

**SAN BENITO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AUGUST 31, 2005**



**OSCAR R. GONZALEZ
CERTIFIED PUBLIC ACCOUNTANT
PHARR, TEXAS**

SAN BENITO CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2005

Introductory Section

San Benito Consolidated Independent School District
Annual Financial Report
For The Year Ended August 31, 2005

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
 INTRODUCTORY SECTION		
List of Principal Officials.....	1	
Certificate of Board.....	2	
 FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	3	
Management's Discussion and Analysis (Required Supplementary Information).....	5	
 <u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	10	A-1
Statement of Activities.....	11	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	12	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	14	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	15	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	17	C-3
Statement of Net Assets - Internal Service Funds.....	18	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Assets - Internal Service Funds.....	19	D-2
Statement of Cash Flows - Proprietary Funds.....	20	D-3
Statement of Fiduciary Net Assets - Fiduciary Funds.....	22	E-1
Notes to the Financial Statements	23	
 <u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	25	G-1
 <u>Combining Statements and Budgetary Comparison Schedules as Supplementary Information:</u>		
Combining Balance Sheet - All Nonmajor Governmental Funds.....	27	H-1
Combining Statement of Revenues, Expenditures and Changes in		
Fund Balances - All Nonmajor Governmental Funds.....	28	H-2
 Special Revenue Funds:		
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	29	H-3
Combining Statement of Revenues, Expenditures and Changes		
in Fund Balances - Nonmajor Special Revenue Funds.....	35	H-4

San Benito Consolidated Independent School District
Annual Financial Report
For The Year Ended August 31, 2005

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Capital Projects Funds:		
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	44	H-5
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	46	H-6
Budgetary Comparison Schedules:		
Series Bond Projects.....	48	H-7
Series Bond Project.....	49	H-8
Internal Service Funds:		
Combining Statement of Net Assets.....	50	H-9
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	52	H-10
Combining Statement of Cash Flows.....	54	H-11
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	56	J-1
Indirect Cost Computation Schedule	58	J-2
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	59	J-3
Budgetary Comparison Schedules Required by the Texas Education Agency: Debt Service Fund.....	60	J-4
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>	61	
Report on Compliance with Requirements Applicable To each Major Program and Internal Control over Compliance In Accordance With OMB Circular A-133.....	62	
Schedule of Findings and Questioned Costs	64	
Summary Schedule of Prior Audit Findings.....	65	
Corrective Action Plan.....	66	
Schedule of Expenditures of Federal Awards	67	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	69	
Schedule of Required Responses to Selected School First Indicators.....	70	L-1

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

LIST OF PRINCIPAL OFFICIALS

AUGUST 31, 2005

Board of Trustees

<u>Name</u>	<u>Position</u>
Hector Leal	President
Bob Tumberlinson	Vice President
Manuel Gonzalez Jr.	Secretary
Orlando Gonzalez	Board Member
Oscar De la Fuente	Board Member
Joe G. Gonzalez	Board Member
Roel Villarreal	Board Member

CERTIFICATE OF BOARD

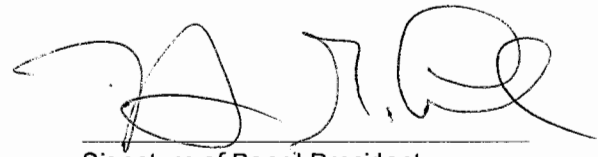
San Benito Consolidated Independent School District
Name of School District

Cameron
County

031-912
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the period ended August 31, 2005, at a meeting of the board of trustees of such school district on the 21st day of February, 2006


Signature of Board Secretary


Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

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Financial Section



Certified Public Accountant
110 North Cage • Pharr, Texas 78577
Tel: (956) 787-9909 • Fax: (956) 787-3067
Email: org110n@aol.com

Independent Auditor's Report on Financial Statements

Board of Trustees
San Benito Consolidated Independent School District
240 N Crockett Street
San Benito, Texas 78586-4608

Members of the Board of Trustees:

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Benito Consolidated Independent School District as of and for the year ended August 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of San Benito Consolidated Independent School District's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of San Benito Consolidated Independent School District as of August 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with GOVERNMENT AUDITING STANDARDS, I have also issued my report dated February 13, 2006 on my consideration of San Benito Consolidated Independent School District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with GOVERNMENT AUDITING STANDARDS and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis and the budgetary information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

My audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the San Benito Consolidated Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS and

the combining financial statements and supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "Oscar R. Gonzalez".

Oscar R. Gonzalez, CPA

February 13, 2006

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of San Benito Consolidated Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2005. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

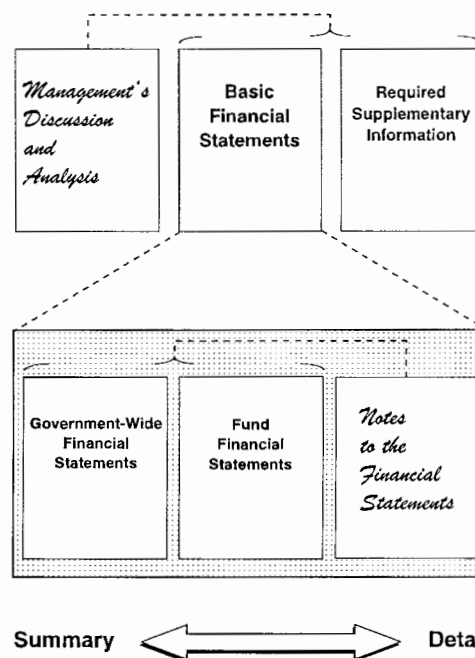
- The District's total combined net assets were \$47,073,520 and \$54,998,323 for fiscal years ending August 31, 2004 and 2005, respectively.
- The District's expenses were \$3,543,346 less than the \$92,618,903 generated in local charges and other revenues for governmental activities.
- The general fund reported a fund balance of \$9,953,997 and \$9,904,305 for fiscal years ending August 31, 2004 and 2005, respectively.
- During the year the District refinanced \$29,880,000 in bonds, with an economic gain of \$1,279,937. In addition they issued a new bond in the amount of \$39,678,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short and long-term* financial information about the activities the government operates like *businesses*, such as food service.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1F, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds	Fund Statements	
	Proprietary Funds	Fiduciary Funds		
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	* Statement of net assets	* Balance sheet	* Statement of net assets	* Statement of fiduciary net assets
	* Statement of activities	* Statement of revenues, expenditures & changes in fund balances	* Statement of revenues, expenses and changes in fund net assets * Statement of cash flows	* Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, curriculum and staff development, school district administrative support services and general administration. Grants and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain grants and local sources.

The District has the following kinds of funds:

- Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$47,073,520 and \$54,998,323 for fiscal years ending August 31, 2004 and 2005, respectively. (See Table A-1).

Table A-1
San Benito School District's Net Assets
(In dollars)

	Governmental Activities		Increase / Decrease
	2005	2004	2005-2004
Current assets:			
Cash and cash equivalents	\$ 47,987,383	\$ 13,229,251	\$ 34,758,132
Investments	2,523	14,325	(11,802)
Property taxes receivable	2,090,829	1,757,423	333,406
Due from other governments	7,527,319	3,736,159	3,791,160
Accrued Interest	69,077	1,250,690	(1,181,613)
Other receivables	211,737	100,434	111,303
Inventories	310,755	358,964	(48,209)
Capitalized Bond and Other Debt Issuance Costs	790,557	-	790,557
Other Current Assets	685	685	-
Total current assets	58,990,865	20,447,931	38,542,934
Noncurrent assets:			
Deferred expenses	155,116	8,114,658	(7,959,542)
Land & improvements	6,145,310	4,723,135	1,422,175
Buildings & improvements	74,353,004	73,998,140	354,864
Furniture & equipment	4,869,160	4,400,832	468,328
Construction in progress	5,227,295	-	5,227,295
Total noncurrent assets	90,749,885	91,236,765	(486,880)
Total assets	\$ 149,740,750	\$ 111,684,696	\$ 38,056,054
Current liabilities:			
Accounts Payable	\$ 3,986,300	\$ 3,279,197	\$ 707,103
Short-Term debt payable	-	6,988,829	(6,988,829)
Interest Payable	160,941	97,201	63,740
Accrued liabilities	3,077,212	3,473,780	(396,568)
Deferred revenue	607,310	117,026	490,284
Notes due within one year	5,022,243	3,415,650	1,606,593
Total current liabilities	12,854,006	17,371,683	(4,517,677)
Long-term liabilities:			
Notes due in more than one year	81,888,421	47,239,493	34,648,928
Total liabilities	94,742,427	64,611,176	30,131,251

Net Assets:

Invested in capital assets, Net of Related Debt \$	3,684,105	\$	32,466,964	\$	(28,782,859)
Restricted for:	-		-		-
State and federal programs	750,547		840,132		(89,585)
Debt service	5,581,121		3,713,613		1,867,508
Capital projects	761,236		52,052		709,184
Unrestricted	44,221,314		10,000,759		34,220,555
Total Net Assets	\$ 54,998,323	\$	47,073,520	\$	7,924,803

Changes in net assets. The District's total revenues were \$80,715,386 and \$92,618,903 for fiscal years ending August 31, 2004 and 2005, respectively. A significant portion, (57%), of the District's revenue comes from the state foundation program (See Figure A-3.), 31% comes from federal grants not restricted, while 12% relates to local and intermediate sources.

The total cost of all programs and services was \$80,073,309 and \$89,075,557 for fiscal years ending August 31, 2004 and 2005, respectively; 54% of these costs are for instructional and instructional related services and student services.

Governmental Activities

- Investment earnings increased due to additional funds which were available due to the issuance of bonds. Property taxes increased due to an increase in the ad valorem tax rate and the underlying appraised property value.
- State funds received for the District's operations increase or decrease due to changes in student population and property values.
- Operating grants represent federal & state funds restricted for specific programs.

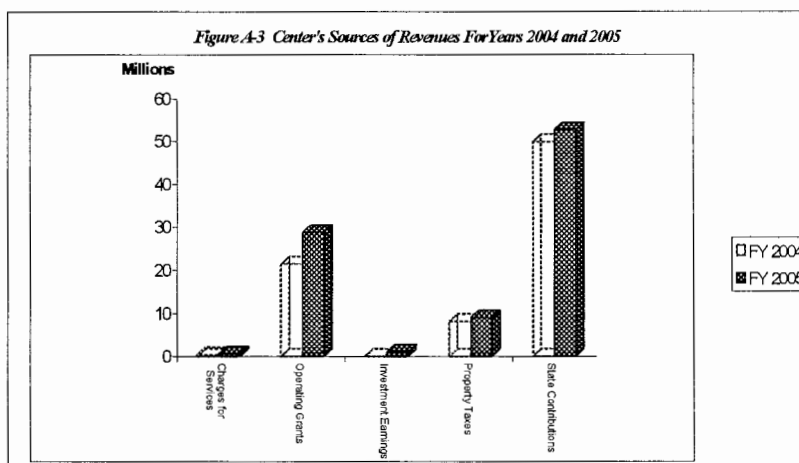


Table A-2

Changes in the District's Net Assets

	Governmental Activities 2004	Governmental Activities 2005
Program Revenues:		
Charges for services	\$ 1,516,044	\$ 650,647
Operating grants and contributions	11,347,996	28,801,803
Property taxes	7,078,506	9,048,530
Grants and contributions not restricted	53,774,764	52,824,775
Investment Earnings	736,104	1,104,970
Miscellaneous revenue	1,086,056	188,178
Total Revenues	75,539,470	92,618,903
Program Expenses:		
11 Instruction	39,915,684	45,175,884
12 Instructional resources media services	1,429,128	1,484,187
13 Curriculum dev. and instructional staff dev.	802,885	1,093,624
21 Instructional leadership	3,266,593	4,132,686

23 School leadership	3,866,412	3,820,174
31 Guidance, counseling, and evaluation services	2,517,916	2,796,100
32 Social work services	248,971	234,410
33 Health services	740,256	789,367
34 Curricular/Extracurricular activities	1,168,217	1,436,177
35 Food services	5,124,975	5,438,093
36 Curricular/Extracurricular activities	2,216,717	2,420,746
41 General administrator	3,287,487	2,668,868
51 Plant maintenance and operations	9,471,188	10,143,205
52 Security and monitoring	1,209,788	1,377,787
53 Data processing services	290,923	615,575
61 Community services	919,254	936,230
72 Bond issuance costs & fees	-	44,945
71 Debt Service	3,237,214	3,985,896
81 Facilities acquisition and construction	333,949	335,313
93 Payments Related to Shared Services Arrangements	-	100,010
95 Payments to JJAEP	25,752	46,280
99 Other Intergovernmental Charges	-	-
Total Expenditures	80,073,309	89,075,557
Increase (Decrease) in Net Assets	\$ (4,533,839)	\$ 3,543,346

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local revenues.

