year Ended June 30</u>	<u>GENERAL OBLIGATIONS</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2007	\$ 6,695,000	\$ 855,040	\$ 7,550,040
2008	6,350,000	638,630	6,988,630
2009	4,125,000	459,489	4,584,489
2010	3,375,000	318,232	3,693,232
2011	2,450,000	203,894	2,653,894
2012 - 2015	4,380,000	303,013	4,683,013
Total	<u>\$ 27,375,000</u>	<u>\$ 2,778,298</u>	<u>\$ 30,153,298</u>

(Continued)

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

On September 27, 2005, the District issued general obligation school building bonds, series 2005 in the amount of \$3,200,000. Interest is payable February 15 and August 15 of each year, commencing February 15, 2006, and ending on August 15, 2015. Bond principal payments are payable August 15 of each year, commencing August 15, 2006, and ending August 15, 2015 also. The bonds, which are the third and final series of \$21,000,000 authorized by voters through an election held on February 4, 2003, were issued for the purpose of erecting, remodeling, making additions to and furnishing school buildings, and purchasing and improving school grounds, and purchasing computer software and hardware for student use within the District.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2006.

I. Commitments under Leases

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of June 30, 2006, as follows:

<u>Year Ending June 30,</u>	
2007	\$ 18,188
2008	14,102
2009	12,214
2010	12,214
2011	<u>6,107</u>
Total Minimum Rentals	<u>\$ 62,825</u>

Rental Expenditures in Fiscal year 2006 amounted to \$16,096.

J. Accumulated Unpaid Vacation and Sick Leave Benefits

The District does not pay accrued unused sick pay to retirees or terminated employees. Limitations are established as to the maximum amount of vacation an employee can accumulate at any given time. The following table shows the maximum amount of vacation days employees in each category can accumulate at fiscal year end:

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

<u>Category</u>	<u>Maximum Limit</u>
260-day certified employees	40 days
260-day classified employees: > 10 years	30 days
260-day classified employees: < 10 years	20 days

Accumulated days in excess of those shown above for the various categories are forfeited at the close of the year. The District accrues a liability when the vacation is earned by the employee and it is calculated at year-end and adjusted to current salary levels. A summary of changes in compensated absences follows:

	<u>Compensated Absences Liability</u>
Balance July 1, 2005	\$ 645,147
Additions	114,235
Reductions	<u>(389,671)</u>
Ending Balance	<u>\$ 369,711</u>
Due Within One Year	<u>\$ 145,518</u>

K. Other Post-Employment Benefits

The Retiree Health Care Act (I0-7C-1 to 10-7C-16, NMSA 1978) provides comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. 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 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 are institutions of higher education, school districts, or other entities participating in the public school insurance authority and state agencies, state courts, magistrate courts, municipalities, or counties which are affiliated under or covered by the Educational Retirement Act, the Magistrate Retirement Act or the Public Employees 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 retires before the employer's NMRHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; (2) retirees defined by the Act and former legislators who served at least two years.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

Each participating employer makes contributions to the fund in the amount of 1.3 percent of each participating employee's annual salary. Each participating employee contributes to the fund an employee contribution equal to .65 of one percent of the employee's annual salary. Each participating retiree pays a monthly premium between \$66 and \$278 if covered by Medicare and up to \$468 if not covered by Medicare, for the medical plus basic life plan and an additional participation fee of \$5 applies if the eligible participant retired prior to the employer's NMRHCA effective date or is a former legislator. Participants may also enroll in optional plans of coverage.

Contributions from participating employers and participating 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 HealthCare 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 by writing to the New Mexico Retiree Health Care Authority, 810 West San Mateo Road, Suite D, Santa Fe, New Mexico 87505.

For the fiscal year ended June 30, 2006, Gadsden Independent School District remitted \$867,138 in employer contributions and \$433,573 in employee contributions to the Retiree Health Care Authority.

L. Employee Retirement Systems and Pension Plans

Employees of the Gadsden Independent School District who are employed as certified school instructors or are otherwise eligible to participate in a defined benefit contribution retirement plan do so through the Educational Retirement Board (ERB) of the State of New Mexico, a cost-sharing multiple employer - public employee retirement system. Information pertaining to the actuarially computed present value of vested accumulated plan benefits and non-vested accumulated plan benefits, the plan's net assets available for benefits, the assumed rate of return used in computing the present value, and ten-year historical trend information presenting ERB's progress in accumulating sufficient assets to pay benefits when due, is not available by individual government agencies participating in the plan. Actuarial pension data for the State of New Mexico, as employer, is provided at the state-wide level in a separately-issued audit report of the ERB. That report may be obtained by writing to the Educational Retirement Board, P.O. Box 26129, Santa Fe, New Mexico 87502.

Retirement Eligibility- The benefit for retirement at age 65, or after 25 years of service before age 65, is an annual sum equal to the "final average salary" multiplied by the total number of years of service credit times 2.35%.

(Continued)

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

A member is eligible to retire when:

1. the member's age and earned service credit add up to the sum of 75 or more, or
2. the member is age 65 or more with at least five years of earned service credit, or
3. the member has earned allowed service credit totaling 25 or more years.

A further requirement to be eligible to retire is that one must be a "member" having at least one year of employment after July 1, 1957, and at least five years of contributory employment. Eligible members who have one year of employment after July 1, 1957, but less than the required five, may contribute to the fund for each year needed. The cost of such contributions is 15.2% of the average salary of the last five years for each year of contributory employment needed, plus 3% compound interest from July 1, 1957 to the date of payment.

When a member has completed five or more years of "earned service credit" and has made contributions for at least five years, the member may terminate employment, leave his/her contributions in the retirement fund and retire, (1) when the member's age and years of "earned service credit" (covered employment in New Mexico) add up to the sum of 75 or more, or (2) the member may retire at age 65, if he/she has at least five years of "earned service credit."

Funding Policy- Covered employees are required by State Statute to contribute 7.675 percent of their gross salary. The Gadsden Independent School District is required by State Statute to contribute 9.4 percent.

The contribution requirement for the year ended June 30, 2006 was \$11,318,321, which consisted of \$6,270,670 (9.4% of covered payroll) from the District and \$5,047,651 (7.675% of covered payroll) from employees.

The contribution requirement for the year ended June 30, 2005 was \$10,112,169, which consisted of \$5,382,787 (8.65% of covered payroll) from the School District and \$4,729,382 (7.60% of covered payroll) from employees. In addition, the District paid \$74,094 for return to work.

The contribution requirement for the year ended June 30, 2004 was \$9,589,464, which consisted of \$5,104,559 (8.65% of covered payroll) from the School District and \$4,484,905 (7.60% of covered payroll) from employees.

The payroll for employees covered by ERB for the year ended June 30, 2006 was \$66,706,301. The total payroll for all employees of the School District was \$67,912,129.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

M. Risk Management

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler, Machinery and Student Accident Insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim. The District's building deductible and the maximum annual deductible are based on its total appraised building values. Once the annual maximum deductible has been met, the deductible reverts to a \$750 per building deductible. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders and a limit of \$100,000 applies to Money and Securities. A deductible of \$750 applies for any crime claim.

In case the NMPSIA's assets are not sufficient to meet its liability claims the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2006, there have been no claims that have exceeded insurance coverage.

N. Deferred Revenue

Deferred revenue at year end consisted of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects	Total
Net tax revenue	\$ 23,129	\$ -	\$ 857,461	\$ 120,875	\$ 1,001,465
State revenue	-	30,927	-	-	30,927
Local Grant	-	3,734	-	-	3,734
Federal	-	658,378	-	-	658,378
Total deferred revenue	\$ 23,129	\$ 693,039	\$ 857,461	\$ 120,875	\$ 1,694,504

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

O. Due From State and Federal Agencies

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives various entitlements from the State. Amounts due from federal, state, and other governments as of June 30, 2006, are summarized below. All federal grants shown below are passed through the PED and are reported on the combined financial statements as Due from State Agencies except the Food Services Program which is received directly from the Texas Department of Health and Human Services.

Fund	State Entitlements and Grants	Federal Grants	Other Governments	Total
General fund				\$ 0
Special revenue	672,501	1,200,230	-	1,872,731
Capital projects	-	-	5,769,782	5,769,782
Total	\$ 672,501	\$ 1,200,230	\$ 5,769,782	\$ 7,642,513

P. Litigation

During the normal course of business, the District is subject to various legal claims. As of June 30, 2006, administration is not aware of any such claim which would have a material adverse effect on the District.

Q. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are presented below:

General Fund	\$ 890,579
Special Revenue Funds	650,632
Capital Projects Funds	<u>1,642,918</u>
Total	<u>\$ 3,184,129</u>

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

R. Federal and State Funding

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2006 may be impaired. In the opinion of administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

S. Related Party Transactions

There were no significant related party transactions during the 2005-2006 fiscal year.

T. Prior Period Adjustment

During fiscal year 2005-2006 management discovered a discrepancy in the capital asset inventory records that could not be reconciled. As a result, a prior period adjustment in the amount of \$3,883,190 was reported, which increased net assets in the government-wide statements.

A prior period adjustment was recorded for fiscal year 2006 in the amount of \$510,782. The adjustment relates to an error in recognizing deferred revenue related to property taxes in fiscal year 2005. The adjustment increased net assets for fiscal year 2006 in the government-wide statements.

An additional prior period adjustment was recorded for a subfund of the general fund, the Payables Clearing Fund, in the amount of \$3,523. This adjustment is the result of an unsubstantiated entry to the due from other funds account. As such, the balance in the asset account was cleared and a zero balance is presented for this fund as of June 30, 2006.

U. Inclusion of Component Unit

As mentioned in Note A, the activity for Gadsden Foundation, Inc. has been included as of and for the year ended June 30, 2006.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2006

IV. DETAILED NOTES ON ALL FUNDS

W. Budgetary - GAAP Reporting Reconciliation

The accompanying Statements of Revenues and Expenditures Budget (Non-GAAP Basis) and Actual (Cash Basis) presents comparisons of the legally adopted budget (more fully described in Note 1) with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2006, is presented.

	General	Food Services	ESEA Title I	Debt Service	Bond Building	Non Major Funds
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (budgetary basis)	(528,779)	254,630	(383,092)	(182,407)	(3,535,535)	(5,910,383)
Adjustments: To adjust revenues for tax accruals, earnings on investments, and other deferrals and accruals	(1,605)	183,306	(127,374)	15,370	-	4,918,660
To adjust expenditures for payables, payroll taxes, prepaid expenses, inventory, and other accruals	(627,246)	(93,014)	510,466	-	836,248	1,247,999
Excess (deficiency) of revenues and other sources of financial resources over expenditures and other uses of financial resources (GAAP basis)	(1,157,630)	344,922	-	(167,037)	(2,699,287)	256,276

SUPPLEMENTARY INFORMATION

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2006

	Athletics Fund	Non Instructional Support	ESEA Title I Migrant	Jacob Javitz Grant
ASSETS				
Cash and Cash Equivalents	\$ 151,514	\$ 95,922	\$ 11,601	\$ -
Investments - Current	51,698	244,883	-	-
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables	-	-	-	-
Intergovernmental Receivables	-	-	-	-
Due from Other Funds	1,626	8,771	760	-
Total Assets	<u>\$ 204,838</u>	<u>\$ 349,576</u>	<u>\$ 12,361</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 40,986	\$ -	\$ -
Wages and Salaries Payable	-	3,670	3,741	-
Contracts Payable	-	-	-	-
Due to Other Funds	-	2,718	7,372	-
Deferred Revenues	-	-	1,248	-
Total Liabilities	<u>-</u>	<u>47,374</u>	<u>12,361</u>	<u>-</u>
Fund Balances:				
Reserved For:				
Debt Service	-	-	-	-
Capital Acquisition	-	-	-	-
Encumbrances	-	8,164	14,120	-
Special Revenue Funds	204,838	294,038	(14,120)	-
Total Fund Balances	<u>204,838</u>	<u>302,202</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 204,838</u>	<u>\$ 349,576</u>	<u>\$ 12,361</u>	<u>\$ -</u>

The notes to the Financial Statements are an integral part of this statement.

IDEA-B Entitlement	Parent Involvement	IDEA B Preschool	Title VI	Homeless Children Youth	Fruit & Vegetable Program	Carl D. Perkins (Voc Ed)	ESEA Title I Family Lit.
\$ 231,670	\$ (2,454)	\$ 5,914	\$ (8,603)	\$ (4,066)	\$ (1,010)	\$ (74,885)	\$ 8,264
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
289,127	2,454	4,462	8,603	8,745	1,010	89,711	26,494
14,326	-	507	-	114	-	-	1,704
<u>\$ 535,123</u>	<u>\$ -</u>	<u>\$ 10,883</u>	<u>\$ -</u>	<u>\$ 4,793</u>	<u>\$ -</u>	<u>\$ 14,826</u>	<u>\$ 36,462</u>
\$ 23,159	\$ -	\$ 1,318	\$ -	\$ -	\$ -	\$ -	\$ 15,534
108,351	-	1,750	-	-	-	-	6,400
34	-	-	-	-	-	-	-
403,579	-	7,815	-	4,793	-	14,826	14,528
-	-	-	-	-	-	-	-
<u>535,123</u>	<u>-</u>	<u>10,883</u>	<u>-</u>	<u>4,793</u>	<u>-</u>	<u>14,826</u>	<u>36,462</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,583	-	1,304	-	-	-	15,913	35,355
(13,583)	-	(1,304)	-	-	-	(15,913)	(35,355)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 535,123</u>	<u>\$ -</u>	<u>\$ 10,883</u>	<u>\$ -</u>	<u>\$ 4,793</u>	<u>\$ -</u>	<u>\$ 14,826</u>	<u>\$ 36,462</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2006

	Service Learning	Title IV Drug Free	Technology Challenge Fund	Class Size Reduction
ASSETS				
Cash and Cash Equivalents	\$ (36,797)	\$ 889	\$ (888)	\$ (32,017)
Investments - Current	-	-	-	-
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables	-	-	-	-
Intergovernmental Receivables	47,711	-	10,530	37,273
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 10,914</u>	<u>\$ 889</u>	<u>\$ 9,642</u>	<u>\$ 5,256</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 71	\$ -	\$ -	\$ 964
Wages and Salaries Payable	-	-	-	-
Contracts Payable	-	-	-	-
Due to Other Funds	10,843	-	9,642	4,292
Deferred Revenues	-	889	-	-
Total Liabilities	<u>10,914</u>	<u>889</u>	<u>9,642</u>	<u>5,256</u>
Fund Balances:				
Reserved For:				
Debt Service	-	-	-	-
Capital Acquisition	-	-	-	-
Encumbrances	-	-	-	1,015
Special Revenue Funds	-	-	-	(1,015)
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,914</u>	<u>\$ 889</u>	<u>\$ 9,642</u>	<u>\$ 5,256</u>

The notes to the Financial Statements are an integral part of this statement.

