

LA JOYA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2006

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

LA JOYA INDEPENDENT SCHOOL DISTRICT

YEAR ENDED AUGUST 31, 2006

BOARD OF TRUSTEES

Joel Garcia	President
Rita Garza-Uresti	Vice-President
Jose Adolfo Salinas	Secretary
Joe Aguilar	Member
Arturo Gonzalez, Jr.	Member
Elma Garza	Member
Johnn Valente Alaniz	Member

Superintendent of Schools
Dr. Alda Benavides

Assistant Superintendent For Administration and Finance
Mr. Rene Gutierrez

LA JOYA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2006

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
CERTIFICATE OF BOARD	1
Independent Auditors' Report	2
Management's Discussion and Analysis	4
<u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Assets	10
B-1 Statement of Activities	11
Governmental Fund Financial Statements:	
C-1 Balance Sheet	12
C-2 Reconciliation for C-1	13
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	14
C-4 Reconciliation for C-3	15
C-5 Budgetary Comparison Schedule - General Fund	16
Proprietary Fund Financial Statements:	
D-1 Statement of Net Assets	17
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Assets	18
D-3 Statement of Cash Flows	19
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Assets	20
Notes to the Financial Statements	21
 <u>Combining and Other Schedules</u>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	39
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	46
Internal Service Funds:	
H-3 Combining Statement of Net Assets	53
H-4 Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	55
H-5 Combining Statement of Cash Flows	57
 <u>Required TEA Schedules</u>	
J-1 Schedule of Delinquent Taxes	59
J-2 Schedule of Expenditures for Computation of Indirect Cost	61
J-3 Fund Balance and Cash Flow Calculation Worksheet	62
J-4 Budgetary Comparison Schedule - Child Nutrition Fund	63
J-5 Budgetary Comparison Schedule - Debt Service Fund	64
 <u>Reports on Compliance, Internal Control, and Federal Awards</u>	
Report on Compliance and Internal Control Over Financial Reporting Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	66
Schedule of Findings and Questioned Costs	68
K-1 Schedule of Expenditures of Federal Awards	70
Notes to Schedule of Expenditures of Federal Awards	72

CERTIFICATE OF BOARD

LA JOYA ISD
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) X approved _____ disapproved for the year ended August 31, 2006 at a meeting of the Board of Trustees of such school district on the 24th day of January, 2007.

(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)

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 ISD
110 E EXPRESSWAY 83
LA JOYA, Texas 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 ISD (the District) as of and for the year ended August 31, 2006, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of LA JOYA ISD as of August 31, 2006, 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 1, 2006, 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 ISD'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.

Although the combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements, they 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.

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, CPA's

December 1, 2006

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, 2006. 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, 2006 were \$185.7 million, an increase of \$19.72 million as a result of this year's operations.
- During the year, the District had expenses that were \$2.2 million more than the \$223.1 million generated in tax and other revenues for governmental programs. This compares to last year when revenues exceeded expenses by \$10.7 million.
- Total cost of all of the District's programs increased by \$33.85 million.
- The General Fund ended the year with a fund balance of \$64.78 million.
- The resources available for appropriation were \$4.0 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 \$166,029,576 to \$185,749,765. 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 \$88,728,062 at August 31, 2006.

In 2006, net assets of our government-type activities increased by \$19,720,189 or 11.88 percent.

Table I
LA JOYA INDEPENDENT SCHOOL DISTRICT
NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	186,935,781	178,882,999	0	0	186,935,781	178,882,999
Capital assets	184,541,586	172,409,866	0	0	184,541,586	172,409,866
Total assets	<u>371,477,367</u>	<u>351,292,865</u>	<u>0</u>	<u>0</u>	<u>371,477,367</u>	<u>351,292,865</u>
Long-term liabilities	167,248,583	171,555,658	0	0	167,248,583	171,555,658
Other liabilities	18,479,019	13,707,632	0	0	18,479,019	13,707,632
Total liabilities	<u>185,727,602</u>	<u>185,263,290</u>	<u>0</u>	<u>0</u>	<u>185,727,602</u>	<u>185,263,290</u>
Net Assets:						
Invested in capital assets, net of related debt	12,494,851	(3,548,268)	0	0	12,494,851	(3,548,268)
Restricted - Federal and State Programs	6,516,193	5,595,105	0	0	6,516,193	5,595,105
Restricted - Debt Service	4,670,247	4,265,388	0	0	4,670,247	4,265,388
Restricted – Capital Projects	73,340,413	102,887,218	0	0	73,340,413	102,887,218
Unrestricted	88,728,062	56,830,133	0	0	88,728,062	56,830,133
Total Net Assets	<u>185,749,765</u>	<u>166,029,576</u>	<u>0</u>	<u>0</u>	<u>185,749,765</u>	<u>166,029,576</u>

Table II
LA JOYA INDEPENDENT SCHOOL
DISTRICT
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	983,039	945,319	0	0	983,039	945,319
Operating Grants and Contributions	36,281,407	31,787,466	0	0	36,281,407	31,787,466
General Revenues:						
Maintenance and Operations Taxes	22,855,938	21,613,513	0	0	22,855,938	21,613,513
Debt Service Taxes	2,150,159	2,031,113	0	0	2,150,159	2,031,113
State Aid Formula Grants	151,615,293	137,936,375	0	0	151,615,293	137,936,375
Investment Earnings	7,609,510	7,379,196	0	0	7,609,510	7,379,196
Miscellaneous	2,306,566	1,758,382	0	0	2,306,566	1,758,382
Total Revenue	<u>223,801,912</u>	<u>203,451,364</u>	<u>0</u>	<u>0</u>	<u>223,801,912</u>	<u>203,451,364</u>

Expenses:

Instruction, curriculum and media services	117,968,084	104,994,548	0	0	117,968,084	104,994,548
Instructional/school leadership	12,086,248	11,084,729	0	0	12,086,248	11,084,729
Guidance, social work, health, transportation	19,218,191	17,369,079	0	0	19,218,191	17,369,079
Food Services	12,213,771	10,936,085	0	0	12,213,771	10,936,085
Co curricular activities	4,262,260	4,190,952	0	0	4,262,260	4,190,952
General administration	5,572,456	4,603,304	0	0	5,572,456	4,603,304
Plant Maintenance, Security and Data Processing	22,934,722	21,758,774	0	0	22,934,722	21,758,774
Community Services	1,023,375	868,838	0	0	1,023,375	868,838
Debt Service	8,937,445	10,534,854	0	0	8,937,445	10,534,854
Other activities	18,172	40,887	0	0	18,172	40,887
Total Expenses	204,234,722	186,382,052	0	0	204,234,722	186,382,052

