

LA JOYA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2005

Reyna & Garza, P.L.L.C.
Certified Public Accountants

LA JOYA INDEPENDENT SCHOOL DISTRICT

YEAR ENDED AUGUST 31, 2005

BOARD OF TRUSTEES

| | |
|-----------------------------|-----------------------|
| Carmen Ramirez | President |
| Elma Garza | Vice-President |
| Arturo Gonzalez, Jr. | Secretary |
| Joe Aguilar | Member |
| Joel Garcia | Member |
| Ruben E. Farias | Member |
| Cesar Ramirez | Member |

Superintendent of Schools
Mrs. Filomena Leo

Executive Assistant For Administration and Finance
Mr. Ricardo R. Vela

LA JOYA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2005

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CERTIFICATE OF BOARD

La Joya Independent School District
Name of School District

Hidalgo
County

108912
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 year ended August 31, 2005 at a meeting of the Board of Trustees of such school district on the 14th day of December, 2005.

(Signature on File)

Signature of Board Secretary

(Signature on File)

Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is(are):
(attach list as necessary)

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Reyna & Garza, PLLC

Certified Public Accountants

4416 S. McColl Road

Edinburg, TX 78539

UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY
INFORMATION INCLUDING THE
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Independent Auditor's Report

Board of Trustees
La Joya Independent School District
201 E. Expressway 83
La Joya, Texas Tx 78560

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Joya Independent School District (the 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 the District's administrators. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Management's discussion and analysis on pages 4 through 9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise La Joya Independent School District's basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. Except for Exhibit J-3 (Cash Flow and the Optimum Fund Balance Calculation Schedule) which is marked **UNAUDITED** and on which we express no opinion, these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

(Signature on File)
Reyna & Garza, PLLC
Certified Public Accountants

December 2, 2005

Management's Discussion and Analysis
LA JOYA INDEPENDENT SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the La Joya 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 independent auditors' report on page 2, and the District's Basic Financial Statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The District's net assets at August 31, 2005 were \$166 million, an increase of \$17.48 million as a result of this year's operations.
- During the year, the District had expenses that were \$10.7 million less than the \$202.1 million generated in tax and other revenues for governmental programs. This compares to last year when expenses exceeded revenues by \$4.5 million.
- Total cost of all of the District's programs increased by \$7.9 million.
- The General Fund ended the year with a fund balance of \$53.1 million.
- The resources available for appropriation were \$1.9 million more than budgeted for the General Fund.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities on pages 10 and 11. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements starting on page 12 report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements starting on page 21 provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 10. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Assets and the Statement of Activities, the District reports one kind of activity:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 12 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance program, and the print shop.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for monies held on behalf of third parties. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on page 20. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District's governmental and business-type activities.

Net assets of the District's governmental activities increased from \$148,548,291 to \$166,029,576. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$56,830,133 at August 31, 2005.

In 2005, net assets of our government-type activities increased by \$17,481,285 or 11.768 percent.

Table I
LA JOYA INDEPENDENT SCHOOL DISTRICT
NET ASSETS

| | Governmental Activities | | Business-type Activities | | Total | |
|--|----------------------------|--------------------|-----------------------------|----------|--------------------|--------------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Current and other assets | 178,882,999 | 84,854,213 | 0 | 0 | 178,882,999 | 84,854,213 |
| Capital assets | 172,409,866 | 174,981,577 | 0 | 0 | 172,409,866 | 174,981,577 |
| Total assets | <u>351,292,865</u> | <u>259,835,790</u> | <u>0</u> | <u>0</u> | <u>351,292,865</u> | <u>259,835,790</u> |
| Long-term liabilities | 171,555,658 | 96,018,788 | 0 | 0 | 171,555,658 | 96,018,788 |
| Other liabilities | 13,707,632 | 15,268,711 | 0 | 0 | 13,707,632 | 15,268,711 |
| Total liabilities | <u>185,263,290</u> | <u>111,287,499</u> | <u>0</u> | <u>0</u> | <u>185,263,290</u> | <u>111,287,499</u> |
| Net Assets: | | | | | | |
| Invested in capital assets, net of related debt | (3,548,268) | 74,621,556 | 0 | 0 | (3,548,268) | 74,621,556 |
| Restricted - Federal and State Programs | 5,595,105 | 3,753,969 | 0 | 0 | 5,595,105 | 3,753,969 |
| Restricted - Debt Service | 4,265,388 | 3,523,214 | 0 | 0 | 4,265,388 | 3,523,214 |
| Restricted – Capital Projects | 102,887,218 | 0 | 0 | 0 | 102,887,218 | 0 |
| Unrestricted | 56,830,133 | 66,649,552 | 0 | 0 | 56,830,133 | 66,649,552 |
| Total Net Assets | <u>166,029,576</u> | <u>148,548,291</u> | <u>0</u> | <u>0</u> | <u>166,029,576</u> | <u>148,548,291</u> |

Table II
LA JOYA INDEPENDENT SCHOOL
DISTRICT
CHANGES IN NET ASSETS

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|----------------------------|--------------------|-----------------------------|----------|--------------------|--------------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | 945,319 | 865,552 | 0 | 0 | 945,319 | 865,552 |
| Operating Grants and Contributions | 31,787,466 | 29,337,657 | 0 | 0 | 31,787,466 | 29,337,657 |
| General Revenues: | | | | | | |
| Maintenance and Operations Taxes | 21,613,513 | 17,872,906 | 0 | 0 | 21,613,513 | 17,872,906 |
| Debt Service Taxes | 2,031,113 | 795,845 | 0 | 0 | 2,031,113 | 795,845 |
| State Aid Formula Grants | 137,936,375 | 128,671,559 | 0 | 0 | 137,936,375 | 128,671,559 |
| Investment Earnings | 7,379,196 | 1,002,799 | 0 | 0 | 7,379,196 | 1,002,799 |
| Miscellaneous | 1,758,382 | 1,152,772 | 0 | 0 | 1,758,382 | 1,152,772 |
| Total Revenue | <u>203,451,364</u> | <u>179,699,090</u> | <u>0</u> | <u>0</u> | <u>203,451,364</u> | <u>179,699,090</u> |

Expenses:

| | | | | | | |
|---|--------------------|--------------------|----------|----------|--------------------|--------------------|
| Instruction, curriculum and media services | 104,994,548 | 101,627,107 | 0 | 0 | 104,994,548 | 101,627,107 |
| Instructional/school leadership | 11,084,729 | 10,204,393 | 0 | 0 | 11,084,729 | 10,204,393 |
| Guidance, social work, health, transportation | 17,369,079 | 15,780,650 | 0 | 0 | 17,369,079 | 15,780,650 |
| Food Services | 10,936,085 | 10,567,770 | 0 | 0 | 10,936,085 | 10,567,770 |
| Co curricular activities | 4,190,952 | 4,051,896 | 0 | 0 | 4,190,952 | 4,051,896 |
| General administration | 4,603,304 | 4,605,506 | 0 | 0 | 4,603,304 | 4,605,506 |
| Plant Maintenance, Security and Data Processing | 21,758,774 | 18,867,649 | 0 | 0 | 21,758,774 | 18,867,649 |
| Community Services | 868,838 | 842,979 | 0 | 0 | 868,838 | 842,979 |
| Debt Service | 10,534,854 | 5,561,243 | 0 | 0 | 10,534,854 | 5,561,243 |
| Other activities | 40,887 | 36,867 | 0 | 0 | 40,887 | 36,867 |
| Total Expenses | 186,382,052 | 172,146,060 | 0 | 0 | 186,382,052 | 172,146,060 |
| Increase in net assets before transfers and special items | 17,069,311 | 7,553,030 | 0 | 0 | 17,069,311 | 7,553,030 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 |
| Special Items-Prior Period Adjust | 411,974 | (286,949) | 0 | 0 | 411,974 | (286,949) |
| Increase in Net Assets | 0 | 0 | 0 | 0 | 0 | 0 |
| Net assets at 9/1/04 | 148,548,291 | 141,282,210 | 0 | 0 | 148,548,291 | 141,282,210 |
| Net assets at 8/31/05 | 166,029,576 | 148,548,291 | 0 | 0 | 166,029,576 | 148,548,291 |

The cost of all governmental activities this year was \$186.4 million compared to \$172.1 million last year. However, as shown in the Statement of Activities on page 11 the amount that our taxpayers ultimately financed for these activities through District taxes was only \$23.6 million because some of the costs were paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions or by the State equalization funding.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds as presented in the balance sheet on page 14 reported a combined fund balance of \$140.3 million, which is an increase from last year's total of \$48.3 million. This increase was due to the fact that the District issued an \$81.3 million bond issue and a current year increase of 10.7 million.

Capital expenditures reduce available fund balances; they create new assets for the District as reported in the Statement of Net Assets and as discussed in the notes to the financial statements.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category involves amendments to move funds from functions that did not need all the resources originally appropriated to them to other functions where resources were needed. The second category involves budgeting for additional local, state or federal revenues

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, the District had \$231.7 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of just over \$3.6 million, or 1.56 percent above last year.

Debt Administration

At year-end, the District had \$175.96 million in bonds, notes and capital leases outstanding versus \$100.36 million from last year—an increase of 75.33 percent. The District's general obligation bond rating has been the highest possible according to national rating agencies.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2006 fiscal year increased by \$89 million from \$1.469 billion to \$1.558 billion.
- The district's refined average daily attendance for 2005-2006 is expected to be 21,868 up from 21,102 for fiscal year 2004-2005.

These indicators were taken into account when adopting the General Fund budget for 2006. Amounts available for appropriation in the General Fund budget are \$169.4 million, an increase of 7.4 percent over the original 2005 budget of \$157.8 million. The District will use its revenues to finance programs currently being offered. Total governmental budgeted expenditures are expected to rise nearly 6.89% to \$206.3 million in 2005-2006 from the 2004-2005 original budget of \$193 million.

If these estimates are realized, the District's budgetary General Fund balance is expected to decrease by \$4.9 million by the close of 2006.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show 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 La Joya Independent School District, 201 E. Expressway 83, La Joya, Texas 78560.

BASIC FINANCIAL STATEMENTS

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LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2005

| Data Control Codes | Primary Government |
|--|----------------------------|
| | Governmental Activities |
| ASSETS | |
| 1110 Cash and Cash Equivalents | \$ (1,614,709) |
| 1120 Current Investments | 156,484,318 |
| 1220 Property Taxes Receivable (Delinquent) | 9,625,078 |
| 1230 Allowance for Uncollectible Taxes | (1,591,255) |
| 1240 Due from Other Governments | 13,681,133 |
| 1267 Due from Fiduciary Funds | 556,824 |
| 1290 Other Receivables (net) | 18,773 |
| 1300 Inventories | 1,292,066 |
| 1410 Deferred Expenses | 430,771 |
| 1510 Land | 10,095,999 |
| 1520 Buildings, net | 155,322,934 |
| 1530 Furniture and Equipment, net | 1,174,939 |
| 1540 Other Capital Assets, net | 4,834,141 |
| 1580 Construction in Progress | 981,853 |
| 1000 Total Assets | 351,292,865 |
| LIABILITIES | |
| 2110 Accounts Payable | 2,948,060 |
| 2150 Payroll Deductions & Withholdings | 580,912 |
| 2160 Accrued Wages Payable | 4,974,858 |
| 2180 Due to Other Governments | 698,682 |
| 2300 Deferred Revenues | 102,644 |
| Long Term Liabilities: | |
| 2501 Due Within One Year | 4,402,476 |
| 2502 Due in More Than One Year | 171,555,658 |
| 2000 Total Liabilities | 185,263,290 |
| NET ASSETS | |
| 3200 Invested in Capital Assets, Net of Related Debt | (3,548,268) |
| 3820 Restricted for Federal and State Programs | 5,595,105 |
| 3850 Restricted for Debt Service | 4,265,388 |
| 3860 Restricted for Capital Projects | 102,887,218 |
| 3900 Unrestricted Net Assets | 56,830,133 |
| 3000 Total Net Assets | \$ 166,029,576 |

The accompanying notes are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2005

EXHIBIT B-1

Net (Expense)
Revenue and
Changes in Net
Assets

| Data Control Codes | 1 | Program Revenues | | 6 |
|--|----------------|-------------------------|--|--|
| | | 3 | 4 | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Primary Gov. Governmental Activities |
| Primary Government: | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | |
| 11 Instruction | \$ 96,423,666 | \$ 22,050 | \$ 22,223,386 | \$ (74,178,230) |
| 12 Instructional Resources & Media Services | 4,954,642 | - | 869,000 | (4,085,642) |
| 13 Curriculum and Staff Development | 3,616,240 | - | 2,666,404 | (949,836) |
| 21 Instructional Leadership | 2,277,395 | - | 582,294 | (1,695,101) |
| 23 School Leadership | 8,807,334 | - | 426,158 | (8,381,176) |
| 31 Guidance, Counseling & Evaluation Services | 7,448,172 | - | 1,146,759 | (6,301,413) |
| 32 Social Work Services | 1,523,800 | - | 986,525 | (537,275) |
| 33 Health Services | 1,640,871 | - | 121,134 | (1,519,737) |
| 34 Student (Pupil) Transportation | 6,756,236 | - | 634,552 | (6,121,684) |
| 35 Food Services | 10,936,085 | 451,703 | 99,781 | (10,384,601) |
| 36 Cocurricular/Extracurricular Activities | 4,190,952 | 172,065 | 84,221 | (3,934,666) |
| 41 General Administration | 4,603,306 | 299,501 | 152,823 | (4,150,982) |
| 51 Plant Maintenance and Operations | 18,791,673 | - | 531,102 | (18,260,571) |
| 52 Security and Monitoring Services | 2,347,279 | - | 198,063 | (2,149,216) |
| 53 Data Processing Services | 619,822 | - | 20,788 | (599,034) |
| 61 Community Services | 868,838 | - | 744,476 | (124,362) |
| 62 School District Administrative Support (ESC) | - | - | 300,000 | 300,000 |
| 72 Debt Service - Interest on Long Term Debt | 9,312,358 | - | - | (9,312,358) |
| 73 Debt Service - Bond Issuance Cost & Fees | 1,222,496 | - | - | (1,222,496) |
| 95 Payments to Juvenile Justice Alternative Ed. Prg. | 40,887 | - | - | (40,887) |
| [TP] TOTAL PRIMARY GOVERNMENT: | \$ 186,382,052 | \$ 945,319 | \$ 31,787,466 | (153,649,267) |

| | | |
|--------------------------|--|----------------|
| Data Control Codes | General Revenues: | |
| | Taxes: | |
| MT | Property Taxes, Levied for General Purposes | 21,613,513 |
| DT | Property Taxes, Levied for Debt Service | 2,031,113 |
| GC | Grants & Contributions not Restricted | 137,936,375 |
| IE | Investment Earnings | 7,379,196 |
| MI | Miscellaneous Local and Intermediate Revenue | 1,758,382 |
| TR | Total General Revenues | 170,718,579 |
| CN | Change in Net Assets | 17,069,311 |
| NB | Net Assets--Beginning | 148,548,291 |
| PA | Prior Period Adjustment | 411,974 |
| NE | Net Assets--Ending | \$ 166,029,576 |