- The cost of all *governmental* activities this year was \$89,075,557.
- Those who directly benefited from program activities paid some of the cost. Other programs and services activities were paid by grants contributions.

Table A-3
Net Cost of Selected District's Functions

	Total Cost of 2004	Total Cost of 2005
Instruction	\$ 39,915,684	\$ 45,175,884
Curriculum & Staff Development	1,429,128	1,093,624
Instructional Leadership	3,266,593	4,132,686
Plant, Maintenance & Operations	9,474,188	10,143,205
School District Administration	3,287,487	2,668,868
Debt Service - Interest	3,237,214	3,985,896

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$80,715,386 and \$92,618,903 for fiscal years ending August 31, 2004 and 2005, respectively. The increase in revenues is a result of the increase in state revenues, additional grants awarded, and interest income.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget approximately 12 times.

CAPITAL ASSETS

At the end of fiscal year 2005, the District had invested \$123,463,096 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount will be reduced by \$32,868,328 or 27% due to the recording of accumulated depreciation as required by GASB 34. The District continued to apply the capitalization policy with a \$5,000 threshold. Assets under the capitalization threshold of \$5,000 are continued to be inventoried and are not included in the totals of Table A-4.

Table A-4
District's Capital Assets
(In dollars)

	Governmental Activities		Increase / Decrease
	2005	2004	2005-2004
Land	\$ 6,145,310	\$ 4,723,134	\$ 1,422,176
Construction in progress	5,227,295	-	5,227,295
Building and improvements	101,115,145	92,522,323	8,592,822
Equipment	10,975,346	10,105,440	869,906
Totals at historical cost	123,463,096	107,350,897	16,112,199
Total accumulated depreciation	(32,868,328)	(24,228,789)	(8,639,539)
Net capital assets	\$ 90,594,768	\$ 83,122,108	\$ 7,472,660

The District spent approximately \$6,468,957 on capital projects in fiscal year 2005. These funds were expended for the construction of new facilities made possible by the IFA bonds issued in September 2004. More detailed information about the District's capital assets is presented in the notes to the financial statements.

LONG-TERM DEBT

At year end the District had \$86,910,644 in bonds and lease outstanding as shown on page 30 in the notes to financial statements. During the year the District refinanced \$29,880,000 in bonds, and issued new bonds in the amount of \$39,678,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The budget for fiscal year 2006 was created to meet educational and financial requirements passed by the state and federal governments.

Expenditures for 2006 were budgeted at \$70,556,666 for the general fund while the actual expenditures for 2005 were \$67,130,091 representing an increase of \$3,426,575. The largest increments are increased salary schedule adjustments and mandatory increase in fringe benefits.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office at (956) 361-6168.

Basic Financial Statements

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET ASSETS**

AUGUST 31, 2005

		1
Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 47,987,383
1120	Current Investments	2,523
1225	Property Taxes Receivable (Net)	2,090,829
1240	Due from Other Governments	7,527,319
1250	Accrued Interest	69,077
1290	Other Receivables (Net)	211,737
1300	Inventories	310,755
1410	Deferred Expenses	155,116
1420	Capitalized Bond and Other Debt Issuance Costs	790,557
1490	Other Current Assets	685
Capital Assets:		
1510	Land and Land Improvements, Net	6,145,310
1520	Buildings and Improvements, Net	74,353,004
1530	Furniture and Equipment, Net	4,869,160
1580	Construction in Progress	5,227,295
1000	Total Assets	149,740,750
LIABILITIES:		
2110	Accounts Payable	3,986,300
2140	Interest Payable	160,941
2165	Accrued Liabilities	3,077,212
2300	Deferred Revenue	607,310
Noncurrent Liabilities:		
2501	Due Within One Year	5,022,243
2502	Due in More Than One Year	81,888,421
2000	Total Liabilities	94,742,427
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	3,684,105
Restricted For:		
3820	Federal and State Programs	750,547
3850	Debt Service	5,581,121
3860	Capital Projects	761,236
3900	Unrestricted	44,221,314
3000	Total Net Assets	\$ 54,998,323

The accompanying notes are an integral part of this statement.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	Functions/Programs	1 Expenses	3 Charges for Services	4 Program Revenues		Net (Expense) Revenue and Changes in Net Assets
				Operating Grants and Contributions	Governmental Activities	
	Government Activities:					
11	Instruction	\$ 45,175,884	\$ 34,004	\$ 10,564,110	\$	(34,577,770)
12	Instructional Resources and Media Services	1,484,187	1,383	143,330		(1,339,474)
13	Curriculum and Staff Development	1,093,624	317	763,043		(330,264)
21	Instructional Leadership	4,132,686	499	2,684,497		(1,447,690)
23	School Leadership	3,820,174	4,408	370,828		(3,444,938)
31	Guidance, Counseling, & Evaluation Services	2,796,100	1,602	754,823		(2,039,675)
32	Social Work Services	234,410	56	36,857		(197,497)
33	Health Services	789,367	863	80,996		(707,508)
34	Student Transportation	1,436,177	180	60,827		(1,375,170)
35	Food Service	5,438,093	361,052	5,106,161		29,120
36	Cocurricular/Extracurricular Activities	2,420,746	211,944	116,329		(2,092,473)
41	General Administration	2,668,868	3,308	257,585		(2,407,975)
51	Plant Maintenance and Operations	10,143,205	23,453	519,125		(9,600,627)
52	Security and Monitoring Services	1,377,787	6,951	182,868		(1,187,968)
53	Data Processing Services	615,575	422	108,381		(506,772)
61	Community Services	936,230	150	700,607		(235,473)
72	Interest on Long-term Debt	3,985,896	51	6,249,164		2,263,319
73	Bond Issuance Costs and Fees	44,945	--	--		(44,945)
81	Capital Outlay	335,313	4	153		(335,156)
93	Payments Related to Shared Services Arrangements	100,010	--	100,010		--
95	Payments to Juvenile Justice Alternative Ed. Programs	46,280	--	2,109		(44,171)
TG	Total Governmental Activities	89,075,557	650,647	28,801,803		(59,623,107)
TP	Total Primary Government	\$ 89,075,557	\$ 650,647	\$ 28,801,803		(59,623,107)
General Revenues:						
MT	Property Taxes, Levied for General Purposes					7,899,746
DT	Property Taxes, Levied for Debt Service					1,148,784
IE	Investment Earnings					1,104,970
GC	Grants and Contributions Not Restricted to Specific Programs					52,824,775
MI	Miscellaneous					188,178
TR	Total General Revenues					63,166,453
CN	Change in Net Assets					3,543,346
NB	Net Assets - Beginning					47,073,519
PA	Prior Period Adjustment					4,381,458
	Net Assets - Beginning, as Restated					51,454,977
NE	Net Assets - Ending					\$ 54,998,323

The accompanying notes are an integral part of this statement.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2005

Data Control Codes		10 General Fund	50 Debt Service Fund
ASSETS:			
1110	Cash and Cash Equivalents	\$ 6,433,934	\$ 2,078,534
1225	Taxes Receivable, Net	1,806,865	283,964
1240	Due from Other Governments	5,854,586	--
1250	Accrued Interest	210	--
1260	Due from Other Funds	451,615	16,355
1290	Other Receivables	200,568	--
1300	Inventories	310,755	--
1410	Deferred Expenditures	155,116	--
1490	Other Current Assets	685	--
1000	Total Assets	<u>\$ 15,214,334</u>	<u>\$ 2,378,853</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 534,926	\$ --
2150	Payroll Deductions & Withholdings	47,475	35,716
2160	Accrued Wages Payable	2,400,849	--
2170	Due to Other Funds	467,971	--
2300	Deferred Revenue	1,858,808	283,962
2000	Total Liabilities	<u>5,310,029</u>	<u>319,678</u>
FUND BALANCES:			
Reserved Fund Balances:			
3410	Investments in Inventory	310,755	--
3420	Debt Service	--	2,059,175
3450	Reserve for Food Service	735,992	--
3490	Other Reserves of Fund Balance	--	--
Designated Fund Balance:			
3510	Construction	2,482,383	--
3600	Unreserved	6,375,175	--
Unreserved, Reported in Nonmajor:			
3610	Special Revenue Funds	--	--
3620	Capital Projects Funds	--	--
3630	Permanent Funds	--	--
3000	Total Fund Balances	<u>9,904,305</u>	<u>2,059,175</u>
4000	Total Liabilities and Fund Balances	<u>\$ 15,214,334</u>	<u>\$ 2,378,853</u>

The accompanying notes are an integral part of this statement.