Increase in net assets before transfers and special items	19,567,190	17,069,311	0	0	19,567,190	17,069,311
Transfers	0	0	0	0	0	0
Special Items-Prior Period Adjust	152,997	411,974	0	0	152,997	411,974
Increase in Net Assets	0	0	0	0	0	0
Net assets at 9/1/03	166,029,578	148,548,291	0	0	166,029,578	148,548,291
Net assets at 8/31/04	185,749,765	166,029,576	0	0	185,749,765	166,029,576

The cost of all governmental activities this year was \$204.23 million compared to \$186.4 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 \$25.00 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 \$138 million, which is an decrease from last year's total of \$140 million. This decrease was due to the fact that the District expended \$17.8 million in construction activities that had been previously funded through bond issues.

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 three 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. The third category involves budgeting additional expenditures funded by the District's General Fund Balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the District had \$249.16 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 \$17.46 million, or 7.5 percent above last year.

Debt Administration

At year-end, the District had \$172 million in bonds, notes and capital leases outstanding versus \$175.96 million from last year a decrease of 2.25 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 2007 fiscal year increased by \$195 million from \$1.558 billion to \$1.753 billion.
- The district's refined average daily attendance for 2006-2007 is expected to be 23,111 up from 22,259 for fiscal year 2005-2006.

These indicators were taken into account when adopting the General Fund budget for 2007. Amounts available for appropriation in the General Fund budget are \$207.6 million, an increase of 22.5 percent over the original 2006 budget of \$169.4 million. The District will use its revenues to finance programs currently being offered as well as several construction and remodeling projects throughout the district. Total governmental budgeted expenditures are expected to rise nearly 18.83% to \$244.8 million in 2006-2007 from the 2005-2006 original budget of \$206 million.

If these estimates are realized, the District's budgetary General Fund balance is expected to decrease by \$17.5 million by the close of 2007.

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.

LA JOYA ISD
STATEMENT OF NET ASSETS
AUGUST 31, 2006

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 1,596,548
1120 Current Investments	164,688,358
1220 Property Taxes Receivable (Delinquent)	10,153,760
1230 Allowance for Uncollectible Taxes	(1,707,030)
1240 Due from Other Governments	10,301,882
1260 Internal Balances	-
1267 Due from Fiduciary Funds	461,114
1290 Other Receivables, net	42,582
1300 Inventories	990,649
1410 Deferred Expenses	407,917
Capital Assets:	
1510 Land	10,311,966
1520 Buildings, Net	158,518,456
1530 Furniture and Equipment, Net	1,374,276
1540 Other Capital Assets, Net	4,044,839
1580 Construction in Progress	10,292,049
1000 Total Assets	371,477,367
LIABILITIES	
2110 Accounts Payable	5,925,928
2150 Payroll Deductions & Withholdings	332,360
2160 Accrued Wages Payable	6,177,766
2180 Due to Other Governments	74,885
2300 Deferred Revenues	1,169,928
Noncurrent Liabilities	
2501 Due Within One Year	4,798,152
2502 Due in More Than One Year	167,248,583
2000 Total Liabilities	185,727,602
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	12,494,851
3820 Restricted for Federal and State Programs	6,516,193
3850 Restricted for Debt Service	4,670,247
3860 Restricted for Capital Projects	73,340,413
3900 Unrestricted Net Assets	88,728,062
3000 Total Net Assets	\$ 185,749,765

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

LA JOYA ISD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2006

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Expenses	3	4	6	Net (Expense) Revenue and Changes in Net Assets
Charges for Services	3	Operating Grants and Contributions	6	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 108,596,570	\$ 31,840	\$ 26,075,353	\$ (82,489,377)
12 Instructional Resources and Media Services	5,158,550	-	962,443	(4,196,107)
13 Curriculum and Instructional Staff Development	4,212,964	-	3,019,716	(1,193,248)
21 Instructional Leadership	2,698,298	-	711,684	(1,986,614)
23 School Leadership	9,387,950	-	485,094	(8,902,856)
31 Guidance, Counseling and Evaluation Services	7,991,522	-	1,428,291	(6,563,231)
32 Social Work Services	1,676,821	-	1,036,757	(640,063)
33 Health Services	1,600,876	-	115,015	(1,485,860)
34 Student (Pupil) Transportation	7,948,972	-	436,993	(7,511,979)
35 Food Services	12,213,771	457,441	104,671	(11,651,659)
36 Cocurricular/Extracurricular Activities	4,262,260	164,086	82,747	(4,015,427)
41 General Administration	5,572,456	329,672	210,852	(5,031,932)
51 Plant Maintenance and Operations	19,972,034	-	538,265	(19,433,769)
52 Security and Monitoring Services	2,329,637	-	163,799	(2,165,838)
53 Data Processing Services	633,051	-	20,122	(612,929)
61 Community Services	1,023,375	-	889,605	(133,770)
72 Debt Service - Interest on Long Term Debt	8,932,222	-	-	(8,932,222)
73 Debt Service - Bond Issuance Cost and Fees	5,223	-	-	(5,223)
81 Facilities Acquisition and Construction	-	-	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	18,172	-	-	(18,172)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 204,234,722	\$ 983,039	\$ 36,281,407	(166,970,276)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			22,855,938
DT	Property Taxes, Levied for Debt Service			2,150,159
GC	Grants and Contributions not Restricted			151,615,293
IE	Investment Earnings			7,609,510
MI	Miscellaneous Local and Intermediate Revenue			2,306,566
TR	Total General Revenues			186,537,466
CN	Change in Net Assets			19,567,190
NB	Net Assets--Beginning			166,029,578
PA	Prior Period Adjustment			152,997
NE	Net Assets--Ending			\$ 185,749,765