The accompanying notes are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2005

| Data Control Codes | 10 General Fund | 60 Capital Projects | Other Funds | Total Governmental Funds | |
|--------------------------------------|---|---------------------------|----------------------|--------------------------------|-----------------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ (1,245,502) | \$ 216 | \$ 417,598 | \$ (827,688) |
| 1120 | Investments - Current | 45,107,875 | 82,886,740 | 4,212,841 | 132,207,456 |
| 1220 | Property Taxes - Delinquent | 8,701,244 | - | 923,834 | 9,625,078 |
| 1230 | Allowance for Uncollectible Taxes (credit) | (1,435,352) | - | (155,903) | (1,591,255) |
| 1240 | Due from Other Governments | 11,150,446 | - | 2,530,687 | 13,681,133 |
| 1260 | Due from Other Funds | 5,561,679 | 772,463 | 324,866 | 6,659,008 |
| 1290 | Other Receivables | 18,203 | - | 570 | 18,773 |
| 1300 | Inventories | 1,292,066 | - | - | 1,292,066 |
| 1410 | Deferred Expenditures | 430,771 | - | - | 430,771 |
| 1000 | Total Assets | \$ 69,581,430 | \$ 83,659,419 | \$ 8,254,493 | \$ 161,495,342 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts Payable | \$ 261,368 | \$ 104,623 | \$ 307,901 | \$ 673,892 |
| 2150 | Payroll Deductions and Withholdings Payable | 580,912 | - | - | 580,912 |
| 2160 | Accrued Wages Payable | 4,527,800 | - | 447,058 | 4,974,858 |
| 2170 | Due to Other Funds | 3,728,608 | - | 2,377,355 | 6,105,963 |
| 2180 | Due to Other Governments | 122 | 667,578 | 30,982 | 698,682 |
| 2190 | Due to Student Groups | 165 | - | - | 165 |
| 2300 | Deferred Revenues | 7,340,816 | - | 795,651 | 8,136,467 |
| 2000 | Total Liabilities | \$ 16,439,791 | \$ 772,201 | \$ 3,958,947 | \$ 21,170,939 |
| Fund Balances: | | | | | |
| Reserved For: | | | | | |
| 3410 | Investments in Inventory | \$ 1,317,850 | \$ - | \$ - | \$ 1,317,850 |
| 3420 | Retirement of Long-Term Debt | - | - | 4,265,388 | 4,265,388 |
| 3440 | Outstanding Encumbrances | 39,409 | - | - | 39,409 |
| 3450 | Food Service | 4,985,754 | - | - | 4,985,754 |
| 3490 | Other Purposes | 579,193 | - | 30,158 | 609,351 |
| Unreserved Designated For: | | | | | |
| 3510 | Construction | 20,000,000 | 82,887,218 | - | 102,887,218 |
| Unreserved and Undesignated: | | | | | |
| 3600 | Reported in the General Fund | 26,219,433 | - | - | 26,219,433 |
| 3000 | Total Fund Balances | \$ 53,141,639 | \$ 82,887,218 | \$ 4,295,546 | \$ 140,324,403 |
| 4000 | Total Liabilities and Fund Balances | \$ 69,581,430 | \$ 83,659,419 | \$ 8,254,493 | \$ 161,495,342 |

The accompanying notes are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
AUGUST 31, 2005

| | | |
|--|-----------|--------------------|
| Total Fund Balances - Governmental Funds | \$ | 140,324,403 |
| 1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase(decrease) net assets. | | 21,219,618 |
| 2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$228,139,137 and the accumulated depreciation was \$53,157,561. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets. | | 74,621,556 |
| 3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2005 capital outlays and debt principal payments is to increase (decrease) net assets. | | (71,676,164) |
| 4 The 2005 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets. | | (6,711,752) |
| 5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets. | | 8,251,915 |
| 19 Net Assets of Governmental Activities | <u>\$</u> | <u>166,029,576</u> |

The accompanying notes are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

EXHIBIT C-3

| Data Control Codes | 10 General Fund | 60 Capital Projects | Other Funds | Total Governmental Funds |
|--|-----------------------|---------------------------|---------------------|--------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 24,387,267 | \$ 3,535,894 | \$ 4,648,390 | \$ 32,571,551 |
| 5800 State Program Revenues | 118,933,021 | - | 14,864,296 | 133,797,317 |
| 5900 Federal Program Revenues | 12,478,348 | - | 23,327,562 | 35,805,910 |
| 5020 Total Revenues | <u>155,798,636</u> | <u>3,535,894</u> | <u>42,840,248</u> | <u>202,174,778</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 75,114,393 | - | 19,163,563 | 94,277,956 |
| 0012 Instructional Resources & Media Services | 4,130,161 | - | 728,220 | 4,858,381 |
| 0013 Curriculum & Instructional Staff Development | 894,023 | - | 2,637,934 | 3,531,957 |
| 0021 Instructional Leadership | 1,692,082 | - | 532,234 | 2,224,316 |
| 0023 School Leadership | 8,489,886 | - | 119,011 | 8,608,897 |
| 0031 Guidance, Counseling & Evaluation Services | 6,383,352 | - | 891,226 | 7,274,578 |
| 0032 Social Work Services | 508,731 | - | 979,554 | 1,488,285 |
| 0033 Health Services | 1,552,070 | - | 50,557 | 1,602,627 |
| 0034 Student (Pupil) Transportation | 6,881,759 | - | 441,313 | 7,323,072 |
| 0035 Food Services | 10,596,865 | - | 94,652 | 10,691,517 |
| 0036 Cocurricular/Extracurricular Activities | 4,103,030 | - | 500 | 4,103,530 |
| 0041 General Administration | 4,465,684 | - | 30,334 | 4,496,018 |
| 0051 Plant Maintenance and Operations | 18,196,186 | - | 164,322 | 18,360,508 |
| 0052 Security and Monitoring Services | 2,296,587 | - | 104,635 | 2,401,222 |
| 0053 Data Processing Services | 602,376 | - | 3,000 | 605,376 |
| 0061 Community Services | 94,745 | - | 741,587 | 836,332 |
| Debt Service: | | | | |
| 0071 Debt Service - Principal on long-term debt | 426,672 | - | 4,615,680 | 5,042,352 |
| 0072 Debt Service - Interest on long-term debt | 50,111 | - | 9,396,781 | 9,446,892 |
| 0073 Debt Service - Bond Issuance Cost and Fees | - | - | 1,222,496 | 1,222,496 |
| Capital Outlay: | | | | |
| 0081 Facilities Acquisition and Construction | 1,026,871 | 1,988,677 | - | 3,015,548 |
| Intergovernmental: | | | | |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg. | 40,887 | - | - | 40,887 |
| 6030 Total Expenditures | <u>147,546,471</u> | <u>1,988,677</u> | <u>41,917,599</u> | <u>191,452,747</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>8,252,165</u> | <u>1,547,217</u> | <u>922,649</u> | <u>10,722,031</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 Capital-related Debt Issued (Regular Bonds) | - | 81,340,000 | 63,175,000 | 144,515,000 |
| 7912 Sale of Real and Personal Property | 60,516 | - | - | 60,516 |
| 7915 Transfers In | 2,765,842 | - | - | 2,765,842 |
| 7949 Other Resources | 21,581 | - | - | 21,581 |
| 8911 Transfers Out (Use) | (2,765,842) | - | - | (2,765,842) |
| 8949 Other (Uses) | - | - | (63,740,000) | (63,740,000) |
| 7080 Total Other Financing Sources (Uses) | <u>82,097</u> | <u>81,340,000</u> | <u>(565,000)</u> | <u>80,857,097</u> |
| EXTRAORDINARY ITEMS: | | | | |
| 7919 Extraordinary Item - Resource | 39,758 | - | - | 39,758 |
| 1200 Net Change in Fund Balances | 8,374,020 | 82,887,217 | 357,649 | 91,618,886 |
| 0100 Fund Balance - September 1 (Beginning) | 44,664,285 | - | 3,629,257 | 48,293,542 |
| 1300 Increase (Decrease) in Fund Balance | 103,334 | - | 308,640 | 411,974 |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 53,141,639</u> | <u>\$ 82,887,217</u> | <u>\$ 4,295,546</u> | <u>\$ 140,324,403</u> |

The accompanying notes are an integral part of this statement.

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

| | | |
|---|-----------|-------------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | 91,618,886 |
| | | |
| The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net assets. | | 2,578,421 |
| | | |
| Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2005 capital outlays and debt principal payments is to increase (decrease) net assets. | | 71,676,164 |
| | | |
| Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets. | | (6,711,752) |
| | | |
| Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets. | | (142,092,408) |
| | | |
| Change in Net Assets of Governmental Activities | <u>\$</u> | <u>17,069,311</u> |

The accompanying notes are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2005

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) | |
|--|---|---------------|--------------------------------|--|---------------|
| | Original | Final | | | |
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 20,972,517 | \$ 23,536,317 | \$ 24,387,267 | \$ 850,950 |
| 5800 | State Program Revenues | 117,509,297 | 118,434,080 | 118,933,021 | 498,941 |
| 5900 | Federal Program Revenues | 11,760,000 | 11,960,000 | 12,478,348 | 518,348 |
| 5020 | Total Revenues | 150,241,814 | 153,930,397 | 155,798,636 | 1,868,239 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 80,607,459 | 80,638,182 | 75,114,393 | 5,523,789 |
| 0012 | Instructional Resources & Media Services | 4,096,702 | 4,716,864 | 4,130,161 | 586,703 |
| 0013 | Curriculum & Instructional Staff Development | 666,834 | 937,150 | 894,023 | 43,127 |
| 0021 | Instructional Leadership | 1,980,657 | 2,117,827 | 1,692,082 | 425,745 |
| 0023 | School Leadership | 9,139,318 | 9,415,170 | 8,489,886 | 925,284 |
| 0031 | Guidance, Counseling & Evaluation Services | 6,656,087 | 6,834,617 | 6,383,352 | 451,265 |
| 0032 | Social Work Services | 526,621 | 728,277 | 508,731 | 219,546 |
| 0033 | Health Services | 1,795,062 | 1,996,871 | 1,552,070 | 444,801 |
| 0034 | Student (Pupil) Transportation | 6,928,729 | 7,128,729 | 6,881,759 | 246,970 |
| 0035 | Food Services | 11,575,386 | 11,785,386 | 10,596,865 | 1,188,521 |
| 0036 | Cocurricular/Extracurricular Activities | 3,849,012 | 4,397,198 | 4,103,030 | 294,168 |
| 0041 | General Administration | 5,095,247 | 5,450,718 | 4,465,684 | 985,034 |
| 0051 | Plant Maintenance and Operations | 16,560,268 | 18,877,634 | 18,196,186 | 681,448 |
| 0052 | Security and Monitoring Services | 2,432,466 | 2,718,678 | 2,296,587 | 422,091 |
| 0053 | Data Processing Services | 682,292 | 806,292 | 602,376 | 203,916 |
| 0061 | Community Services | 101,952 | 302,931 | 94,745 | 208,186 |
| 0071 | Debt Service - Principal on long-term debt | 211,094 | 690,505 | 426,672 | 263,833 |
| 0072 | Debt Service - Interest on long-term debt | 32,758 | 82,758 | 50,111 | 32,647 |
| 0081 | Facilities Acquisition and Construction | 4,850,000 | 4,496,189 | 1,026,871 | 3,469,318 |
| 0095 | Payments to Juvenile Justice Alternative Ed. Prg. | 50,000 | 75,000 | 40,887 | 34,113 |
| 6030 | Total Expenditures | 157,837,944 | 164,196,976 | 147,546,471 | 16,650,505 |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | (7,596,130) | (10,266,579) | 8,252,165 | 18,518,744 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7912 | Sale of Real and Personal Property | - | - | 60,516 | 60,516 |
| 7915 | Transfers In | 3,889,831 | 3,918,318 | 2,765,842 | (1,152,476) |
| 7949 | Other Resources | - | - | 21,581 | 21,581 |
| 8911 | Transfers Out (Use) | 3,889,831 | (3,918,318) | (2,765,842) | 1,152,476 |
| 7080 | Total Other Financing Sources (Uses) | 7,779,662 | - | 82,097 | 82,097 |
| EXTRAORDINARY ITEMS: | | | | | |
| 7919 | Extraordinary Item - Resource | - | - | 39,758 | 39,758 |
| 1200 | Net Change in Fund Balances | 183,532 | (10,266,579) | 8,374,020 | 18,640,599 |
| 0100 | Fund Balance - September 1 (Beginning) | 44,664,285 | 44,664,285 | 44,664,285 | - |
| 1300 | Increase (Decrease) in Fund Balance | - | - | 103,334 | 103,334 |
| 3000 | Fund Balance - August 31 (Ending) | \$ 44,847,817 | \$ 34,397,706 | \$ 53,141,639 | \$ 18,743,933 |