60 2004 Series Bond Projects	Other Governmental Funds	98 Total Governmental Funds
\$ 34,463,828	\$ 2,006,790	\$ 44,983,086
--	--	2,090,829
--	1,672,733	7,527,319
--	--	210
--	--	467,970
--	--	200,568
--	--	310,755
--	--	155,116
--	--	685
<u>\$ 34,463,828</u>	<u>\$ 3,679,523</u>	<u>\$ 55,736,538</u>
\$ 1,684,688	\$ 604,983	\$ 2,824,597
--	344,523	427,714
--	197,858	2,598,707
--	--	467,971
--	21,580	2,164,350
<u>1,684,688</u>	<u>1,168,944</u>	<u>8,483,339</u>
--	--	310,755
--	--	2,059,175
--	--	735,992
--	258,058	258,058
32,779,140	1,245,471	36,506,994
--	--	6,375,175
--	2,700	2,700
--	999,700	999,700
--	4,650	4,650
<u>32,779,140</u>	<u>2,510,579</u>	<u>47,253,199</u>
<u>\$ 34,463,828</u>	<u>\$ 3,679,523</u>	<u>\$ 55,736,538</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET****TO THE STATEMENT OF NET ASSETS****AUGUST 31, 2005**

Total fund balances - governmental funds balance sheet	\$ 47,253,199
--	---------------

Amounts reported for governmental activities in the statement of net assets
("SNA") are different because:

Capital assets used in governmental activities are not reported in the funds.	90,594,768
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,090,829
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,874,360
Payables for bond principal which are not due in the current period are not reported in the funds.	(85,737,151)
Payables for capital leases which are not due in the current period are not reported in the funds.	(1,173,513)
Payables for bond interest which are not due in the current period are not reported in the funds.	(160,941)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	256,769
Rounding difference	3

Net assets of governmental activities - statement of net assets	\$ <u>54,998,323</u>
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The accompanying notes are an integral part of this statement.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	10 General Fund	50 Debt Service Fund
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 8,965,820	\$ 891,887
5800 <i>State Program Revenues</i>	54,639,281	6,177,754
5900 <i>Federal Program Revenues</i>	5,929,702	--
5020 Total Revenues	<u>69,534,803</u>	<u>7,069,641</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	34,568,479	--
0012 <i>Instructional Resources and Media Services</i>	1,339,395	--
0013 <i>Curriculum and Staff Development</i>	349,168	--
0021 <i>Instructional Leadership</i>	997,666	--
0023 <i>School Leadership</i>	3,449,431	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	2,061,477	--
0032 <i>Social Work Services</i>	197,766	--
0033 <i>Health Services</i>	708,470	--
0034 <i>Student Transportation</i>	748,710	--
0035 <i>Food Service</i>	5,158,073	--
0036 <i>Cocurricular/Extracurricular Activities</i>	2,202,952	--
0041 <i>General Administration</i>	2,528,049	--
0051 <i>Plant Maintenance and Operations</i>	9,644,142	--
0052 <i>Security and Monitoring Services</i>	1,251,934	--
0053 <i>Data Processing Services</i>	320,377	--
0061 <i>Community Services</i>	184,241	--
0071 <i>Principal on Long-term Debt</i>	425,797	33,640,756
0072 <i>Interest on Long-term Debt</i>	30,270	3,838,177
0073 <i>Bond Issuance Costs and Fees</i>	8,500	387,550
0081 <i>Capital Outlay</i>	910,906	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--
0095 <i>Payments to Juvenile Justice Alternative</i>	--	--
0095 <i>Education Programs</i>	44,288	--
6030 Total Expenditures	<u>67,130,091</u>	<u>37,866,483</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>2,404,712</u>	<u>(30,796,842)</u>
Other Financing Sources and (Uses):		
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	29,880,000
7913 <i>Proceeds from Capital Leases</i>	499,363	--
7915 <i>Transfers In</i>	--	--
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	859,410
8911 <i>Transfers Out</i>	(2,410,884)	--
7080 Total Other Financing Sources and (Uses)	<u>(1,911,521)</u>	<u>30,739,410</u>
1200 Net Change in Fund Balances	<u>493,191</u>	<u>(57,432)</u>
0100 Fund Balances - Beginning	9,946,242	2,116,607
1300 Prior Period Adjustment	(535,128)	--
Fund Balances - Beginning, as Restated	9,411,114	2,116,607
3000 Fund Balances - Ending	<u>\$ 9,904,305</u>	<u>\$ 2,059,175</u>

The accompanying notes are an integral part of this statement.

60 2004 Series Bond Projects	Other Governmental Funds	98 Total Governmental Funds
\$ 748,236	\$ 52,976	\$ 10,658,919
--	1,849,950	62,666,985
--	13,029,892	18,959,594
<u>748,236</u>	<u>14,932,818</u>	<u>92,285,498</u>
--	8,729,002	43,297,481
--	80,898	1,420,293
--	697,376	1,046,544
--	2,957,109	3,954,775
--	206,286	3,655,717
--	614,252	2,675,729
--	26,553	224,319
--	46,915	755,385
--	31,808	780,518
--	45,912	5,203,985
--	119,553	2,322,505
--	138,116	2,666,165
--	82,797	9,726,939
--	134,074	1,386,008
--	268,698	589,075
--	711,685	895,926
--	554,439	34,620,992
--	53,980	3,922,427
369,855	83,866	849,771
5,688,358	780,600	7,379,864
--	100,010	100,010
--	--	44,288
<u>6,058,213</u>	<u>16,463,929</u>	<u>127,518,716</u>
<u>(5,309,977)</u>	<u>(1,531,111)</u>	<u>(35,233,218)</u>
37,670,000	2,005,000	69,555,000
--	--	499,363
--	937,261	937,261
419,117	92,379	1,370,906
--	--	(2,410,884)
<u>38,089,117</u>	<u>3,034,640</u>	<u>69,951,646</u>
<u>32,779,140</u>	<u>1,503,529</u>	<u>34,718,428</u>
(627,320)	1,007,050	12,442,579
627,320	--	92,192
--	1,007,050	12,534,771
<u>\$ 32,779,140</u>	<u>\$ 2,510,579</u>	<u>\$ 47,253,199</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2005

Net change in fund balances - total governmental funds	\$ 34,718,428
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	7,924,250
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,960,267)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	333,406
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(71,425,270)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(63,470)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	33,640,756
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	980,237
Bond issuance costs and similar items are amortized in the SOA but not in the funds	804,825
The net revenue (expense) of internal service funds is reported with governmental activities.	590,449
Rounding difference	1
Change in net assets of governmental activities - statement of activities	\$ <u>3,543,346</u>

The accompanying notes are an integral part of this statement.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET ASSETS****INTERNAL SERVICE FUNDS****AUGUST 31, 2005**

Data Control Codes		Internal Service Funds
ASSETS:		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 3,004,296
1120	Investments	2,523
Receivables:		
1250	Accrued Interest	68,867
1290	Other Receivables (net)	11,169
	Total Current Assets	<u>3,086,855</u>
1000	Total Assets	<u>\$ 3,086,855</u>
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	\$ 1,161,703
2160	Accrued Wages Payable	50,792
	Total Current Liabilities	<u>1,212,495</u>
2000	Total Liabilities	<u>1,212,495</u>
NET ASSETS:		
3900	Unrestricted Net Assets	590,449
3000	Total Net Assets	<u>\$ 1,874,360</u>

The accompanying notes are an integral part of this statement.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES

IN FUND NET ASSETS - INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		Internal Service Funds
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 8,242,878
5800	<i>State Program Revenues</i>	738,000
5020	Total Revenues	<u>8,980,878</u>
	OPERATING EXPENSES:	
6100	<i>Payroll Costs</i>	1,472,343
6200	<i>Professional and Contracted Services</i>	7,711,632
6300	<i>Supplies and Materials</i>	335,575
6400	<i>Other Operating Costs</i>	97,502
6600	<i>Capital Outlay - Land, Buildings & Equipment</i>	247,000
6030	Total Expenses	<u>9,864,052</u>
	Income (Loss) before Contributions and Transfers	(883,174)
7915	<i>Transfers In</i>	1,473,623
1300	Change in Net Assets	<u>590,449</u>
0100	Total Net Assets - Beginning	503,326
	Prior Period Adjustment	780,585
	Total Net Assets - Beginning, as Restated	1,283,911
3300	Total Net Assets - Ending	<u>\$ 1,874,360</u>

The accompanying notes are an integral part of this statement.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2005

	Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Received from Grants</i>	\$ 738,000
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	8,064,957
<i>Cash Payments to Employees for Services</i>	(1,467,936)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(8,936,643)
<i>Cash Payments for Grants to Other Organizations</i>	--
<i>Other Operating Cash Receipts (Payments)</i>	(247,335)
Net Cash Provided (Used) by Operating Activities	<u>(1,848,957)</u>
Cash Flows from Non-capital Financing Activities:	
<i>Operating Transfers From (To) Other Funds</i>	1,473,623
Net Cash Provided (Used) by Non-capital Financing Activities	<u>1,473,623</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Prior Period Adjustment</i>	780,584
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>780,584</u>
Cash Flows from Investing Activities:	
<i>Purchase of Investment Securities</i>	11,802
<i>Purchase of Equipment</i>	(247,000)
Net Cash Provided (Used) for Investing Activities	<u>(235,198)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	170,052
Cash and Cash Equivalents at Beginning of Year	2,834,244
Cash and Cash Equivalents at End of Year	<u>\$ 3,004,296</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 590,448
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Prior Period Adjustment</i>	780,584
<i>Decrease (Increase) in Investments</i>	11,802
<i>Decrease (Increase) in Other Receivables</i>	(10,860)
<i>Decrease (Increase) in Accrued Interest</i>	1,158,006
<i>Increase (Decrease) in Accounts Payable</i>	(1,039,269)
<i>Increase (Decrease) in Accrued Wages Payable</i>	4,407
<i>Increase (Decrease) in Interfund Payables</i>	(1,325,067)
Total Adjustments	<u>(420,397)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 170,051</u>

The accompanying notes are an integral part of this statement.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****AUGUST 31, 2005**

AUGUST 31, 2005		Private-purpose Trust Fund	Agency Fund
Data Control Codes		Private-Purpose Trust Fund	Student Activity
ASSETS:			
1110	Cash and Cash Equivalents	\$ 4,100	\$ 397,126
1000	Total Assets	\$ 4,100	\$ 397,126
LIABILITIES:			
Current Liabilities:			
2190	Due to Student Groups	\$ --	\$ 344,766
2000	Total Liabilities	--	344,766
NET ASSETS			
3800	Held in Trust	4,100	--
3000	Total Net Assets	\$ 4,100	\$ 52,360

The accompanying notes are an integral part of this statement.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

A. Summary of Significant Accounting Policies

The basic financial statements of San Benito Consolidated Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

In addition, the District reports the following fund types:

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB standards.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Receivable and Payable Balances

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. **Compensated Absences**

On retirement or death of certain employees, the District pays any accrued sick leave in a lump case payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

g. **Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. **Data Control Codes**

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance- related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Cash Deposits:

At August 31, 2005, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$47,987,383 and the bank balance was \$49,447,987. The District's cash deposits at August 31, 2005 and during the period ended August 31, 2005, were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: First National Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$75,748,557.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$69,045,479 and occurred during the month of January, 2005.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$200,000.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

- | | | |
|------------|---|--|
| Category 1 | - | Deposits which are insured or collateralized with securities held by the District or by its agent in the District's name. |
| Category 2 | - | Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name. |
| Category 3 | - | Deposits which are not collateralized or insured. |

Based on these three levels of risk, all of the District's cash deposits are classified as category 1.

Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds.

The District's investments are categorized to give an indication of the level of risk assumed by the District at year-end. These custodial risk categories are as follows:

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

- Category 1 - Investments that are insured, registered or held by the District or by its agent in the District's name.
Category 2 - Investments that are uninsured and unregistered held by the counterparty's trust department or agent in the District's name.
Category 3 - Uninsured and unregistered investments held by the counterparty, its trust department or its agent, but not in the District's name.

The District's investments at August 31, 2005 are shown below. Those investments which are evidenced by securities that exist in physical or book entry form are categorized by the custodial risk categories described above.