Title III	Title II A Math/Science	Title IV Safe & Drug Free Schools	School Improvement	ESEA Title VII Bilingual	National Science Foundation	Medicaid Grant	Gadsden Mathematics
\$ (125,689)	\$ 48,860	\$ 7,793	\$ (27,638)	\$ (122,139)	\$ -	\$ 193,888	\$ (86,844)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
198,056	92,840	20,476	27,638	-	-	160,306	108,076
-	8,985	1,178	-	122,688	-	2,619	3,211
<u>\$ 72,367</u>	<u>\$ 150,685</u>	<u>\$ 29,447</u>	<u>\$ -</u>	<u>\$ 549</u>	<u>\$ -</u>	<u>\$ 356,813</u>	<u>\$ 24,443</u>
\$ 24	\$ 20,944	\$ -	\$ -	\$ -	\$ -	\$ 43,027	\$ -
-	45,430	5,738	-	9	-	13,806	6,764
-	32	-	-	-	-	25	-
72,343	84,279	23,709	-	-	-	24,918	17,418
-	-	-	-	540	-	-	261
<u>72,367</u>	<u>150,685</u>	<u>29,447</u>	<u>-</u>	<u>549</u>	<u>-</u>	<u>81,776</u>	<u>24,443</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	22,771	-	-	-	-	-	-
-	(22,771)	-	-	-	-	275,037	-
-	-	-	-	-	-	275,037	-
<u>\$ 72,367</u>	<u>\$ 150,685</u>	<u>\$ 29,447</u>	<u>\$ -</u>	<u>\$ 549</u>	<u>\$ -</u>	<u>\$ 356,813</u>	<u>\$ 24,443</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2006

	Grads Instructional Prevention	Title III	Naval Jr ROTC	RETA
ASSETS				
Cash and Cash Equivalents	\$ 5,052	\$ -	\$ 58,783	\$ 5,075
Investments - Current	-	-	-	-
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables	-	-	-	-
Intergovernmental Receivables	-	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 5,052</u>	<u>\$ -</u>	<u>\$ 58,783</u>	<u>\$ 5,075</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ -	\$ 278	\$ -
Wages and Salaries Payable	-	-	-	-
Contracts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Deferred Revenues	5,052	-	58,505	5,075
Total Liabilities	<u>5,052</u>	<u>-</u>	<u>58,783</u>	<u>5,075</u>
Fund Balances:				
Reserved For:				
Debt Service	-	-	-	-
Capital Acquisition	-	-	-	-
Encumbrances	-	-	452	-
Special Revenue Funds	-	-	(452)	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 5,052</u>	<u>\$ -</u>	<u>\$ 58,783</u>	<u>\$ 5,075</u>

The notes to the Financial Statements are an integral part of this statement.

Enhancing Education Thru Tech	Jordan Fundamentals Grant	PNM Foundation	Daniels Fund	PDN Health Foundation	Center for SVC Learning	School Age Care & Family	Technology For Education
\$ (43,807)	\$ 155	\$ 1,046	\$ -	\$ 73	\$ 3,045	\$ 25,381	\$ (26,811)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
66,718	-	-	-	-	-	-	44,177
-	-	-	-	5	-	-	15
<u>\$ 22,911</u>	<u>\$ 155</u>	<u>\$ 1,046</u>	<u>\$ -</u>	<u>\$ 78</u>	<u>\$ 3,045</u>	<u>\$ 25,381</u>	<u>\$ 17,381</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(22)	-	-	-
-	-	-	-	-	-	-	-
22,911	-	-	-	100	3,045	-	17,381
-	155	1,046	-	-	-	25,381	-
<u>22,911</u>	<u>155</u>	<u>1,046</u>	<u>-</u>	<u>78</u>	<u>3,045</u>	<u>25,381</u>	<u>17,381</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,101
-	-	-	-	-	-	-	(1,101)
-	-	-	-	-	-	-	-
<u>\$ 22,911</u>	<u>\$ 155</u>	<u>\$ 1,046</u>	<u>\$ -</u>	<u>\$ 78</u>	<u>\$ 3,045</u>	<u>\$ 25,381</u>	<u>\$ 17,381</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2006

	TANF Full Day Kindergarten	Incentives For School Improvement	Family Youth & Resource Program	Truancy House Bill 2
ASSETS				
Cash and Cash Equivalents	\$ 53,772	\$ (11,920)	\$ (74,795)	\$ (3,101)
Investments - Current	-	-	-	-
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables	-	-	-	-
Intergovernmental Receivables	-	20,397	90,000	11,277
Due from Other Funds	6,213	-	787	-
Total Assets	<u>\$ 59,985</u>	<u>\$ 8,477</u>	<u>\$ 15,992</u>	<u>\$ 8,176</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ -	\$ 8,477	\$ -	\$ -
Wages and Salaries Payable	36,757	-	6,557	535
Contracts Payable	37	-	-	-
Due to Other Funds	18,338	-	9,435	7,641
Deferred Revenues	4,853	-	-	-
Total Liabilities	<u>59,985</u>	<u>8,477</u>	<u>15,992</u>	<u>8,176</u>
Fund Balances:				
Reserved For:				
Debt Service	-	-	-	-
Capital Acquisition	-	-	-	-
Encumbrances	-	14,957	-	-
Special Revenue Funds	-	(14,957)	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 59,985</u>	<u>\$ 8,477</u>	<u>\$ 15,992</u>	<u>\$ 8,176</u>

The notes to the Financial Statements are an integral part of this statement.

Reserved for Future State Definition	CATCH PDN	Reserved for Future State Definition	NMSU School to Work	Beginning Teacher Mentoring	Private Grants	ENLACE Program	Milken Festival for Youth
\$ -	\$ 602	\$ -	\$ 4,711	\$ (27,364)	\$ 8,171	\$ (10,714)	\$ 225
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	28,473	-	10,714	-
-	904	-	-	6	29	-	-
<u>\$ -</u>	<u>\$ 1,506</u>	<u>\$ -</u>	<u>\$ 4,711</u>	<u>\$ 1,115</u>	<u>\$ 8,200</u>	<u>\$ -</u>	<u>\$ 225</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	55	74	-	-	-
-	-	-	-	-	-	-	-
-	1,498	-	3,963	1,041	5,900	-	-
-	8	-	693	-	2,300	-	225
-	<u>1,506</u>	-	<u>4,711</u>	<u>1,115</u>	<u>8,200</u>	-	<u>225</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,506</u>	<u>\$ -</u>	<u>\$ 4,711</u>	<u>\$ 1,115</u>	<u>\$ 8,200</u>	<u>\$ -</u>	<u>\$ 225</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2006

	Kinder Plus Drug Free Fiesta	Libraries GO Bond Act	Pre K Initiative	School Based Health Center
ASSETS				
Cash and Cash Equivalents	\$ (44,495)	\$ (208,892)	\$ (45,868)	\$ (4,603)
Investments - Current	-	-	-	-
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Receivables	-	-	-	-
Intergovernmental Receivables	60,277	256,166	88,122	62,898
Due from Other Funds	542	-	2,847	-
Total Assets	<u>\$ 16,324</u>	<u>\$ 47,274</u>	<u>\$ 45,101</u>	<u>\$ 58,295</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 2,676	\$ 21,576	\$ 2,470	\$ 7,506
Wages and Salaries Payable	4,863	-	16,324	-
Contracts Payable	7	-	-	-
Due to Other Funds	8,778	25,698	26,307	50,789
Deferred Revenues	-	-	-	-
Total Liabilities	<u>16,324</u>	<u>47,274</u>	<u>45,101</u>	<u>58,295</u>
Fund Balances:				
Reserved For:				
Debt Service	-	-	-	-
Capital Acquisition	-	-	-	-
Encumbrances	-	-	-	-
Special Revenue Funds	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 16,324</u>	<u>\$ 47,274</u>	<u>\$ 45,101</u>	<u>\$ 58,295</u>

The notes to the Financial Statements are an integral part of this statement.

Breakfast in the Classroom	Total Nonmajor Special Revenue Funds	Debt Service	Public School Capital Outlay	Special Capital Outlay-Local	Special Capital Outlay-State	Capital Improvements SB9	Energy Efficiency Act
\$	- \$ (102,994)	\$ 564,890	\$ (2,858,334)	\$ 992,090	\$ (435,816)	\$ (780,257)	\$ 41,367
-	296,581	-	-	-	-	-	-
-	-	57,446	-	-	-	211,420	-
-	-	(16,085)	-	-	-	(59,198)	-
-	-	6,855	-	-	-	16,557	-
-	1,872,731	-	3,097,155	-	548,407	2,124,220	-
-	177,837	-	-	-	-	78	-
<u>\$</u>	<u>- \$ 2,244,155</u>	<u>\$ 613,106</u>	<u>\$ 238,821</u>	<u>\$ 992,090</u>	<u>\$ 112,591</u>	<u>\$ 1,512,820</u>	<u>\$ 41,367</u>
\$	- \$ 189,010	\$ -	\$ -	\$ -	\$ 1,571	\$ 133,832	\$ -
-	260,802	-	-	-	-	-	-
-	135	-	-	-	-	-	-
-	905,900	-	75,562	-	-	14,255	-
-	106,231	40,172	-	-	-	120,875	-
-	1,462,078	40,172	75,562	-	1,571	268,962	-
-	-	572,934	-	-	-	-	-
-	-	-	(286,594)	992,090	39,816	990,612	41,367
-	128,735	-	449,853	-	71,204	253,246	-
-	653,342	-	-	-	-	-	-
-	782,077	572,934	163,259	992,090	111,020	1,243,858	41,367
<u>\$</u>	<u>- \$ 2,244,155</u>	<u>\$ 613,106</u>	<u>\$ 238,821</u>	<u>\$ 992,090</u>	<u>\$ 112,591</u>	<u>\$ 1,512,820</u>	<u>\$ 41,367</u>

This page is left blank intentionally.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2006

EXHIBIT H-1

	Educational Tech Notes	PSCO 20%	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 355,757	\$ 5,413	\$ (2,679,780)	\$ (2,217,884)
Investments - Current	-	-	-	296,581
Taxes Receivable	-	-	211,420	268,866
Allowance for Uncollectible Taxes (credit)	-	-	(59,198)	(75,283)
Receivables	-	-	16,557	23,412
Intergovernmental Receivables	-	-	5,769,782	7,642,513
Due from Other Funds	-	-	78	177,915
Total Assets	<u>\$ 355,757</u>	<u>\$ 5,413</u>	<u>\$ 3,258,859</u>	<u>\$ 6,116,120</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 69,831	\$ -	\$ 205,234	\$ 394,244
Wages and Salaries Payable	-	-	-	260,802
Contracts Payable	-	-	-	135
Due to Other Funds	-	-	89,817	995,717
Deferred Revenues	-	-	120,875	267,278
Total Liabilities	<u>69,831</u>	<u>-</u>	<u>415,926</u>	<u>1,918,176</u>
Fund Balances:				
Reserved For:				
Debt Service	-	-	-	572,934
Capital Acquisition	88,651	5,413	1,871,355	1,871,355
Encumbrances	197,275	-	971,578	1,100,313
Special Revenue Funds	-	-	-	653,342
Total Fund Balances	<u>285,926</u>	<u>5,413</u>	<u>2,842,933</u>	<u>4,197,944</u>
Total Liabilities and Fund Balances	<u>\$ 355,757</u>	<u>\$ 5,413</u>	<u>\$ 3,258,859</u>	<u>\$ 6,116,120</u>

The notes to the Financial Statements are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Athletics Fund	Non Instructional Support	ESEA Title I Migrant	Jacob Javitz Grant
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	98,492	-
Charges for Services	99,936	684,910	-	-
Investment Earnings	1,653	7,765	-	-
Contributions & Donations from Private Sources	-	-	-	-
Total Revenues	<u>101,589</u>	<u>692,675</u>	<u>98,492</u>	<u>-</u>
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	-	7,264	-
Instructional Support	-	-	88,499	-
Administration	-	-	2,729	-
Business Support Services	-	-	-	-
Operational Maintenance of Plant	-	-	-	-
Athletics	50,585	-	-	-
Non-instructional Student Support	-	710,345	-	-
Conservation and Development:				
Community Services	-	-	-	-
Food Services	-	-	-	-
Debt Service:				
Bond Interest	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>50,585</u>	<u>710,345</u>	<u>98,492</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>51,004</u>	<u>(17,670)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	27,000	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>27,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	51,004	9,330	-	-
Fund Balance - July 1 (Beginning)	<u>153,834</u>	<u>292,872</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ 204,838</u>	<u>\$ 302,202</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the Financial Statements are an integral part of this statement.

IDEA-B Entitlement	Parent Involvement	IDEA B Preschool	Title VI	Homeless Children Youth	Fruit & Vegetable Program	Carl D. Perkins (Voc Ed)	ESEA Title I Family Lit.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,948,128	5,000	84,926	-	40,536	12,483	214,013	178,261
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,948,128</u>	<u>5,000</u>	<u>84,926</u>	<u>-</u>	<u>40,536</u>	<u>12,483</u>	<u>214,013</u>	<u>178,261</u>
1,322,459	-	33,064	-	10,443	-	173,115	96,801
1,320,122	5,000	49,534	-	28,980	-	37,383	80,325
79,297	-	2,328	-	1,113	-	3,515	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
226,250	-	-	-	-	-	-	1,135
-	-	-	-	-	12,483	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,948,128</u>	<u>5,000</u>	<u>84,926</u>	<u>-</u>	<u>40,536</u>	<u>12,483</u>	<u>214,013</u>	<u>178,261</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Service Learning	Title IV Drug Free	Technology Challenge Fund	Class Size Reduction
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	58,500	-	121,002	56,655
Charges for Services	-	-	-	-
Investment Earnings	-	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Total Revenues	58,500	-	121,002	56,655
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	25,702	-	108,804	55,151
Instructional Support	31,352	-	12,198	-
Administration	1,446	-	-	1,504
Business Support Services	-	-	-	-
Operational Maintenance of Plant	-	-	-	-
Athletics	-	-	-	-
Non-instructional Student Support	-	-	-	-
Conservation and Development:				
Community Services	-	-	-	-
Food Services	-	-	-	-
Debt Service:				
Bond Interest	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	58,500	-	121,002	56,655
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

The notes to the Financial Statements are an integral part of this statement.