The accompanying notes are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2005

| | Governmental Activities - |
|---|------------------------------|
| | Total |
| | Internal |
| | Service Funds |
| ASSETS | |
| Current Assets: | |
| Cash and Cash Equivalents | \$ (787,021) |
| Investments - Current | 24,276,861 |
| Due from Other Funds | <u>245,641</u> |
| Total Current Assets | <u>23,735,481</u> |
| Noncurrent Assets: | |
| Capital Assets: | |
| Furniture and Equipment | 137,952 |
| Depreciation on Furniture and Equipment | <u>(137,952)</u> |
| Total Noncurrent Assets | <u>-</u> |
| Total Assets | <u>23,735,481</u> |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts Payable | 2,274,001 |
| Due to Other Funds | <u>241,862</u> |
| Total Liabilities | <u>2,515,863</u> |
| NET ASSETS | |
| Unrestricted Net Assets | <u>21,219,618</u> |
| Total Net Assets | <u><u>\$ 21,219,618</u></u> |

The accompanying notes are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

| | Governmental Activities - |
|--|------------------------------------|
| | Total Internal Service Funds |
| <hr/> | |
| OPERATING REVENUES: | |
| Local and Intermediate Sources | \$ 20,571,811 |
| Total Operating Revenues | <u>20,571,811</u> |
| OPERATING EXPENSES: | |
| Payroll Costs | 78,301 |
| Professional and Contracted Services | 1,961,417 |
| Supplies and Materials | 95,617 |
| Other Operating Costs | <u>15,858,055</u> |
| Total Operating Expenses | <u>17,993,390</u> |
| Operating Income | 2,578,421 |
| Total Net Assets - September 1 (Beginning) | <u>18,641,197</u> |
| Total Net Assets - August 31 (Ending) | <u><u>\$ 21,219,618</u></u> |

The accompanying notes are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

| | Governmental Activities - |
|--|------------------------------------|
| | Total Internal Service Funds |
| Cash Flows from Operating Activities: | |
| Cash Received from User Charges | \$ 14,086,138 |
| Cash Received from Assessments - Other Funds | (1,025,042) |
| Cash Payments to Employees for Services | (66,001) |
| Cash Payments for Insurance Claims | (1,949,117) |
| Cash Payments for Suppliers | (82,578) |
| Cash Payments for Other Operating Expenses | <u>(15,668,343)</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>(4,704,943)</u> |
| Net Increase(Decrease) in Cash and Cash Equivalents | (4,704,943) |
| Cash and Cash Equivalents at Beginning of the Year: | <u>3,917,922</u> |
| Cash and Cash Equivalents at the End of the Year: | <u><u>\$ (787,021)</u></u> |
| Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities: | |
| Operating Income: | \$ 2,578,421 |
| Effect of Increases and Decreases in Current Assets and Liabilities: | |
| Decrease (increase) in Receivables | (233,854) |
| Increase (decrease) in Accounts Payable | 227,351 |
| Increase (decrease) in Investment Securities | <u>(7,276,861)</u> |
| Net Cash Provided by (Used for) Operating Activities | <u><u>\$ (4,704,943)</u></u> |

The accompanying notes are an integral part of this statement.

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2005

| | Agency Funds |
|--------------------------------|---------------------|
| <hr/> | |
| ASSETS | |
| Cash and Cash Equivalents | \$ 1,019,087 |
| Investments - Current | 392,419 |
| Due from Other Funds | 100 |
| Other Receivables | <u>7,064</u> |
| Total Assets | <u>\$ 1,418,670</u> |
| LIABILITIES | |
| Accounts Payable | \$ 256,628 |
| Due to Other Funds | 556,824 |
| Due to Other Governments | 22,805 |
| Due to Student Groups | 578,812 |
| Payable from Restricted Assets | <u>3,601</u> |
| Total Liabilities | <u>\$ 1,418,670</u> |

The accompanying notes are an integral part of this statement.

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LA JOYA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LA JOYA INDEPENDENT SCHOOL DISTRICT (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund type(s):

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are.

Print Shop (Fund 752)
Health Insurance (Fund 753)
Worker's Compensation (Fund 770)
Unemployment Insurance (Fund 780)

4. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are.

Tax Collections Clearing (Fund 861)
Student Activity Accounts (Fund 865)
Merit Scholarship (Fund 876)
Employee Memorial (Fund 877)

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. 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.

3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. **Compensated Absences:** It is the District's Policy to permit some employees to accumulate earned but unused sick pay benefits. As of August 31, 2005, the accumulated sick leave balance is \$18,987,561.
5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

| <u>Assets</u> | <u>Years</u> |
|-----------------------|--------------|
| Buildings | 40 |
| Building Improvements | 40 |
| Vehicles | 7 |
| Other Equipment | 5 |

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

7. **Self Insurance Plans**

Workers' Compensation – Self Funded

During the year ended August 31, 2005, La Joya ISD met its statutory worker's compensation obligations by participating as a self-funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties

As a self-funded member of the TASB Risk Management Fund, La Joya ISD is solely responsible for all claim costs, both reported and unreported. The Fund provides administrative service to its self-funded members including claims administration and customer service.

The member is protected against higher than expected claim costs through the purchase of stop loss coverage.

The Fund's audited financial statements as of August 31, 2004, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin, Texas.

Unemployment Compensation – Self Funded

During the year ended August 31, 2005, the La Joya ISD met its statutory unemployment compensation obligations by participating as a self funded member of the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund's audited financial statements as of August 31, 2004, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin, Texas

8. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.
9. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.
10. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.
11. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
12. The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The District had a liability of \$667,578 as of August 31, 2005.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS

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

| <u>Capital Assets</u> <u>at the Beginning of the year</u> | <u>Historic Cost</u> | <u>Accumulated</u> <u>Depreciation</u> | <u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u> | <u>Change in Net</u> <u>Assets</u> |
|--|----------------------|---|---|---------------------------------------|
| Land | 9,094,675 | | 9,094,675 | |
| Buildings | 193,834,686 | 40,115,554 | 153,719,132 | |
| Furniture & Equipment | 7,752,205 | 6,427,433 | 1,324,772 | |
| Vehicles | 11,702,090 | 6,614,574 | 5,087,516 | |
| Construction in Progress | <u>5,755,481</u> | | <u>5,755,481</u> | |
| Change in Net Assets | | | | <u>174,981,576</u> |

| <u>Long-term Liabilities</u> <u>at the Beginning of the year</u> | <u>Payable at the</u> <u>Beginning of the</u> <u>Year</u> |
|---|---|
| Bonds Payable | 98,773,715 |
| Loans Payable | 859,633 |
| Capital Leases | 726,672 |
| Change in Net Assets | <u>(100,360,020)</u> |

Net Adjustment to Net Assets 74,621,556

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

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

| | <u>Amount</u> | <u>Adjustments to</u> <u>Changes in Net</u> <u>Assets</u> | <u>Adjustments to</u> <u>Net Assets</u> |
|------------------------------------|-------------------|---|--|
| <u>Current Year Capital Outlay</u> | | | |
| Land | 1,001,324 | | |
| Buildings & Improvements | 938,508 | | |
| Furniture & Equipment | 1,105,455 | | |
| Construction in Progress | <u>981,853</u> | | |
| Total Capital Outlay | <u>4,027,140</u> | <u>4,027,140</u> | <u>4,027,140</u> |
| <u>Debt Principal Payments</u> | | | |
| Bond Principal | 66,922,352 | | |
| Loan Principal | 212,476 | | |
| Capital Lease Payments | 514,196 | | |
| Total Principal Payments | <u>67,649,024</u> | <u>67,649,024</u> | <u>67,649,024</u> |
| Total Adjustment to Net Assets | | <u>71,676,164</u> | <u>71,676,164</u> |

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

| | <u>Amount</u> | <u>Adjustments to Change in Net Assets</u> | <u>Adjustments to Net Assets</u> |
|---|------------------|--|--------------------------------------|
| <u>Adjustments to Revenue and Deferred Revenue</u> | | | |
| Taxes Collected from Prior Year Levies | 2,119,380 | (2,119,380) | |
| Uncollected taxes (assumed collectible) from Current Year Levy | 3,003,844 | 3,003,844 | 3,003,844 |
| Uncollected Taxes (assumed collectible) from Prior Year Levy | 5,029,979 | | 5,029,979 |
| <u>Reclassify Proceeds of Bonds, Loans & Capital Leases</u> | | | |
| New Bond Issue | 144,515,000 | (144,515,000) | |
| Other | <u>1,538,128</u> | <u>1,538,128</u> | <u>218,092</u> |
| Total | | <u>(142,092,408)</u> | <u>8,251,915</u> |

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the General Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J4 and J5.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.

B. DEFICIT FUND EQUITY

As of August 31, 2005 the Print Shop, Fund 752, had a deficit Fund Equity of \$139,861.

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended August 31, 2005, expenditures exceeded appropriations in the debt service-interest and bond issuance costs functions of the Debt Service Fund by \$3,923,175 and \$1,199,496, respectively.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (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, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit and investment policy. That policy however does not address all of the following risks:

- a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The District’s policy regarding types of deposits allowed and collateral requirements is defined in BDAE Legal as: Secure public funds by eligible securities to the extent and in the manner required by the Public Funds Collateral Act. *Gov’t Code Ch.2257.*

The District’s cash deposits at August 31, 2005 and during the year ended August 31, 2005 were entirely 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 \$207,079,999.
 - c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$188,211,432 and occurred during the month of February 2005.
 - d. The amount of FDIC coverage at the time of the highest combined balance was \$200,000.
- b. Interest-rate Risk - Interest-rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District manages its exposure to interest rate risk by purchasing a combination of short and long term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations. The District policy does not address interest-rate risk.
 - c. Other Credit Risk Exposure - The District is not exposed to other credit risk for all deposits are collateralized by US Government Securities. The District policy does not address other credit risk.
 - d. Concentration Risk - The District is not exposed to concentration credit risk for all deposits are collateralized by US Government Securities. The District policy does not address concentration risk.

The District's investments at August 31, 2005, are shown below:

| <u>Name</u> | <u>Market Value</u> | <u>Category</u> |
|-------------------------------|---------------------|-----------------|
| FNB Investment Pool | | |
| General Fund | 39,998,852 | 1 |
| Construction Fund | 82,886,740 | 1 |
| Debt Service Fund | 4,212,841 | 1 |
| Food Service Fund | 5,109,023 | 1 |
| Workers Comp Fund | 11,251,649 | 1 |
| Unemployment Fund | 808,873 | 1 |
| Health Insurance Fund | 12,216,339 | 1 |
| Tax Collection Fund | 392,419 | 1 |
| FNB Investment Pool Total | \$156,876,737 | |

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 located in the District 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 31 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on 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.

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at August 31, 2005, consisted of the following amounts:

| | <u>Due From Other Funds</u> | <u>Due to Other Funds</u> |
|----------------------------|---------------------------------|-------------------------------|
| General Fund: | | |
| General Fund | 2,463,126 | 2,463,126 |
| Special Revenue Fund | 2,351,172 | 247,377 |
| Capital Projects Fund | 0 | 772,463 |
| Internal Service Fund | 241,817 | 245,641 |
| Trust and Agency Fund | <u>505,564</u> | <u>0</u> |
| Total General Fund | <u>5,561,679</u> | <u>3,728,608</u> |
| Special Revenue Fund: | | |
| General Fund | 247,377 | 2,351,172 |
| Special Revenue Fund | 26,184 | 26,184 |
| Internal Service Fund | <u>44</u> | <u>0</u> |
| Total Special Revenue Fund | <u>273,605</u> | <u>2,377,356</u> |
| Debt Service Fund | | |

| | | |
|-----------------------------|-------------------------|-------------------------|
| Trust and Agency Fund | <u>51,260</u> | <u>0</u> |
| Total Debt Service Fund | <u>51,260</u> | <u>0</u> |
| Capital Projects Fund | | |
| General Fund | <u>772,463</u> | <u>0</u> |
| Total Capital Projects Fund | <u>772,463</u> | <u>0</u> |
| Internal Service Fund | | |
| General Fund | 245,641 | 241,817 |
| Special Revenue Fund | <u>0</u> | <u>44</u> |
| Total Internal Service Fund | <u>245,641</u> | <u>241,861</u> |
| Trust and Agency Fund | | |
| General Fund | 0 | 505,564 |
| Debt Service Fund | <u>0</u> | <u>51,260</u> |
| Total Trust and Agency Fund | <u>0</u> | <u>556,824</u> |
| Total | <u><u>6,904,648</u></u> | <u><u>6,904,648</u></u> |

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2005, were as follows:

| | <u>Property Taxes</u> | <u>Other Governments</u> | <u>Due From Other Funds</u> | <u>Other</u> | <u>Total Receivables</u> |
|---|---------------------------|------------------------------|---------------------------------|-----------------|------------------------------|
| Governmental Activities: | | | | | |
| General Fund | \$ 8,701,244 | \$ 11,150,446 | \$ 5,561,679 | \$ 18,203 | \$25,431,572 |
| Construction Fund | 0 | 0 | 772,463 | 0 | 772,463 |
| Internal Service Funds | 0 | 0 | 245,641 | 0 | 245,641 |
| Nonmajor Governmental Funds | 923,834 | 2,530,687 | 324,866 | 570 | 3,779,957 |
| Total - Governmental Activities | <u>9,625,078</u> | <u>13,681,133</u> | <u>6,904,649</u> | <u>18,773</u> | <u>30,229,633</u> |
| Less: Allowance allowed for uncollectible | <u>\$(1,591,255)</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$(1,591,255)</u> |
| Net Total Receivable | <u>\$ 8,033,823</u> | <u>\$13,681,133</u> | <u>\$6,904,649</u> | <u>\$18,773</u> | <u>\$28,638,378</u> |