Investment	Category			Reported Amount	Fair Value
	1	2	3		
Worker's Compensation Fund	\$ 2,523	\$ --	\$ --	\$ 2,523	\$ 2,523
	\$ 2,523	\$ --	\$ --	2,523	2,523
Total Investments				\$ 2,523	\$ 2,523

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Capital Assets

Capital asset activity for the period ended August 31, 2005, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 4,735,654	\$ 1,409,655	\$ --	\$ 6,145,310
Construction in progress	--	6,131,629	904,333	5,227,295
Total capital assets not being depreciated	* 4,735,654	7,541,284	904,333	11,372,605
<i>Capital assets being depreciated:</i>				
Buildings and improvements	* 100,548,880	566,265	--	101,115,145
Equipment	* 5,415,685	268,044	--	5,683,729
Vehicles	* 4,838,629	452,988	--	5,291,617
Total capital assets being depreciated	110,803,194	1,287,298	--	112,090,491
Less accumulated depreciation for:				
Buildings and improvements	* (23,779,370)	--	(2,982,772)	(26,762,142)
Equipment	* (2,315,211)	--	(538,883)	(2,854,094)
Vehicles	* (2,813,480)	--	(438,612)	(3,252,092)
Total accumulated depreciation	(28,908,061)	--	(3,960,267)	(32,868,328)
Total capital assets being depreciated, net	81,895,133	1,287,298	3,960,267	79,222,163
Governmental activities capital assets, net	\$ 86,630,787	\$ 8,828,582	\$ 4,864,600	\$ 90,594,769

* Beginning Balances for cost and accumulated depreciation restated due to prior period adjustment. (See Note M).

Depreciation was charged to functions as follows:

Instruction	\$ 1,947,792
Instructional Resources and Media Services	63,894
Curriculum and Staff Development	47,080
Instructional Leadership	177,911

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

School Leadership	164,457
Guidance, Counseling, & Evaluation Services	120,371
Social Work Services	10,091
Health Services	33,982
Student Transportation	35,113
Food Service	234,108
Extracurricular Activities	104,481
General Administration	119,941
Plant Maintenance and Operations	437,906
Security and Monitoring Services	62,351
Data Processing Services	26,500
Community Services	40,304
Facilities Acquisition and Construction	331,993
Payments to Juvenile Justice Alternative	1,992
	<u>\$ 3,960,267</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2005, consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Trust & Agency Fund	\$ 450,517	\$ --
Total General Fund	<u>450,517</u>	<u>--</u>
Debt Service Fund:		
Trust & Agency Fund	16,355	16,355
Total Debt Service Fund	<u>16,355</u>	<u>16,355</u>
Trust & Agency Fund:		
General Fund	--	451,606
Trust & Agency Fund	1,099	--
Total Trust & Agency Fund	<u>1,099</u>	<u>451,606</u>
Total	<u>\$ 467,971</u>	<u>\$ 467,961</u>

F. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

G. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ended August 31, 2005, are as follows:

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

Description	Interest Rate Payable	Amount Original Issue	Audited Balance 08/31/04	Issuance	Refunding Retirement	Principal Retirement	Audited Balance 08/31/05
Serial Term 1996	3.90%	10,040,000	\$ 6,070,000	\$ --	\$ 1,665,000	\$ 495,000	\$ 4,110,000
Series 1998	4.25%	23,030,000	18,500,000	--	13,255,000	960,000	4,285,000
1996 Per Capital Ap	4.90%	773,982	379,050	--	(100,000)	279,050	--
Series 2000	2.00%	26,305,000	23,855,000	--	15,060,000	650,000	8,145,000
Series 2004	2.00-5.00%	37,670,000	--	37,670,000	--	835,000	36,835,000
Series 2005 Ref.	3.00-5.00%	29,315,000	--	29,315,000	--	345,000	28,970,000
Series 2005 RefCAE	3.75%	565,000	--	565,000	--	--	565,000
Series 2005	4.50%	800,000	--	800,000	--	--	800,000
Series 2005 CAB	3.35-4.95%	1,205,000	--	1,205,000	--	--	1,205,000
			\$ 48,804,050	\$ 69,555,000	\$ 29,880,000	\$ 3,564,050	\$ 84,915,000
Series 1996 CAB Accretion			\$ 196,706	\$ --	\$ --	\$ 196,706	\$ --
Series 2005 Ref. CAB Accretion			--	92,379	--	--	92,379
Series 2005 CAB Accretion			--	729,772	--	--	729,772
			\$ 196,706	\$ 822,151	\$ --	\$ 196,706	\$ 822,151
Line of Credit			\$ 6,984,185	\$ --	\$ --	\$ 6,984,185	\$ --
Capital Leases	5.85%	2,926,271	1,654,387	499,363	--	980,236	1,173,514
			\$ 8,638,572	\$ 499,363	\$ --	\$ 7,964,421	\$ 1,173,514

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2005, are as follows:

Year Ending August 31,	CIB Principal	CAB Principal	Accretion	Interest	Total
2006	\$ 3,520,000	\$ --	\$ 104,045	\$ 3,726,033	\$ 7,350,078
2007	3,700,000	--	108,252	3,667,450	7,475,702
2008	3,845,000	121,107	110,197	3,520,625	7,596,929
2009	3,730,000	111,324	109,752	3,366,586	7,317,662
2010	2,105,000	671,524	80,187	3,219,419	6,076,130
2011-2015	17,020,000	486,045	206,500	14,008,321	31,720,866
2016-2020	16,660,000	380,000	80,805	9,887,914	27,008,719
2021-2025	15,620,000	--	--	6,156,919	21,776,919
2026-2030	8,485,000	--	--	3,182,050	11,667,050
2031-2034	8,460,000	--	--	872,250	9,332,250
Totals	\$ 83,145,000	\$ 1,770,000	\$ 799,738	\$ 51,607,567	\$ 137,322,305

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of August 31, 2005, as follows:

Year Ending August 31:	Principal	Interest
2006	\$ 680,092	\$ 42,320
2007	368,892	17,747
2008	83,085	4,321
2009	41,444	730
2010	--	--
2011-2015	--	--
2016-2020	--	--
2021-2025	--	--
Total Minimum Rentals	\$ 1,173,513	\$ 65,118
Rental Expenditures in 2005	\$ --	--

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

The effective interest rate on capital leases is 7.000%.

4 Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2005, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

On April 15, 2005 \$ 29,880,000 in general obligation bonds with an interest from 2.5 to 4.48 percent were issued to currently refund \$ 29,880,000 of outstanding bonds with an interest cap of 4.9 percent. The net proceeds of \$ 32,021,492 (after payment of \$ 354,410 in underwriting fees, insurance, other issuance costs , interest earned of \$108,671) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds have been removed from the financial statements. This refunding decreases total debt service payments over the next twenty-one years by \$1,922,273 resulting in an economic gain of \$1,279,937.

H. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2005, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 877-0123.

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. The District's employees' contributions to the System for the fiscal periods ending in 2005, 2004 and 2003 were \$3,117,612, \$3,063,974 and \$2,063,577, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the fiscal periods ending in 2005, 2004 and 2003 were \$919,068, \$2,281,935 and \$588,610, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$2,477,820.

J. Health Care Coverage

During the period ended August 31, 2005, employees of the District were covered by a health insurance plan (the

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2005

Plan). The District contributed \$298 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable October 1st, and terms of coverage and contribution costs are included in the contractual provisions.

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through East Coast Underwriters, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$100,000 and for aggregate loss. According to the latest actuarial opinion dated N/A, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

K. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by 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 may be impaired. In the opinion of the District, 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 basic financial statements for such contingencies.

2. Litigation

The District is involved in various legal proceedings arising from its operations. The District believes that the outcome of these proceedings, individually and in the aggregate will have no material effect on the District's financial position.

L. Increase (Decrease) in Net Assets

Prior Period Adjustment

<u>Fund Level</u>	<u>General Fund</u>
Adjustment to charge amount of construction	\$ (627,320)
Adjustment to correct payroll account	273,945
Adjustment to correct beginning fund balance	(5,839)
Adjustment to correct payment charged on 2004	(205,638)
Adjustment to correct prior period accruals	47,927
Adjustment to correct expenditures in excess	(63,071)
Adjustment to correct overpayment	4,217
Adjustment to correct prior payroll deductions errors	(20,948)
Adjustment to correct mold accounts	1,283
Adjustment to correct delinquent tax attorney fees	60,468
Adjustment to correct miscellaneous account	(152)
Net Increase (Decrease) in Fund Balance	\$ (535,128)
	<u>Capital Project Fund</u>
Adjustment to correct amount charge to construction	\$ 627,320
Net Increase (Decrease) in Fund Balance	\$ 627,320

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2005

	Internal Service Fund
Adjustment to adjust prior period reserves	\$ 780,585
Net Increase (Decrease) in Fund Balance	\$ 780,585
<u>Government Wide-Level</u>	
Adjustment to correct prior period cost of fixed assets	\$ 8,187,952
Adjustment to correct prior period accumulated depreciation	(4,679,271)
Net Increase (Decrease) in Fund Balance	3,508,681
Total Net Increase (Decrease) in Fund Balance	\$ 4,381,458

M. Claim Settled.

The District settled a lawsuit in October 2004, in which the District was awarded \$16,648,748 for mold damages. The amount awarded was expended as follows:

Repairs for mold damage	\$ 8,570,984
Legal and expert fees to settle case	8,077,764
	<u>\$ 16,648,748</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2005

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with
		Budgeted Amounts		Actual	Final Budget
		Original	Final		Positive (Negative)
REVENUES:					
5700	Local and Intermediate Sources	\$ 8,650,437	\$ 8,650,637	\$ 8,965,820	\$ 315,183
5800	State Program Revenues	52,869,798	53,575,776	54,639,281	1,063,505
5900	Federal Program Revenues	5,859,109	5,896,821	5,929,702	32,881
5020	Total Revenues	67,379,344	68,123,234	69,534,803	1,411,569
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	34,176,074	34,520,113	34,568,479	(48,366)
0012	Instructional Resources and Media Services	1,276,260	1,348,563	1,339,395	9,168
0013	Curriculum and Staff Development	406,516	461,096	349,168	111,928
	Total Instruction & Instr. Related Services	35,858,850	36,329,772	36,257,042	72,730
Instructional and School Leadership:					
0021	Instructional Leadership	1,465,767	1,084,578	997,666	86,912
0023	School Leadership	3,624,094	3,584,534	3,449,431	135,103
	Total Instructional & School Leadership	5,089,861	4,669,112	4,447,097	222,015
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	2,164,254	2,111,216	2,061,477	49,739
0032	Social Work Services	228,788	216,543	197,766	18,777
0033	Health Services	722,889	721,386	708,470	12,916
0034	Student (Pupil) Transportation	688,802	797,762	748,710	49,052
0035	Food Services	5,589,905	5,589,905	5,158,073	431,832
0036	Cocurricular/Extracurricular Activities	2,171,569	2,241,812	2,202,952	38,860
	Total Support Services - Student (Pupil)	11,566,207	11,678,624	11,077,448	601,176
Administrative Support Services:					
0041	General Administration	3,073,554	2,698,573	2,528,049	170,524
	Total Administrative Support Services	3,073,554	2,698,573	2,528,049	170,524
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	8,581,186	9,708,040	9,644,142	63,898
0052	Security and Monitoring Services	1,271,405	1,275,188	1,251,934	23,254
0053	Data Processing Services	88,500	361,580	320,377	41,203
	Total Support Services - Nonstudent Based	9,941,091	11,344,808	11,216,453	128,355
Ancillary Services:					
0061	Community Services	185,182	191,323	184,241	7,082
	Total Ancillary Services	185,182	191,323	184,241	7,082
Debt Service:					
0071	Principal on Long-Term Debt	482,111	435,905	425,797	10,108
0072	Interest on Long-Term Debt	--	33,565	30,270	3,295
0073	Bond Issuance Costs and Fees	--	32,385	8,500	23,885
	Total Debt Service	482,111	501,855	464,567	37,288
Capital Outlay:					
0081	Capital Outlay	50,000	516,300	910,906	(394,606)
	Total Capital Outlay	50,000	516,300	910,906	(394,606)