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

LA JOYA ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2006

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ 2,026,674	\$ 6,230	\$ 254,813	\$ 2,287,717
1120	Investments - Current	63,057,458	71,141,637	5,414,247	139,613,342
1220	Property Taxes - Delinquent	9,187,992	-	965,768	10,153,760
1230	Allowance for Uncollectible Taxes (Credit)	(1,541,872)	-	(165,158)	(1,707,030)
1240	Due from Other Governments	7,528,661	-	2,773,221	10,301,882
1260	Due from Other Funds	3,794,802	171,643	185,582	4,152,027
1290	Other Receivables	40,885	-	-	40,885
1300	Inventories	990,649	-	-	990,649
1410	Deferred Expenditures	407,917	-	-	407,917
1000	Total Assets	\$ 85,493,166	\$ 71,319,510	\$ 9,428,473	\$ 166,241,149
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 2,898,318	\$ 2,439,104	\$ 334,989	\$ 5,672,411
2150	Payroll Deductions and Withholdings Payable	332,360	-	-	332,360
2160	Accrued Wages Payable	5,606,595	-	571,171	6,177,766
2170	Due to Other Funds	4,133,957	-	1,868,732	6,002,689
2180	Due to Other Governments	10	72,837	2,038	74,885
2300	Deferred Revenues	7,745,562	-	1,871,098	9,616,660
2000	Total Liabilities	\$ 20,716,802	\$ 2,511,941	\$ 4,648,028	\$ 27,876,771
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	\$ 990,649	\$ -	\$ -	\$ 990,649
3420	Retirement of Long Term Debt	-	-	4,670,247	4,670,247
3440	Outstanding Encumbrances	1,717,181	15,467,156	-	17,184,337
3450	Food Service	5,605,937	-	-	5,605,937
3490	Other Purposes	619,910	-	110,198	730,108
Unreserved Designated For:					
3510	Construction	20,000,000	53,340,413	-	73,340,413
Unreserved and Undesignated:					
3600	Reported in the General Fund	35,842,687	-	-	35,842,687
3000	Total Fund Balances	\$ 64,776,364	\$ 68,807,569	\$ 4,780,445	\$ 138,364,378
4000	Total Liabilities and Fund Balances	\$ 85,493,166	\$ 71,319,510	\$ 9,428,473	\$ 166,241,149

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

LA JOYA ISD
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2006

Total Fund Balances - Governmental Funds	\$	138,364,378
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.		26,443,803
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 \$231,697,097 and the accumulated depreciation was \$59,287,231. 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.		(3,548,268)
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 2006 capital outlays and debt principal payments is to increase (decrease) net assets.		23,243,278
4 The 2006 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(6,709,082)
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.		7,955,656
19 Net Assets of Governmental Activities	<u>\$</u>	<u>185,749,765</u>

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

LA JOYA ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 28,734,708	\$ 3,735,651	\$ 2,853,442	\$ 35,323,801
5800 State Program Revenues	132,126,430	-	14,661,638	146,788,068
5900 Federal Program Revenues	14,460,417	-	26,511,083	40,971,500
5020 Total Revenues	175,321,555	3,735,651	44,026,163	223,083,369
EXPENDITURES:				
Current:				
0011 Instruction	85,137,471	-	22,643,577	107,781,048
0012 Instructional Resources and Media Services	4,449,537	-	813,853	5,263,390
0013 Curriculum and Instructional Staff Development	1,193,759	-	2,984,432	4,178,191
0021 Instructional Leadership	2,028,045	-	653,755	2,681,800
0023 School Leadership	9,145,664	-	164,801	9,310,465
0031 Guidance, Counseling and Evaluation Services	6,763,878	-	1,161,684	7,925,562
0032 Social Work Services	638,114	-	1,024,867	1,662,981
0033 Health Services	1,539,888	-	47,774	1,587,662
0034 Student (Pupil) Transportation	7,843,343	-	176,961	8,020,304
0035 Food Services	12,198,229	-	99,588	12,297,817
0036 Cocurricular/Extracurricular Activities	4,244,636	-	2,791	4,247,427
0041 General Administration	5,473,107	-	59,958	5,533,065
0051 Plant Maintenance and Operations	19,390,408	-	171,353	19,561,761
0052 Security and Monitoring Services	2,284,968	-	66,133	2,351,101
0053 Data Processing Services	836,035	-	3,000	839,035
0061 Community Services	102,846	-	886,371	989,217
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	212,476	-	4,190,000	4,402,476
0072 Debt Service - Interest on Long Term Debt	30,122	-	8,411,023	8,441,145
0073 Debt Service - Bond Issuance Cost and Fees	-	-	5,223	5,223
Capital Outlay:				
0081 Facilities Acquisition and Construction	370,022	17,835,478	-	18,205,500
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	18,172	-	-	18,172
6030 Total Expenditures	163,900,720	17,835,478	43,567,144	225,303,342
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	11,420,835	(14,099,827)	459,019	(2,219,973)
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	266,783	-	-	266,783
7915 Transfers In	4,160,048	-	-	4,160,048
8911 Transfers Out (Use)	(4,319,880)	-	-	(4,319,880)
7080 Total Other Financing Sources (Uses)	106,951	-	-	106,951
1200 Net Change in Fund Balances	11,527,786	(14,099,827)	459,019	(2,113,022)
0100 Fund Balance - September 1 (Beginning)	53,141,639	82,887,218	4,295,546	140,324,403
1300 Increase (Decrease) in Fund Balance	106,939	20,178	25,880	152,997
3000 Fund Balance - August 31 (Ending)	\$ 64,776,364	\$ 68,807,569	\$ 4,780,445	\$ 138,364,378

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

LA JOYA ISD
 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, 2006

Total Net Change in Fund Balances - Governmental Funds	\$	(2,113,022)
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.		5,224,184
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 2006 capital outlays and debt principal payments is to increase (decrease) net assets.		23,243,278
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.		(6,709,082)
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.		(78,168)
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>19,567,190</u>