Payables at August 31, 2005, were as follows:

| | <u>Accounts Payable</u> | <u>Loans, Leases and Bonds Payable - Current Year</u> | <u>Salaries and Benefits</u> | <u>Due To Other Funds</u> | <u>Due to Other Governments</u> | <u>Other</u> | <u>Total Payables</u> |
|---------------------------------|-----------------------------|---|--------------------------------------|-----------------------------------|---|-------------------|---------------------------|
| Governmental Activities: | | | | | | | |
| General Fund | \$261,368 | \$ 0 | \$4,527,800 | \$3,728,608 | \$122 | \$581,077 | \$9,098,975 |
| Construction Fund | 104,623 | 0 | 0 | 0 | 667,578 | 0 | 772,201 |
| Internal Service Funds | 2,274,001 | 0 | 0 | 241,862 | 0 | 0 | 2,515,863 |
| Nonmajor Govt'l Funds | <u>307,901</u> | <u>0</u> | <u>447,058</u> | <u>2,377,355</u> | <u>30,982</u> | <u>0</u> | <u>3,163,296</u> |
| Total - Gov. Activities | <u>\$2,947,893</u> | <u>\$ 0</u> | <u>\$4,974,858</u> | <u>\$6,347,825</u> | <u>\$698,682</u> | <u>\$ 581,077</u> | <u>\$15,550,335</u> |

F. CAPITAL ASSET ACTIVITY

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

| | Primary Government Beginning Balance | Additions | Retirements | Adjustments | Ending Balance |
|--|---|--------------------|--------------------|--------------------|---------------------------|
| Governmental Activities: | | | | | |
| Land | 9,094,675 | 1,001,324 | - | - | 10,095,999 |
| Buildings and Improvements | 193,834,686 | 938,508 | - | 5,755,481 | 200,528,675 |
| Construction in Progress | 5,755,481 | 981,853 | - | (5,755,481) | 981,853 |
| Furniture and Equipment | 7,752,205 | 269,197 | (513,528) | 112,902 | 7,620,776 |
| Vehicles | 11,702,090 | 836,257 | (68,553) | - | 12,469,794 |
| Totals at Historic Cost | 228,139,137 | 4,027,139 | (582,081) | 112,902 | 231,697,097 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | 40,115,554 | 5,090,188 | - | - | 45,205,742 |
| Furniture and Equipment | 6,427,433 | 531,932 | (513,528) | - | 6,445,837 |
| Vehicles | 6,614,574 | 1,089,631 | (68,553) | - | 7,635,652 |
| Total Accumulated Depreciation | 53,157,561 | 6,711,752 | (582,081) | - | 59,287,232 |
| Governmental Activities Capital Assets, Net | 174,981,576 | (2,684,612) | - | 112,902 | 172,409,865 |

Depreciation expense was charged to governmental functions as follows:

| | |
|--|------------------|
| Instruction | 3,664,313 |
| Instructional Resources and Media Services | 188,831 |
| Curriculum Development and Instructional Staff Development | 137,277 |
| Instructional Leadership | 86,453 |
| School Leadership | 334,603 |
| Guidance, Counseling, and Evaluation Services | 282,742 |
| Social Work Services | 57,845 |
| Health Services | 62,290 |
| Student (Pupil) Transportation | 284,627 |
| Food Services | 415,548 |
| Co-Curricular/Extracurricular Activities | 159,492 |
| General Administration | 174,747 |
| Plant Maintenance and Operations | 713,620 |
| Security and Monitoring Service | 93,329 |
| Data Processing Services | 23,529 |
| Community Services | 32,506 |
| Total Depreciation Expense | 6,711,752 |

G. BONDS AND LONG-TERM NOTES PAYABLE

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

A summary of changes in general long-term debt for the year ended August 31, 2005 is as follows:

| DESCRIPTION | INTEREST RATE PAYABLE | AMOUNTS ORIGINAL ISSUE | INTEREST CURRENT YEAR | PAYABLE AMOUNTS OUTSTANDING 09-01-04 | ISSUED | RETIRED | OUTSTANDING 08-31-2005 |
|---|-----------------------|------------------------|-----------------------|--------------------------------------|-------------|------------|------------------------|
| Refunding Bond Series 1992 Issued 12-01-1992 | 5.27% | 7,543,170 | 381,240 | 6,341,973 | - | 6,190,000 | 151,973 |
| Refunding Bond Series 1994 Issued 03-01-1994 | 2.70% to 3.00% | 7,244,990 | 819,372 | 4,050,681 | - | 4,050,681 | - |
| Unlimited Tax School Building Bonds Issued 02-15-1998 | 5.09% | 43,000,000 | 1,953,981 | 38,065,000 | - | 20,015,000 | 18,050,000 |
| Unlimited Tax School Building Bonds Issued 08-01-2000 | 5.48% | 47,200,000 | 2,319,013 | 43,225,000 | - | 36,505,000 | 6,720,000 |
| Unlimited Tax School Building Bonds Issued 08-15-2004 | 4.79% | 81,340,000 | 3,923,175 | - | 81,340,000 | 1,295,000 | 80,045,000 |
| Unlimited Tax Refunding Bonds Series 2005 | 4.03% | 63,175,000 | - | - | 63,175,000 | - | 63,175,000 |
| Total | | | 9,396,781 | 91,682,654 | 144,515,000 | 68,055,681 | 168,141,973 |

Series 1992 CAB Accreted Values

| Maturity Date | Payment at Maturity | Number of CABS | Per \$5K Maturity: Accreted Value at 8/31/05 | Total CAB Accreted Values: Accreted Value 8/31/2005 |
|---------------|---------------------|----------------|--|---|
| 8/1/2012 | \$ 1,965,000 | 393 | \$ 3,152.27 | \$ 1,238,842.11 |
| 8/1/2013 | \$ 1,965,000 | 393 | \$ 2,939.83 | \$ 1,155,353.19 |
| 8/1/2014 | \$ 1,965,000 | 393 | \$ 2,739.05 | \$ 1,076,446.65 |
| 8/1/2015 | \$ 1,965,000 | 393 | \$ 2,561.88 | \$ 1,006,818.84 |
| 8/1/2016 | \$ 1,965,000 | 393 | \$ 2,383.46 | \$ 936,699.78 |
| 8/1/2017 | \$ 1,965,000 | 393 | \$ 2,228.22 | \$ 875,690.46 |
| 8/1/2018 | \$ 1,965,000 | 393 | \$ 2,083.08 | \$ 818,650.44 |
| | | | | \$ 7,108,501.47 |

The Accreted Values of the Series 1992 Capital Appreciation Bonds includes the principal amount of \$151,973 as of August 31, 2005.

The La Joya ISD issued and sold the \$81,340,000 Unlimited Tax School Building Bonds Series 2004 in September 2004. Bond proceeds are to be used for the construction of four elementary schools, a middle school and a high school.

In addition, the \$63,175,000 Unlimited Tax Refunding Bonds, Series 2005 was issued and sold in August 2005 to defease the following bond issues:

| | |
|--|---------------------|
| Refunding Bond Series 1992 | \$ 5,615,000 |
| Refunding Bond Series 1994 | 3,915,000 |
| Unlimited Tax School Building Bond Issue 1998 | 18,855,000 |
| Unlimited Tax School Building Bonds Issue 2000 | <u>35,355,000</u> |
| Total Bonds Refunded | <u>\$63,740,000</u> |

Bond proceeds were placed in an irrevocable trust to provide for all future debt payments on the old bonds. Accordingly, the trust account asset and the defeased bonds are not included in the District's government-wide statement of net assets. On August 31, 2005, \$63,740,000 of bonds outstanding are considered defeased.

There are a number of limitations and restrictions contained in the general obligation bond indenture. La Joya ISD is in compliance with all significant limitations and restrictions at August 31, 2005.

H. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES

Debt service requirements for bonds are as follows:

| Year Ended August 31, | General Obligations | | |
|--------------------------|---------------------|-------------|-----------------------|
| | Principal | Interest | Total Requirements |
| 2006 | 4,190,000 | 8,411,024 | 12,601,024 |
| 2007 | 4,635,000 | 7,945,469 | 12,580,469 |
| 2008 | 4,845,000 | 7,726,600 | 12,571,600 |
| 2009 | 6,160,000 | 7,471,000 | 13,631,000 |
| 2010 | 6,465,000 | 7,163,688 | 13,628,688 |
| 2011-2015 | 29,376,086 | 39,050,964 | 68,427,050 |
| 2016-2020 | 35,540,876 | 29,233,324 | 64,774,200 |
| 2021-2025 | 39,080,000 | 13,799,219 | 52,879,219 |
| 2026-2030 | 18,935,000 | 7,142,463 | 26,077,463 |
| 2031-2035 | 18,915,012 | 1,950,625 | 20,865,637 |
| Total | 168,141,974 | 129,894,375 | 298,036,349 |

Notes Payable

La Joya ISD implemented the LoanSTAR project an Energy Conservation project. The original amount borrowed was \$1,235,667 at an annual interest rate of 4.04% for 8 years.

| Year Ended August 31, | <u>General Obligations</u> | | |
|--------------------------|----------------------------|-----------------|-------------------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total Requirements</u> |
| 2006 | 156,724 | 30,122 | 186,846 |
| 2007 | 163,152 | 23,694 | 186,846 |
| 2008 | 169,844 | 17,002 | 186,846 |
| 2009 | 176,810 | 10,036 | 186,846 |
| 2010 | <u>137,351</u> | <u>2,784</u> | <u>140,135</u> |
| Total | <u>803,881</u> | <u>83,638</u> | <u>887,519</u> |

Capital Leases

The La Joya ISD entered into a capital lease purchase with Dell Computers in the amount of \$1,492,500 commencing on 06-01-2004 and ending on 05-31-2006. As of 08-31-2005, the La Joya ISD had paid off the balance owed on this capital lease.

The La Joya ISD entered into a capital lease purchase with KRONOS Inc. The total cost of the lease purchase was \$217,743 and is to be paid over a 24 month period starting May 01, 2004.

General Obligations

| Year Ended August 31, | <u>Principal</u> |
|-----------------------|------------------|
| 2006 | <u>\$55,752</u> |
| Total | <u>\$55,752</u> |

I. DEFINED BENEFIT PENSION PLAN

Plan Description. LA JOYA INDEPENDENT SCHOOL DISTRICT contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 8701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. State law provides for fiscal years 2003, 2004 and 2005 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to TRS made on behalf of LA JOYA INDEPENDENT SCHOOL DISTRICT's employees for the years ended August 31, 2003, 2004 and 2005 were \$4,475,507, \$4,807,982, and \$4,500,755, respectively. LA JOYA INDEPENDENT SCHOOL DISTRICT paid additional state contributions for the years ended August 31, 2003, 2004 and 2005 in the amount of \$492,035, \$534,991 and \$728,201, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

J. HEALTH CARE COVERAGE

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Health Insurance Fund (the "Fund"), an internal service fund of the District. Partial staff member contributions are required for personal coverage and total staff member contributions are required for coverage of dependents. The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended August 31, 2005, to \$75,000 for any individual participant and an aggregate limit equal to \$14,322,654.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2005, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

Changes in the balances of claims liabilities during the past year are as follows:

| | <u>Year Ended August 31, 2004</u> | <u>Year Ended August 31, 2005</u> |
|--------------------------------------|---------------------------------------|---------------------------------------|
| Unpaid claims, beginning of the year | \$803,129 | \$1,933,398 |
| Incurred claims (including IBNR'S) | 12,014,840 | 12,376,027 |
| Claim Payments | <u>(10,884,571)</u> | <u>(12,036,022)</u> |
| Unpaid claims, end of fiscal year | <u>\$1,933,398</u> | <u>\$2,273,403</u> |

K. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2005, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|------------------------------|--------------------|-------------------|---------------------------|------------------------------------|
| Governmental Activities: | | | | | |
| Bonds and Notes Payable: | | | | | |
| General Obligation Bonds | 91,682,654 | 144,515,000 | 68,055,680 | 168,141,974 | 4,190,000 |
| Notes Payable | 954,430 | - | 150,549 | 803,881 | 156,724 |
| Total Bonds and Notes Payable | <u>92,637,084</u> | <u>144,515,000</u> | <u>68,206,229</u> | <u>168,945,855</u> | <u>4,346,724</u> |
| Other Liabilities: | | | | | |
| Capital Leases | 631,875 | - | 576,123 | 55,752 | 55,752 |
| Total Other Liabilities | <u>631,875</u> | <u>-</u> | <u>576,123</u> | <u>55,752</u> | <u>55,752</u> |
| Total Governmental Activities Long-term Liabilities | <u>93,268,959</u> | <u>144,515,000</u> | <u>68,782,352</u> | <u>169,001,607</u> | <u>4,402,476</u> |

L. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|-----------------------------|-------------------------|-------------------------------------|----------------------------------|--------------------|
| Net Tax Revenue | \$7,265,892 | | \$767,931 | \$8,033,823 |
| Food Service Receipts | 74,923 | | | 74,923 |
| Tx. Placement Spanish Lang. | | 4,200 | | 4,200 |
| Advanced Placement Prog. | | 20,579 | | 20,579 |
| Read to Succeed | | 25 | | 25 |
| Order of Alhambra | | 49 | | 49 |
| Loss Prevention Grant | | 2,866 | | 2,866 |
| Total Deferred Revenue | <u>\$7,340,815</u> | <u>\$27,719</u> | <u>\$767,931</u> | <u>\$8,136,465</u> |

M. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2005, are summarized below. All federal grants shown below are passed through the Texas Education Agency and are reported on the combined financial statements as Due from State Agencies. The following are exceptions, \$45,076 in the Special Revenue Funds which is due from The University of Texas-Pan American on behalf of The Michael and Sarah Dell Foundation.

| <u>FUND</u> | <u>STATE</u> <u>ENTITLEMENTS</u> | <u>FEDERAL</u> <u>GRANTS</u> | <u>TOTAL</u> |
|-----------------|-------------------------------------|---------------------------------|---------------------|
| General | \$10,640,527 | \$509,919 | \$11,150,446 |
| Special Revenue | <u>45,076</u> | <u>2,485,610</u> | <u>2,530,686</u> |
| Total | <u>\$10,685,603</u> | <u>\$2,995,529</u> | <u>\$13,681,132</u> |

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

| | <u>General</u> <u>Fund</u> | <u>Special</u> <u>Revenue</u> <u>Fund</u> | <u>Debt</u> <u>Service</u> <u>Fund</u> | <u>Capital</u> <u>Projects</u> <u>Fund</u> | <u>Total</u> |
|--|-------------------------------|---|--|--|---------------------|
| Property Taxes | \$20,667,283 | \$0 | \$1,935,516 | \$0 | \$22,602,799 |
| Penalties, Interest and Other Tax-related Income | 1,258,825 | 0 | 154,286 | 0 | 1,413,111 |
| Investment Income | 1,405,327 | 0 | 505,162 | 2,045,894 | 3,956,383 |
| Food Sales | 420,091 | 0 | 0 | 0 | 420,091 |
| Co-curricular Student Activities | 163,159 | 0 | 0 | 0 | 163,159 |
| Other | <u>472,582</u> | <u>120,613</u> | <u>1,932,813</u> | <u>1,490,000</u> | <u>4,016,008</u> |
| Total | <u>\$24,387,267</u> | <u>\$120,613</u> | <u>\$4,527,777</u> | <u>\$3,535,894</u> | <u>\$32,571,551</u> |

O. LITIGATION

The District is the defendant in various lawsuits arising out of the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for potential loss has been recorded.