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2005

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Intergovernmental Charges:				
0095	<i>Payments to Juvenile Justice Alternative Ed. Progra.</i>	--	44,288	44,288	--
	Total Intergovernmental Charges	--	44,288	44,288	--
6030	Total Expenditures	66,246,856	67,974,656	67,130,091	844,565
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	1,132,488	148,578	2,404,712	2,256,134
	Other Financing Sources (Uses):				
7913	<i>Proceeds from Capital Leases</i>	--	--	499,363	499,363
7915	<i>Transfers In</i>	--	758,499	--	(758,499)
8911	<i>Transfers Out</i>	--	(2,296,626)	(2,410,884)	(114,258)
7080	Total Other Financing Sources and (Uses)	--	(1,538,127)	(1,911,521)	(373,394)
1200	Net Change in Fund Balance	1,132,488	(1,389,549)	493,191	1,882,740
0100	Fund Balance - Beginning	9,946,242	9,946,242	9,946,242	--
1300	Prior Period Adjustment	(535,128)	(535,128)	(535,128)	--
0100	Fund Balance - Beginning, as Restated	9,411,114	9,411,114	9,411,114	--
3000	Fund Balance - Ending	\$ 19,954,716	\$ 17,432,679	\$ 9,904,305	\$ 1,882,740

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2005

Data Control Codes	Special Revenue Funds	Capital Projects Funds	Permanent Fund SBCISD Scholarship Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110 Cash and Cash Equivalents	\$ (685,572)	\$ 2,687,712	\$ 4,650	\$ 2,006,790
1240 Due from Other Governments	1,672,733	--	--	1,672,733
1000 Total Assets	<u>\$ 987,161</u>	<u>\$ 2,687,712</u>	<u>\$ 4,650</u>	<u>\$ 3,679,523</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 506,965	\$ 98,018	\$ --	\$ 604,983
2150 Payroll Deductions & Withholdings	--	344,523	--	344,523
2160 Accrued Wages Payable	197,858	--	--	197,858
2300 Deferred Revenue	21,580	--	--	21,580
2000 Total Liabilities	<u>726,403</u>	<u>442,541</u>	<u>--</u>	<u>1,168,944</u>
FUND BALANCES:				
Reserved Fund Balances:				
3490 Other Reserves of Fund Balance	258,058	--	--	258,058
Designated Fund Balance:				
3510 Construction	--	1,245,471	--	1,245,471
Unreserved, Reported in Nonmajor:				
3610 Special Revenue Funds	2,700	--	--	2,700
3620 Capital Projects Funds	--	999,700	--	999,700
3630 Permanent Funds	--	--	4,650	4,650
3000 Total Fund Balances	<u>260,758</u>	<u>2,245,171</u>	<u>4,650</u>	<u>2,510,579</u>
4000 Total Liabilities and Fund Balances	<u>\$ 987,161</u>	<u>\$ 2,687,712</u>	<u>\$ 4,650</u>	<u>\$ 3,679,523</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICTCOMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	Special Revenue Funds	Capital Projects Funds	Permanent Fund SBCISD Scholarship Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 40,418	\$ 12,558	\$ --	\$ 52,976
5800 <i>State Program Revenues</i>	1,849,950	--	--	1,849,950
5900 <i>Federal Program Revenues</i>	13,029,892	--	--	13,029,892
5020 <i>Total Revenues</i>	<u>14,920,260</u>	<u>12,558</u>	<u>--</u>	<u>14,932,818</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	8,729,002	--	--	8,729,002
0012 <i>Instructional Resources and Media Services</i>	80,898	--	--	80,898
0013 <i>Curriculum and Staff Development</i>	697,376	--	--	697,376
0021 <i>Instructional Leadership</i>	2,957,109	--	--	2,957,109
0023 <i>School Leadership</i>	206,286	--	--	206,286
0031 <i>Guidance, Counseling, & Evaluation Services</i>	614,252	--	--	614,252
0032 <i>Social Work Services</i>	26,553	--	--	26,553
0033 <i>Health Services</i>	46,915	--	--	46,915
0034 <i>Student Transportation</i>	31,808	--	--	31,808
0035 <i>Food Service</i>	45,912	--	--	45,912
0036 <i>Cocurricular/Extracurricular Activities</i>	119,553	--	--	119,553
0041 <i>General Administration</i>	138,116	--	--	138,116
0051 <i>Plant Maintenance and Operations</i>	82,797	--	--	82,797
0052 <i>Security and Monitoring Services</i>	134,074	--	--	134,074
0053 <i>Data Processing Services</i>	268,698	--	--	268,698
0061 <i>Community Services</i>	711,685	--	--	711,685
0071 <i>Principal on Long-term Debt</i>	554,439	--	--	554,439
0072 <i>Interest on Long-term Debt</i>	53,980	--	--	53,980
0073 <i>Bond Issuance Costs and Fees</i>	--	83,866	--	83,866
0081 <i>Capital Outlay</i>	--	780,600	--	780,600
0093 <i>Payments to Shared Service Arrangements</i>	100,010	--	--	100,010
6030 <i>Total Expenditures</i>	<u>15,599,463</u>	<u>864,466</u>	<u>--</u>	<u>16,463,929</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>(679,203)</u>	<u>(851,908)</u>	<u>--</u>	<u>(1,531,111)</u>
Other Financing Sources and (Uses):				
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	2,005,000	--	2,005,000
7915 <i>Transfers In</i>	937,261	--	--	937,261
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	92,379	--	92,379
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>937,261</u>	<u>2,097,379</u>	<u>--</u>	<u>3,034,640</u>
1200 <i>Net Change in Fund Balances</i>	<u>258,058</u>	<u>1,245,471</u>	<u>--</u>	<u>1,503,529</u>
0100 <i>Fund Balances - Beginning</i>	2,700	999,700	4,650	1,007,050
3000 <i>Fund Balances - Ending</i>	<u>\$ 260,758</u>	<u>\$ 2,245,171</u>	<u>\$ 4,650</u>	<u>\$ 2,510,579</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2005

Data Control Codes	204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula
ASSETS:				
1110 Cash and Cash Equivalents	\$ (1,974)	\$ (268,156)	\$ (111,164)	\$ (94,413)
1240 Due from Other Governments	1,974	378,016	124,778	145,032
1000 Total Assets	\$ --	\$ 109,860	\$ 13,614	\$ 50,619
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ 24,182	\$ 612	\$ 4,000
2160 Accrued Wages Payable	--	85,678	13,002	46,619
2300 Deferred Revenue	--	--	--	--
2000 Total Liabilities	--	109,860	13,614	50,619
FUND BALANCES:				
Reserved Fund Balances:				
3490 Other Reserves of Fund Balance	--	--	--	--
Unreserved, Reported in Nonmajor:				
3610 Special Revenue Funds	--	--	--	--
3000 Total Fund Balances	--	--	--	--
4000 Total Liabilities and Fund Balances	\$ --	\$ 109,860	\$ 13,614	\$ 50,619

225 IDEA-B Preschool Grant	255 ESEA Title II Teacher & Principal Training & Recruitment	261 Reading First	265 21st Century Community Learning Centers	283 Title IV Community Service Grant
\$ (410)	\$ (33,772)	\$ (60,532)	\$ (174,147)	\$ (23,534)
410	60,068	548,842	178,283	23,534
\$ --	\$ 26,296	\$ 488,310	\$ 4,136	\$ --
\$ --	\$ --	\$ 466,147	\$ 36	\$ --
--	26,296	22,163	4,100	--
--	--	--	--	--
--	26,296	488,310	4,136	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ 26,296	\$ 488,310	\$ 4,136	\$ --

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2005

Data Control Codes		285 Classroom Supply Teacher Reim.	288 Gear Up / Region One Project	289 T-I School Improvement Program	390 LEP Summer Program
ASSETS:					
1110	Cash and Cash Equivalents	\$ (10,295)	\$ (22,880)	\$ (1,552)	\$ (18,140)
1240	Due from Other Governments	10,295	22,880	1,552	18,140
1000	Total Assets	\$ --	\$ --	\$ --	\$ --
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	--	--	--	--
2300	Deferred Revenue	--	--	--	--
2000	Total Liabilities	--	--	--	--
FUND BALANCES:					
Reserved Fund Balances:					
3490	Other Reserves of Fund Balance	--	--	--	--
Unreserved, Reported in Nonmajor:					
3610	Special Revenue Funds	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ --	\$ --	\$ --	\$ --

394 Pregnancy Education and Parenting Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment
\$ (1,043)	\$ 12,021	\$ (52,491)	\$ (62,247)	\$ 269,546
1,043	--	52,491	62,247	--
<u>\$ --</u>	<u>\$ 12,021</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 269,546</u>
\$ --	\$ --	\$ --	\$ --	\$ 11,988
--	--	--	--	--
--	9,321	--	--	--
<u>--</u>	<u>9,321</u>	<u>--</u>	<u>--</u>	<u>11,988</u>
--	--	--	--	257,558
--	2,700	--	--	--
<u>--</u>	<u>2,700</u>	<u>--</u>	<u>--</u>	<u>257,558</u>
<u>\$ --</u>	<u>\$ 12,021</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 269,546</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2005

Data Control Codes		414 Texas Reading Initiative	419 Cameron Works
	ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ (7,434)	\$ 12,259
1240	<i>Due from Other Governments</i>	7,434	--
1000	Total Assets	<u>\$ --</u>	<u>\$ 12,259</u>
	LIABILITIES:		
	Current Liabilities:		
2110	<i>Accounts Payable</i>	\$ --	\$ --
2160	<i>Accrued Wages Payable</i>	--	--
2300	<i>Deferred Revenue</i>	--	12,259
2000	Total Liabilities	<u>--</u>	<u>12,259</u>
	FUND BALANCES:		
	Reserved Fund Balances:		
3490	<i>Other Reserves of Fund Balance</i>	--	--
	Unreserved, Reported in Nonmajor:		
3610	<i>Special Revenue Funds</i>	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 12,259</u>

428 High School Completion	459 G/T Performance Standards Projects	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ (35,714)	\$ 500	\$ (685,572)
35,714	--	1,672,733
<u>\$ --</u>	<u>\$ 500</u>	<u>\$ 987,161</u>
\$ --	\$ --	\$ 506,965
--	--	197,858
--	--	21,580
<u>--</u>	<u>--</u>	<u>726,403</u>
--	500	258,058
--	--	2,700
<u>--</u>	<u>500</u>	<u>260,758</u>
<u>\$ --</u>	<u>\$ 500</u>	<u>\$ 987,161</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	80,819	4,574,316	610,638	1,744,379
5020 <i>Total Revenues</i>	<u>80,819</u>	<u>4,574,316</u>	<u>610,638</u>	<u>1,744,379</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	29,951	2,436,556	261,279	1,391,342
0012 <i>Instructional Resources and Media Services</i>	--	12,000	--	--
0013 <i>Curriculum and Staff Development</i>	2,000	384,336	--	39,231
0021 <i>Instructional Leadership</i>	1,465	780,522	54,448	62,473
0023 <i>School Leadership</i>	--	141,457	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	207,370	187,083	151,328
0032 <i>Social Work Services</i>	--	23,366	--	--
0033 <i>Health Services</i>	--	36,967	2,074	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	13,438	1,168	18,448	--
0041 <i>General Administration</i>	--	120,239	--	--
0051 <i>Plant Maintenance and Operations</i>	--	3,167	1,905	--
0052 <i>Security and Monitoring Services</i>	32,715	1,250	--	--
0053 <i>Data Processing Services</i>	--	--	--	--
0061 <i>Community Services</i>	1,250	208,410	85,401	--
0071 <i>Principal on Long-term Debt</i>	--	177,878	--	100,005
0072 <i>Interest on Long-term Debt</i>	--	39,630	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	--
6030 <i>Total Expenditures</i>	<u>80,819</u>	<u>4,574,316</u>	<u>610,638</u>	<u>1,744,379</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	--
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	--
7080 <i>Total Other Financing Sources and (Uses)</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