Title III	Title II A Math/Science	Title IV Safe & Drug Free Schools	School Improvement	ESEA Title VII Bilingual	National Science Foundation	Medicaid Grant	Gadsden Mathematics
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
637,741	1,190,895	139,497	46,574	-	-	608,091	226,735
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>637,741</u>	<u>1,190,895</u>	<u>139,497</u>	<u>46,574</u>	-	-	<u>608,091</u>	<u>226,735</u>
553,292	149,049	452	46,277	-	-	-	75,689
67,045	1,009,873	125,624	-	-	-	492,904	144,853
17,404	31,973	3,908	297	-	-	6,750	6,193
-	-	-	-	-	-	-	-
-	-	9,513	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>637,741</u>	<u>1,190,895</u>	<u>139,497</u>	<u>46,574</u>	-	-	<u>499,654</u>	<u>226,735</u>
-	-	-	-	-	-	<u>108,437</u>	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	108,437	-
-	-	-	-	-	-	166,600	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 275,037</u>	<u>\$ -</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Grads Instructional Prevention	Title III	Naval Jr ROTC	RETA
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	15,989	-	103,171	-
Charges for Services	-	-	-	-
Investment Earnings	-	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Total Revenues	<u>15,989</u>	<u>-</u>	<u>103,171</u>	<u>-</u>
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	15,989	-	103,171	-
Instructional Support	-	-	-	-
Administration	-	-	-	-
Business Support Services	-	-	-	-
Operational Maintenance of Plant	-	-	-	-
Athletics	-	-	-	-
Non-instructional Student Support	-	-	-	-
Conservation and Development:				
Community Services	-	-	-	-
Food Services	-	-	-	-
Debt Service:				
Bond Interest	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>15,989</u>	<u>-</u>	<u>103,171</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the Financial Statements are an integral part of this statement.

Enhancing Education Thru Tech	Jordan Fundamentals Grant	PNM Foundation	Daniels Fund	PDN Health Foundation	Center for SVC Learning	School Age Care & Family	Technology For Education
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
66,718	-	-	-	-	-	-	126,356
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,397	-	-	-
<u>66,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,397</u>	<u>-</u>	<u>-</u>	<u>126,356</u>
66,718	-	-	-	-	-	-	85,802
-	-	-	-	10,397	-	-	40,554
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>66,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,397</u>	<u>-</u>	<u>-</u>	<u>126,356</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	TANF Full Day Kindergarten	Incentives For School Improvement	Family Youth & Resource Program	Truancy House Bill 2
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	62,438	90,154	36,604
Charges for Services	-	-	-	-
Investment Earnings	-	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Total Revenues	-	62,438	90,154	36,604
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	62,438	-	-
Instructional Support	-	-	90,154	35,606
Administration	-	-	-	998
Business Support Services	-	-	-	-
Operational Maintenance of Plant	-	-	-	-
Athletics	-	-	-	-
Non-instructional Student Support	-	-	-	-
Conservation and Development:				
Community Services	-	-	-	-
Food Services	-	-	-	-
Debt Service:				
Bond Interest	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	-	62,438	90,154	36,604
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

The notes to the Financial Statements are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Kinder Plus Drug Free Fiesta	Libraries GO Bond Act	Pre K Initiative	School Based Health Center
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	112,477	256,166	360,586	-
Charges for Services	-	-	-	-
Investment Earnings	-	-	-	-
Contributions & Donations from Private Sources	-	-	-	62,898
Total Revenues	<u>112,477</u>	<u>256,166</u>	<u>360,586</u>	<u>62,898</u>
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	102,675	-	340,793	-
Instructional Support	9,802	256,166	-	62,898
Administration	-	-	9,793	-
Business Support Services	-	-	-	-
Operational Maintenance of Plant	-	-	10,000	-
Athletics	-	-	-	-
Non-instructional Student Support	-	-	-	-
Conservation and Development:				
Community Services	-	-	-	-
Food Services	-	-	-	-
Debt Service:				
Bond Interest	-	-	-	-
Capital Outlay:				
Capital Outlay	-	-	-	-
Total Expenditures	<u>112,477</u>	<u>256,166</u>	<u>360,586</u>	<u>62,898</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the Financial Statements are an integral part of this statement.

Breakfast in the Classroom	Total Nonmajor Special Revenue Funds	Debt Service	Public School Capital Outlay	Special Capital Outlay-Local	Special Capital Outlay-State	Capital Improvements SB9	Energy Efficiency Act
\$ -	\$ -	\$ 612,769	\$ -	\$ -	\$ -	\$ 1,098,794	\$ -
23,240	7,963,203	-	1,907,562	-	962,550	929,774	-
-	784,846	-	-	-	-	-	-
-	9,418	-	-	31,568	-	-	-
-	89,089	-	-	-	-	-	-
<u>23,240</u>	<u>8,846,556</u>	<u>612,769</u>	<u>1,907,562</u>	<u>31,568</u>	<u>962,550</u>	<u>2,028,568</u>	<u>-</u>
-	3,463,853	-	-	-	-	-	-
-	4,018,944	-	-	-	-	-	-
-	169,248	6,048	-	-	-	-	-
-	4,109	-	-	-	-	-	-
-	19,513	-	-	-	-	-	-
-	50,585	-	-	-	-	-	-
-	715,425	-	-	-	-	-	-
-	227,385	-	-	-	-	-	-
23,240	35,723	-	-	-	-	-	-
-	-	33,787	-	-	-	-	-
-	-	-	1,668,741	85,903	851,530	1,732,936	-
<u>23,240</u>	<u>8,704,785</u>	<u>39,835</u>	<u>1,668,741</u>	<u>85,903</u>	<u>851,530</u>	<u>1,732,936</u>	<u>-</u>
-	141,771	572,934	238,821	(54,335)	111,020	295,632	-
-	27,000	-	-	-	-	-	-
-	-	-	-	(27,000)	-	-	-
-	27,000	-	-	(27,000)	-	-	-
-	168,771	572,934	238,821	(81,335)	111,020	295,632	-
-	613,306	-	(75,562)	1,073,425	-	948,226	41,367
<u>\$ -</u>	<u>\$ 782,077</u>	<u>\$ 572,934</u>	<u>\$ 163,259</u>	<u>\$ 992,090</u>	<u>\$ 111,020</u>	<u>\$ 1,243,858</u>	<u>\$ 41,367</u>

Label School
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

	Educational Tech Notes	PSCO 20%	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ 1,098,794	\$ 1,711,563
Intergovernmental Revenue and Grants	-	-	3,799,886	11,763,089
Charges for Services	-	-	-	784,846
Investment Earnings	-	-	31,568	40,986
Contributions & Donations from Private Sources	-	-	-	89,089
Total Revenues	<u>-</u>	<u>-</u>	<u>4,930,248</u>	<u>14,389,573</u>
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	-	-	3,463,853
Instructional Support	-	-	-	4,018,944
Administration	-	-	-	175,296
Business Support Services	-	-	-	4,109
Operational Maintenance of Plant	-	-	-	19,513
Athletics	-	-	-	50,585
Non-instructional Student Support	-	-	-	715,425
Conservation and Development:				
Community Services	-	-	-	227,385
Food Services	-	-	-	35,723
Debt Service:				
Bond Interest	-	-	-	33,787
Capital Outlay:				
Capital Outlay	1,049,567	-	5,388,677	5,388,677
Total Expenditures	<u>1,049,567</u>	<u>-</u>	<u>5,388,677</u>	<u>14,133,297</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,049,567)</u>	<u>-</u>	<u>(458,429)</u>	<u>256,276</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	27,000
Transfers Out (Use)	-	-	(27,000)	(27,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(27,000)</u>	<u>-</u>
Net Change in Fund Balance	(1,049,567)	-	(485,429)	256,276
Fund Balance - July 1 (Beginning)	<u>1,335,493</u>	<u>5,413</u>	<u>3,328,362</u>	<u>3,941,668</u>
Fund Balance - June 30 (Ending)	<u>\$ 285,926</u>	<u>\$ 5,413</u>	<u>\$ 2,842,933</u>	<u>\$ 4,197,944</u>

The notes to the Financial Statements are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING STATEMENT OF NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2006

	Private Purpose Trust Fund	Gadsden Foundation Inc	Total Private Purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 39,772	\$ 39,772
Investments - Current	16,177	-	16,177
Total Assets	<u>\$ 16,177</u>	<u>\$ 39,772</u>	<u>\$ 55,949</u>
NET ASSETS			
Unrestricted Net Assets	<u>\$ 16,177</u>	<u>\$ 39,772</u>	<u>\$ 55,949</u>
Total Net Assets	<u>\$ 16,177</u>	<u>\$ 39,772</u>	<u>\$ 55,949</u>

The notes to the Financial Statements are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2006

Data Control Codes	Private Purpose Trust Fund	Gadsden Foundation Inc	Total Private Purpose Trust Funds
ADDITIONS:			
Investment Earnings	\$ 339	\$ 1,216	\$ 1,555
Contributions & Donations from Private	-	8,551	8,551
Total Additions	<u>339</u>	<u>9,767</u>	<u>10,106</u>
DEDUCTIONS:			
Other Operating Expenses	-	2,550	2,550
Total Deductions	<u>-</u>	<u>2,550</u>	<u>2,550</u>
Change in Net Assets	339	7,217	7,556
 Total Net Assets - July 1 (Beginning)	 <u>15,838</u>	 <u>32,555</u>	 <u>48,393</u>
 Total Net Assets - June 30 (Ending)	 <u>\$ 16,177</u>	 <u>\$ 39,772</u>	 <u>\$ 55,949</u>

The notes to the Financial Statements are an integral part of this statement.

BUDGET COMPARISONS

This page left blank intentionally.

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
GOVERNMENTAL FUNDS
General Fund Sub Funds

Operational Fund (11000) - The fund is used to account for the State Equalization funds received from the State Department of Education to pay for the general instruction and support functions of the District.

Transportation Fund (13000) - The fund is used to account for the State Equalization funds received from the State Department of Education to pay for the costs associated with transporting school age children.

Instructional Materials Fund (14000) - The fund is used to account for funds received from the State Department of Education for the purpose of purchasing instructional materials used in the education of students.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - OPERATIONAL FUND
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Taxes:				
Property Taxes	\$ 187,957	\$ 187,957	\$ 205,837	\$ 17,880
Intergovernmental Revenue and Grants	81,748,456	82,654,956	82,746,936	91,980
Charges for Services	115,000	115,000	83,776	(31,224)
Investment Earnings	55,000	55,000	62,599	7,599
Rents and Royalties	16,000	16,000	4,516	(11,484)
Contributions & Donations from Private Sources	-	35,000	58,384	23,384
Other Revenue	50,000	50,000	305,598	255,598
Total Revenues	82,172,413	83,113,913	83,467,646	353,733
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	52,590,533	52,817,458	52,894,313	(76,855)
Instructional Support	18,399,875	18,548,728	18,207,677	341,051
Administration	2,304,511	2,311,505	2,126,867	184,638
Business/Support Services	1,105,781	1,108,781	960,287	148,494
Operation/Maintenance of Plant	8,603,152	8,928,953	8,520,607	408,346
Athletics	1,125,263	1,110,263	1,092,586	17,677
Non-Instructional Student Support	149,754	338,681	245,857	92,824
Conservation and Development:				
Community Services	113,427	143,427	103,595	39,832
Capital Outlay:				
Capital Outlay	-	26,000	-	26,000
Total Expenditures	84,392,296	85,333,796	84,151,789	1,182,007
Change in Fund Balance	(2,219,883)	(2,219,883)	(684,143)	1,535,740
Fund Balance - July 1 (Beginning)	-	502,751	502,751	-
Fund Balance - June 30 (Ending)	\$ (2,219,883)	\$ (1,717,132)	\$ (181,392)	\$ 1,535,740

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TRANSPORTATION
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 5,015,367	\$ 5,235,058	\$ 5,235,058	\$ -
Total Revenues	<u>5,015,367</u>	<u>5,235,058</u>	<u>5,235,058</u>	<u>-</u>
EXPENDITURES:				
Current:				
General Government:				
Transportation Services	5,015,367	5,235,058	5,224,732	10,326
Total Expenditures	<u>5,015,367</u>	<u>5,235,058</u>	<u>5,224,732</u>	<u>10,326</u>
Change in Fund Balance	-	-	10,326	10,326
Fund Balance - July 1 (Beginning)	<u>-</u>	<u>7,404</u>	<u>7,404</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 7,404</u>	<u>\$ 17,730</u>	<u>\$ 10,326</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - INSTRUCTIONAL MATERIALS
 FOR THE YEAR ENDED JUNE 30, 2006

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 1,077,635	\$ 1,730,153	\$ 1,267,795	\$ (462,358)
Total Revenues	<u>1,077,635</u>	<u>1,730,153</u>	<u>1,267,795</u>	<u>(462,358)</u>
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	1,039,282	1,643,504	1,046,078	597,426
Instructional Support	<u>38,353</u>	<u>86,649</u>	<u>84,286</u>	<u>2,364</u>
Total Expenditures	<u>1,077,635</u>	<u>1,730,153</u>	<u>1,130,364</u>	<u>599,790</u>
Change in Fund Balance	-	-	137,432	137,432
Fund Balance - July 1 (Beginning)	<u>-</u>	<u>462,888</u>	<u>462,888</u>	<u>-</u>
Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 462,888</u>	<u>\$ 600,320</u>	<u>\$ 137,432</u>

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
NON-MAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Athletics (22000) - The funds are used to expend gate receipt income and donations earmarked for the athletic program.

Non-Instructional Support (23000) - The fund is used to account for amounts received to support student activities, other than agency funds.

Title I Migrant (24103) - The fund is used to account for Federal revenues administered by the State Department of Education to provide for special educational needs of migratory agricultural workers. (P.L.100-297)

JAVITZ Grant (24102) - The fund is used to account for amounts received to support student activities, other than agency funds.

IDEA-B Entitlement - Special Education (24106) - The fund is used to account for Federal revenues administered by the State Department of Education to provide for special education needs of handicapped students ages 6 -21 years old. (P.L. 94-142 and P.L. 99-457).

IDEA-B — Competitive - Mis Padrinos (24108)- The fund is used for creating a support group for parents of pre-school children with special education needs and to train six parent leaders.

IDEA-B — Pre-School (24109)- The fund is used to account for Federal revenues administered by the State Department of Education to provide for special educational needs of handicapped children 3-5 years old. (P.L. 94-142 and P.L.99-457)

IASA Title VI (24112)- The grant fund provides supplementary funds for professional development. This fund was replaced by the new fund 24150.

Homeless Children and Youth (24113)- The fund is used to reduce barriers to public education for homeless children and youth. (P.L. 100-77).

Fresh Fruit and Vegetables (24118) - The fund is used to provide all children with a variety of free fresh fruits and vegetables throughout the school day.