P. MAINTENANCE OF EFFORT

The total amount paid by the District (a self-funded plan) for the employee health care premiums is as follows:

- a) Total District Premium paid for health care 2004-2005 \$ 12,896,313
- b) Subtract any non-medical expenditures
 Life Insurance \$ 86,474
- c) 2004-2005 Maintenance of Effort \$12,809,839

Q. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES.

The La Joya ISD has selected architects to construct four elementary schools, a middle school and a high school as of 08-31-2005. The following schedule reflects the status of each project:

| Project | Architect/ Date Selected | Location | Projected Starting Date | Estimated Completion Date | Estimated Cost |
|--------------------------|----------------------------------|--|----------------------------|------------------------------|----------------|
| Elementary School No. 19 | R.O.F.A. December 21, 2004 | Moorefield & 1- 1/2 Mile Line | August 24, 2005 | August 2006 | \$ 7,202,000. |
| Elementary School No. 20 | T.D.C.I. December 21, 2004 | Bentsen Palm Drive & 4-1/2 Mile Line | November 2005 | August 2006 | \$ 7,368,000. |
| Elementary School No. 21 | Vitetta August 17, 2005 | 4-Mile Line & Liberty Boulevard | June 2006 | August 2007 | \$ 7,532,000. |
| Elementary School No. 22 | Vitetta August 17, 2005 | Pueblo De Palmas Subdivision | June 2006 | August 2007 | \$ 7,744,000. |
| Middle School No. 7 | T.D.C.I. January 5, 2005 | Pueblo De Palmas Subdivision | March 2006 | August 2007 | \$ 14,000,000. |
| High School No. 4 | ERO January 5, 2005 | 4-Mile Line & Bentsen Palm Drive | March 2006 | January 2008 | \$ 38,000,000. |

R. PRIOR PERIOD ADJUSTMENT

The District recognized prior period adjustments in the Governmental Funds totaling \$411,974. The majority of the adjustment was a result of additionally earned revenues, which had not been recognized previously.

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COMBINING AND OTHER STATEMENTS

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2005

| Data Control Codes | 204 ESEA Title IV Safe & Drug Free Schools | 211 ESEA I, A Improving Basic Program | 212 ESEA Title I Part C Migrant | 224 IDEA - Part B Formula | |
|--------------------------------------|---|--|--|---------------------------------|-------------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ (8,472) | \$ 1,414,017 | \$ (181,984) | \$ (27,076) |
| 1120 | Investments - Current | - | - | - | - |
| 1220 | Property Taxes - Delinquent | - | - | - | - |
| 1230 | Allowance for Uncollectible Taxes (credit) | - | - | - | - |
| 1240 | Due from Other Governments | 12,009 | 523,525 | 278,985 | 273,529 |
| 1260 | Due from Other Funds | - | 3,389 | 542 | 130,118 |
| 1290 | Other Receivables | - | 350 | - | - |
| 1000 | Total Assets | <u>\$ 3,537</u> | <u>\$ 1,941,281</u> | <u>\$ 97,543</u> | <u>\$ 376,571</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts Payable | \$ - | \$ 46 | \$ 882 | \$ 192,104 |
| 2160 | Accrued Wages Payable | - | 277,182 | 46,479 | 62,423 |
| 2170 | Due to Other Funds | 3,537 | 1,659,557 | 49,640 | 113,237 |
| 2180 | Due to Other Governments | - | 4,496 | 542 | 8,807 |
| 2300 | Deferred Revenues | - | - | - | - |
| 2000 | Total Liabilities | <u>3,537</u> | <u>1,941,281</u> | <u>97,543</u> | <u>376,571</u> |
| Fund Balances: | | | | | |
| Reserved For: | | | | | |
| 3420 | Retirement of Long-Term Debt | - | - | - | - |
| 3490 | Other Purposes | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 3,537</u> | <u>\$ 1,941,281</u> | <u>\$ 97,543</u> | <u>\$ 376,571</u> |

EXHIBIT H-1 (Cont'd)

| 225 | 244 | 255 | 256 | 262 | 263 | 269 | 280 |
|----------------------------|---------------------------------|---|--|--|--|---|----------------------------------|
| IDEA - Part B Preschool | Vocational Ed Basic Grant | ESEA II,A Training and Recruiting | ESEA, I, F Comprehensive School Reform | Title II, D Education Technology | Title III, A English Lang. Acquisition | Title V, Pt.A Innovative Programs | IDEA - B Capacity Building |
| \$ (315) | \$ (2,850) | \$ 32,521 | \$ (75,905) | \$ (32,840) | \$ (35,985) | \$ 264 | \$ (716) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,659 | 10,980 | 47,017 | 72,042 | 19,657 | 68,972 | 2,312 | 2,473 |
| - | - | 500 | 30,531 | 19,768 | 500 | - | - |
| - | - | 50 | - | - | - | 50 | - |
| <u>\$ 1,344</u> | <u>\$ 8,130</u> | <u>\$ 80,088</u> | <u>\$ 26,668</u> | <u>\$ 6,585</u> | <u>\$ 33,487</u> | <u>\$ 2,626</u> | <u>\$ 1,757</u> |
| \$ - | \$ - | \$ - | \$ 7,453 | \$ - | \$ - | \$ - | \$ - |
| 914 | 321 | 45,334 | - | 291 | 7,723 | - | 1,370 |
| 430 | 7,809 | 34,254 | 5,556 | 6,294 | 25,264 | 2,626 | 387 |
| - | - | 500 | 13,659 | - | 500 | - | - |
| - | - | - | - | - | - | - | - |
| <u>1,344</u> | <u>8,130</u> | <u>80,088</u> | <u>26,668</u> | <u>6,585</u> | <u>33,487</u> | <u>2,626</u> | <u>1,757</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 1,344</u> | <u>\$ 8,130</u> | <u>\$ 80,088</u> | <u>\$ 26,668</u> | <u>\$ 6,585</u> | <u>\$ 33,487</u> | <u>\$ 2,626</u> | <u>\$ 1,757</u> |

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2005

| Data Control Codes | 281 Title I, A School Improvement | 283 AP Spanish Grant | 285 Teaching American History | 287 Target Program | |
|--------------------------------------|--|-------------------------------|--|--------------------------|------------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ (119,832) | \$ 4,201 | \$ (97,335) | \$ (97,057) |
| 1120 | Investments - Current | - | - | - | - |
| 1220 | Property Taxes - Delinquent | - | - | - | - |
| 1230 | Allowance for Uncollectible Taxes (credit) | - | - | - | - |
| 1240 | Due from Other Governments | 207,314 | - | 114,007 | 128,363 |
| 1260 | Due from Other Funds | - | - | - | - |
| 1290 | Other Receivables | - | - | - | - |
| 1000 | Total Assets | <u>\$ 87,482</u> | <u>\$ 4,201</u> | <u>\$ 16,672</u> | <u>\$ 31,306</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts Payable | \$ 84,941 | \$ - | \$ - | \$ - |
| 2160 | Accrued Wages Payable | - | - | - | - |
| 2170 | Due to Other Funds | 2,541 | - | 16,672 | 31,306 |
| 2180 | Due to Other Governments | - | - | - | - |
| 2300 | Deferred Revenues | - | 4,201 | - | - |
| 2000 | Total Liabilities | <u>87,482</u> | <u>4,201</u> | <u>16,672</u> | <u>31,306</u> |
| Fund Balances: | | | | | |
| Reserved For: | | | | | |
| 3420 | Retirement of Long-Term Debt | - | - | - | - |
| 3490 | Other Purposes | - | - | - | - |
| 3000 | Total Fund Balances | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 87,482</u> | <u>\$ 4,201</u> | <u>\$ 16,672</u> | <u>\$ 31,306</u> |

EXHIBIT H-1 (Cont'd)

| 288 COPS Grant | 289 GEAR-UP Grant | 385 Visually Impaired | 394 Pregnancy, Education and Parenting | 397 Advanced Placement Incentives | 399 Investment Capital Funds | 401 Optional Extended Year Program | 404 Student Success Initiative |
|----------------------|-------------------------|-----------------------------|---|--|---------------------------------------|---|---|
| \$ (20,450) | \$ (59,333) | \$ (1,219) | \$ (12,881) | \$ 20,579 | \$ (119,825) | \$ (111,313) | \$ (138,257) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 61,555 | 77,792 | 1,170 | 17,209 | - | 125,841 | 140,590 | 246,084 |
| - | 500 | 103 | - | - | 1,023 | 59 | 1 |
| - | - | 120 | - | - | - | - | - |
| <u>\$ 41,105</u> | <u>\$ 18,959</u> | <u>\$ 174</u> | <u>\$ 4,328</u> | <u>\$ 20,579</u> | <u>\$ 7,039</u> | <u>\$ 29,336</u> | <u>\$ 107,828</u> |
| \$ - | \$ 13,609 | \$ - | \$ - | \$ - | \$ 5,263 | \$ - | \$ - |
| - | 578 | - | - | - | - | - | - |
| 41,105 | 4,772 | - | 2,024 | - | 1,776 | 29,336 | 107,828 |
| - | - | 174 | 2,304 | - | - | - | - |
| - | - | - | - | 20,579 | - | - | - |
| <u>41,105</u> | <u>18,959</u> | <u>174</u> | <u>4,328</u> | <u>20,579</u> | <u>7,039</u> | <u>29,336</u> | <u>107,828</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ 41,105</u> | <u>\$ 18,959</u> | <u>\$ 174</u> | <u>\$ 4,328</u> | <u>\$ 20,579</u> | <u>\$ 7,039</u> | <u>\$ 29,336</u> | <u>\$ 107,828</u> |

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2005

| Data Control Codes | 411 Technology Allotment | 415 Kindergarten and Pre-K Grants | 418 Employee Health Insurance | 421 Master Reading Teacher | |
|--------------------------------------|--|--|--|-------------------------------------|-------------|
| ASSETS | | | | | |
| 1110 | Cash and Cash Equivalents | \$ 60,386 | \$ 48,570 | \$ 12,876 | \$ (907) |
| 1120 | Investments - Current | - | - | - | - |
| 1220 | Property Taxes - Delinquent | - | - | - | - |
| 1230 | Allowance for Uncollectible Taxes (credit) | - | - | - | - |
| 1240 | Due from Other Governments | 48,317 | - | 4,209 | - |
| 1260 | Due from Other Funds | - | - | 85,621 | 907 |
| 1290 | Other Receivables | - | - | - | - |
| 1000 | Total Assets | <u>\$ 108,703</u> | <u>\$ 48,570</u> | <u>\$ 102,706</u> | <u>\$ -</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| 2110 | Accounts Payable | \$ 3,603 | \$ - | \$ - | \$ - |
| 2160 | Accrued Wages Payable | - | - | - | - |
| 2170 | Due to Other Funds | 74,942 | 48,570 | 102,706 | - |
| 2180 | Due to Other Governments | - | - | - | - |
| 2300 | Deferred Revenues | - | - | - | - |
| 2000 | Total Liabilities | <u>78,545</u> | <u>48,570</u> | <u>102,706</u> | <u>-</u> |
| Fund Balances: | | | | | |
| Reserved For: | | | | | |
| 3420 | Retirement of Long-Term Debt | - | - | - | - |
| 3490 | Other Purposes | 30,158 | - | - | - |
| 3000 | Total Fund Balances | <u>30,158</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 4000 | Total Liabilities and Fund Balances | <u>\$ 108,703</u> | <u>\$ 48,570</u> | <u>\$ 102,706</u> | <u>\$ -</u> |

| 429 Read To Succeed | 486 Order of Ahambra | 498 Loss Prevention Grant | 499 AVID Grant | Total Nonmajor Special Revenue Funds | 599 Debt Service Fund | Total Nonmajor Governmental Funds |
|------------------------------|-------------------------------|------------------------------------|----------------------|---|--------------------------------|--|
| \$ 25 | \$ 49 | \$ 5,158 | \$ (37,783) | \$ 416,311 | \$ 1,287 | \$ 417,598 |
| - | - | - | - | - | 4,212,841 | 4,212,841 |
| - | - | - | - | - | 923,834 | 923,834 |
| - | - | - | - | - | (155,903) | (155,903) |
| - | - | - | 45,076 | 2,530,687 | - | 2,530,687 |
| - | - | 44 | - | 273,606 | 51,260 | 324,866 |
| - | - | - | - | 570 | - | 570 |
| <u>\$ 25</u> | <u>\$ 49</u> | <u>\$ 5,202</u> | <u>\$ 7,293</u> | <u>\$ 3,221,174</u> | <u>\$ 5,033,319</u> | <u>\$ 8,254,493</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 307,901 | \$ - | \$ 307,901 |
| - | - | - | 4,443 | 447,058 | - | 447,058 |
| - | - | 2,336 | 2,850 | 2,377,355 | - | 2,377,355 |
| - | - | - | - | 30,982 | - | 30,982 |
| 25 | 49 | 2,866 | - | 27,720 | 767,931 | 795,651 |
| <u>25</u> | <u>49</u> | <u>5,202</u> | <u>7,293</u> | <u>3,191,016</u> | <u>767,931</u> | <u>3,958,947</u> |
| - | - | - | - | - | 4,265,388 | 4,265,388 |
| - | - | - | - | 30,158 | - | 30,158 |
| - | - | - | - | 30,158 | 4,265,388 | 4,295,546 |
| <u>\$ 25</u> | <u>\$ 49</u> | <u>\$ 5,202</u> | <u>\$ 7,293</u> | <u>\$ 3,221,174</u> | <u>\$ 5,033,319</u> | <u>\$ 8,254,493</u> |