225 IDEA-B Preschool Grant	244 Carl D. Perkins Basic Grant	255 ESEA Title II Teacher & Principal Training & Recruitment	261 Reading First	262 Enhancing Education through Technology
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
14,280	199,115	666,795	1,857,448	120,556
<u>14,280</u>	<u>199,115</u>	<u>666,795</u>	<u>1,857,448</u>	<u>120,556</u>
14,280	36,601	598,484	1,512,923	55,636
--	--	--	--	--
--	--	59,220	62,863	13,089
--	16,807	3,031	281,662	51,831
--	--	6,060	--	--
--	16,494	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	125,085	--	--	--
--	4,128	--	--	--
--	--	--	--	--
<u>14,280</u>	<u>199,115</u>	<u>666,795</u>	<u>1,857,448</u>	<u>120,556</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	263 English Language Acquisition and Enhancement	265 21st Century Community Learning Centers	269 Title V, Part A Innovative Programs	280 T-1 School Improvement
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	221,156	2,333,464	55,303	77,610
5020 <i>Total Revenues</i>	<u>221,156</u>	<u>2,333,464</u>	<u>55,303</u>	<u>77,610</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	104,534	1,076,260	--	71,439
0012 <i>Instructional Resources and Media Services</i>	--	--	54,718	--
0013 <i>Curriculum and Staff Development</i>	12,394	--	--	6,171
0021 <i>Instructional Leadership</i>	4,228	990,134	585	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	30,000	--	--
0032 <i>Social Work Services</i>	--	--	--	--
0033 <i>Health Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0051 <i>Plant Maintenance and Operations</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
0053 <i>Data Processing Services</i>	--	--	--	--
0061 <i>Community Services</i>	--	237,070	--	--
0071 <i>Principal on Long-term Debt</i>	89,778	--	--	--
0072 <i>Interest on Long-term Debt</i>	10,222	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	--
6030 <i>Total Expenditures</i>	<u>221,156</u>	<u>2,333,464</u>	<u>55,303</u>	<u>77,610</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>	--	--	--	--
1100 <i>Expenditures</i>	--	--	--	--
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	--
7080 <i>Total Other Financing Sources and (Uses)</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

282 Community Oriented Policing Service	283 Title IV Community Service Grant	284 Cameron County Works	285 Classroom Supply Teacher Reim.	287 Gear Up / Region One ESC
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	170,400	10,295	--
83,964	76,950	--	--	97,439
<u>83,964</u>	<u>76,950</u>	<u>170,400</u>	<u>10,295</u>	<u>97,439</u>
--	--	60,012	10,295	34,032
--	--	--	--	--
--	--	--	--	61,210
--	--	44,125	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	707
--	--	--	--	1,169
--	--	--	--	--
83,964	--	174	--	--
--	--	--	--	--
--	76,950	66,089	--	321
--	--	--	--	--
--	--	--	--	--
<u>83,964</u>	<u>76,950</u>	<u>170,400</u>	<u>10,295</u>	<u>97,439</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
\$ --	\$ --	\$ --	\$ --	\$ --

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		288 Gear Up / Region One Project	289 T-I School Improvement Program	385 Supplemental Visually Impaired	390 LEP Summer Program
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800	State Program Revenues	--	--	1,180	18,140
5900	Federal Program Revenues	70,295	143,543	--	--
5020	Total Revenues	<u>70,295</u>	<u>143,543</u>	<u>1,180</u>	<u>18,140</u>
EXPENDITURES:					
Current:					
0011	Instruction	22,601	136,250	1,180	18,140
0012	Instructional Resources and Media Services	--	--	--	--
0013	Curriculum and Staff Development	47,694	7,293	--	--
0021	Instructional Leadership	--	--	--	--
0023	School Leadership	--	--	--	--
0031	Guidance, Counseling, & Evaluation Services	--	--	--	--
0032	Social Work Services	--	--	--	--
0033	Health Services	--	--	--	--
0034	Student Transportation	--	--	--	--
0035	Food Service	--	--	--	--
0036	Cocurricular/Extracurricular Activities	--	--	--	--
0041	General Administration	--	--	--	--
0051	Plant Maintenance and Operations	--	--	--	--
0052	Security and Monitoring Services	--	--	--	--
0053	Data Processing Services	--	--	--	--
0061	Community Services	--	--	--	--
0071	Principal on Long-term Debt	--	--	--	--
0072	Interest on Long-term Debt	--	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--	--
6030	Total Expenditures	<u>70,295</u>	<u>143,543</u>	<u>1,180</u>	<u>18,140</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):					
7915	Transfers In	--	--	--	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200	Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100	Fund Balances - Beginning	--	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

394 Pregnancy Education and Parenting Program	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment
\$ --	\$ --	\$ --	\$ --	\$ 314
20,708	--	52,491	193,707	307,854
--	--	--	--	--
<u>20,708</u>	<u>--</u>	<u>52,491</u>	<u>193,707</u>	<u>308,168</u>
--	--	50,815	160,821	20,819
--	--	--	--	35
--	--	--	--	--
--	--	--	--	583,671
--	--	1,676	32,886	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	5,061
--	--	--	--	76
--	--	--	--	5,138
--	--	--	--	--
20,708	--	--	--	268,698
--	--	--	--	--
--	--	--	--	61,693
--	--	--	--	--
--	--	--	--	--
<u>20,708</u>	<u>--</u>	<u>52,491</u>	<u>193,707</u>	<u>945,191</u>
--	--	--	--	(637,023)
--	--	--	--	894,581
--	--	--	--	894,581
--	--	--	--	257,558
--	2,700	--	--	--
<u>\$ --</u>	<u>\$ 2,700</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 257,558</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		414 Texas Reading Initiative	418 Active Employee Health Coverage	419 Cameron Works
REVENUES:				
5700	Local and Intermediate Sources	\$ --	\$ --	\$ --
5800	State Program Revenues	16,123	642,750	63,217
5900	Federal Program Revenues	--	--	--
5020	Total Revenues	<u>16,123</u>	<u>642,750</u>	<u>63,217</u>
EXPENDITURES:				
Current:				
0011	Instruction	15,918	365,847	46,198
0012	Instructional Resources and Media Services	--	14,145	--
0013	Curriculum and Staff Development	--	1,875	--
0021	Instructional Leadership	--	26,361	6,318
0023	School Leadership	--	24,207	--
0031	Guidance, Counseling, & Evaluation Services	--	21,977	--
0032	Social Work Services	--	3,187	--
0033	Health Services	--	7,874	--
0034	Student Transportation	--	31,101	--
0035	Food Service	--	45,912	--
0036	Cocurricular/Extracurricular Activities	--	2,547	10,701
0041	General Administration	--	17,801	--
0051	Plant Maintenance and Operations	--	69,995	--
0052	Security and Monitoring Services	--	11,207	--
0053	Data Processing Services	--	--	--
0061	Community Services	205	7,021	--
0071	Principal on Long-term Debt	--	--	--
0072	Interest on Long-term Debt	--	--	--
0093	Payments to Shared Service Arrangements	--	--	--
6030	Total Expenditures	<u>16,123</u>	<u>651,057</u>	<u>63,217</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>--</u>	<u>(8,307)</u>	<u>--</u>
Other Financing Sources and (Uses):				
7915	Transfers In	--	8,307	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>8,307</u>	<u>--</u>
1200	Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
0100	Fund Balances - Beginning	--	--	--
3000	Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

420 Intensive Reading Inst. Part I	428 High School Completion	459 G/T Performance Standards Projects	461 U.S. Tennis Association
\$ --	\$ --	\$ --	\$ --
15,999	328,426	500	8,160
--	--	--	--
<u>15,999</u>	<u>328,426</u>	<u>500</u>	<u>8,160</u>
15,999	178,968	--	--
--	--	--	--
--	--	--	--
--	49,448	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	8,160
--	--	--	--
--	100,010	--	--
<u>15,999</u>	<u>328,426</u>	<u>--</u>	<u>8,160</u>
--	--	500	--
--	--	--	--
--	--	--	--
--	--	500	--
--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 500</u>	<u>\$ --</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes	480 First Generation College Student Pilot	481 Chess Tournament	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ 40,104	\$ 40,418
5800 <i>State Program Revenues</i>	--	--	1,849,950
5900 <i>Federal Program Revenues</i>	1,822	--	13,029,892
5020 <i>Total Revenues</i>	<u>1,822</u>	<u>40,104</u>	<u>14,920,260</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	1,822	--	8,729,002
0012 <i>Instructional Resources and Media Services</i>	--	--	80,898
0013 <i>Curriculum and Staff Development</i>	--	--	697,376
0021 <i>Instructional Leadership</i>	--	--	2,957,109
0023 <i>School Leadership</i>	--	--	206,286
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	614,252
0032 <i>Social Work Services</i>	--	--	26,553
0033 <i>Health Services</i>	--	--	46,915
0034 <i>Student Transportation</i>	--	--	31,808
0035 <i>Food Service</i>	--	--	45,912
0036 <i>Cocurricular/Extracurricular Activities</i>	--	67,021	119,553
0041 <i>General Administration</i>	--	--	138,116
0051 <i>Plant Maintenance and Operations</i>	--	2,592	82,797
0052 <i>Security and Monitoring Services</i>	--	4,764	134,074
0053 <i>Data Processing Services</i>	--	--	268,698
0061 <i>Community Services</i>	--	100	711,685
0071 <i>Principal on Long-term Debt</i>	--	--	554,439
0072 <i>Interest on Long-term Debt</i>	--	--	53,980
0093 <i>Payments to Shared Service Arrangements</i>	--	--	100,010
6030 <i>Total Expenditures</i>	<u>1,822</u>	<u>74,477</u>	<u>15,599,463</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>	--	--	--
1100 <i>Expenditures</i>	--	(34,373)	(679,203)
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	34,373	937,261
7080 <i>Total Other Financing Sources and (Uses)</i>	--	<u>34,373</u>	<u>937,261</u>
1200 <i>Net Change in Fund Balances</i>	--	--	258,058
0100 <i>Fund Balances - Beginning</i>	--	--	2,700
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 260,758</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR CAPITAL PROJECTS FUNDS