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

LA JOYA ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2006

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	\$ 24,428,949	\$ 27,521,100	\$ 28,734,708	\$ 1,213,608
5800 State Program Revenues	127,672,310	131,398,588	132,126,430	727,842
5900 Federal Program Revenues	12,393,682	12,393,682	14,460,417	2,066,735
5020 Total Revenues	164,494,941	171,313,370	175,321,555	4,008,185
EXPENDITURES:				
Current:				
0011 Instruction	89,852,660	91,117,145	85,137,471	5,979,674
0012 Instructional Resources and Media Services	4,395,183	4,810,935	4,449,537	361,398
0013 Curriculum and Instructional Staff Development	851,820	1,395,534	1,193,759	201,775
0021 Instructional Leadership	2,204,708	2,266,233	2,028,045	238,188
0023 School Leadership	9,996,446	10,076,925	9,145,664	931,261
0031 Guidance, Counseling and Evaluation Services	7,216,652	7,143,568	6,763,878	379,690
0032 Social Work Services	555,167	755,127	638,114	117,013
0033 Health Services	1,892,139	1,960,433	1,539,888	420,545
0034 Student (Pupil) Transportation	7,616,370	8,999,898	7,843,343	1,156,555
0035 Food Services	12,216,130	12,736,230	12,198,229	538,001
0036 Cocurricular/Extracurricular Activities	4,435,235	5,078,041	4,244,636	833,405
0041 General Administration	6,138,569	6,271,109	5,473,107	798,002
0051 Plant Maintenance and Operations	16,900,213	19,396,779	19,390,408	6,371
0052 Security and Monitoring Services	2,924,081	2,926,407	2,284,968	641,439
0053 Data Processing Services	699,880	1,219,880	836,035	383,845
0061 Community Services	172,653	223,363	102,846	120,517
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	376,263	343,505	212,476	131,029
0072 Debt Service - Interest on Long Term Debt	-	32,758	30,122	2,636
Capital Outlay:				
0081 Facilities Acquisition and Construction	950,000	1,525,000	370,022	1,154,978
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	50,000	50,000	18,172	31,828
6030 Total Expenditures	169,444,169	178,328,870	163,900,720	14,428,150
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,949,228)	(7,015,500)	11,420,835	18,436,335
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	266,783	266,783
7915 Transfers In	4,734,133	4,839,133	4,160,048	(679,085)
8911 Transfers Out (Use)	(4,734,133)	(4,839,133)	(4,319,880)	519,253
7080 Total Other Financing Sources (Uses)	-	-	106,951	106,951
1200 Net Change in Fund Balances	(4,949,228)	(7,015,500)	11,527,786	18,543,286
0100 Fund Balance - September 1 (Beginning)	53,141,639	53,141,639	53,141,639	-
1300 Increase (Decrease) in Fund Balance	-	-	106,939	106,939
3000 Fund Balance - August 31 (Ending)	\$ 48,192,411	\$ 46,126,139	\$ 64,776,364	\$ 18,650,225

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

LA JOYA ISD
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2005

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ (691,169)
Investments - Current	25,075,016
Due from Other Funds	2,553,803
Other Receivables	1,697
Total Current Assets	<u>26,939,347</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>26,939,347</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	253,516
Due to Other Funds	<u>242,029</u>
Total Liabilities	<u>495,545</u>
NET ASSETS	
Unrestricted Net Assets	<u>26,443,802</u>
Total Net Assets	<u><u>\$ 26,443,802</u></u>

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

LA JOYA ISD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 22,178,331
Total Operating Revenues	<u>22,178,331</u>
OPERATING EXPENSES:	
Payroll Costs	68,697
Professional and Contracted Services	88,775
Supplies and Materials	94,587
Other Operating Costs	16,861,921
Total Operating Expenses	<u>17,113,980</u>
Income Before Transfers	5,064,351
Transfer In	<u>159,833</u>
Change in Net Assets	5,224,184
Total Net Assets - September 1 (Beginning)	<u>21,219,618</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 26,443,802</u></u>

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

LA JOYA ISD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 22,178,331
Cash Received from Assessments - Other Funds	159,833
Cash Payments to Employees for Services	(68,697)
Cash Payments for Insurance Claims	(16,861,923)
Cash Payments for Suppliers	(94,587)
Cash Payments for Other Operating Expenses	(88,773)
Net Cash Provided by Operating Activities	<u>5,224,184</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Capital Contributed by Other Funds	<u>159,833</u>
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	(3,514,794)
Proceeds from Sale & Maturities of Securities	2,716,639
Net Cash Provided by (Used for) Investing Activities	<u>(798,155)</u>
Net Increase in Cash and Cash Equivalents	95,852
Cash and Cash Equivalents at Beginning of the Year:	<u>(787,021)</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ (691,169)</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income:	\$ 5,064,351
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(2,309,856)
Increase (decrease) in Accounts Payable	(2,020,487)
Increase (decrease) in	<u>166</u>
Net Cash Provided by Operating Activities	<u>\$ 734,174</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	<u>\$ (691,169)</u>

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

LA JOYA ISD
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2006

	Agency Funds
ASSETS	
Cash and Cash Equivalents	\$ 731,102
Investments - Current	653,817
Other Receivables	9,268
Total Assets	<u>\$ 1,394,187</u>
LIABILITIES	
Accounts Payable	\$ 312,644
Due to Other Funds	461,114
Due to Other Governments	8,491
Due to Student Groups	607,897
Payable from Restricted Assets	4,041
Total Liabilities	<u>\$ 1,394,187</u>

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

LA JOYA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2006

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 Health and Human Services Commission. Although commodities are received at no cost, their fair market value is supplied by the Texas Health and Human Services Commission 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. It is the District's policy to permit some employees to accumulate earned but unused sick pay benefits. As of August 31, 2006, the accumulated sick leave balance is \$21,132,875.
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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. 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
Portable Buildings	20
Vehicles	7
School Buses	10
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, 2006, 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 Cooperating 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 services 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, 2005, 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, 2006, 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, 2005, 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 \$72,837 as of August 31, 2006.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, 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</u> <u>Net Assets</u>
Land	\$ 10,095,999		\$ 10,095,999	
Buildings	200,528,675	45,205,742	155,322,933	
Furniture & Equipment	7,620,776	6,445,837	1,174,939	
Vehicles	12,469,794	7,635,652	4,834,142	
Construction in Progress	<u>981,853</u>	<u>0</u>	<u>981,853</u>	
Change in Net Assets				<u>\$172,409,866</u>
<u>Long-term Liabilities</u> <u>at the Beginning of the year</u>			<u>Payable at the</u> <u>Beginning of</u> <u>the Year</u>	
Bonds Payable			\$175,098,501	
Loans Payable			803,881	
Capital Leases Payable			55,752	
Change in Net Assets				<u>(175,958,134)</u>
Net Adjustment to Net Assets				<u>(\$3,548,268)</u>