Carl Perkins (24119) - The fund is used to support career and technical education in the middle and high schools. It supports the career readiness initiative.

IASA Title I Family Lit. (24125)- Competitive grant funded through Title I Part B – Even Start to provide a coordinated approach to family literacy by integrating programs for early childhood, adult basic and parenting education. Targeted families are those with children age 7 and younger and parents in need of basic skills education. GISD has chosen to target parents with children ages 3 and 4. The families have the opportunity to continue in the Even Start program until their child reaches age 8. The intent of Even Start is to prepare these disadvantaged children for success in school while helping their parents achieve literacy and develop the ability to be active partners in their children's education.

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
Special Revenue Funds

New Mexico Learn and Serve America (24126) - The fund is used to expand the educational service learning projects in New Mexico, utilizing systematic change initiatives already occurring, and to increase the number of participants (both volunteers and recipients) in service learning projects.

Title IV Drug Free Schools (24128) - The fund is used to account for Federal revenues administered by the State Department of Education to provide an integrated approach in the school curriculum to aid in drug abuse education and prevention (P.L. 100-297). This fund was replaced by the new fund 24157.

Technology Literacy Challenge Fund – Keys to Change (24133)- GISD was in a consortium with Las Cruces Public Schools and NMSU, the purpose was to set up technology training for school district staff with emphasis on teachers.

Class Size Reduction Act (24137)- The fund is used to develop an approach to improving educational achievement for both regular and special needs children, this includes hiring fully qualified teachers and reducing the size of regular classrooms in the early grades to an average or maximum of no more than 18 students.

Title III (24153)- The purpose of this grant is to enhance English proficiency to English language learners and/or immigrants, part of the No Child Left Behind.

ESEA – Title II (24154)- The fund is used to account for Federal revenues administered by the State Department of Education to provide for staff development in the curriculum areas of science and math. (P.L. 100-297)

Drug Free Schools (24157) Title IV-A- The fund is used to account for Federal revenues administered by the State Department of Education to provide an integrated approach in the school curriculum to aid in drug abuse education and prevention. (P.L. 100-297)

School Improvement (24162)- The funds are allocated to schools to assist in the implementation of their School Improvement Plan (EPSS). The funds are used to provide professional development and supporting supplemental materials.

Title VII (24209)- The fund is used in an effort to increase academic achievement of limited English proficient students, Project Metamorphosis will use grant funds to transform our current K-5 transitional bilingual program into a two-way bilingual immersion program at five elementary schools. Project Metamorphosis will focus on empowering the parent through training and education so they can become active participants in the education of their children.

National Science Foundation (24233)- The purpose of this award is to recognize and support outstanding elementary and secondary school science and mathematics teaching.

Medicaid Title XIX 3/31 Years (24253)- Will promote the student's well being in the areas of health, mental health, social services, and attendance to enhance the student's potential and ability to achieve individual goals.

Gadsden Mathematics Initiative (24258) - The fund is used to promote students to engage in mathematics as a learner, and strategies to help students develop mathematical understanding to develop listening, questioning skills and acquire strategies for managing a standard based classroom.

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
Special Revenue Funds

Title III (24266)- The funds are used to purchase library materials.

Naval J.R.O.T.C. (24300) - The fund is used for meals, lodging, travel, and supplies for naval students at Gadsden and Santa Teresa High Schools to provide students with leadership, unity, social skills, and to promote self-esteem. The Department of the Navy reimburses all the money.

R.E.T.A. (Regional Educational Technology Association) (24307) - The Regional Educational Technology Assistance (RETA) project provides professional development opportunities for teachers and administrators to improve teaching performance, educational leadership and student learning through increased understanding and use of learning technologies. These funds are used to establish 4 statewide technology-training centers around the State of New Mexico and a special training center is funded with this money at the GISD.

Enhancing Education Thru Technology (24149) - The fund is used for integrating technology into the learning process and development of long-term strategic educational technology.

Jordan Fundamentals Grant (25117) - The fund is used for resource materials, supplies, equipment, transportation or other costs related to field trips, and other items required to implement the project as described on the application.

PNM Foundation (25123) - The fund is used to assist with the classroom and help support teaching in Gadsden Middle School.

Daniels Fund (25144) - Northern Preschool Project.

PDN Health Foundation (25168)- The fund is used for Physical Activity Cycle 1 “Gadsden in Action”.

Center for Service Learning (25170)- The fund is used to engage children in service learning projects throughout the school year at Desert View Elementary and Gadsden High School. Service Learning is a method of learning that enables students to apply classroom knowledge and skills to community needs.

School Age Care and Family (25341)- To provide childcare to families receiving TANF (Temporary Assistance for Needy Families) so that they may look for work and attend school and know that their young children are well cared for in their absence. This is only for the Sunland Park Community and for those who have children between the ages of 5-8.

Technology for Education (25347)- The fund is used to develop an environmental lab science course at the high school level that encompasses the use of satellite imagery station.

Full-Day Kinder (25372)- The fund is appropriated by state legislature to provide additional funding for school districts to implement full day kindergarten.

Incentives for School Improvement (25374)- The fund is used depending on the school principal and teachers in cooperation with other school employees and the community. The schools that were awarded this money are Desert Trail Intermediate, Mesquite Elementary, and Sunland Park Elementary.

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
Special Revenue Funds

Family and Youth Resources Program (25379) - State legislature appropriated funds to be used to develop programs to provide an intermediary for students and their families at public schools to access social and health care services. Funds administered through the NM Public Education Department, School and Family Support Bureau.

Truancy House Bill 2 (25380) - State legislature appropriated funds to be used to develop truancy intervention and prevention programs. Funds administered through the NM Public Education Department, School and Family Support Bureau.

CATCH Paso Del Norte (25386) - The fund is used to incorporate the CATCH philosophy, implement the four integral components of the CATCH curriculum, participate in appropriate CATCH trainings for food service personnel, physical education staff and teachers, and participate in the CATCH school support network.

NMSU School to Work (Tech Prep) (25423) - To develop the school to work academic program grouped around career goals.

Beginning Teacher Mentoring Program (25433) - The purpose of this grant is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, and improve the achievement of students and overall success of the school through collegial relationships, the POINTS Mentorship Program.

Private Direct Grants (25502) - The fund is used to provide on-line experience for technology.

ENLACE Program (25103) - The fund is used to teach ENLACE class and to purchase technology for ENLACE students.

Milken Festival for Youth (25126) - The fund is used to provide meaningful and enjoyable beautification community service experience projects for students at Gadsden High School.

Kinder Plus/Drug Free/Fiesta Educativa (25383) - **Kinder Plus** – Funds are to be used for the continued implementation of the extended kindergarten program. **Drug Free** – Funds are to be used for gang and drug free conferences. **Fiesta Educativa** – Funds are to be used for Fiesta Educativa Parent Conference and Outreach activities.

Libraries GO Bond Act (25384) - The fund is used to update and expand library collections in order to circulate and provide access of materials to students and teachers.

Pre -K Initiative (25397) - Funds appropriated through the NM Pre-Kindergarten Act to expand opportunities for voluntary, high-quality early-childhood education for communities demonstrating a need for Pre-K services.

School Based Health Center (25531) – The fund is used to meet the requirements associated with a School Based Health Center.

Breakfast in the Classroom (25601) – The fund is used for Breakfast in the Classroom expenses. Breakfast must be at no cost to the students.

Note - The special revenue funds included in these financial statements have been established under the authority of the public law indicated above, by the terms of the grant, or by the requirements of generally accepted accounting principles.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ATHLETICS
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-4

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Charges for Services	\$ 90,000	\$ 90,000	\$ 99,936	\$ 9,936
Investment Earnings	-	-	1,653	1,653
Total Revenues	90,000	90,000	101,589	11,589
EXPENDITURES:				
Current:				
General Government:				
Athletics	185,908	185,908	50,585	135,323
Total Expenditures	185,908	185,908	50,585	135,323
Change in Fund Balance	(95,908)	(95,908)	51,004	146,912
Fund Balance - July 1 (Beginning)	-	153,834	153,834	-
 Fund Balance - June 30 (Ending)	 \$ (95,908)	 \$ 57,926	 \$ 204,838	 \$ 146,912

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - NON-INSTRUCTIONAL SUPPORT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-5

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Charges for Services	\$ 870,000	\$ 897,000	\$ 684,910	\$ (212,090)
Investment Earnings	20,000	20,000	8,169	(11,831)
Total Revenues	890,000	917,000	693,079	(223,921)
EXPENDITURES:				
Current:				
General Government:				
Non-instructional Student Support	1,234,273	1,261,273	679,242	582,031
Total Expenditures	1,234,273	1,261,273	679,242	582,031
Change in Fund Balance	(344,273)	(344,273)	13,837	358,110
Fund Balance - July 1 (Beginning)	-	345,528	345,528	-
Fund Balance - June 30 (Ending)	\$ (344,273)	\$ 1,255	\$ 359,365	\$ 358,110

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ESEA TITLE I - MIGRANT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-6

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 114,890	\$ 96,988	\$ (17,902)
Total Revenues	-	114,890	96,988	(17,902)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	7,265	7,264	1
Instructional Support	-	104,494	89,769	14,725
Administration	-	3,082	2,729	353
Operational Maintenance of Plant	-	49	-	49
Total Expenditures	-	114,890	99,762	15,128
Change in Fund Balance	-	-	(2,774)	(2,774)
Fund Balance - July 1 (Beginning)	-	4,022	4,022	-
Fund Balance - June 30 (Ending)	\$ -	\$ 4,022	\$ 1,248	\$ (2,774)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - JACOB JAVITZ GRANT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-7

	Budgeted Amounts		Actual	Variance With
	Original	Final	BUDGET BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 13,426	\$ -	\$ (13,426)
Total Revenues	-	13,426	-	(13,426)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	8,665	-	8,665
Instructional Support	-	1,400	-	1,400
Administration	-	361	-	361
Conservation and Development:				
Community Services	-	3,000	-	3,000
Total Expenditures	-	13,426	-	13,426
Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - IDEA-B ENTITLEMENT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-8

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 2,936,693	\$ 3,624,729	\$ 2,055,805	\$ (1,568,924)
Total Revenues	<u>2,936,693</u>	<u>3,624,729</u>	<u>2,055,805</u>	<u>(1,568,924)</u>
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	1,509,693	1,619,909	1,348,042	271,867
Instructional Support	1,141,199	1,549,832	1,355,468	194,364
Administration	77,801	93,595	79,297	14,298
Conservation and Development:				
Community Services	208,000	361,393	227,002	134,391
Total Expenditures	<u>2,936,693</u>	<u>3,624,729</u>	<u>3,009,809</u>	<u>614,920</u>
Change in Fund Balance	-	-	(954,004)	(954,004)
Fund Balance - July 1 (Beginning)	-	688,036	688,036	-
Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 688,036</u>	<u>\$ (265,968)</u>	<u>\$ (954,004)</u>

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PARENT INVOLVEMENT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-9

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 5,000	\$ -	\$ (5,000)
Total Revenues	-	5,000	-	(5,000)
EXPENDITURES:				
Current:				
General Government:				
Instructional Support	-	5,000	5,000	-
Total Expenditures	-	5,000	5,000	-
Change in Fund Balance	-	-	(5,000)	(5,000)
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ (5,000)	\$ (5,000)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - IDEA-B PRESCHOOL
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-10

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 81,204	\$ 100,211	\$ 62,953	\$ (37,258)
Total Revenues	81,204	100,211	62,953	(37,258)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	17,679	36,175	32,309	3,866
Instructional Support	61,425	61,425	50,467	10,958
Administration	2,100	2,611	2,328	283
Total Expenditures	81,204	100,211	85,104	15,107
Change in Fund Balance	-	-	(22,151)	(22,151)
Fund Balance - July 1 (Beginning)	-	19,006	19,006	-
Fund Balance - June 30 (Ending)	\$ -	\$ 19,006	\$ (3,145)	\$ (22,151)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TITLE VI
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-11

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	(8,603)	(8,603)	-
Fund Balance - June 30 (Ending)	\$ -	\$ (8,603)	\$ (8,603)	\$ -

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - HOMELESS CHILDREN/YOUTH
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-12

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 41,719	\$ 31,951	\$ (9,768)
Total Revenues	-	41,719	31,951	(9,768)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	10,454	10,443	11
Instructional Support	-	29,194	28,984	210
Administration	-	1,113	1,113	-
Conservation and Development:				
Community Services	-	958	958	-
Total Expenditures	-	41,719	41,498	221
Change in Fund Balance	-	-	(9,547)	(9,547)
Fund Balance - July 1 (Beginning)	-	803	803	-
Fund Balance - June 30 (Ending)	\$ -	\$ 803	\$ (8,744)	\$ (9,547)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - FRUIT AND VEGETABLE PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-13

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 52,917	\$ 11,473	\$ (41,444)
Total Revenues	-	52,917	11,473	(41,444)
EXPENDITURES:				
Current:				
Conservation and Development:				
Food Services	-	52,917	12,483	40,434
Total Expenditures	-	52,917	12,483	40,434
Change in Fund Balance	-	-	(1,010)	(1,010)
Fund Balance - July 1 (Beginning)	-	-	-	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ -	 \$ (1,010)	 \$ (1,010)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CARL D. PERKINS (VOC ED)
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-14

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 280,323	\$ 259,876	\$ (20,447)
Total Revenues	-	280,323	259,876	(20,447)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	224,841	179,378	45,463
Instructional Support	-	46,592	37,383	9,209
Administration	-	8,890	3,515	5,375
Total Expenditures	-	280,323	220,276	60,047
Change in Fund Balance	-	-	39,600	39,600
Fund Balance - July 1 (Beginning)	-	(129,311)	(129,311)	-
Fund Balance - June 30 (Ending)	\$ -	\$ (129,311)	\$ (89,711)	\$ 39,600

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - IASA TITLE I - FAMILY LIT.
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-15

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 215,858	\$ 151,789	\$ (64,069)
Total Revenues	-	215,858	151,789	(64,069)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	108,478	84,873	23,605
Instructional Support	-	105,006	80,381	24,625
Conservation and Development:				
Community Services	-	2,374	1,135	1,239
Total Expenditures	-	215,858	166,389	49,469
Change in Fund Balance	-	-	(14,600)	(14,600)
Fund Balance - July 1 (Beginning)	-	3,641	3,641	-
Fund Balance - June 30 (Ending)	\$ -	\$ 3,641	\$ (10,959)	\$ (14,600)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - SERVICE LEARNING
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-16