AUGUST 31, 2005

Data Control Codes		618 Construction From General Fund Reserve	619 1998 Bonds
ASSETS:			
1110	Cash and Cash Equivalents	\$ 30,768	\$ 431,157
1000	Total Assets	<u>\$ 30,768</u>	<u>\$ 431,157</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 98,018
2150	Payroll Deductions & Withholdings	<u>--</u>	<u>344,523</u>
2000	Total Liabilities	<u>--</u>	<u>442,541</u>
FUND BALANCES:			
Designated Fund Balance:			
3510	Construction	--	(352,996)
Unreserved, Reported in Nonmajor:			
3620	Capital Projects Funds	<u>30,768</u>	<u>341,612</u>
3000	Total Fund Balances	<u>30,768</u>	<u>(11,384)</u>
4000	Total Liabilities and Fund Balances	<u>\$ 30,768</u>	<u>\$ 431,157</u>

621 2000 Bonds	623 2005 Series Bond Projects	Total Nonmajor Capital Projects Funds (See Exhibit H-1)
\$ 210,147	\$ 2,015,640	\$ 2,687,712
<u>\$ 210,147</u>	<u>\$ 2,015,640</u>	<u>\$ 2,687,712</u>
\$ --	\$ --	\$ 98,018
--	--	344,523
<u>--</u>	<u>--</u>	<u>442,541</u>
(417,173)	2,015,640	1,245,471
627,320	--	999,700
<u>210,147</u>	<u>2,015,640</u>	<u>2,245,171</u>
<u>\$ 210,147</u>	<u>\$ 2,015,640</u>	<u>\$ 2,687,712</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		618 Construction From General Fund Reserve	619 1998 Bonds
	REVENUES:		
5700	<i>Local and Intermediate Sources</i>	\$ --	\$ 8,653
5020	Total Revenues	<u>--</u>	<u>8,653</u>
	EXPENDITURES:		
0073	<i>Bond Issuance Costs and Fees</i>	--	--
0081	<i>Capital Outlay</i>	--	361,649
6030	Total Expenditures	<u>--</u>	<u>361,649</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>--</u>	<u>(352,996)</u>
	Other Financing Sources and (Uses):		
7911	<i>Capital-Related Debt Issued (Regular Bonds)</i>	--	--
7916	<i>Premium or Discount on Issuance of Bonds</i>	--	--
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>
1200	Net Change in Fund Balances	<u>--</u>	<u>(352,996)</u>
0100	Fund Balances - Beginning	30,768	341,612
3000	Fund Balances - Ending	<u>\$ 30,768</u>	<u>\$ (11,384)</u>

621 2000 Bonds	623 2005 Series Bond Projects	Total Nonmajor Capital Projects Funds (See Exhibit H-2)
\$ 1,778	\$ 2,127	\$ 12,558
1,778	2,127	12,558
--	83,866	83,866
418,951	--	780,600
418,951	83,866	864,466
(417,173)	(81,739)	(851,908)
--	2,005,000	2,005,000
--	92,379	92,379
--	2,097,379	2,097,379
(417,173)	2,015,640	1,245,471
627,320	--	999,700
\$ 210,147	\$ 2,015,640	\$ 2,245,171

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-7

SERIES BOND PROJECTS

CAPITAL PROJECTS FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 748,236	\$ 748,236
5020	Total Revenues	--	--	748,236	748,236
EXPENDITURES:					
Debt Service:					
0073	Bond Issuance Costs and Fees	--	--	369,855	(369,855)
	Total Debt Service	--	--	369,855	(369,855)
Capital Outlay:					
0081	Capital Outlay	--	40,467,946	5,688,358	34,779,588
	Total Capital Outlay	--	40,467,946	5,688,358	34,779,588
6030	Total Expenditures	--	40,467,946	6,058,213	34,409,733
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(40,467,946)	(5,309,977)	35,157,969
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	--	37,670,000	37,670,000
7916	Premium or Discount on Issuance of Bonds	--	--	419,117	419,117
8949	Other Uses	--	(373,000)	--	373,000
7080	Total Other Financing Sources and (Uses)	--	(373,000)	38,089,117	38,462,117
1200	Net Change in Fund Balance	--	(40,840,946)	32,779,140	73,620,086
0100	Fund Balance - Beginning	--	(627,320)	(627,320)	--
1300	Prior Period Adjustment	--	627,320	627,320	--
0100	Fund Balance - Beginning, as Restated	--	--	--	--
3000	Fund Balance - Ending	\$ --	\$ (40,840,946)	\$ 32,779,140	\$ 73,620,086

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

EXHIBIT H-8

SERIES BOND PROJECT
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 2,127	\$ 2,127
5020	Total Revenues	--	--	2,127	2,127
EXPENDITURES:					
Debt Service:					
0073	Bond Issuance Costs and Fees	--	--	83,866	(83,866)
	Total Debt Service	--	--	83,866	(83,866)
6030	Total Expenditures	--	--	83,866	(83,866)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	(81,739)	(81,739)
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	--	2,005,000	2,005,000
7916	Premium or Discount on Issuance of Bonds	--	--	92,379	92,379
7080	Total Other Financing Sources and (Uses)	--	--	2,097,379	2,097,379
1200	Net Change in Fund Balance	--	--	2,015,640	2,015,640
0100	Fund Balance - Beginning	--	--	--	--
3000	Fund Balance - Ending	\$ --	\$ --	\$ 2,015,640	\$ 2,015,640

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**COMBINING STATEMENT OF NET ASSETS****INTERNAL SERVICE FUNDS****AUGUST 31, 2005**

Data Control Codes		751	752
		Transportation Fund	Print Shop Fund
ASSETS:			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 74,904	\$ 4,026
1120	Investments	--	--
Receivables:			
1250	Accrued Interest	--	--
1290	Other Receivables (net)	--	--
	Total Current Assets	74,904	4,026
1000	Total Assets	\$ 74,904	\$ 4,026
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 24,112	\$ 4,026
2160	Accrued Wages Payable	50,792	--
	Total Current Liabilities	74,904	4,026
2000	Total Liabilities	74,904	4,026
NET ASSETS:			
3900	Unrestricted Net Assets	--	--
3000	Total Net Assets	\$ --	\$ --

753	756	Total Internal Service Funds (See Exhibit D-1)
Insurance Fund	Workmens Compensation	
\$ 999,685	\$ 1,925,681	\$ 3,004,296
--	2,523	2,523
26,833	42,034	68,867
309	10,860	11,169
<u>1,026,827</u>	<u>1,981,098</u>	<u>3,086,855</u>
\$ <u>1,026,827</u>	\$ <u>1,981,098</u>	\$ <u>3,086,855</u>
\$ 1,026,827	\$ 106,738	\$ 1,161,703
--	--	50,792
<u>1,026,827</u>	<u>106,738</u>	<u>1,212,495</u>
<u>1,026,827</u>	<u>106,738</u>	<u>1,212,495</u>
--	590,449	590,449
\$ <u>--</u>	\$ <u>1,874,360</u>	\$ <u>1,874,360</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		751 Transportation Fund	752 Print Shop Fund
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	\$ 101,997	\$ 207,948
5800	State Program Revenues	738,000	--
5020	Total Revenues	<u>839,997</u>	<u>207,948</u>
	OPERATING EXPENSES:		
6100	Payroll Costs	1,251,950	113,659
6200	Professional and Contracted Services	37,300	112,533
6300	Supplies and Materials	269,117	56,754
6400	Other Operating Costs	15,952	--
6600	Capital Outlay - Land, Buildings & Equipment	247,000	--
6030	Total Expenses	<u>1,821,319</u>	<u>282,946</u>
	Income (Loss) before Contributions and Transfers	(981,322)	(74,998)
7915	Transfers In	<u>981,322</u>	<u>74,998</u>
1300	Change in Net Assets	--	--
0100	Total Net Assets - Beginning	--	--
	Prior Period Adjustment	--	--
	Total Net Assets - Beginning, as Restated	--	--
3300	Total Net Assets - Ending	<u>\$ --</u>	<u>\$ --</u>

753	756	Total Internal Service Funds (See Exhibit D-2)
Insurance Fund	Workmens Compensation	
\$ 7,104,041	\$ 828,892	\$ 8,242,878
--	--	738,000
<u>7,104,041</u>	<u>828,892</u>	<u>8,980,878</u>
49,060	57,674	1,472,343
7,425,660	136,139	7,711,632
1,506	8,198	335,575
45,118	36,432	97,502
--	--	247,000
<u>7,521,344</u>	<u>238,443</u>	<u>9,864,052</u>
(417,303)	590,449	(883,174)
<u>417,303</u>	--	<u>1,473,623</u>
--	<u>590,449</u>	<u>590,449</u>
--	503,326	503,326
--	780,585	780,585
--	1,283,911	1,283,911
<u>\$ --</u>	<u>\$ 1,874,360</u>	<u>\$ 1,874,360</u>

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF CASH FLOWS

ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2005

	751 Transportation Fund	752 Print Shop Fund	753 Insurance Fund
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ --	\$ --	\$ --
Cash Received from Grants	738,000	--	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	101,997	207,948	6,961,051
Cash Payments to Employees	(1,247,543)	(113,659)	(49,060)
Cash Payments to Suppliers for Goods and Services	(263,869)	(53,001)	(7,408,436)
Cash Payments for Grants to Other Organizations	--	--	--
Other Operating Cash Receipts (Payments)	(53,252)	(112,533)	(45,118)
Net Cash Provided (Used) by Operating Activities	<u>(724,667)</u>	<u>(71,245)</u>	<u>(541,563)</u>
Cash Flows from Non-capital Financing Activities:			
Operating Transfers From (To) Other Funds	981,322	74,998	417,303
Net Cash Provided (Used) by Non-capital Financing Activities	<u>981,322</u>	<u>74,998</u>	<u>417,303</u>
Cash Flows from Capital and Related Financing Activities:			
Prior Period Adjustment	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>
Cash Flows from Investing Activities:			
Purchase of Investment Securities	--	--	--
Purchase of Equipment	(247,000)	--	--
Net Cash Provided (Used) for Investing Activities	<u>(247,000)</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,655	3,753	(124,260)
Cash and Cash Equivalents at Beginning of Year	65,249	273	1,123,945
Cash and Cash Equivalents at End of Year	<u>\$ 74,904</u>	<u>\$ 4,026</u>	<u>\$ 999,685</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ --	\$ --	\$ --
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	--	--	--
Change in Assets and Liabilities:			
Decrease (Increase) in Prior Period Adjustment	--	--	--
Decrease (Increase) in Investments	--	--	--
Decrease (Increase) in Other Receivable	--	--	--
Decrease (Increase) in Accrued Interest	--	--	1,182,077
Increase (Decrease) in Accounts Payable	5,248	3,753	18,730
Increase (Decrease) in Accrued Wages Payable	4,407	--	--
Increase (Decrease) in Interfund Payables	--	--	(1,325,067)
Increase (Decrease) in Accrued Expenses	--	--	--
Increase (Decrease) in Deferred Revenue	--	--	--
Total Adjustments	<u>9,655</u>	<u>3,753</u>	<u>(124,260)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 9,655</u>	<u>\$ 3,753</u>	<u>\$ (124,260)</u>