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

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	215,967		
Buildings & Improvements	8,303,238		
Furniture & Equipment	701,422		
Vehicles	309,979		
Construction in Progress	<u>9,310,196</u>		
Total Capital Outlay	<u>18,840,802</u>	<u>18,840.802</u>	<u>18,840,802</u>
<u>Debt Principal Payments</u>			
Bond Principal	4,190,000		
Capital Lease Payments	<u>212,476</u>		
Total Principal Payments	<u>4,402,476</u>	<u>4,402,476</u>	<u>4,402,476</u>
Total Adjustment to Net Assets		<u>23,243,278</u>	<u>23,243,278</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	2,643,609	(2,643,609)	
Uncollected taxes (assumed collectible) from Current Year Levy	2,913,502	2,913,502	2,913,502
Uncollected Taxes (assumed collectible) from Prior Year Levy	5,533,230		5,533,230
Other	<u>491,077</u>	<u>(348,061)</u>	<u>(491,077)</u>
Total		<u>(78,168)</u>	<u>7,955,655</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. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended August 31, 2006, expenditures exceeded appropriations in the Plant Maintenance and Operations function of the Child Nutrition Fund by \$45,406.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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 a governmental entity 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 entity 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 entity to have independent auditors perform test procedures related to investment practices as provided by the Act. LA JOYA INDEPENDENT SCHOOL DISTRICT is (is not) in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2006, LA JOYA INDEPENDENT SCHOOL DISTRICT had the following investments (dollar amounts are in thousands).

<u>Name</u>	<u>Market Value</u>	<u>Category</u>
LSNB Investment Pool		
Food Service	2	1
General	20	1
Debt Service	3	1
Construction	23	1
Health Insurance	3	1
Worker's Compensation	4	1
LSNB Select CD		
Food Service	6,684,364	1
General	56,373,071	1
Special Revenue	73,618	1
Debt Service	5,340,627	1
Construction	71,141,614	1
Health Insurance	9,499,696	1
Worker's Compensation	14,709,005	1
Unemployment	866,307	1
Tax Collection	574,024	1
Merit Scholarship	79,792	1
Total District Investments	\$165,342,173	

Additional policies and contractual provisions governing deposits and investments for LA JOYA INDEPENDENT SCHOOL DISTRICT are specified below:

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits its investments to Certificates of Deposit and Public Funds Investment Pools, collateralized by U.S. Government Securities. As of August 31, 2006, the district's investments were all in Select CD's, pledged by Irrevocable Standby Letter of Credit issued by the Federal Home Loan Bank of Dallas.

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the district complies with this law, it has

no custodial credit risk for deposits.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the investment portfolio shall be diversified in terms of investment instruments maturity scheduling, and financial institutions. To further limit the risk all of the District investments are collateralized by Irrevocable Standby Letter of Credit issued by the Federal Home Loan Bank of Dallas.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires that the investments shall be monitored by using the weighted average maturity and specific identification.

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, 2006, consisted of the following amounts:

	Due From Other Funds	Due To Other Funds
General Fund		
General Fund	1,280,584	1,280,584
Special Revenue Fund	1,855,908	127,926
Capital Projects Fund	-	171,643
Internal Service Fund	242,029	2,553,803
Trust & Agency Fund	416,281	-
Total General Fund	<u>3,794,802</u>	<u>4,133,957</u>
Special Revenue Fund		
General Fund	127,926	1,855,908
Special Revenue Fund	12,823	12,823
Total Special Revenue Fund	<u>140,749</u>	<u>1,868,731</u>
Debt Service Fund		
Trust & Agency Fund	44,833	-
Total Debt Service Fund	<u>44,833</u>	<u>-</u>
Capital Projects Fund		
General Fund	171,643	-
Total Capital Projects Fund	<u>171,643</u>	<u>-</u>
Internal Service Fund		
General Fund	2,553,803	242,029
Total Internal Service Fund	<u>2,553,803</u>	<u>242,029</u>
Trust & Agency Fund		
General Fund	-	416,281
Debt Service Fund	-	44,833
Total Trust & Agency Fund	<u>-</u>	<u>461,114</u>
Total	<u>6,705,830</u>	<u>6,705,830</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2006, 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	9,187,992	7,528,661	3,794,802	40,885	20,552,340
Special Revenue Fund	-	2,773,221	140,750		2,913,971
Debt Service	965,768	-	44,833		1,010,601
Capital Projects Fund	-	-	171,643		171,643
Internal Service Fund	-	-	2,553,803	1,697	2,555,500
Trust & Agency Fund	-	-	-	9,268	9,268
Total Governmental Activities	<u>10,153,760</u>	<u>10,301,882</u>	<u>6,705,830</u>	<u>51,850</u>	<u>27,213,322</u>
Less: Allowance allowed for Uncollectible	<u>(1,707,029)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,707,029)</u>
Net Total Receivable	<u>8,446,731</u>	<u>10,301,882</u>	<u>6,705,830</u>	<u>51,850</u>	<u>25,506,293</u>

Payables at August 31, 2006, 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	2,898,319	-	5,606,595	4,133,957	10	332,360	12,971,241
Special Revenue Fund	334,985	-	571,174	1,868,731	2,038	-	2,776,928
Debt Service	-	-	-	-	-	-	-
Capital Projects Fund	2,439,106	-	-	-	72,837	-	2,511,943
Internal Service Fund	253,516	-	-	242,029	-	-	495,545
Trust & Agency Fund	312,643	-	-	461,113	8,491	607,897	1,390,144
Total Governmental Activities	<u>6,238,569</u>	<u>-</u>	<u>6,177,769</u>	<u>6,705,830</u>	<u>83,376</u>	<u>940,257</u>	<u>20,145,801</u>

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2006, was as follows:

	Primary Government				
	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Governmental Activities:					
Land	\$10,095,999	\$215,967	-	-	\$10,311,966
Buildings and Improvements	200,528,675	7,321,385	-	981,853	208,831,913
Construction In Progress	981,853	10,292,049	-	(981,853)	10,292,049
Furniture and Equipment	7,620,776	715,502	(775,989)	(14,080)	7,546,209
Vehicles	12,469,794	257,049	(603,600)	52,931	12,176,174
Totals at Historic Cost	<u>231,697,097</u>	<u>18,801,951</u>	<u>(1,379,589)</u>	<u>38,851</u>	<u>249,158,309</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(45,205,742)	(5,107,714)	-	-	(50,313,456)
Furniture and Equipment	(6,445,837)	(502,085)	775,989	-	(6,171,932)
Vehicles	(7,635,652)	(1,099,282)	603,600	-	(8,131,334)
Total Accumulated Depreciation	<u>(59,287,231)</u>	<u>(6,709,081)</u>	<u>1,379,589</u>	<u>-</u>	<u>(64,616,723)</u>
Governmental Activities Capital Assets, Net	<u>\$172,409,866</u>	<u>\$12,092,870</u>	<u>-</u>	<u>\$38,851</u>	<u>\$184,541,587</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,721,657
Instructional Resources and Media Services	184,074
Curriculum Development and Instructional Staff Development	144,272
Instructional Leadership	92,602
School Leadership	321,488
Guidance, Counseling and Evaluation Services	273,668
Social Work Services	57,422
Health Services	54,822
Student (Pupil) Transportation	276,939
Food Services	424,641
Cocurricular/Extracurricular Activities	146,663
General Administration	191,053
Plant Maintenance and Operations	675,468
Security and Monitoring Service	81,183
Data Processing Services	28,972
Community Services	34,158
Total Depreciation Expense	\$6,709,081

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, 2006 is as follows:

DESCRIPTION	INTEREST RATE PAYABLE	AMOUNTS ORIGINAL ISSUE	INTEREST CURRENT YEAR	PAYABLE AMOUNTS OUTSTANDING 09-01-05	ISSUED	RETIRED	OUTSTANDING 08-31-2006
Refunding Bond Series 1992 - Issued 12/1/1992	5.27%	7,543,170	-	151,973	-	-	151,973
Unlimited Tax School Building Bonds - Series 1998, Issued 02-15-98	5.09%	43,000,000	893,831	18,050,000	-	1,225,000	16,825,000
Unlimited Tax School Building Bonds - Series 2000, Issued 08-01-2000	5.48%	47,200,000	318,995	6,720,000	-	1,210,000	5,510,000
Unlimited Tax School Building Bonds - Series 2004, Issued 08-15-2004	4.79%	81,340,000	3,876,950	80,045,000	-	1,340,000	78,705,000
Unlimited Tax Refunding Bonds - Series 2005	4.03%	63,175,000	3,321,247	63,175,000	-	415,000	62,760,000
Total			8,411,023	168,141,973	-	4,190,000	163,951,973

Series 1992 CAB Accreted Values

Maturity Date	Payment at Maturity	Number of CABS	Per \$5K Maturity:		Total CAB Accreted Values:	
			Accreted Value at 8/1/05	Accreted Value at 8/1/06	Accreted Value 8/1/2005	Accreted Value 8/1/2006
8/1/2012	\$ 1,965,000	393	\$ 3,152.27	\$ 3,367.01	\$ 1,238,842.11	\$ 1,323,234.93
8/1/2013	\$ 1,965,000	393	\$ 2,939.83	\$ 3,141.61	\$ 1,155,353.19	\$ 1,234,652.73
8/1/2014	\$ 1,965,000	393	\$ 2,739.05	\$ 2,928.47	\$ 1,076,446.65	\$ 1,150,888.71
8/1/2015	\$ 1,965,000	393	\$ 2,561.88	\$ 2,739.05	\$ 1,006,818.84	\$ 1,076,446.65
8/1/2016	\$ 1,965,000	393	\$ 2,383.46	\$ 2,549.53	\$ 936,699.78	\$ 1,001,965.29
8/1/2017	\$ 1,965,000	393	\$ 2,228.22	\$ 2,383.46	\$ 875,690.46	\$ 936,699.78
8/1/2018	\$ 1,965,000	393	\$ 2,083.08	\$ 2,228.22	\$ 818,650.44	\$ 875,690.46

\$ 7,108,501.47	\$ 7,599,578.55
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The Total Accreted Value for the Series 1992 Capital Appreciation Bonds at August 31, 2006 is \$7,599,578.55. The Accreted Values of the Series 1992 Capital Appreciation Bonds includes the principal amount of \$151,973 as of August 31, 2006.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On August 31, 2006, \$54,210,000 of bonds considered defeased are still outstanding.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2006.

The La Joya ISD passed an \$88,565,000 Unlimited Tax School Building Bonds on May 13, 2006. Bonds have a dated date of August 15, 2006. Delivery occurred on September 28, 2006, with a true interest rate of 4.63% and a final maturity date of 2036.

H. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES

Debt service requirements for bonds are as follows:

General Obligations

Year Ended August 31,	Principal	Interest	Total Requirements
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	6,845,000	6,829,075	13,674,075
2012-2016	28,931,062	39,536,132	68,467,194
2017-2021	37,415,900	25,480,613	62,896,513
2022-2026	34,225,000	12,034,263	46,259,263
2027-2031	19,895,000	6,182,138	26,077,138
2032-2036	<u>14,535,000</u>	<u>1,114,375</u>	<u>15,649,375</u>
Total	<u>163,951,962</u>	<u>121,483,353</u>	<u>285,435,315</u>

Notes Payable

La Joya ISD implemented the LoanSTAR project and 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,	Principal	Interest	Total Requirements
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>647,157</u>	<u>53,516</u>	<u>700,673</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 2004, 2005 and 2006 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, 2004, 2005 and 2006 were \$4,807,982, \$4,500,755, and \$5,320,588 respectively. LA JOYA INDEPENDENT SCHOOL DISTRICT paid additional state contributions for the years ended August 31, 2004, 2005, and 2006 in the amount of \$534,991, \$728,201 and \$850,751, 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, 2006, to \$100,000 for any individual participant and an aggregate limit equal to \$1,000,000.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2006, 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:

	Year Ended <u>August 31, 2005</u>	Year Ended <u>August 31, 2006</u>
Unpaid claims, beginning of the year	\$1,933,398	\$2,273,403
Incurred claims (including IBNR'S)	12,376,027	13,363,170
Claim Payments	<u>(12,036,022)</u>	<u>(15,394,301)</u>
Unpaid claims, end of fiscal year	<u>\$2,273,403</u>	<u>\$242,272</u>

K. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2006, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	168,141,974	-	4,190,000	163,951,974	4,635,000
Notes Payable	803,881	-	156,724	647,157	163,152
Total Bonds and Notes Payable	168,945,855	-	4,346,724	164,599,131	4,798,152
Other Liabilities:					
Capital Leases	55,752	-	55,752	-	-
Total Other Liabilities	55,752	-	55,752	-	-
Total Governmental Activities Long-term Liabilities	<u>169,001,607</u>	<u>-</u>	<u>4,402,476</u>	<u>164,599,131</u>	<u>4,798,152</u>

L. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Net Tax Revenue	\$7,646,120	\$ -	\$ 800,610	\$ 8,446,730
State Revenues (IFA & EDA)	-	-	715,249	715,249
Food Service (USDA Commodities)	99,442	-	-	99,442
Medicaid Admin. Claiming Program	-	273,735	-	273,735
Advanced Placement - Spanish	-	4,201	-	4,201
Teaching American History	-	78	-	78
Gear-Up Program	-	2,575	-	2,575
Advanced Placement Incentives	-	61,590	-	61,590
Technology Allotment	-	8,219	-	8,219
Laura Bush Foundation Grant	-	137	-	137
Loss Prevention Grant	-	4,704	-	4,704
Total Deferred Revenue	<u>\$7,745,562</u>	<u>\$355,240</u>	<u>\$1,515,859</u>	<u>\$ 9,616,661</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, 2006, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies

Fund	State Entitlements	Federal Grants	Other	Total
General	6,903,101	625,559	-	7,528,660
Special Revenue	<u>745,865</u>	<u>1,954,727</u>	<u>72,629</u>	<u>2,773,221</u>
Total	<u>7,648,966</u>	<u>2,580,286</u>	<u>72,629</u>	<u>10,301,881</u>

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	22,465,138	-	2,128,050	-	24,593,188
Penalties, Interest and Other Tax - related income	1,507,125	-	182,001	-	1,689,126
Investment Income	3,467,600	-	406,259	3,735,651	7,609,510
Food Sales	442,433	-	-	-	442,433
Co-curricular Student Activities	155,107	-	-	-	155,107
Other	697,306	139,960	-	-	837,266
Total	<u>28,734,708</u>	<u>139,960</u>	<u>2,716,311</u>	<u>3,735,651</u>	<u>35,326,630</u>

O. LITIGATION

The District is the defendant in several legal proceedings arising from its operations. The District administration believes the outcome of these proceedings, if not favorable to the district, will not materially affect the District's financial position and therefore no allowances have been made.

P. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The La Joya ISD has various projects under construction. The following is a schedule of these projects:

Project	Architect	Location	Projected Start Date	Projected Completion Date	Negotiated Contract Amount
Americo Paredes Elementary School	T.D.C.I. December 21, 2004	Bentsen Palm Drive & 4 1/2 Mile Line	Nov-05	Jan-07	6,615,000
Elementary School No. 22	Vitetta August 17, 2005	4 Mile Line & Liberty Boulevard	Jun-06	Dec-07	8,670,000
William J. Clinton Elementary School	Vitetta August 17, 2005	Pueblo De Palmas Subdivision	Jun-06	Dec-07	8,375,106
Dr. Javier Saenz Middle School	T.D.C.I. January 5, 2005	Pueblo De Palmas Subdivision	Mar-06	Aug-07	13,600,000
High School No. 4	ERO January 5, 2005	4 Mile Line & Bentsen Palm Drive	Mar-06	Jan-08	38,000,000

U. SUBSEQUENT EVENTS

The La Joya ISD passed an \$88,565,000 Unlimited Tax School Building Bonds on May 13, 2006. Bonds have a dated date of August 15, 2006. Delivery occurred on September 28, 2006, with a true interest rate of 4.63% and a final maturity date of 2036.

W. 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 2005-2006	\$ 12,405,469
b.) Subtract any non-medical expenditures	<u> 0</u>
c.) 2005-2006 Maintenance of Effort	<u><u>\$ 12,405,469</u></u>

X. PRIOR PERIOD ADJUSTMENT

The District recognized prior period adjustments in the Governmental Funds totaling \$152,997. 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 ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2006

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	\$ (11,009)	\$ 1,007,269	\$ (164,446)	\$ 1,511
1120	Investments - Current	-	73,618	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	15,910	767,258	279,807	197,750
1260	Due from Other Funds	203	22,833	-	40
1000	Total Assets	<u>\$ 5,104</u>	<u>\$ 1,870,978</u>	<u>\$ 115,361</u>	<u>\$ 199,301</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 1,041	\$ 8,775	\$ 590	\$ 50,398
2160	Accrued Wages Payable	-	351,427	55,509	91,816
2170	Due to Other Funds	4,063	1,510,776	59,262	55,464
2180	Due to Other Governments	-	-	-	1,623
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>5,104</u>	<u>1,870,978</u>	<u>115,361</u>	<u>199,301</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>\$ 5,104</u>	<u>\$ 1,870,978</u>	<u>\$ 115,361</u>	<u>\$ 199,301</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	272 Medicaid Admin. Claim MAC
\$ (377)	\$ (4,614)	\$ (31,269)	\$ (94,248)	\$ (13,493)	\$ (40,495)	\$ -	\$ 273,735
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,994	12,314	121,139	94,423	27,495	73,706	1,354	-
-	-	-	-	-	-	-	-
<u>\$ 1,617</u>	<u>\$ 7,700</u>	<u>\$ 89,870</u>	<u>\$ 175</u>	<u>\$ 14,002</u>	<u>\$ 33,211</u>	<u>\$ 1,354</u>	<u>\$ 273,735</u>
\$ -	\$ -	\$ 662	\$ -	\$ -	\$ -	\$ -	\$ -
1,093	390	59,466	-	-	8,530	-	-
524	7,310	29,742	175	14,002	24,681	1,354	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	273,735
<u>1,617</u>	<u>7,700</u>	<u>89,870</u>	<u>175</u>	<u>14,002</u>	<u>33,211</u>	<u>1,354</u>	<u>273,735</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,617</u>	<u>\$ 7,700</u>	<u>\$ 89,870</u>	<u>\$ 175</u>	<u>\$ 14,002</u>	<u>\$ 33,211</u>	<u>\$ 1,354</u>	<u>\$ 273,735</u>