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2005

| Data Control Codes | 204 ESEA Title IV Safe & Drug Free Schools | 211 ESEA I, A Improving Basic Program | 212 ESEA Title I Part C Migrant | 224 IDEA - Part B Formula |
|--|---|--|--|---------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ - |
| 5800 State Program Revenues | - | - | - | - |
| 5900 Federal Program Revenues | <u>185,283</u> | <u>12,082,889</u> | <u>2,472,575</u> | <u>3,484,255</u> |
| 5020 Total Revenues | <u>185,283</u> | <u>12,082,889</u> | <u>2,472,575</u> | <u>3,484,255</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 45,744 | 9,707,828 | 1,585,183 | 2,605,019 |
| 0012 Instructional Resources & Media Services | - | 243,842 | - | 1,980 |
| 0013 Curriculum & Instructional Staff Development | - | 787,100 | 7,284 | 17,874 |
| 0021 Instructional Leadership | 19,967 | 203,295 | 173,447 | 93,731 |
| 0023 School Leadership | - | 34,219 | - | - |
| 0031 Guidance, Counseling & Evaluation Services | 119,533 | 70,683 | 64,046 | 410,803 |
| 0032 Social Work Services | - | 494,787 | 472,519 | - |
| 0033 Health Services | - | 27,031 | 4,029 | - |
| 0034 Student (Pupil) Transportation | - | - | - | 337,871 |
| 0035 Food Services | - | - | - | - |
| 0036 Cocurricular/Extracurricular Activities | - | - | - | - |
| 0041 General Administration | - | 3,870 | - | - |
| 0051 Plant Maintenance and Operations | 39 | 24,529 | 2,112 | - |
| 0052 Security and Monitoring Services | - | - | - | - |
| 0053 Data Processing Services | - | - | - | - |
| 0061 Community Services | - | 485,705 | 163,955 | 16,977 |
| Debt Service: | | | | |
| 0071 Debt Service - Principal on long-term debt | - | - | - | - |
| 0072 Debt Service - Interest on long-term debt | - | - | - | - |
| 0073 Debt Service - Bond Issuance Cost and Fees | - | - | - | - |
| 6030 Total Expenditures | <u>185,283</u> | <u>12,082,889</u> | <u>2,472,575</u> | <u>3,484,255</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 Capital-related Debt Issued (Regular Bonds) | - | - | - | - |
| 8949 Other (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 7080 Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 Net Change in Fund Balance | - | - | - | - |
| 0100 Fund Balance - September 1 (Beginning) | - | - | - | - |
| 1300 Increase (Decrease) in Fund Balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| 225 IDEA - Part B Preschool | 244 Vocational Ed Basic Grant | 255 ESEA II,A Training and Recruiting | 256 ESEA, I, F Comprehensive School Reform | 262 Title II, D Education Technology | 263 Title III, A English Lang. Acquisition | 269 Title V, Pt.A Innovative Programs | 280 IDEA - B Capacity Building |
|-----------------------------------|--|--|---|---|---|--|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| <u>20,329</u> | <u>403,327</u> | <u>1,523,169</u> | <u>404,159</u> | <u>213,075</u> | <u>1,217,006</u> | <u>138,255</u> | <u>19,590</u> |
| <u>20,329</u> | <u>403,327</u> | <u>1,523,169</u> | <u>404,159</u> | <u>213,075</u> | <u>1,217,006</u> | <u>138,255</u> | <u>19,590</u> |
| 20,329 | 369,396 | 900,027 | 219,541 | 13,024 | 1,035,369 | 82,843 | 18,657 |
| - | - | - | - | - | - | - | - |
| - | - | 619,090 | 165,115 | 190,911 | 166,032 | 51,674 | 933 |
| - | - | - | 1,527 | - | 15,605 | 1,976 | - |
| - | - | 3,815 | 17,009 | - | - | - | - |
| - | 33,931 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | 237 | - | - | - | 1,555 | - |
| - | - | - | 967 | - | - | 207 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 9,140 | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>20,329</u> | <u>403,327</u> | <u>1,523,169</u> | <u>404,159</u> | <u>213,075</u> | <u>1,217,006</u> | <u>138,255</u> | <u>19,590</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2005

| Data Control Codes | 281 Title I, A School Improvement | 283 AP Spanish Grant | 285 Teaching American History | 287 Target Program |
|---|--|-------------------------------|--|--------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ - |
| 5800 State Program Revenues | - | - | - | - |
| 5900 Federal Program Revenues | <u>207,314</u> | <u>5,799</u> | <u>318,725</u> | <u>274,563</u> |
| 5020 Total Revenues | <u>207,314</u> | <u>5,799</u> | <u>318,725</u> | <u>274,563</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 112,860 | - | 152,778 | - |
| 0012 Instructional Resources & Media Services | - | - | - | - |
| 0013 Curriculum & Instructional Staff Development | 80,904 | 2,732 | 165,947 | 274,563 |
| 0021 Instructional Leadership | 13,500 | - | - | - |
| 0023 School Leadership | - | 3,067 | - | - |
| 0031 Guidance, Counseling & Evaluation Services | - | - | - | - |
| 0032 Social Work Services | - | - | - | - |
| 0033 Health Services | - | - | - | - |
| 0034 Student (Pupil) Transportation | - | - | - | - |
| 0035 Food Services | - | - | - | - |
| 0036 Cocurricular/Extracurricular Activities | - | - | - | - |
| 0041 General Administration | - | - | - | - |
| 0051 Plant Maintenance and Operations | - | - | - | - |
| 0052 Security and Monitoring Services | - | - | - | - |
| 0053 Data Processing Services | - | - | - | - |
| 0061 Community Services | 50 | - | - | - |
| Debt Service: | | | | |
| 0071 Debt Service - Principal on long-term debt | - | - | - | - |
| 0072 Debt Service - Interest on long-term debt | - | - | - | - |
| 0073 Debt Service - Bond Issuance Cost and Fees | - | - | - | - |
| 6030 Total Expenditures | <u>207,314</u> | <u>5,799</u> | <u>318,725</u> | <u>274,563</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 Capital-related Debt Issued (Regular Bonds) | - | - | - | - |
| 8949 Other (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 7080 Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 Net Change in Fund Balance | - | - | - | - |
| 0100 Fund Balance - September 1 (Beginning) | - | - | - | - |
| 1300 Increase (Decrease) in Fund Balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| 288 COPS Grant | 289 GEAR-UP Grant | 385 Visually Impaired | 394 Pregnancy, Education and Parenting | 397 Advanced Placement Incentives | 399 Investment Capital Funds | 401 Optional Extended Year Program | 404 Student Success Initiative |
|----------------------|-------------------------|-----------------------------|---|--|---------------------------------------|---|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | 1,889 | 83,134 | 9,134 | 154,622 | 140,590 | 491,138 |
| <u>74,924</u> | <u>282,325</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>74,924</u> | <u>282,325</u> | <u>1,889</u> | <u>83,134</u> | <u>9,134</u> | <u>154,622</u> | <u>140,590</u> | <u>491,138</u> |
| - | 95,001 | 1,889 | 77,279 | - | 108,357 | 138,705 | 428,910 |
| - | - | - | - | - | - | - | 20,109 |
| - | 4,176 | - | - | 9,134 | 44,709 | 1,885 | 42,119 |
| - | - | - | - | - | - | - | - |
| - | 375 | - | 4,478 | - | - | - | - |
| - | 131,321 | - | 1,377 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 371 | - | - | - | - | - | - |
| 74,924 | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | 51,081 | - | - | - | 1,556 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>74,924</u> | <u>282,325</u> | <u>1,889</u> | <u>83,134</u> | <u>9,134</u> | <u>154,622</u> | <u>140,590</u> | <u>491,138</u> |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2005

| Data Control Codes | 411 Technology Allotment | 415 Kindergarten and Pre-K Grants | 418 Employee Health Insurance | 421 Master Reading Teacher |
|--|-----------------------------|--------------------------------------|----------------------------------|-------------------------------|
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ - | \$ - | \$ - | \$ - |
| 5800 State Program Revenues | 633,070 | 421,632 | 1,456,833 | 15,000 |
| 5900 Federal Program Revenues | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 5020 Total Revenues | <u>633,070</u> | <u>421,632</u> | <u>1,456,833</u> | <u>15,000</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 Instruction | 37,615 | 421,632 | 858,897 | 15,000 |
| 0012 Instructional Resources & Media Services | 422,879 | - | 39,410 | - |
| 0013 Curriculum & Instructional Staff Development | - | - | 896 | - |
| 0021 Instructional Leadership | - | - | 9,186 | - |
| 0023 School Leadership | - | - | 54,604 | - |
| 0031 Guidance, Counseling & Evaluation Services | - | - | 59,532 | - |
| 0032 Social Work Services | - | - | 12,248 | - |
| 0033 Health Services | - | - | 19,497 | - |
| 0034 Student (Pupil) Transportation | - | - | 103,442 | - |
| 0035 Food Services | - | - | 94,652 | - |
| 0036 Cocurricular/Extracurricular Activities | - | - | 500 | - |
| 0041 General Administration | - | - | 23,830 | - |
| 0051 Plant Maintenance and Operations | - | - | 135,479 | - |
| 0052 Security and Monitoring Services | - | - | 28,537 | - |
| 0053 Data Processing Services | - | - | 3,000 | - |
| 0061 Community Services | - | - | 13,123 | - |
| Debt Service: | | | | |
| 0071 Debt Service - Principal on long-term debt | 300,000 | - | - | - |
| 0072 Debt Service - Interest on long-term debt | - | - | - | - |
| 0073 Debt Service - Bond Issuance Cost and Fees | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 6030 Total Expenditures | <u>760,494</u> | <u>421,632</u> | <u>1,456,833</u> | <u>15,000</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(127,424)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7911 Capital-related Debt Issued (Regular Bonds) | - | - | - | - |
| 8949 Other (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 7080 Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 1200 Net Change in Fund Balance | (127,424) | - | - | - |
| 0100 Fund Balance - September 1 (Beginning) | 106,042 | - | - | - |
| 1300 Increase (Decrease) in Fund Balance | <u>51,540</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 3000 Fund Balance - August 31 (Ending) | <u>\$ 30,158</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| 429 Read To Succeed | 486 Order of Ahambra | 498 Loss Prevention Grant | 499 AVID Grant | Total Nonmajor Special Revenue Funds | 599 Debt Service Fund | Total Nonmajor Governmental Funds |
|------------------------------|-------------------------------|------------------------------------|----------------------|---|--------------------------------|--|
| \$ - | \$ 951 | \$ 2,634 | \$ 117,029 | \$ 120,614 | \$ 4,527,776 | \$ 4,648,390 |
| - | - | - | - | 3,407,042 | 11,457,254 | 14,864,296 |
| - | - | - | - | 23,327,562 | - | 23,327,562 |
| - | 951 | 2,634 | 117,029 | 26,855,218 | 15,985,030 | 42,840,248 |
| - | 951 | - | 110,729 | 19,163,563 | - | 19,163,563 |
| - | - | - | - | 728,220 | - | 728,220 |
| - | - | - | 4,856 | 2,637,934 | - | 2,637,934 |
| - | - | - | - | 532,234 | - | 532,234 |
| - | - | - | 1,444 | 119,011 | - | 119,011 |
| - | - | - | - | 891,226 | - | 891,226 |
| - | - | - | - | 979,554 | - | 979,554 |
| - | - | - | - | 50,557 | - | 50,557 |
| - | - | - | - | 441,313 | - | 441,313 |
| - | - | - | - | 94,652 | - | 94,652 |
| - | - | - | - | 500 | - | 500 |
| - | - | 2,634 | - | 30,334 | - | 30,334 |
| - | - | - | - | 164,322 | - | 164,322 |
| - | - | - | - | 104,635 | - | 104,635 |
| - | - | - | - | 3,000 | - | 3,000 |
| - | - | - | - | 741,587 | - | 741,587 |
| - | - | - | - | 300,000 | 4,315,680 | 4,615,680 |
| - | - | - | - | - | 9,396,781 | 9,396,781 |
| - | - | - | - | - | 1,222,496 | 1,222,496 |
| - | 951 | 2,634 | 117,029 | 26,982,642 | 14,934,957 | 41,917,599 |
| - | - | - | - | (127,424) | 1,050,073 | 922,649 |
| - | - | - | - | - | 63,175,000 | 63,175,000 |
| - | - | - | - | - | (63,740,000) | (63,740,000) |
| - | - | - | - | - | (565,000) | (565,000) |
| - | - | - | - | (127,424) | 485,073 | 357,649 |
| - | - | - | - | 106,042 | 3,523,215 | 3,629,257 |
| - | - | - | - | 51,540 | 257,100 | 308,640 |
| \$ - | \$ - | \$ - | \$ - | \$ 30,158 | \$ 4,265,388 | \$ 4,295,546 |