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 106,534	\$ 60,545	\$ (45,989)
Total Revenues	-	106,534	60,545	(45,989)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	46,711	25,631	21,080
Instructional Support	-	57,158	31,352	25,806
Administration	-	2,665	1,446	1,219
Total Expenditures	-	106,534	58,429	48,105
Change in Fund Balance	-	-	2,116	2,116
Fund Balance - July 1 (Beginning)	-	(49,756)	(49,756)	-
Fund Balance - June 30 (Ending)	\$ -	\$ (49,756)	\$ (47,640)	\$ 2,116

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TITLE IV - DRUG FREE
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-17

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	889	889	-
Fund Balance - June 30 (Ending)	\$ -	\$ 889	\$ 889	\$ -

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TECH. CHALLENGE FUND
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-18

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 186,226	\$ 123,702	\$ 86,054	\$ (37,648)
Total Revenues	186,226	123,702	86,054	(37,648)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	144,226	110,656	108,804	1,852
Instructional Support	42,000	13,046	12,197	849
Total Expenditures	186,226	123,702	121,001	2,701
Change in Fund Balance	-	-	(34,947)	(34,947)
Fund Balance - July 1 (Beginning)	-	24,418	24,418	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ 24,418	 \$ (10,529)	 \$ (34,947)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CLASS SIZE REDUCTION ACT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-19

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 35,685	\$ 638,650	\$ 18,315	\$ (620,335)
Total Revenues	35,685	638,650	18,315	(620,335)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	34,727	68,924	54,186	14,738
Administration	958	1,902	1,504	398
Total Expenditures	35,685	70,826	55,690	15,136
Change in Fund Balance	-	567,824	(37,375)	(605,199)
Fund Balance - July 1 (Beginning)	-	1,066	1,066	-
Fund Balance - June 30 (Ending)	\$ -	\$ 568,890	\$ (36,309)	\$ (605,199)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TITLE III
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-20

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 567,824	\$ 271,254	\$ 463,136	\$ 191,882
Total Revenues	567,824	271,254	463,136	191,882
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	482,573	746,541	553,718	192,823
Instructional Support	70,000	70,000	67,386	2,614
Administration	15,251	22,537	17,404	5,133
Total Expenditures	567,824	839,078	638,508	200,570
Change in Fund Balance	-	(567,824)	(175,372)	392,452
Fund Balance - July 1 (Beginning)	-	(22,661)	(22,661)	-
Fund Balance - June 30 (Ending)	\$ -	\$ (590,485)	\$ (198,033)	\$ 392,452

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TITLE II-A (MATH/ SCIENCE)
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-21

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 1,142,317	\$ 1,461,098	\$ 1,165,958	\$ (295,140)
Total Revenues	1,142,317	1,461,098	1,165,958	(295,140)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	79,254	300,485	129,242	171,243
Instructional Support	1,032,382	1,122,068	1,009,650	112,418
Administration	30,681	38,545	31,973	6,572
Total Expenditures	1,142,317	1,461,098	1,170,865	290,233
Change in Fund Balance	-	-	(4,907)	(4,907)
Fund Balance - July 1 (Beginning)	-	(66,989)	(66,989)	-
Fund Balance - June 30 (Ending)	\$ -	\$ (66,989)	\$ (71,896)	\$ (4,907)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TITLE IV - SAFE & DRUG FREE SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-22

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 123,412	\$ 145,482	\$ 127,574	\$ (17,908)
Total Revenues	123,412	145,482	127,574	(17,908)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	300	452	452	-
Instructional Support	117,297	130,622	129,803	819
Administration	3,315	3,908	3,908	-
Operational Maintenance of Plant	2,500	10,500	9,704	796
Total Expenditures	123,412	145,482	143,867	1,615
Change in Fund Balance	-	-	(16,293)	(16,293)
Fund Balance - July 1 (Beginning)	-	(4,185)	(4,185)	-
Fund Balance - June 30 (Ending)	\$ -	\$ (4,185)	\$ (20,478)	\$ (16,293)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - SCHOOL IMPROVEMENT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-23

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 258,505	\$ 237,428	\$ (21,077)
Total Revenues	-	258,505	237,428	(21,077)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	258,208	249,715	8,493
Administration	-	297	297	-
Total Expenditures	-	258,505	250,012	8,493
Change in Fund Balance	-	-	(12,584)	(12,584)
Fund Balance - July 1 (Beginning)	-	(15,053)	(15,053)	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ (15,053)	 \$ (27,637)	 \$ (12,584)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ESEA TITLE VII BILINGUAL
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-24

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 2,107	\$ 2,107
Total Revenues	-	-	2,107	2,107
Change in Fund Balance	-	-	2,107	2,107
Fund Balance - July 1 (Beginning)	-	(1,567)	(1,567)	-
Fund Balance - June 30 (Ending)	\$ -	\$ (1,567)	\$ 540	\$ 2,107

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - MEDICAID GRANT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-25

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 480,000	\$ 480,000	\$ 486,023	\$ 6,023
Total Revenues	480,000	480,000	486,023	6,023
EXPENDITURES:				
Current:				
General Government:				
Instructional Support	466,752	466,752	450,100	16,652
Administration	13,248	13,248	6,750	6,498
Total Expenditures	480,000	480,000	456,850	23,150
Change in Fund Balance	-	-	29,173	29,173
Fund Balance - July 1 (Beginning)	-	128,584	128,584	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ 128,584	 \$ 157,757	 \$ 29,173

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GADSDEN MATHEMATICS
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-26

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 510,384	\$ 499,497	\$ 118,659	\$ (380,838)
Total Revenues	510,384	499,497	118,659	(380,838)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	280,325	280,325	75,698	204,627
Instructional Support	216,350	205,463	145,026	60,437
Administration	13,709	13,709	6,193	7,516
Total Expenditures	510,384	499,497	226,917	272,580
Change in Fund Balance	-	-	(108,258)	(108,258)
Fund Balance - July 1 (Beginning)	-	443	443	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ 443	 \$ (107,815)	 \$ (108,258)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GRADS INSTRUCTIONAL PREVE
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-27

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 22,000	\$ 22,000	\$ 21,000	\$ (1,000)
Total Revenues	22,000	22,000	21,000	(1,000)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	22,000	22,000	16,000	6,000
Total Expenditures	22,000	22,000	16,000	6,000
Change in Fund Balance	-	-	5,000	5,000
Fund Balance - July 1 (Beginning)	-	52	52	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ 52	 \$ 5,052	 \$ 5,000

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - NAVAL JR. ROTC
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-28

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 100,000	\$ 108,648	\$ 126,624	\$ 17,976
Total Revenues	100,000	108,648	126,624	17,976
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	100,000	108,648	103,165	5,483
Total Expenditures	100,000	108,648	103,165	5,483
Change in Fund Balance	-	-	23,459	23,459
Fund Balance - July 1 (Beginning)	-	35,324	35,324	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ 35,324	 \$ 58,783	 \$ 23,459

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - RETA
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-29

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	5,075	5,075	-
Fund Balance - June 30 (Ending)	\$ -	\$ 5,075	\$ 5,075	\$ -

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ENHANCING EDUCATION THRU TECH
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-30

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 83,000	\$ -	\$ (83,000)
Total Revenues	-	83,000	-	(83,000)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	77,721	66,718	11,003
Instructional Support	-	4,500	-	4,500
Administration	-	779	-	779
Total Expenditures	-	83,000	66,718	16,282
Change in Fund Balance	-	-	(66,718)	(66,718)
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ (66,718)	\$ (66,718)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - JORDAN FUNDAMENTALS GRANT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-31

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Contributions & Donations from Private Sources	\$ -	\$ 738	\$ -	\$ (738)
Total Revenues	-	738	-	(738)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	738	583	155
Total Expenditures	-	738	583	155
Change in Fund Balance	-	-	(583)	(583)
Fund Balance - July 1 (Beginning)	-	739	739	-
Fund Balance - June 30 (Ending)	\$ -	\$ 739	\$ 156	\$ (583)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PNM FOUNDATION
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-32

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Contributions & Donations from Private Sources	\$ -	\$ 1,000	\$ 1,000	\$ -
Total Revenues	-	1,000	1,000	-
EXPENDITURES:				
Current:				
General Government:				
Instructional Support	-	1,000	-	1,000
Total Expenditures	-	1,000	-	1,000
Change in Fund Balance	-	-	1,000	1,000
Fund Balance - July 1 (Beginning)	-	46	46	-
Fund Balance - June 30 (Ending)	\$ -	\$ 46	\$ 1,046	\$ 1,000

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DANIELS FUND
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-33

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Contributions & Donations from Private Sources	\$ -	\$ 50,000	\$ -	\$ (50,000)
Total Revenues	-	50,000	-	(50,000)
EXPENDITURES:				
Current:				
Capital Outlay:				
Capital Outlay	-	50,000	-	50,000
Total Expenditures	-	50,000	-	50,000
Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PDN HEALTH FOUNDATION
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-34

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Contributions & Donations from Private Sources	\$ -	\$ 10,737	\$ -	\$ (10,737)
Total Revenues	-	10,737	-	(10,737)
EXPENDITURES:				
Current:				
General Government:				
Instructional Support	-	10,737	10,551	186
Total Expenditures	-	10,737	10,551	186
Change in Fund Balance	-	-	(10,551)	(10,551)
Fund Balance - July 1 (Beginning)	-	10,551	10,551	-
Fund Balance - June 30 (Ending)	\$ -	\$ 10,551	\$ -	\$ (10,551)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CENTER FOR SVC LEARNING
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-35

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ -	 \$ -	 \$ -

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - SCHOOL AGE CARE & FAMILY
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-36

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	25,381	25,381	-
Fund Balance - June 30 (Ending)	\$ -	\$ 25,381	\$ 25,381	\$ -

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TECHNOLOGY FOR EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-37

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 185,292	\$ 215,329	\$ 30,733	\$ (184,596)
Total Revenues	185,292	215,329	30,733	(184,596)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	79,000	87,088	85,802	1,286
Instructional Support	106,292	128,241	88,196	40,045
Total Expenditures	185,292	215,329	173,998	41,331
Change in Fund Balance	-	-	(143,265)	(143,265)
Fund Balance - July 1 (Beginning)	-	99,088	99,088	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ 99,088	 \$ (44,177)	 \$ (143,265)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TANF-FULL DAY KINDERGARTEN
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-38

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ 127,675	\$ 127,675
Total Revenues	-	-	127,675	127,675
Change in Fund Balance	-	-	127,675	127,675
Fund Balance - July 1 (Beginning)	-	(122,822)	(122,822)	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ (122,822)	 \$ 4,853	 \$ 127,675

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - INCENTIVES FOR SCHOOL IMP.
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-39

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 114,746	\$ 41,996	\$ (72,750)
Total Revenues	-	114,746	41,996	(72,750)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	114,746	53,960	60,786
Total Expenditures	-	114,746	53,960	60,786
Change in Fund Balance	-	-	(11,964)	(11,964)
Fund Balance - July 1 (Beginning)	-	44	44	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ 44	 \$ (11,920)	 \$ (11,964)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - FAMILY & YOUTH RESOURCE PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-40

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 97,671	\$ 10,079	\$ (87,592)
Total Revenues	-	97,671	10,079	(87,592)
EXPENDITURES:				
Current:				
General Government:				
Instructional Support	-	97,671	95,513	2,158
Total Expenditures	-	97,671	95,513	2,158
Change in Fund Balance	-	-	(85,434)	(85,434)
Fund Balance - July 1 (Beginning)	-	(4,566)	(4,566)	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ (4,566)	 \$ (90,000)	 \$ (85,434)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - TRUANCY - HOUSE BILL 2
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-41

	Budgeted Amounts		Actual	Variance With
	Original	Final	BUDGET BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 38,000	\$ 25,326	\$ (12,674)
Total Revenues	-	38,000	25,326	(12,674)
EXPENDITURES:				
Current:				
General Government:				
Instructional Support	-	36,979	35,606	1,373
Administration	-	1,021	998	23
Total Expenditures	-	38,000	36,604	1,396
Change in Fund Balance	-	-	(11,278)	(11,278)
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ (11,278)	\$ (11,278)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CATCH - PDN
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-42

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 5,668	\$ 3,000	\$ (2,668)
Total Revenues	-	5,668	3,000	(2,668)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	5,668	5,668	-
Total Expenditures	-	5,668	5,668	-
Change in Fund Balance	-	-	(2,668)	(2,668)
Fund Balance - July 1 (Beginning)	-	2,676	2,676	-
Fund Balance - June 30 (Ending)	\$ -	\$ 2,676	\$ 8	\$ (2,668)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - NMSU SCHOOL TO WORK
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-43

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 18,418	\$ -	\$ (18,418)
Total Revenues	-	18,418	-	(18,418)
EXPENDITURES:				
Current:				
General Government:				
Instructional Support	-	18,418	17,725	693
Total Expenditures	-	18,418	17,725	693
Change in Fund Balance	-	-	(17,725)	(17,725)
Fund Balance - July 1 (Beginning)	-	18,418	18,418	-
Fund Balance - June 30 (Ending)	\$ -	\$ 18,418	\$ 693	\$ (17,725)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BEGINNING TEACHER MENTORING
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-44

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 20,790	\$ -	\$ (20,790)
Total Revenues	-	20,790	-	(20,790)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	16,790	12,323	4,467
Instructional Support	-	4,000	1,950	2,050
Total Expenditures	-	20,790	14,273	6,517
Change in Fund Balance	-	-	(14,273)	(14,273)
Fund Balance - July 1 (Beginning)	-	(14,199)	(14,199)	-
Fund Balance - June 30 (Ending)	\$ -	\$ (14,199)	\$ (28,472)	\$ (14,273)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PRIVATE GRANTS
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-45

	Budgeted Amounts		Actual	Variance With
	Original	Final	BUDGET BASIS (See Note)	Final Budget Positive or (Negative)
EXPENDITURES:				
Current:				
General Government:				
Business Support Services	\$ -	\$ -	\$ 4,109	\$ (4,109)
Total Expenditures	-	-	4,109	(4,109)
Change in Fund Balance	-	-	(4,109)	(4,109)
Fund Balance - July 1 (Beginning)	-	6,408	6,408	-
Fund Balance - June 30 (Ending)	\$ -	\$ 6,408	\$ 2,299	\$ (4,109)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ENLACE PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-46

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Contributions & Donations from Private Sources	\$ -	\$ 10,714	\$ -	\$ (10,714)
Total Revenues	-	10,714	-	(10,714)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	10,714	10,714	-
Total Expenditures	-	10,714	10,714	-
Change in Fund Balance	-	-	(10,714)	(10,714)
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ (10,714)	\$ (10,714)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - MILKEN FESTIVAL FOR YOUTH
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-47