EXHIBIT H-11

756	Total Internal Service Funds (See Exhibit D-3)
Workmens Compensation	
\$ --	\$ --
--	738,000
793,961	8,064,957
(57,674)	(1,467,936)
(1,211,337)	(8,936,643)
--	--
(36,432)	(247,335)
<u>(511,482)</u>	<u>(1,848,957)</u>
--	1,473,623
<u>--</u>	<u>1,473,623</u>
780,584	780,584
<u>780,584</u>	<u>780,584</u>
11,802	11,802
--	(247,000)
<u>11,802</u>	<u>(235,198)</u>
280,904	170,052
1,644,777	2,834,244
\$ <u>1,925,681</u>	\$ <u>3,004,296</u>
\$ 590,448	\$ 590,448
--	--
780,584	780,584
11,802	11,802
(10,860)	(10,860)
(24,071)	1,158,006
(1,067,000)	(1,039,269)
--	4,407
--	(1,325,067)
--	--
--	--
<u>(309,545)</u>	<u>(420,397)</u>
\$ <u>280,903</u>	\$ <u>170,051</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

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SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**SCHEDULE OF DELINQUENT TAXES RECEIVABLE****FOR THE YEAR ENDED AUGUST 31, 2005**

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
1996 and Prior Years	\$	Various	\$	Various	\$	Various
1997		1.10		.40		360,721,443
1998		1.10		.40		388,849,580
1999		1.0777		.45		354,339,632
2000		1.3032		1.058		381,801,502
2001		1.2931		.1763		425,103,794
2002		1.3119		.1581		459,437,771
2003		1.3135		.1565		496,562,820
2004		1.354		.144		536,985,918
2005 (School Year Under Audit)		1.4254		.144		582,585,473

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/04	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/05
\$ 263,084	\$ --	\$ 4,168	\$ 1,574	\$ (896)	\$ 256,446
50,355	--	2,206	802	(58)	47,289
58,089	--	2,422	881	(422)	54,364
68,895	--	9,186	3,836	4,029	59,902
96,671	--	27,414	2,226	11,400	78,431
150,156	--	38,359	5,230	9,659	116,226
210,869	--	54,768	6,600	10,295	159,796
310,143	--	96,550	11,504	3,234	205,323
746,758	--	302,953	32,220	(16,552)	395,033
--	8,964,960	7,192,786	726,479	(95,365)	950,330
<u>\$ 1,955,020</u>	<u>\$ 8,964,960</u>	<u>\$ 7,730,812</u>	<u>\$ 791,352</u>	<u>\$ (74,676)</u>	<u>\$ 2,323,140</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Less allowance for uncollectable

232,311

Total

\$ 2,090,829

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2006-2007
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

EXHIBIT J-2

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ 96,085	\$ 326,022	\$ 1,007,747	\$ 148,189	\$ 279,785	\$ 1,857,828
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	--	--	150,177	--	150,177
6212	Audit Services	--	--	--	18,500	--	--	18,500
6213	Tax Appraisal and Collection	--	100,649	--	--	--	--	100,649
621X	Other Prof. Services	900	--	--	91,277	--	9,000	101,177
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	15,334	--	--	2,813	18,147
6240	Contr. Maint. and Repair	--	--	--	--	8,302	--	8,302
6250	Utilities	--	--	--	--	1,988	--	1,988
6260	Rentals	--	4,000	4,000	14,334	--	6,302	28,636
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	1,267	324	--	475	2,066
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	3,519	11,172	6,424	49,222	5,327	91,329	166,993
6410	Travel, Subsistence, Stipends	22,665	--	5,267	4,787	656	5,140	38,515
6420	Ins. and Bonding Costs	--	--	--	59,865	--	437	60,302
6430	Election Costs	8,457	--	--	--	--	--	8,457
6490	Miscellaneous Operating	24,630	150	8,798	77,787	116	49,804	161,285
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	19,090	19,090

Total \$ 60,171 \$ 212,056 \$ 367,112 \$ 1,323,843 \$ 314,755 \$ 464,175 \$ 2,742,112

Total expenditures for General and Special Revenue Funds (9) \$ 82,729,554

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,707,654
Total Debt & Lease (6500)	(11)	\$ 1,072,986
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 9,705,299
Food (Function 35, 6341 and 6499)	(13)	\$ 2,119,475
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 1,323,843

Subtotal 15,929,257

Net Allowed Direct Cost \$ 66,800,297

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 92,522,323
Historical Cost of Buildings over 50 years old	(16)	--
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	10,105,440
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ --

(8) Note A - \$75,947 in Function 53 expenditures are included in this report on administrative costs.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-3****FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)****GENERAL FUND****AS OF AUGUST 31, 2005**

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2005 (Exhibit C-1 object 3000 for the General Fund only)	\$ 9,904,305
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	1,092,360
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	2,482,383
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
5	Estimate of one month's average cash disbursements during the regular school session (9/1/05 - 5/31/06)	5,500,000
6	Estimate of delayed payments from state sources (58XX) including August payment delays	--
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
8	Estimate of delayed payments from federal sources (59XX)	--
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	3,500,000
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	12,574,743
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ (2,670,438)

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2005

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 846,574	\$ 846,574	\$ 891,887	\$ 45,313
5800	State Program Revenues	4,220,097	4,220,097	6,177,754	1,957,657
5020	Total Revenues	5,066,671	5,066,671	7,069,641	2,002,970
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	2,384,063	3,564,063	33,640,756	(30,076,693)
0072	Interest on Long-Term Debt	2,659,783	3,561,401	3,838,177	(276,776)
0073	Bond Issuance Costs and Fees	5,000	5,000	387,550	(382,550)
	Total Debt Service	5,048,846	7,130,464	37,866,483	(30,736,019)
6030	Total Expenditures	5,048,846	7,130,464	37,866,483	(30,736,019)
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	17,825	(2,063,793)	(30,796,842)	(28,733,049)
Other Financing Sources (Uses):					
7911	Capital-Related Debt Issued (Regular Bonds)	--	--	29,880,000	29,880,000
7916	Premium or Discount on Issuance of Bonds	--	--	859,410	859,410
7080	Total Other Financing Sources and (Uses)	--	--	30,739,410	30,739,410
1200	Net Change in Fund Balance	17,825	(2,063,793)	(57,432)	2,006,361
0100	Fund Balance - Beginning	2,116,607	2,116,607	2,116,607	--
3000	Fund Balance - Ending	\$ 2,134,432	\$ 52,814	\$ 2,059,175	\$ 2,006,361



Certified Public Accountant
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Independent Auditor's Report

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

Board of Trustees
San Benito Consolidated Independent School District
240 N Crockett Street
San Benito, Texas 78586-4608

Members of the Board of Trustees:

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Benito Consolidated Independent School District as of and for the year ended August 31, 2005, which collectively comprise the San Benito Consolidated Independent School District's basic financial statements and have issued my report thereon dated . I conducted my 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 my audit, I considered San Benito Consolidated Independent School District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Benito Consolidated Independent School District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under GOVERNMENT AUDITING STANDARDS.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, 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.


Oscar R. Gonzalez, CPA
February 13, 2006



Oscar R. Gonzalez
Certified Public Accountant
110 North Gage • Pharr, Texas 78577
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Email: org110n@aol.com

Independent Auditor's Report

Report on Compliance with Requirements Applicable To each Major Program and Internal Control over Compliance In Accordance With OMB Circular A-133

Board of Trustees
San Benito Consolidated Independent School District
240 N Crockett Street
San Benito, Texas 78586-4608

Members of the Board of Trustees:

Compliance

I have audited the compliance of San Benito Consolidated Independent School District with the types of compliance requirements described in the U. S. OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR A-133 COMPLIANCE SUPPLEMENT that are applicable to each of its major federal programs for the year ended August 31, 2005. San Benito Consolidated Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of San Benito Consolidated Independent School District's management. My responsibility is to express an opinion on San Benito Consolidated Independent School District's compliance based on my audit.

I conducted my 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 I 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 San Benito Consolidated Independent School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on San Benito Consolidated Independent School District's compliance with those requirements.

In my opinion, San Benito Consolidated Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2005.

Internal Control Over Compliance

The management of San Benito Consolidated Independent School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered San Benito Consolidated Independent School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which

the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I considered to be material weaknesses.

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

A handwritten signature in cursive script, appearing to read "Oscar R. Gonzalez".

Oscar R. Gonzalez, CPA

February 13, 2006

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FOR THE YEAR ENDED AUGUST 31, 2005

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? Yes X None Reported

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? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	ESEA Title I Part A - improving Basic Programs
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2005

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
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SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2005

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005

EXHIBIT K-1
Page 1 of 2

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
	U. S. DEPARTMENT OF EDUCATION			
	Passed Through State Department of Education:			
369	Community Oriented Policing Service	16.200	2002SHWX041: \$	83,964
232	Cameron County Works *	17.250	031-912	170,400
211	ESEA Title I Part A - Improving Basic Programs	84.010A	05610101031912	4,362,366
211	ESEA Title I Part A - Improving Basic Programs	84.010A	06610101031912	211,950
211	T-1 School Improvement	84.010A	056101040319120C	77,610
211	T-1 School Improvement Program	84.010A	0561010403191204	143,543
	Total CFDA Number 84.010A			4,795,469
212	ESEA Title I Part C - Education of Migratory Children	84.011	05615001031912	559,164
212	ESEA Title I Part C - Education of Migratory Children	84.011	06615001031912	51,474
	Total CFDA Number 84.011			610,638
224	IDEA-B Formula	84.027	056600010319126C	1,693,660
224	IDEA-B Formula	84.027	066600010319126C	50,719
	Total CFDA Number 84.027			1,744,379
244	Carl D. Perkins Basic Grant Formula For Cate	84.048	054200060319120C	199,115
225	IDEA-B Preschool	84.173	056610010319126C	14,280
264	Title IV Community Service	84.173	095182	76,950
	Total CFDA Number 84.173			91,230
204	ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186A	05691001031912	78,845
204	ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186A	06691001031912	1,974
	Total CFDA Number 84.186A			80,819
265	21st Century Community Learning Centers	84.287C	056950017110036	2,266,549
265	21st Century Community Learning Centers	84.287C	066950017110046	66,915
	Total CFDA Number 84.287C			2,333,464
269	Title V, Part A - Innovative Programs	84.298	05685001031912	55,303
262	Title II Part D Enhancing Education Through Technology	84.318	05630001031912	120,556
401	Gear Up / Region One ESC	84.334	031-912	97,439
401	Gear Up / Region One Project	84.334	031-912	70,295
	Total CFDA Number 84.334			167,734
261	Reading First	84.357	0564550171110059	1,857,448
263	English Language Acquisition and Language Enhancement	84.365A	05671001031912	221,156
255	ESEA Title II Part A - Teacher & Principal Training & Recruitment	84.367A	05694501031912	640,499
255	ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	06694501031912	26,296
	Total CFDA Number 84.367A			666,795
481	Classroom Supply Teacher Reim.	84.999	Grant #212	10,295
	Total Passed Through State Department of Education			\$ 13,208,765

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005

EXHIBIT K-1
Page 2 of 2

	(1)	(2)	(2A)	(3)
Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
	Total U. S. Department of Education			\$ 13,208,765
	U. S. DEPARTMENT OF AGRICULTURE			
	Passed Through State Department of Education:			
240	School Breakfast Program *	10.553	031-912	1,422,448
240	National School Lunch Program *	10.555	031-912	3,325,013
495	Commodity Supplemental Food Program	10.565	031-912	266,603
	Total Passed Through State Department of Education			5,014,064
	Total U. S. Department of Agriculture			5,014,064
	TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 18,222,829

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED AUGUST 31, 2005

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of San Benito Consolidated Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

SAN BENITO CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2005*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No