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2005

| | 752 | 753 |
|---|---------------------|---------------------|
| | Print Shop | Insurance |
| <hr/> | | |
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 98,325 | \$ (932,934) |
| Investments - Current | - | 12,216,339 |
| Due from Other Funds | <u>2,265</u> | <u>19</u> |
| Total Current Assets | <u>100,590</u> | <u>11,283,424</u> |
| Noncurrent Assets: | | |
| Capital Assets: | | |
| Furniture and Equipment | 137,952 | - |
| Depreciation on Furniture and Equipment | <u>(137,952)</u> | <u>-</u> |
| Total Noncurrent Assets | <u>-</u> | <u>-</u> |
| Total Assets | <u>100,590</u> | <u>11,283,424</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | - | 2,273,468 |
| Due to Other Funds | <u>240,451</u> | <u>445</u> |
| Total Liabilities | <u>240,451</u> | <u>2,273,913</u> |
| NET ASSETS | | |
| Unrestricted Net Assets | <u>(139,861)</u> | <u>9,009,511</u> |
| Total Net Assets | <u>\$ (139,861)</u> | <u>\$ 9,009,511</u> |

| 770 Workers Compensation Fund | 780 Unemployment Compensation Fund | Total Internal Service Funds |
|--|---|------------------------------------|
| \$ 38,196 | \$ 9,392 | \$ (787,021) |
| 11,251,649 | 808,873 | 24,276,861 |
| <u>239,256</u> | <u>4,101</u> | <u>245,641</u> |
| <u>11,529,101</u> | <u>822,366</u> | <u>23,735,481</u> |
| - | - | 137,952 |
| <u>-</u> | <u>-</u> | <u>(137,952)</u> |
| - | - | - |
| <u>11,529,101</u> | <u>822,366</u> | <u>23,735,481</u> |
| 533 | - | 2,274,001 |
| <u>962</u> | <u>4</u> | <u>241,862</u> |
| <u>1,495</u> | <u>4</u> | <u>2,515,863</u> |
| <u>11,527,606</u> | <u>822,362</u> | <u>21,219,618</u> |
| <u>\$ 11,527,606</u> | <u>\$ 822,362</u> | <u>\$ 21,219,618</u> |

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

| | 752 | 753 |
|--|---------------------|---------------------|
| | Print Shop | Insurance |
| <hr/> | | |
| OPERATING REVENUES: | | |
| Local and Intermediate Sources | \$ 240,724 | \$ 16,052,264 |
| Total Operating Revenues | <u>240,724</u> | <u>16,052,264</u> |
| OPERATING EXPENSES: | | |
| Payroll Costs | 77,354 | 947 |
| Professional and Contracted Services | 69,945 | 1,889,174 |
| Supplies and Materials | 70,406 | 12,465 |
| Other Operating Costs | <u>99</u> | <u>14,449,706</u> |
| Total Operating Expenses | <u>217,804</u> | <u>16,352,292</u> |
| Operating Income (Loss) | 22,920 | (300,028) |
| Total Net Assets - September 1 (Beginning) | <u>(162,781)</u> | <u>9,309,539</u> |
| Total Net Assets - August 31 (Ending) | <u>\$ (139,861)</u> | <u>\$ 9,009,511</u> |

| 770 | 780 | |
|----------------------|-------------------|----------------------|
| Workers | Unemployment | Total |
| Compensation | Compensation | Internal |
| Fund | Fund | Service Funds |
| <u>\$ 4,203,609</u> | <u>\$ 75,214</u> | <u>\$ 20,571,811</u> |
| <u>4,203,609</u> | <u>75,214</u> | <u>20,571,811</u> |
| - | - | 78,301 |
| 2,298 | - | 1,961,417 |
| 12,746 | - | 95,617 |
| <u>1,331,517</u> | <u>76,733</u> | <u>15,858,055</u> |
| <u>1,346,561</u> | <u>76,733</u> | <u>17,993,390</u> |
| 2,857,048 | (1,519) | 2,578,421 |
| <u>8,670,558</u> | <u>823,881</u> | <u>18,641,197</u> |
| <u>\$ 11,527,606</u> | <u>\$ 822,362</u> | <u>\$ 21,219,618</u> |

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2005

| | 752 | 753 |
|--|------------------|-----------------------|
| | Print Shop | Insurance |
| <hr/> | | |
| Cash Flows from Operating Activities: | | |
| Cash Received from User Charges | \$ 250,213 | \$ 13,835,925 |
| Cash Received from Assessments - Other Funds | - | - |
| Cash Payments to Employees for Services | (65,054) | (947) |
| Cash Payments for Insurance Claims | (57,645) | (1,889,174) |
| Cash Payments for Suppliers | (57,367) | (12,465) |
| Cash Payments for Other Operating Expenses | (99) | (14,242,552) |
| Net Cash Provided by (Used for) Operating Activities | <u>70,048</u> | <u>(2,309,213)</u> |
| Net Increase(Decrease) in Cash and Cash Equivalents | 70,048 | (2,309,213) |
| Cash and Cash Equivalents at Beginning of the Year: | <u>28,277</u> | <u>1,376,279</u> |
| Cash and Cash Equivalents at the End of the Year: | <u>\$ 98,325</u> | <u>\$ (932,934)</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities: | | |
| Operating Income (Loss): | \$ 22,920 | \$ (300,028) |
| Effect of Increases and Decreases in Current Assets and Liabilities: | | |
| Decrease (increase) in Receivables | 9,489 | - |
| Increase (decrease) in Accounts Payable | 37,639 | 207,154 |
| Increase (decrease) in Investment Securities | - | (2,216,339) |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ 70,048</u> | <u>\$ (2,309,213)</u> |

| 770 Workers Compensation Fund | 780 Unemployment Compensation Fund | Total Internal Service Funds |
|--|---|------------------------------------|
| \$ - | \$ - | \$ 14,086,138 |
| (287,282) | (737,760) | (1,025,042) |
| - | - | (66,001) |
| (2,298) | - | (1,949,117) |
| (12,746) | - | (82,578) |
| <u>(1,348,959)</u> | <u>(76,733)</u> | <u>(15,668,343)</u> |
| <u>(1,651,285)</u> | <u>(814,493)</u> | <u>(4,704,943)</u> |
| (1,651,285) | (814,493) | (4,704,943) |
| <u>1,689,481</u> | <u>823,885</u> | <u>3,917,922</u> |
| <u>\$ 38,196</u> | <u>\$ 9,392</u> | <u>\$ (787,021)</u> |
| | | |
| \$ 2,857,048 | \$ (1,519) | \$ 2,578,421 |
| | | |
| (239,242) | (4,101) | (233,854) |
| (17,442) | - | 227,351 |
| <u>(4,251,649)</u> | <u>(808,873)</u> | <u>(7,276,861)</u> |
| <u>\$ (1,651,285)</u> | <u>\$ (814,493)</u> | <u>\$ (4,704,943)</u> |

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T.E.A. REQUIRED SCHEDULES

LA JOYA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2005

| Last 10 Years 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 | 1.23770 | 0.31830 | 632,640,306 |
| 1998 | 1.20830 | 0.25800 | 758,137,238 |
| 1999 | 1.24220 | 0.31380 | 832,821,799 |
| 2000 | 1.45440 | 0.10160 | 839,498,732 |
| 2001 | 1.32930 | 0.12650 | 1,003,130,163 |
| 2002 | 1.41040 | 0.11760 | 1,251,488,277 |
| 2003 | 1.50000 | 0.06990 | 1,212,391,175 |
| 2004 | 1.50000 | 0.06990 | 1,213,424,732 |
| 2005 (School year under audit) | 1.50000 | 0.14200 | 1,469,147,866 |
| 1000 TOTALS | | | |

| (10) Beginning Balance 9/1/2004 | (20) Current Year's Total Levy | (31) Maintenance Collections | (32) Debt Service Collections | (40) Entire Year's Adjustments | (50) Ending Balance 8/31/2005 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 1,107,288 | \$ - | \$ 71,834 | \$ 31,445 | \$ 59,328 | 944,681 |
| 329,428 | - | 36,537 | 9,396 | 1,197 | 282,298 |
| 349,620 | - | 41,678 | 8,899 | 877 | 298,166 |
| 405,274 | - | 55,134 | 13,928 | 455 | 335,757 |
| 528,634 | - | 98,367 | 6,872 | (8,747) | 432,142 |
| 762,236 | - | 164,945 | 15,696 | (14,923) | 596,518 |
| 1,041,857 | - | 252,579 | 21,060 | (12,392) | 780,610 |
| 1,559,830 | - | 436,302 | 20,332 | (10,299) | 1,113,495 |
| 2,360,734 | - | 784,270 | 36,547 | 36,109 | 1,503,808 |
| - | 23,263,220 | 18,711,317 | 1,771,340 | (557,040) | 3,337,603 |
| <u>\$ 8,444,901</u> | <u>\$ 23,263,220</u> | <u>\$ 20,652,963</u> | <u>\$ 1,935,515</u> | <u>\$ (505,435)</u> | <u>\$ 9,625,078</u> |

LA JOYA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2006-2007
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

| Account Number | Account Name | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|----------------|--|-----------------------|--------------------------|------------------------|------------------------|----------------------|--------------------------|--------------|
| | | (702) School Board | (703) Tax Collections | (701) Supt's Office | (750) Indirect Cost | (720) Direct Cost | (other) Miscellaneous | Total |
| 611X-6146 | PAYROLL COSTS | \$ - | \$ 206,568 | \$ 248,375 | \$ 2,295,095 | \$ - | \$ 905,217 | \$ 3,655,255 |
| 6149 | Leave for Separating Employees in Fn 41 & 53 | - | - | - | - | - | - | - |
| 6149 | Leave - Separating Employees not in 41 & 53 | - | - | - | - | 102,187 | - | 102,187 |
| 6211 | Legal Services | - | - | 162,993 | - | - | - | 162,993 |
| 6212 | Audit Services | - | - | - | 44,550 | - | - | 44,550 |
| 6213 | Tax Appraisal and Collection | - | 198,519 | - | - | - | - | 198,519 |
| 621X | Other Professional Services | - | - | 53,585 | 73,974 | - | 972 | 128,531 |
| 6220 | Tuition and Transfer Payments | - | - | - | - | - | 5,898 | 5,898 |
| 6230 | Education Service Centers | - | - | - | 2,850 | - | - | 2,850 |
| 6240 | Contr. Maint. and Repair | - | - | - | - | 133,900 | - | 133,900 |
| 6250 | Utilities | - | - | - | - | - | - | - |
| 6260 | Rentals | - | 1,771 | 360 | 20,018 | - | 672 | 22,821 |
| 6290 | Miscellaneous Contr. | - | 33,129 | 31,777 | 28,104 | - | 57,832 | 150,842 |
| 6320 | Textbooks and Reading | - | - | 5,498 | 648 | - | 1,464 | 7,610 |
| 6330 | Testing Materials | - | - | - | - | - | - | - |
| 63XX | Other Supplies Materials | 1,024 | 16,698 | 8,929 | 120,986 | - | 89,962 | 237,599 |
| 6410 | Travel, Subsistence, Stipends | 30,263 | 1,450 | 21,247 | 48,067 | - | 7,264 | 108,291 |
| 6420 | Ins. and Bonding Costs | - | 2,500 | 89 | - | - | - | 2,589 |
| 6430 | Election Costs | - | - | - | - | - | - | - |
| 6490 | Miscellaneous Operating | 3,566 | 715 | 64,076 | 144,680 | - | 26,109 | 239,146 |
| 6500 | Debt Service | - | - | - | - | - | - | - |
| 6600 | Capital Outlay | - | - | - | - | - | - | - |
| 6000 | TOTAL | \$ 34,853 | \$ 461,350 | \$ 596,929 | \$ 2,778,972 | \$ 236,087 | \$ 1,095,390 | \$ 5,203,581 |

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 174,529,112

LESS: Deductions of Unallowable Costs

FISCAL YEAR

| | | |
|--|------|--------------|
| Total Capital Outlay (6600) | (10) | \$ 2,043,963 |
| Total Debt & Lease(6500) | (11) | 776,783 |
| Plant Maintenance (Function 51, 6100-6400) | (12) | 18,259,671 |
| Food (Function 35, 6341 and 6499) | (13) | 4,099,852 |
| Stipends (6413) | (14) | 86,204 |
| Column 4 (above) - Total Indirect Cost | | 2,778,972 |

SubTotal:

28,045,444

Net Allowed Direct Cost

\$ 146,483,668

CUMULATIVE

| | | |
|---|------|----------------|
| Total Cost of Buildings before Depreciation (1520) | (15) | \$ 200,528,676 |
| Historical Cost of Building 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) | \$ 20,090,570 |
| Historical Cost of Furniture & Equipment over 16 years old | (19) | \$ - |
| Amount of Federal Money in Furniture & Equipment (Net of #19) | (20) | \$ - |

(8) NOTE A: Function 53 expenditures are included in this report on administrative costs.