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Contributions & Donations from Private Sources	\$ -	\$ 5,305	\$ 5,305	\$ -
Total Revenues	-	5,305	5,305	-
EXPENDITURES:				
Current:				
General Government:				
Non-instructional Student Support	-	5,305	5,080	225
Total Expenditures	-	5,305	5,080	225
Change in Fund Balance	-	-	225	225
Fund Balance - July 1 (Beginning)	-	-	-	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ -	 \$ 225	 \$ 225

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - KINDER PLUS DRUG FREE FIESTA
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-48

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 100,000	\$ 111,400	\$ 52,200	\$ (59,200)
Total Revenues	100,000	111,400	52,200	(59,200)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	100,000	100,000	100,000	-
Instructional Support	-	11,400	9,802	1,598
Total Expenditures	100,000	111,400	109,802	1,598
Change in Fund Balance	-	-	(57,602)	(57,602)
Fund Balance - July 1 (Beginning)	-	-	-	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ -	 \$ (57,602)	 \$ (57,602)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - LIBRARIES GO BOND ACT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-49

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 264,163	\$ -	\$ (264,163)
Total Revenues	-	264,163	-	(264,163)
EXPENDITURES:				
Current:				
General Government:				
Instructional Support	-	264,163	234,590	29,573
Total Expenditures	-	264,163	234,590	29,573
Change in Fund Balance	-	-	(234,590)	(234,590)
Fund Balance - July 1 (Beginning)	-	-	-	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ -	 \$ (234,590)	 \$ (234,590)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PREK INITIATIVE
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-50

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 364,610	\$ 272,464	\$ (92,146)
Total Revenues	-	364,610	272,464	(92,146)
EXPENDITURES:				
Current:				
General Government:				
Direct Instruction	-	344,817	338,324	6,493
Administration	-	9,793	9,793	-
Operational Maintenance of Plant	-	10,000	10,000	-
Total Expenditures	-	364,610	358,117	6,493
Change in Fund Balance	-	-	(85,653)	(85,653)
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ (85,653)	\$ (85,653)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - SCHOOL BASED HEALTH CENTER
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-51

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Contributions & Donations from Private Sources	\$ -	\$ 75,000	\$ -	\$ (75,000)
Total Revenues	-	75,000	-	(75,000)
EXPENDITURES:				
Current:				
General Government:				
Instructional Support	-	73,254	55,392	17,862
Administration	-	1,746	-	1,746
Total Expenditures	-	75,000	55,392	19,608
Change in Fund Balance	-	-	(55,392)	(55,392)
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ (55,392)	\$ (55,392)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - BREAKFAST IN THE CLASSROOM
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-52

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 23,240	\$ 23,240	\$ -
Total Revenues	-	23,240	23,240	-
EXPENDITURES:				
Current:				
Conservation and Development:				
Food Services	-	23,240	23,240	-
Total Expenditures	-	23,240	23,240	-
Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	-	-	-
Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

This page is left blank intentionally.

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

Debt Service Funds

Debt Service (41000) - The fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-53

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Taxes:				
Property Taxes	\$ 34,129	\$ 455,732	\$ 604,725	\$ 148,993
Total Revenues	34,129	455,732	604,725	148,993
EXPENDITURES:				
Current:				
General Government:				
Administration	341	4,558	6,047	(1,489)
Debt Service:				
Bond Interest	33,788	33,788	33,787	1
Fiscal Agent's Fees	-	417,386	-	417,386
Total Expenditures	34,129	455,732	39,834	415,898
Change in Fund Balance	-	-	564,891	564,891
Fund Balance - July 1 (Beginning)	-	-	-	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ -	 \$ 564,891	 \$ 564,891

The accompanying notes are an integral part of this statement.

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities.

PSCOC Capital Outlay (31200) - Fund used to account for capital projects funded from awards made by the Public School Capital Outlay Council.

Special Capital Outlay – Local (31300)- Fund used to account for capital projects funded by local grants specifically for capital projects.

Special Capital Outlay – State (31400)- Fund used to account for capital projects funded by special legislative appropriations specifically for capital projects.

Capital Improvements SB #9 (31700)- Fund used to account for revenues from locally assessed property taxes and amounts matched by state equalization to provide for capital outlay and/or repairs and maintenance of property, plant, and equipment.

Energy Efficiency Improvement (31800)- Fund used to account for the lease-purchase of energy efficient retrofits. In accordance with GAAP, as applied to governmental entities, the total cost of the contract is recognized as an expenditure in the year received.

Public School Capital Outlay – 20% (32100)- Fund used to account for 20% of operational tax revenues to be used to purchase capital outlay equipment.

Educational Technology Equipment Act (31900) - Fund used to account for purchases of education technology equipment funded through the issuance of Education Technology Lease Purchase obligations as authorized under the NM Educational Technology Equipment Act.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PUBLIC SCHOOL CAPITAL OUTLAY
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-54

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ -	\$ 2,143,046	\$ 75,257	\$ (2,067,789)
Total Revenues	-	2,143,046	75,257	(2,067,789)
EXPENDITURES:				
Current:				
Capital Outlay:				
Capital Outlay	1,011,470	3,154,516	2,545,640	608,876
Total Expenditures	1,011,470	3,154,516	2,545,640	608,876
Change in Fund Balance	(1,011,470)	(1,011,470)	(2,470,383)	(1,458,913)
Fund Balance - July 1 (Beginning)	-	(463,514)	(463,514)	-
 Fund Balance - June 30 (Ending)	 \$ (1,011,470)	 \$ (1,474,984)	 \$ (2,933,897)	 \$ (1,458,913)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - SPECIAL CAPITAL OUTLAY - LOCAL
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-55

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Investment Earnings	\$ -	\$ -	\$ 31,568	\$ 31,568
Total Revenues	-	-	31,568	31,568
EXPENDITURES:				
Current:				
Capital Outlay:				
Capital Outlay	1,424,006	1,424,006	127,107	1,296,899
Total Expenditures	1,424,006	1,424,006	127,107	1,296,899
Change in Fund Balance	(1,424,006)	(1,424,006)	(95,539)	1,328,467
Fund Balance - July 1 (Beginning)	-	1,087,628	1,087,628	-
 Fund Balance - June 30 (Ending)	 \$ (1,424,006)	 \$ (336,378)	 \$ 992,089	 \$ 1,328,467

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - SEPCIAL CAPITAL OUTLAY - STATE
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-56

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Intergovernmental Revenue and Grants	\$ 978,000	\$ 1,823,000	\$ 689,573	\$ (1,133,427)
Total Revenues	978,000	1,823,000	689,573	(1,133,427)
EXPENDITURES:				
Current:				
Capital Outlay:				
Capital Outlay	978,000	1,823,000	849,959	973,041
Total Expenditures	978,000	1,823,000	849,959	973,041
Change in Fund Balance	-	-	(160,386)	(160,386)
Fund Balance - July 1 (Beginning)	-	(275,430)	(275,430)	-
 Fund Balance - June 30 (Ending)	 \$ -	 \$ (275,430)	 \$ (435,816)	 \$ (160,386)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS - SB9
FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-57

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
REVENUES:				
Taxes:				
Property Taxes	\$ 1,025,831	\$ 1,025,831	\$ 1,097,846	\$ 72,015
Intergovernmental Revenue and Grants	-	1,948,833	-	(1,948,833)
Total Revenues	1,025,831	2,974,664	1,097,846	(1,876,818)
EXPENDITURES:				
Current:				
Capital Outlay:				
Capital Outlay	1,362,616	3,311,449	1,803,578	1,507,871
Total Expenditures	1,362,616	3,311,449	1,803,578	1,507,871
Change in Fund Balance	(336,785)	(336,785)	(705,732)	(368,947)
Fund Balance - July 1 (Beginning)	-	(88,702)	(88,702)	-
Fund Balance - June 30 (Ending)	\$ (336,785)	\$ (425,487)	\$ (794,434)	\$ (368,947)

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - ENERGY EFFICIENCY ACT
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-58

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
EXPENDITURES:				
Current:				
Capital Outlay:				
Capital Outlay	\$ 19,973	\$ 19,973	\$ -	\$ 19,973
Total Expenditures	19,973	19,973	-	19,973
Change in Fund Balance	(19,973)	(19,973)	-	19,973
Fund Balance - July 1 (Beginning)	-	41,367	41,367	-
Fund Balance - June 30 (Ending)	\$ (19,973)	\$ 21,394	\$ 41,367	\$ 19,973

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - EDUCATIONAL TECH NOTES
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-59

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
EXPENDITURES:				
Current:				
Capital Outlay:				
Capital Outlay	\$ 1,558,314	\$ 1,558,314	\$ 1,127,089	\$ 431,225
Total Expenditures	1,558,314	1,558,314	1,127,089	431,225
Change in Fund Balance	(1,558,314)	(1,558,314)	(1,127,089)	431,225
Fund Balance - July 1 (Beginning)	-	1,482,847	1,482,847	-
Fund Balance - June 30 (Ending)	\$ (1,558,314)	\$ (75,467)	\$ 355,758	\$ 431,225

The accompanying notes are an integral part of this statement.

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - PSCO - 20%
 FOR THE YEAR ENDED JUNE 30, 2006

EXHIBIT J-60

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	BUDGET BASIS (See Note)	
Change in Fund Balance	-	-	-	-
Fund Balance - July 1 (Beginning)	-	5,413	5,413	-
Fund Balance - June 30 (Ending)	\$ -	\$ 5,413	\$ 5,413	\$ -

The accompanying notes are an integral part of this statement.

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

EXHIBIT K-1

SCHEDULE OF CHANGES IN AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Receipts	Disbursements	Balance June 30, 2006
Chaparral Middle School	\$ 16,372	\$ 80,729	\$ 80,694	\$ 16,407
Chaparral High School	-	18,748	8,415	10,333
Gadsden Middle School	39,198	105,251	95,266	49,183
Gadsden High School	149,457	546,157	538,736	156,878
Santa Teresa Middle School	14,551	82,220	76,395	20,376
Santa Teresa High School	78,744	282,250	274,847	86,147
Construction Surplus	193	665	534	324
La Union JTP	135	135	135	135
Gadsden Foundation	3,709	6,403	10,082	30
Fiesta Educativa	636	40,488	40,488	636
PAWS-Gadsden High School	683	683	683	683
Feds. Christmas Food Baskets	94	94	94	94
Service Learning Project	11,531	11,531	11,531	11,531
Teacher of the Year	809	39,488	34,023	6,274
Trucha - Drug Free Program	388	388	722	54
Nurse's Dept.	-	400	-	400
Accounts payable	20,714	775,192	774,770	21,136
	<u>\$ 337,214</u>	<u>\$ 1,990,822</u>	<u>\$ 1,947,415</u>	<u>\$ 380,621</u>

This page is left blank intentionally.

FEDERAL AWARDS SECTION

This page is left blank intentionally.

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*

Mr. Hector H. Balderas, State Auditor and
The Board of Education of
Gadsden Independent School District No. 16

We have audited the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and major budgetary comparisons of Gadsden Independent School District No. 16 (the "District"), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated March 3, 2009. The report on the District's basic financial statements was qualified because we were not able to obtain sufficient documentary evidence to substantiate the cash balance stated at \$15,611,263 as of 6/30/06; similarly, we were not able to determine the validity of the Capital Asset balance, stated at \$ 121,524,646 in the Statement of Net Assets as of 6/30/06. Except as discussed in the preceding sentence, 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 Gadsden Independent School District No. 16's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gadsden Independent School District No. 16's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Gadsden Independent School District No. 16's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Gadsden Independent School District No. 16's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Gadsden Independent School District No. 16's financial statements that is more than inconsequential will not be prevented or detected by the Gadsden Independent School District No. 16's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting as items 06-1 through 06-10.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Gadsden Independent School District No. 16's internal control.

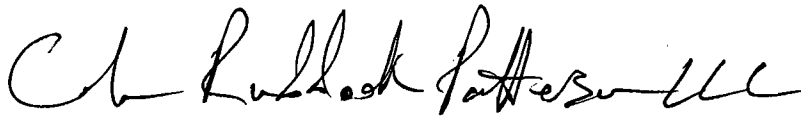
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 06-1, 06-2 and 06-3 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gadsden Independent School District No. 16'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 06-11 through 06-18.

Gadsden Independent School District No. 16's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Gadsden Independent School District No. 16's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, the State Auditor, the Public Education Department, the New Mexico Legislature, others within the organization, Board of Education, 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.



El Paso, Texas
March 3, 2009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Mr. Hector H. Balderas, State Auditor and
The Board of Education of
Gadsden Independent School District No. 16

Compliance

We have audited the compliance of Gadsden Independent School District No. 16 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Gadsden Independent School District No. 16's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Gadsden Independent School District No. 16's management. Our responsibility is to express an opinion on Gadsden Independent School District No. 16's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gadsden Independent School District No. 16'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 Gadsden Independent School District No. 16's compliance with those requirements.

In our opinion, Gadsden Independent School District No. 16 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, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 06-11 through 06-18.

Internal Control Over Compliance

The management of Gadsden Independent School District No. 16 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 Gadsden Independent School District No. 16's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness Gadsden Independent School District No. 16's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirements of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with the type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood of material noncompliance with a type of compliance requirement of a federal program will be prevented or detected by the entity's internal control.

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

Gadsden Independent School District No. 16's response to the findings identified in our audit are described in the accompanying schedule of findings and questions costs. We did not audit Gadsden Independent School District No. 16's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the office of the State Auditor, the Public Education Department, the New Mexico Legislature, others within the organization, Board of Education, 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.