LA JOYA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2006-2007
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2005

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

| Account Number | Account Name | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|----------------|--|-----------------------|--------------------------|------------------------|------------------------|----------------------|--------------------------|--------------|
| | | (702) School Board | (703) Tax Collections | (701) Supt's Office | (750) Indirect Cost | (720) Direct Cost | (other) Miscellaneous | Total |
| 611X-6146 | PAYROLL COSTS | \$ - | \$ 206,568 | \$ 248,375 | \$ 2,295,095 | \$ - | \$ 902,217 | \$ 3,652,255 |
| 6149 | Leave for Separating Employees in Fn 41 & 53 | - | - | - | - | - | - | - |
| 6149 | Leave - Separating Employees not in 41 & 53 | - | - | - | - | 102,187 | - | 102,187 |
| 6211 | Legal Services | - | - | 162,993 | - | - | - | 162,993 |
| 6212 | Audit Services | - | - | - | 44,550 | - | - | 44,550 |
| 6213 | Tax Appraisal and Collection | - | 198,519 | - | - | - | - | 198,519 |
| 621X | Other Professional Services | - | - | 53,585 | 73,974 | - | 972 | 128,531 |
| 6220 | Tuition and Transfer Payments | - | - | - | - | - | 5,898 | 5,898 |
| 6230 | Education Service Centers | - | - | - | 2,850 | - | - | 2,850 |
| 6240 | Contr. Maint. and Repair | - | - | - | - | 133,900 | - | 133,900 |
| 6250 | Utilities | - | - | - | - | - | - | - |
| 6260 | Rentals | - | 1,771 | 360 | 20,018 | - | 672 | 22,821 |
| 6290 | Miscellaneous Contr. | - | 33,129 | 31,777 | 28,104 | - | 57,832 | 150,842 |
| 6320 | Textbooks and Reading | - | - | 5,498 | 648 | - | 1,464 | 7,610 |
| 6330 | Testing Materials | - | - | - | - | - | - | - |
| 63XX | Other Supplies Materials | 1,024 | 16,698 | 8,929 | 120,986 | - | 89,962 | 237,599 |
| 6410 | Travel, Subsistence, Stipends | 30,263 | 1,450 | 21,247 | 48,067 | - | 7,264 | 108,291 |
| 6420 | Ins. and Bonding Costs | - | 2,500 | 89 | - | - | - | 2,589 |
| 6430 | Election Costs | - | - | - | - | - | - | - |
| 6490 | Miscellaneous Operating | 3,566 | 715 | 64,076 | 144,680 | - | 26,109 | 239,146 |
| 6500 | Debt Service | - | - | - | - | - | - | - |
| 6600 | Capital Outlay | - | - | - | - | - | - | - |
| 6000 | TOTAL | \$ 34,853 | \$ 461,350 | \$ 596,929 | \$ 2,778,972 | \$ 236,087 | \$ 1,092,390 | \$ 5,200,581 |

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 174,529,112

LESS: Deductions of Unallowable Costs

FISCAL YEAR

| | | |
|--|------|--------------|
| Total Capital Outlay (6600) | (10) | \$ 2,043,963 |
| Total Debt & Lease(6500) | (11) | 776,783 |
| Plant Maintenance (Function 51, 6100-6400) | (12) | 18,259,671 |
| Food (Function 35, 6341 and 6499) | (13) | 4,099,852 |
| Stipends (6413) | (14) | 86,204 |
| Column 4 (above) - Total Indirect Cost | | 2,778,972 |

SubTotal:

28,045,444

Net Allowed Direct Cost

\$ 146,483,668

CUMULATIVE

| | | |
|---|------|----------------|
| Total Cost of Buildings before Depreciation (1520) | (15) | \$ 200,528,676 |
| Historical Cost of Building 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) | \$ 20,090,570 |
| Historical Cost of Furniture & Equipment over 16 years old | (19) | \$ - |
| Amount of Federal Money in Furniture & Equipment (Net of #19) | (20) | \$ - |

(8) NOTE A: Function 53 expenditures are included in this report on administrative costs.

LA JOYA INDEPENDENT SCHOOL DISTRICT
 FUNDBALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2005

UNAUDITED

| | | | |
|----|---|----|--------------------------|
| 1 | Total General Fund Balance as of 8/31/05 (Exhibit C-1 object 3000 for the General Fund Only) | \$ | 53,141,639 |
| 2 | Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only) | \$ | 6,922,206 |
| 3 | Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only) | | 20,000,000 |
| 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). | | 13,500,000 |
| 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) | | - |
| 10 | Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9) | | <u>40,422,206</u> |
| 11 | Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10) | \$ | <u><u>12,719,433</u></u> |

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Balance:

The District is experiencing student growth at tremendous rates. The fund balance will be used to equip new buildings that will be constructed.

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
AUGUST 31, 2005

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) | |
|--------------------------|--|--------------|--------------------------------|--|--------------|
| | Original | Final | | | |
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 375,000 | \$ 480,000 | \$ 524,605 | \$ 44,605 |
| 5800 | State Program Revenues | 100,000 | 100,000 | 102,653 | 2,653 |
| 5900 | Federal Program Revenues | 11,415,000 | 11,615,000 | 11,711,266 | 96,266 |
| 5020 | Total Revenues | 11,890,000 | 12,195,000 | 12,338,524 | 143,524 |
| EXPENDITURES: | | | | | |
| 0035 | Food Services | 11,571,500 | 11,666,500 | 10,573,274 | 1,093,226 |
| 0051 | Plant Maintenance and Operations | 318,500 | 528,500 | 441,976 | 86,524 |
| 6030 | Total Expenditures | 11,890,000 | 12,195,000 | 11,015,250 | 1,179,750 |
| 1200 | Net Change in Fund Balances | - | - | 1,323,274 | 1,323,274 |
| 0100 | Fund Balance - September 1 (Beginning) | 3,904,270 | 3,904,270 | 3,904,270 | - |
| 3000 | Fund Balance - August 31 (Ending) | \$ 3,904,270 | \$ 3,904,270 | \$ 5,227,544 | \$ 1,323,274 |

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
AUGUST 31, 2005

| Data Control Codes | Budgeted Amounts | | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) | |
|--|---|--------------|--------------------------------|--|--------------|
| | Original | Final | | | |
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 2,037,857 | \$ 2,037,857 | \$ 4,527,776 | \$ 2,489,919 |
| 5800 | State Program Revenues | 11,593,394 | 11,593,394 | 11,457,254 | (136,140) |
| 5020 | Total Revenues | 13,631,251 | 13,631,251 | 15,985,030 | 2,353,779 |
| EXPENDITURES: | | | | | |
| 0071 | Debt Service - Principal on long-term debt | 14,005,086 | 8,508,480 | 4,315,680 | 4,192,800 |
| 0072 | Debt Service - Interest on long-term debt | - | 5,473,606 | 9,396,781 | (3,923,175) |
| 0073 | Debt Service - Bond Issuance Cost and Fees | - | 23,000 | 1,222,496 | (1,199,496) |
| 6030 | Total Expenditures | 14,005,086 | 14,005,086 | 14,934,957 | (929,871) |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | (373,835) | (373,835) | 1,050,073 | 1,423,908 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7911 | Capital-related Debt Issued (Regular Bonds) | - | - | 63,175,000 | 63,175,000 |
| 8949 | Other (Uses) | - | - | (63,740,000) | (63,740,000) |
| 7080 | Total Other Financing Sources (Uses) | - | - | (565,000) | (565,000) |
| 1200 | Net Change in Fund Balances | (373,835) | (373,835) | 485,073 | 858,908 |
| 0100 | Fund Balance - September 1 (Beginning) | 3,523,214 | 3,523,215 | 3,523,215 | - |
| 1300 | Increase (Decrease) in Fund Balance | - | - | 257,100 | 257,100 |
| 3000 | Fund Balance - August 31 (Ending) | \$ 3,149,379 | \$ 3,149,380 | \$ 4,265,388 | \$ 1,116,008 |

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FEDERAL AWARDS SECTION

Reyna & Garza, PLLC

Certified Public Accountants

4416 S. McColl Road

Edinburg, TX 78539

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

Independent Auditor's Report

Board of Trustees
La Joya Independent School District
201 E. Expressway 83
La Joya, Texas Tx 78560

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Joya Independent School District (the District) as of and for the year ended August 31, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2005.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether La Joya Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered La Joya Independent School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control s does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the district's trustees, the audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

(Signature on File)
Reyna & Garza, PLLC
Certified Public Accountants
December 2, 2005

Reyna & Garza, PLLC

Certified Public Accountants

4416 S. McColl Road

Edinburg, TX 78539

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

Independent Auditor's Report

Board of Trustees
La Joya Independent School District
201 E. Expressway 83
La Joya, Texas Tx 78560

Members of the Board:

Compliance

We have audited the compliance of La Joya 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. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of La Joya Independent School District's administrators. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about La Joya Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of La Joya Independent School District's compliance with those requirements.

In our opinion, La Joya 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 administration of La Joya 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 our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our 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 s does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by

employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of La Joya Independent School District as of and for the year ended August 31, 2005 and have issued our report thereon dated December 2, 2005. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information of the District's Trustees, the audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

(Signature on File)

Reyna & Garza, PLLC
Certified Public Accountants

December 2, 2005

LA JOYA INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2005

I. Summary of the Auditor's Results:

| | | |
|----|--|---|
| A. | The type of report issued: | Unqualified opinion. |
| B. | Internal control over financial statements: Material Weakness(es) identified? | No |
| | Reportable Condition(s) identified which were not considered material weaknesses? | No |
| C. | Noncompliance material to the financial statements noted? | No |
| D. | Federal Awards: Type of Report on Compliance with major programs. | Unqualified opinion. |
| E. | Findings & Questioned Costs for Federal Awards as defined under Section __.510(a). OMB Circular 133 | No |
| F. | Dollar threshold used to distinguish between Type A and Type B programs. | \$1,030,284 |
| G. | Auditee qualified as a low-risk auditee? | Yes |
| H. | Major Federal Program(s) | ESEA Title I, Part A ESEA Title II, Part A |

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with
*Generally Accepted Government Auditing Standards.***

None

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

None

LA JOYA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2005

There were no prior year findings to report.

LA JOYA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2005

| (1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | (2) Federal CFDA Number | (3) Pass-Through Entity Identifying Number | (4) Federal Expenditures |
|--|----------------------------------|---|--------------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Direct Programs</u> | | | |
| GEAR UP | 84.334A | P334A010001A | \$ 282,325 |
| Teaching American History | 84.215A | U215X030111 | 318,725 |
| Total Direct Programs | | | \$ 601,050 |
| <u>Passed Through State Department of Education</u> | | | |
| ESEA Title I Part A - Improving Basic Programs | 84.010A | 5610101108912 | \$ 11,709,563 |
| ESEA Title I Part A - Improving Basic Programs | 84.010A | 6610101108912 | 373,326 |
| Total CFDA Number 84.010A | | | 12,082,889 |
| ESEA Title I Comprehensive School Reform | 84.010B | 5616002710047 | 106,033 |
| ESEA Title I Comprehensive School Reform | 84.010B | 5616001711058 | 131,472 |
| ESEA Title I Comprehensive School Reform | 84.010B | 4616001108912040 | 32,992 |
| ESEA Title I Comprehensive School Reform | 84.010B | 4616001108912100 | 68,772 |
| ESEA Title I Comprehensive School Reform | 84.010B | 4616001108912110 | 64,889 |
| Total CFDA Number 84.010B | | | 404,158 |
| ESEA Title I Part C - Migratory Children | 84.011 | 5615001108912 | 2,283,019 |
| ESEA Title I Part C - Migratory Children | 84.011 | 6615001108912 | 189,556 |
| Total CFDA Number 84.011 | | | 2,472,575 |
| IDEA - Part B, Formula | 84.027 | 56600011089126600 | 3,210,726 |
| IDEA - Part B, Formula | 84.027 | 66600011089126600 | 273,529 |
| IDEA B-Capacity Building | 84.027 | 56600041089126604 | 18,221 |
| IDEA B-Capacity Building | 84.027 | 66600041089126600 | 1,369 |
| Total CFDA Number 84.027 | | | 3,503,845 |
| IDEA - Part B, Preschool | 84.173 | 56610011089126610 | 19,416 |
| IDEA - Part B, Preschool | 84.173 | 66610011089126600 | 913 |
| Total CFDA Number 84.173 | | | 20,329 |
| Vocational Education - Basic Grant | 84.048 | 542000610891201 | 400,036 |
| Vocational Education - Basic Grant | 84.048 | 642000610891201 | 3,292 |
| Total CFDA Number 84.048 | | | 403,328 |
| ESEA Title IV - Safe and Drug-Free Schools | 84.186A | 5691001108912 | 176,142 |
| ESEA Title IV - Safe and Drug-Free Schools | 84.186A | 6691001108912 | 9,141 |
| Total CFDA Number 84.186A | | | 185,283 |
| Title V, Part A - Innovative Programs | 84.298 | 5691001108912 | 138,155 |
| Title V, Part A - Innovative Programs | 84.298 | 6685001108912 | 100 |
| Total CFDA Number 84.298 | | | 138,255 |
| Title II, Part D -Enhancing Ed. Through Technology | 84.318X | 5630001108912 | 201,391 |
| Title II, Part D -Enhancing Ed. Through Technology | 84.318X | 6630001108912 | 11,684 |
| Total CFDA Number 84.318X | | | 213,075 |
| Title III, Part A - English Lang. Acquisition | 84.365A | 5671001108912 | 1,174,432 |
| Title III, Part A - English Lang. Acquisition | 84.365A | 6671001108912 | 42,574 |
| Total CFDA Number 84.365A | | | 1,217,006 |
| ESEA Title II,Part A, Teacher & Principal Training | 84.367A | 5694501108912 | 1,477,835 |
| ESEA Title II,Part A, Teacher & Principal Training | 84.367B | 6694501108912 | 45,334 |
| Target 2 | 84.318X | 463000221401344 | 274,563 |
| ESEA Title I, Part A, School Imporvement Fund | 84.010A | 5610104108912000 | 207,314 |
| AP Spanish Language Middle School Grant | 84.330C | 551030271213 | 5,799 |
| Total Passed Through State Department of Education | | | \$ 22,651,588 |

LA JOYA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2005

| (1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | (2) Federal CFDA Number | (3) Pass-Through Entity Identifying Number | (4) Federal Expenditures |
|--|----------------------------------|---|--------------------------------|
| TOTAL DEPARTMENT OF EDUCATION | | | \$ 23,252,638 |
| U.S. DEPARTMENT OF JUSTICE | | | |
| <u>Direct Programs</u> | | | |
| COPS in Schools Award | 16.71 | 2001SHWX0615 | \$ 41,992 |
| COPS in Schools Award | 16.71 | 2002SHWX0470 | 32,932 |
| Total CFDA Number 16.71 | | | <u>74,924</u> |
| Total Direct Programs | | | \$ 74,924 |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | <u>\$ 74,924</u> |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <u>Passed Through the State Department of Agriculture</u> | | | |
| National School Breakfast & Lunch Program* | 10.555 | | \$ 3,760,767 |
| Food Distribution | 10.550 | | 7,229,326 |
| Summer Feeding Program | 10.559 | | 721,173 |
| Total Passed Through the State Department of Agriculture | | | <u>\$ 11,711,266</u> |
| TOTAL DEPARTMENT OF AGRICULTURE | | | <u>\$ 11,711,266</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 35,038,828</u> |

*Clustered Programs as required by Compliance Supplement March, 2004

LA JOYA INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2005

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.
3. The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

4. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.