El Paso, Texas
March 3, 2009

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
<u>SUMMARY OF AUDITOR'S RESULTS</u>		
<u>Financial Statements</u>		
	Type of Auditor's Report issued:	Qualified
	Internal control over financial reporting:	
	Material weaknesses identified?	Yes, items 06-1, 06-2 and 06-3
	Significant deficiencies identified that are not considered to be material weaknesses?	Yes, items 06-4 through 06-10
	Noncompliance material to the financial statements:	Yes
<u>Federal Awards</u>		
	Internal control over major programs:	
	Material weaknesses identified?	No
	Significant deficiencies identified that are not considered to be material weaknesses?	No
	Type of auditor's report issued on compliance for major programs:	Unqualified
	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No. However, findings 06-11 to 06-18 describe compliance issues for which amounts are immaterial, or materiality could not be determined.
	Major Federal Programs:	Title I, Part A (CFDA 84.010); Title III, English Language Acquisition (CFDA 84.365); Medicaid (CFDA 93.778); Child Nutrition Cluster (CFDA 10.555/10.559/10.553)
	Dollar threshold used to distinguish between type A and type B programs:	\$587,124
	Auditee qualified as low-risk auditee?	No

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
	<u>FINANCIAL STATEMENT FINDINGS</u>	
06-1	Cash Reconciliations	
	Criteria:	Controls over cash require timely preparation of bank reconciliations to the general ledger.
	Condition Found:	The bank reconciliations were not prepared in a timely manner for all accounts the District holds for fiscal year 2005-2006.
	Cause:	The District incurred significant turnover in its accounting department and key positions had not been filled.
	Effect:	Not preparing bank reconciliations on a monthly basis resulted in the District not receiving funds due from state and federal agencies in a timely manner.
	Recommendation:	The District should continue its effort to obtain competent staff and implement cross training procedures to ensure timely completion of projects when staff shortages occur.
	Management's Response:	See corrective action plan.
06-2	Capital Asset Inventory	
	Criteria:	The District has implemented a capital asset inventory system which requires that all capital assets be tagged and properly recorded and monitored in the system.
	Condition Found:	The capital asset inventory listing was not updated to reflect information found on the physical assets in regards to tag numbers, location or category. The District was not able to locate one asset selected in our sample. Furthermore, items under \$1,000 were capitalized and inappropriately depreciated.
	Cause:	Misunderstanding requirements and lack of proper training for capital assets.
	Effect:	The capital asset inventory listing was not complete and account balances may have been overstated.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
	Management's Response:	See corrective action plan.
06-3	Inventory Controls	
	Criteria:	Proper internal controls dictate that segregation of duties be in place that separates the authorization function from the recording and custodial function. Supervisory controls should be in place if inadequate personnel exists.
	Condition Found:	The existing control in the inventory cycle allows one person to perform the authorization function as well as the recording function and have access to assets. In addition, there is a lack of a perpetual inventory system, and no written policies are in place for warehouse personnel to follow.
	Cause:	Inadequate personnel.
	Effect:	A lack of proper internal controls which creates a risk that errors or fraud may occur and not be detected in a timely manner.
	Recommendation:	Management should develop policies and procedures that establish a system of segregation of duties and proper supervision. Moreover, management should implement a perpetual inventory system to timely account for the issue or usage of items.
	Management's Response:	See corrective action plan.
06-4	Travel Authorizations	
	Criteria:	District policies require that all travel requests be submitted with complete and proper documentation. In addition, reimbursements are to be calculated in accordance with State and District policies.
	Condition Found:	We noted three instances in which there was either inadequate supporting documentation, incorrectly calculated per diem, or inconsistent mileage measurements. In addition, we noted that the District has two inconsistent travel policies which do not completely address all reimbursement policies.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
		<p>Cause: Significant turnover in staff and lack of training.</p> <p>Effect: District employees received travel reimbursements without following the appropriate process and/or received incorrect reimbursement amounts.</p> <p>Recommendation: Management should evaluate and revise the Travel/Per Diem policies for consistency and completeness. In addition, management should continue to stress the importance of following District policies in all phases of the cash disbursements cycle.</p> <p>Management's Response: See corrective action plan.</p>
06-5	Credit Card Disbursements	<p>Criteria: District policies require timely approval and the submission of proper documentation for all types of disbursements.</p> <p>Condition Found: In three instances, proper approval was not obtained for credit card purchases.</p> <p>Cause: Significant turnover in staff and lack of training.</p> <p>Effect: Disbursements were processed without proper authorization.</p> <p>Recommendation: Management should stress the importance of following cash disbursement procedures.</p> <p>Management's Response: See corrective action plan.</p>

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
06-6	State Compliance	Cash Controls
	Criteria:	In compliance with N.M.A.C.6-20.2-14, the District is to deposit all funds within 24 hours of receipt.
	Condition Found:	In one instance a deposit was not made within 24 hours pursuant to state requirements. This instance totaled \$795.
	Cause:	Significant turnover in staff and lack of training.
	Effect:	The longer cash is held, the more susceptible it becomes to theft or defalcation.
	Recommendation:	Management should ensure that cash receipts are deposited in a timely manner in accordance with N.M.A.C. cash control standards.
	Management's Response:	See corrective action plan.
06-7	State Compliance	Open Meetings Act
	Criteria:	In accordance with state compliance requirements, the District must provide proper notice to its citizens of any board meeting dates.
	Condition Found:	For all notices of Board Meetings posted on the District's website, no timestamp was used to document the exact time of when the notice was uploaded to the system.
	Cause:	Since the responsible personnel are no longer at the District we were unable to determine the cause, but it appears to be related to a lack of understanding of the requirements.
	Effect:	Noncompliance with the Open Meetings Act could result in members of the public not being properly notified that certain issues may be acted upon by the Board.
	Recommendation:	The District's Board of Education should notify management of any planned meetings in order for it to appropriately post notices and comply with state requirements.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
	Management's Response:	See corrective action plan.
06-8	State Compliance	Annual Audit Report Deadline
	Criteria:	The New Mexico State Auditor's Rule specifies that audit reports for school districts are due to the State Auditor's office by November 15, 2006.
	Condition Found:	This report was not submitted to the State Auditor by the due date.
	Cause:	Due to inadequate personnel, management was unable to provide key information needed to complete the audit by the State's deadline.
	Effect:	Users of the financial statements may not have timely financial information for their review. In addition, late reports could have an effect on the Districts state and federal funding, as well as its ability to sell bonds.
	Recommendation:	We encourage management to continue its efforts to ensure adequate staffing.
	Management's Response:	See corrective action plan.
06-9	Fraudulent Activity	
	Criteria:	Governmental entities should have proper internal control procedures that mitigate, prevent, detect and deter fraud.
	Condition Found:	During the review of the District's Accounts Payable Clearing Account by the Director of Financial Operations, an unauthorized monthly electronic debit in the amount of \$24.95 was discovered for the months of May 2006 to September 2007.
	Cause:	Improper authorization was granted to personnel of the District, which created an opportunity for fraud to occur. In addition, lack of monitoring procedures over the District's banking activity caused unauthorized charges to occur.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
	Instances/Universe	Approximately a year and a half
	Effect:	The District incurred unauthorized and fraudulent charges in the amount of \$374.75.
	Recommendation:	We recommend the District develop procedures that minimize the number of personnel with access to District funds and banking activity. Furthermore, procedures should include a monitoring process to mitigate, prevent, detect and deter fraud.
	Management's Response:	See corrective action plan.
06-10	State Compliance	Public Monies Act
	Criteria:	In compliance with state requirements, the District's deposits with any one institution must be collateralized at a minimum of 50% of the uninsured balance (Public Monies Act, Section 6-10-17 NMA 1978.
	Condition Found:	Testing of year-end collateral balances revealed under-collateralization of \$253,806.
	Cause:	Review of collateral levels did not occur consistently throughout the year.
	Effect:	The District is exposed to a potential loss of the under-collateralized amount in case of failure of the financial institution.
	Recommendation:	The District should implement a system to monitor collateral levels frequently and respond immediately if collateral falls below requirements. The system should include projecting when cash levels will rise and fall and adequate notification to the financial institution.
	Management's Response:	See corrective action plan.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
<u>FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</u>		
06-11	U.S. DEPARTMENT OF AGRICULTURE Passed through the NM Human Services Department and the State Department of Education Child Nutrition Cluster (CFDA 10.555/10.559/10.553)	<p>Criteria: The District must accurately report the number of meals and snacks served to children in order to receive the proper funding.</p> <p>Condition Found: For two months of claims tested, the number of snacks served was understated.</p> <p>Cause: The formulas used to arrive at the total meals and snacks served was incorrect.</p> <p>Questioned Cost/Basis: Approximately \$1,071.</p> <p>Instances/Universe: Not able to determine.</p> <p>Effect: The District's Food Service operation was not properly funded for the 2005-2006 school year.</p> <p>Recommendation: The District should ensure that accurate counts of meals and snacks served are properly reported in order to receive the proper amount of funds.</p> <p>Management's Response: See corrective action plan.</p>
06-12	U.S. DEPARTMENT OF EDUCATION Passed through the State Department of Education Title I, Part A (CFDA 84.010)	<p>Criteria: Title I, Part A compliance requirements stipulate that Districts maintain proper documentation to support the number of students reported in the low-income category.</p> <p>Condition Found: The District was unable to provide documentation to support the accuracy of the income category information on the applications.</p> <p>Cause: Employee turnover and lack of understanding by District personnel.</p>

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
	Questioned Cost/Basis:	Not applicable.
	Instances/Universe:	Unable to determine.
	Effect:	The District is classifying students as low-income which, upon review of supporting documentation, could potentially be ineligible for low-income classification. This situation could impact the level of funding the District receives from this grant.
	Recommendation:	We recommend that the District develop procedures to ensure that low-income students' information noted on surveys is reviewed to ensure correct categorization and reporting, and that the supporting documentation is maintained appropriately.
	Management's Response:	See corrective action plan.
06-13	U.S. DEPARTMENT OF EDUCATION Passed through the State Department of Education Title I, Part A (CFDA 84.010)	
	Criteria:	As stipulated in the Title I, Part A program compliance, the District and Campus Improvement Plans must provide measurable performance objectives.
	Condition Found:	The objectives and other wording in plans was significantly similar across all campus plans, regardless of grade span. Furthermore, the plans provided did not agree to the plans posted on the District's website for parents and concerned citizens to access. It appears the information on the District's website related to these Plans was obsolete.
	Cause:	Personnel did not fully understand the requirements.
	Questioned Cost/Basis:	Not applicable.
	Instances/Universe:	Not applicable.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
	Effect:	Noncompliance with these requirements fails to provide reasonable assurance that students are receiving the services a school wide program is intended to provide.
	Recommendation:	The District should ensure that Campus Improvement Plans provide measurable objectives and are customized to address the needs of different grade levels.
	Management's Response:	See corrective action plan.
06-14	U.S. DEPARTMENT OF EDUCATION Passed through the State Department of Education Title I, Part A (CFDA 84.010)	
	Criteria:	Title I, Part A requires that Districts maintain proper documentation to support parental involvement objectives.
	Condition Found:	Adequate documentation was not provided to support parental involvement objectives as required under Sec. 1118 of the 2001 No Child Left Behind Act.
	Cause:	Significant turnover in staff and lack of training.
	Questioned Cost/Basis:	Not applicable.
	Instances/Universe:	Not applicable.
	Effect:	Noncompliance with these requirements fails to provide reasonable assurance that students are receiving the services a Title I, Part A program is intended to provide.
	Recommendation:	The district should ensure that program personnel maintain proper documentation to support all Title I, Part A program requirements.
	Management's Response:	See corrective action plan.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
06-15	U.S. DEPARTMENT OF EDUCATION Passed through the State Department of Education Title I, Part A (CFDA 84.010)	<p>Criteria: Cash disbursements must be related to allowable activities. In compliance with OMB Circular A-87, and good internal controls, disbursements must be properly authorized to ensure expenditures are allowable and recorded properly.</p> <p>Condition Found: In three instances cash disbursements were made for items which are not allowable under this grant.</p> <p>Cause: Significant turnover in staff and lack of training.</p> <p>Questioned Cost/Basis: \$749.37</p> <p>Instances/Universe: Not able to determine.</p> <p>Effect: The system permitted unallowable expenditures to be charged to the program.</p> <p>Recommendation: Management should ensure that cash expended under this program is for allowable activities only.</p> <p>Management's Response: See corrective action plan.</p>
06-16	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Medicaid (CFDA 93.778)	<p>Criteria: The Individual Education Plan (IEP) specifies which related services are approved for reimbursement.</p> <p>Condition Found: The District provided occupational therapy services which were not specifically referred to in the IEP.</p> <p>Cause: It appears that District personnel were not aware of the requirements and did not include adequate detail in the IEP's description of the services to be provided.</p> <p>Questioned Cost/Basis: Not applicable.</p> <p>Instances/Universe: Unable to determine.</p>

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
	Effect:	Due to the lack of detail, it is possible that the District could be reimbursed for services that were not specified in the Individual Education Plans.
	Recommendation:	The District should ensure that the Individual Educational Plans include adequate detail of the services to be provided, and that the District is correctly billing the granting agency for the approved related services noted in the IEP of each eligible student.
	Management's Response:	See corrective action plan.
06-17	U.S. DEPARTMENT OF EDUCATION Passed through the State Department of Education Title III, Part A (CFDA 84.365)	
	Criteria:	Cash disbursements must be for allowable activities, per OMB Circular A-87.
	Condition Found:	In four instances, cash disbursements were made for items which are not allowable under this grant.
	Cause:	Significant turnover in staff and lack of training.
	Questioned Cost/Basis:	Approximately \$545.46
	Instances/Universe:	Unable to determine.
	Effect:	The District could be required to reimburse the grantor for the unallowable expenditures which were charged to the program.
	Recommendation:	Management should ensure that cash expended under this program is for allowable activities only.
	Management's Response:	See corrective action plan.
06-18	Data Collection Form and Reporting Package	
	Criteria:	OMB Circular A-133.320 requires that entities submit a properly completed Data Collection Form, and reporting package, to the federal clearinghouse within nine months after its fiscal year-end.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	PROGRAM	DESCRIPTION
	Condition Found:	Due to the delays encountered in completing the audit, the Data Collection Form and reporting package was not filed timely.
	Cause:	Due to inadequate personnel, management was unable to provide key information needed to complete the audit in a timely manner.
	Questioned Cost/Basis:	Not applicable.
	Instances/Universe:	Not applicable.
	Effect:	The information was not provided to the Federal Clearinghouse in a timely manner
	Recommendation:	We encourage management to continue its efforts to ensure adequate staffing.
	Management's Response:	See corrective action plan.

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2006

Schedule Reference Number	Prior Year Finding/ Noncompliance	Status of Prior Year's Findings/ Noncompliance
<u>Financial Statement Findings</u>		
05-01	Lack of Proper Reconciliation Between General Ledger Cash Accounts and Bank Balances	This situation continues to exist. See 06-1
05-02	Incomplete Capital Asset Listing	This situation continues to exist. See 06-2
05-03	Lack of Controls Over Inventory	This situation continues to exist. See 06-3
05-04	Incomplete Documentation for Travel	This situation continues to exist. See 06-4
05-05	Incomplete Documentation for Credit Card Disbursements	A similar situation continues to exist. See 06-5
05-06	Cash Controls	This situation continues to exist. See 06-6
05-07	Lack of Timestamp on Public Notices	This situation continues to exist. See 06-7
05-08	Late Delivery of Audit Report	This situation continues to exist. See 06-8
05-09	Budget Over-runs	No recurrence noted this year.
<u>Federal Award Findings and Questioned Costs</u>		
05-10	Child Nutrition Cluster (CFDA 10.555/10.559/10.553)	A similar situation continues to exist. See 06-11
05-11	Title I, Part A (CFDA 84.010)	A similar situation continues to exist. See 06-12
05-12	Title I, Part A (CFDA 84.010)	This situation continues to exist. See 06-13
05-13	Title I, Part A (CFDA 84.010)	This situation continues to exist. See 06-14
05-14	Title I, Part A (CFDA 84.010)	No recurrence noted this year.
05-15	Title II, Part A (CFDA 84.367)	No recurrence noted this year.
05-16	Data Collection Form	This situation continues to exist. See 06-18

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

CORRECTIVE ACTION PLAN

JUNE 30, 2006

Schedule Reference Number	PROGRAM	Description
06-1	Cash Reconciliations	Controls over cash require timely preparation of bank reconciliations to the general ledger.
	Corrective Action Plan:	The Finance Department has re-assigned duties among the Finance Administrative staff and hired temporary staff to address the backlog.
	Responsible Party:	Director of Finance and Associate Superintendent for Finance
	Anticipated Completion Date:	September 2008
06-2	Capital Asset Inventory	The District has implemented a capital asset inventory system which requires that all capital assets be tagged and properly recorded in the system.
	Corrective Action Plan:	The District is in the process of developing a new accountability system to address the fixed asset inventory system weaknesses. Implementation of the new accountability system will begin in fiscal year 2009-10. Implementation has been delayed due to turnover in the Director of Finance and Associate Superintendent for Finance positions.
	Responsible Party:	Associate Superintendent for Finance and Director of Finance
	Anticipated Completion Date:	June 30, 2010
06-3	Inventory Controls	Proper internal controls dictate that a system of segregation of duties be in place that separates the authorization function from the recording and custodial function. Supervisory controls should be in place if inadequate personnel exists.
	Corrective Action Plan:	The District has invested in a new inventory system to address the perpetual inventory issue and developed written procedures for warehouse personnel.
	Responsible Party:	Director of Student Nutrition, Director for Physical Plant and Associate Superintendent for Finance
	Anticipated Completion Date:	Completed

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

CORRECTIVE ACTION PLAN

JUNE 30, 2006

Schedule Reference Number	PROGRAM	Description
06-4	Travel Authorizations	District policies require that travel requests be submitted with proper documentation and reimbursements should be calculated in accordance with District policies.
	Corrective Action Plan:	Currently, the Purchasing Unit approves all travel transactions. A process to provide a second level of review in the Accounts Payable Unit will be implemented to ensure that all district policies and procedures are adhered to. In addition, a new Travel Unit will be established in the Finance Department to centralize all travel transactions. This new unit will become a clearinghouse for all travel related transactions.
	Responsible Party:	Purchasing Agent and Associate Superintendent for Finance
	Anticipated Completion Date:	Completed
06-5	Credit Card Disbursements	District policies require timely approval and the submission of proper documentation for all types of disbursements.
	Corrective Action Plan:	The Purchasing Unit manages the procurement card system. Procedures have been revised to ensure that credit card purchases are authorized via an approved Purchase Order prior to the purchase. The approved Purchase Orders are matched to the monthly billing statement prior to releasing payment for the credit card charges.
	Responsible Party:	Purchasing Agent and Associate Superintendent for Finance
	Anticipated Completion Date:	Completed

(Continued)

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

CORRECTIVE ACTION PLAN

JUNE 30, 2006

Schedule Reference Number	PROGRAM	Description
06-6	Cash Controls	In compliance with state requirements, the District is to deposit all funds within 24 hours of receipt.
	Corrective Action Plan:	All district administrators and support staff are aware of the 24-hour deposit regulation. A dual review process has been established in the deposit process and the bank reconciliation process that will allow the Finance Department to detect compliance issues.
	Responsible Party:	School/Department Administrators and support staff and Associate Superintendent of Finance
	Anticipated Completion Date:	Completed
06-7	State Compliance	Open Meetings Act
	Corrective Action Plan:	The District Technology Department has created a timestamp to document the exact time the notice of public meeting is uploaded to and/or changed on the district web-site. The finding addressing the non-compliance with the Open Meetings Act is acknowledged. Four of the five Board of Education members at the time of the violation are no longer serving in this capacity. The new Board of Education members have participated in an extensive training program regarding legal and compliance issues including the Open Meeting Act.
	Responsible Party:	Board of Education and Superintendent
	Anticipated Completion Date:	Completed
06-8	State Compliance:	Annual Audit Report Deadline
	Corrective Action Plan:	The district has hired a new Director of Finance and Associate Superintendent for Finance. A financial action plan has been developed to address the completion of all outstanding audits. The 2006-07 and 2007-08 audits will be late due to turnover in administrative staff.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

CORRECTIVE ACTION PLAN

JUNE 30, 2006

Schedule Reference Number	PROGRAM	Description
	Responsible Party:	Associate Superintendent for Finance, Director of Finance and Finance Department Administrative Staff
	Anticipated Completion Date:	May 2009
06-9	Fraudulent Activity	Unauthorized Electronic Debit Charges
	Corrective Action Plan:	The District Finance Department experienced staff turnover and delays in completing bank account reconciliations. See 06-1 above. The district has hired a new Director of Finance and Associate Superintendent for Finance. One priority for the new administrative staff is the timely completion of bank reconciliations. The timely bank reconciliations will create the controls to identify improper charges on the bank accounts. Access to bank accounts and banking activity has been re-evaluated and the number of staff with access has been reduced.
	Responsible Party:	Director of Finance and Associate Superintendent for Finance
	Anticipated Completion Date:	Completed
06-10	State Compliance	Under-collateralization in the amount of \$253,806 of District deposits
	Corrective Action Plan:	District Finance staff are aware of the collateralization rules for bank deposits. Administrative staff will review the collateralization monthly to determine compliance. Any under-collateralization will be reported to the bank and adjustment requested.
	Responsible Party:	Director of Finance and Associate Superintendent for Finance
	Anticipated Completion Date:	Completed

(Continued)

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

CORRECTIVE ACTION PLAN

JUNE 30, 2006

Schedule Reference Number	PROGRAM	Description
<u>FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</u>		
06-11	Child Nutrition Cluster (CFDA 10.555/10.559/10.553)	The District must accurately report the number of meals and snacks served to children in order to receive funding.
	Corrective Action Plan:	A review process will be implemented to ensure the correct reporting of snacks served.
	Responsible Party:	Director of Student Nutrition
	Anticipated Completion Date:	Completed
06-12	Title I, Part A (CFDA 84.010)	Title I, Part A compliance requirements stipulate that Districts maintain proper documentation to support the number of students reported in the low-income category.
	Corrective Action Plan:	The procedure requiring the site administrator to review the surveys has been a part of District policy. District Administration will continue to train and monitor site administrators of their responsibility regarding the surveys. A new procedure to establish a second review of the surveys at the district level will be implemented.
	Responsible Party:	School Site Administrators and Director of Federal Programs
	Anticipated Completion Date:	Completed
06-13	Title I, Part A (CFDA 84.010)	As stipulated in the Title I, Part A program compliance, the District Improvement Plan must include a number of specific components, which must be described in the comprehensive plan.
	Corrective Action Plan:	The staff involved in reviewing the School-Wide plan will monitor and review the Plan on a consistent basis to ensure that it addresses requirements under the program.
	Responsible Party:	Director of Federal Programs
	Anticipated Completion Date:	Completed

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

CORRECTIVE ACTION PLAN

JUNE 30, 2006

Schedule Reference Number	PROGRAM	Description
06-14	Title I, Part A (CFDA 84.010)	Title I, Part A requires that Districts maintain proper documentation to support parental involvement objectives.
	Corrective Action Plan:	Each School will maintain a Parent involvement Documentation notebook that contains information supporting the implementation of all activities outlined in the Parent Involvement Checklist. Staff members from the Federal Programs Department will review the notebook mid-year to determine the school's compliance with Section 1118 of the 2001 No Child Left Behind Act. Schools not in compliance will be notified in writing with a copy forwarded to the District Superintendent. The schools will turn in the notebook to the department at the conclusion of each year, for review by the auditors. At the conclusion of the audit, the notebooks will be returned to the schools. The documentation may be removed from the notebook and placed in an envelope and stored at the school site for a minimum of five years.
	Responsible Party:	School Administrator and Director of Federal Programs
	Anticipated Completion Date:	Completed
06-15	Title I, Part A (CFDA 84.010)	Cash disbursements must be for allowable activities. In compliance with OMB Circular A-87, and good internal controls, disbursements must be properly authorized to ensure expenditures are allowable and recorded correctly.
	Corrective Action Plan:	The District does not concur with the determination of this unallowable expenditure. The District has always strived to ensure compliance with the applicable allowable costs under each grant. The appropriate staff have been made aware of the concerns regarding the identified costs and are aware of the need to properly document expenditures to demonstrate allowable cost for all grant programs.

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

CORRECTIVE ACTION PLAN

JUNE 30, 2006

Schedule Reference Number	PROGRAM	Description
	Responsible Party:	Director of Federal Programs, Associate Superintendent of Finance and support staff
	Anticipated Completion Date:	Completed
06-16	Medicaid (CFDA 93.778)	The Individual Education Plan (IEP) specifies which related services are approved for reimbursement.
	Corrective Action Plan:	The District has always strived to ensure compliance with billing for allowable services. The appropriate staff have been made aware of the concerns regarding the identified billing and are aware of the need to properly document the amounts billed.
	Responsible Party:	Director of Special Education and support staff
	Anticipated Completion Date:	Completed
06-17	Title III, Part A (CFDA 84.365)	Cash disbursements must be for allowable activities.
	Corrective Action Plan:	The District does not concur with the determination of this unallowable expenditure. The District has always strived to ensure compliance with the applicable allowable costs under each grant. The appropriate staff have been made aware of the concerns regarding the identified costs and are aware of the need to properly document expenditures to demonstrate allowable cost for all grant programs.
	Responsible Party:	Director of Bilingual Education, Associate Superintendent for Finance and support staff
	Anticipated Completion Date:	Completed

(Continued)

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

CORRECTIVE ACTION PLAN

JUNE 30, 2006

Schedule Reference Number	PROGRAM	Description
06-18	Data Collection Form	The Data Collection Form must be filed within nine months of the fiscal year-end.
	Corrective Action Plan:	The district has hired a new Director of Finance and Associate Superintendent for Finance. A financial action plan has been developed to address the completion of all outstanding audits. The 2006-07 and 2007-08 audits will be late due to turnover in administrative staff. The Data Collection Forms will be submitted when the audits are submitted to the NM State Auditor by the District and approved for release.
	Responsible Party:	Associate Superintendent for Finance and Director of Finance
	Anticipated Completion Date:	May 2009

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Grant or Pass-Through Number	Federal Expenditures
NATIONAL SCIENCE FOUNDATION			
<u>Passed Through State Department of Education</u>			
Gadsden Mathematics	47.076	24258	226,735
Total Passed Through State Department of Education			<u>226,735</u>
TOTAL NATIONAL SCIENCE FOUNDATION			<u>226,735</u>
U.S. DEPARTMENT OF DEFENSE			
<u>Direct Programs</u>			
NJROTC	12.000	24300	103,171
Total Direct Programs			<u>103,171</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>103,171</u>
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	24101	6,311,588
ESEA, Title I, Part F - Comprehensive School Reform	84.010	24162	46,574
ESEA, Title I, Part C - Migrant Education	84.011A	24103	98,492
IDEA - Part B, Entitlement*	84.027A	24106	2,948,128
IDEA - Part B, Parent Involvement*	84.027A	24108	5,000
Total CFDA Number 84.027			<u>2,953,128</u>
Vocational Education - Basic Grant	84.048A	24119	214,013
IDEA - Part B, Preschool*	84.173A	24109	84,926
ESEA, Title IV - Safe and Drug-Free-Schools	84.184	24157	139,497
Education of Homeless Children/Youth	84.196A	24113	40,536
ESEA, Title I, Part B - Even Start Family Literacy	84.213C	24125	178,261
Title V, Part A - Innovative Programs	84.298A	24150	56,655
Title III, Part A - English Language Acquisition	84.365A	24153	637,741
ESEA, Title II, Part A - Teacher/Principal Training	84.367A	24154	1,190,895
Title II, Part F - Enhancing Ed. Through Technology	84.318X	24133	121,002
Title II, Part C - Enhancing Ed. Through Technology	84.318X	24149	66,718
Total CFDA Number 84.317			<u>187,720</u>
Total Passed Through State Department of Education			<u>12,140,026</u>
TOTAL DEPARTMENT OF EDUCATION			<u>12,140,026</u>

GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal CFDA Number	Grant or Pass-Through Number	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through the NM Human Services Department</u>			
Medicaid	93.778	24253	<u>608,091</u>
Total Passed Through the NM Human Services Department			<u>608,091</u>
<u>Passed Through State Department of Education</u>			
GRADS Instruction/Prevention	93.558	24262	<u>15,989</u>
Total Passed Through State Department of Education			<u>15,989</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>624,080</u>
CORPORATION FOR NATIONAL COMMUNITY SERVICE			
<u>Passed Through State Department of Education</u>			
NM Learn and Serve	94.004	24126	<u>58,500</u>
Total Passed Through State Department of Education			<u>58,500</u>
TOTAL CORPORATION FOR NATIONAL COMMUNITY SERVICE			<u>58,500</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Direct Programs</u>			
Fresh Fruit and Vegetables	10.582	24118	<u>12,483</u>
Total Direct Programs			<u>12,483</u>
<u>Passed Through the NM Human Services Department</u>			
USDA Commodities	10.550	21000	<u>383,336</u>
Total Passed Through the NM Human Services Department			<u>383,336</u>
<u>Passed Through the State Department of Education</u>			
School Breakfast Program*	10.553	21000	<u>1,544,317</u>
National School Lunch Program*	10.555	21000	<u>4,812,171</u>
Total Passed Through State Department of Education			<u>6,356,488</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>6,752,307</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>19,904,819</u></u>

* Clustered Programs as required by Compliance Supplement, March 2005

STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

1. The District utilizes the fund types specified by the New Mexico Public Education Department.

Special Revenue Funds - are used to account for resources restricted to or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified projects periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Fund are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types, the Expendable Trust Fund, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H. Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.

**STATE OF NEW MEXICO
GADSDEN INDEPENDENT SCHOOL DISTRICT NO. 16**

EXIT CONFERENCE

JUNE 30, 2006

EXIT CONFERENCE:

The exit conference was held March 6, 2009 and was attended by the following:

From Gadsden Independent School District No. 16:

Efren Yturralde - Deputy Superintendent
Jennifer Viramontes - Board President
Steve W. Suggs - Associate Superintendent for Finance

From Gibson, Ruddock, Patterson LLC:

E. Craig Gibson, CPA
Lorena Webb, CPA

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, Gadsden Independent School District No. 16's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Gibson, Ruddock, Patterson LLC.