LA JOYA ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2006

Data Control Codes	280 IDEA B Capacity Bldg & Improv	281 Title I Part A School Improv	282 Humanities Texas Grant	283 AP Spanish Grant	
ASSETS					
1110	Cash and Cash Equivalents	\$ (793)	\$ (36,467)	\$ -	\$ 4,201
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	1,118	47,694	1,500	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 325</u>	<u>\$ 11,227</u>	<u>\$ 1,500</u>	<u>\$ 4,201</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 3,219	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	325	8,008	1,500	-
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	4,201
2000	Total Liabilities	<u>325</u>	<u>11,227</u>	<u>1,500</u>	<u>4,201</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>\$ 325</u>	<u>\$ 11,227</u>	<u>\$ 1,500</u>	<u>\$ 4,201</u>

284 Workforce Solution Grant	285 Teaching American History	286 Hurricane Recovery Act	287 Target Grant	288 COPS Grant	289 Other Federal Special Revenue Funds	385 Visually Impaired	394 Life Skills Grant
\$ (1,023)	\$ (16,208)	\$ -	\$ -	\$ -	\$ (210,003)	\$ 30	\$ (4,080)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,298	24,203	13,432	-	-	272,331	-	6,371
81	-	-	-	-	-	-	-
<u>\$ 356</u>	<u>\$ 7,995</u>	<u>\$ 13,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,328</u>	<u>\$ 30</u>	<u>\$ 2,291</u>
\$ -	\$ 6,986	\$ -	\$ -	\$ -	\$ 53,636	\$ -	\$ 2,155
-	-	-	-	-	-	-	-
356	931	13,432	-	-	6,117	-	136
-	-	-	-	-	-	30	-
-	78	-	-	-	2,575	-	-
<u>356</u>	<u>7,995</u>	<u>13,432</u>	<u>-</u>	<u>-</u>	<u>62,328</u>	<u>30</u>	<u>2,291</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 356</u>	<u>\$ 7,995</u>	<u>\$ 13,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,328</u>	<u>\$ 30</u>	<u>\$ 2,291</u>

LA JOYA ISD
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2006

Data Control Codes	397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program	404 Accelerated Reading/Math Initiative	
ASSETS					
1110	Cash and Cash Equivalents	\$ 61,590	\$ (162,017)	\$ (16,217)	\$ (330,296)
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	-	203,807	16,217	474,194
1260	Due from Other Funds	-	13,784	-	-
1000	Total Assets	<u>\$ 61,590</u>	<u>\$ 55,574</u>	<u>\$ -</u>	<u>\$ 143,898</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 36,704	\$ -	\$ 129,303
2160	Accrued Wages Payable	-	2,940	-	-
2170	Due to Other Funds	-	15,930	-	14,595
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	61,590	-	-	-
2000	Total Liabilities	<u>61,590</u>	<u>55,574</u>	<u>-</u>	<u>143,898</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>\$ 61,590</u>	<u>\$ 55,574</u>	<u>\$ -</u>	<u>\$ 143,898</u>

411 Technology Allotment	415 Kindergarten and Pre-K Grants	418 Employee Health Insurance	421 Master Reading Teacher	429 Other State Special Revenue Funds	483 Laura Bush Grant	486 Order of Alhambra Grant	498 Loss Prevention Grant
\$ 162,204	\$ (9,672)	\$ (96,567)	\$ (13)	\$ -	\$ 5,000	\$ 49	\$ 4,704
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	45,277	-	-	-	-	-	-
-	-	103,795	13	-	-	-	-
<u>\$ 162,204</u>	<u>\$ 35,605</u>	<u>\$ 7,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 49</u>	<u>\$ 4,704</u>
\$ 36,657	\$ -	\$ -	\$ -	\$ -	\$ 4,863	\$ -	\$ -
-	-	-	-	-	-	-	-
7,130	35,605	6,843	-	-	-	49	-
-	-	385	-	-	-	-	-
8,219	-	-	-	-	137	-	4,704
<u>52,006</u>	<u>35,605</u>	<u>7,228</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>49</u>	<u>4,704</u>
-	-	-	-	-	-	-	-
110,198	-	-	-	-	-	-	-
<u>110,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 162,204</u>	<u>\$ 35,605</u>	<u>\$ 7,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 49</u>	<u>\$ 4,704</u>

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LA JOYA ISD
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2006

Data Control Codes	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ (22,207)	\$ 254,779	\$ 34	\$ 254,813
1120	Investments - Current	-	73,618	5,340,629	5,414,247
1220	Property Taxes - Delinquent	-	-	965,768	965,768
1230	Allowance for Uncollectible Taxes (Credit)	-	-	(165,158)	(165,158)
1240	Due from Other Governments	72,629	2,773,221	-	2,773,221
1260	Due from Other Funds	-	140,749	44,833	185,582
1000	Total Assets	<u>\$ 50,422</u>	<u>\$ 3,242,367</u>	<u>\$ 6,186,106</u>	<u>\$ 9,428,473</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 334,989	\$ -	\$ 334,989
2160	Accrued Wages Payable	-	571,171	-	571,171
2170	Due to Other Funds	50,422	1,868,732	-	1,868,732
2180	Due to Other Governments	-	2,038	-	2,038
2300	Deferred Revenues	-	355,239	1,515,859	1,871,098
2000	Total Liabilities	<u>50,422</u>	<u>3,132,169</u>	<u>1,515,859</u>	<u>4,648,028</u>
Fund Balances:					
Reserved For:					
3420	Retirement of Long Term Debt	-	-	4,670,247	4,670,247
3490	Other Purposes	-	110,198	-	110,198
3000	Total Fund Balances	<u>-</u>	<u>110,198</u>	<u>4,670,247</u>	<u>4,780,445</u>
4000	Total Liabilities and Fund Balances	<u>\$ 50,422</u>	<u>\$ 3,242,367</u>	<u>\$ 6,186,106</u>	<u>\$ 9,428,473</u>

LA JOYA ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2006

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	209,892	13,791,966	2,913,728
5020	Total Revenues	<u>209,892</u>	<u>13,791,966</u>	<u>2,913,728</u>
EXPENDITURES:				
Current:				
0011	Instruction	31,324	11,123,929	2,022,507
0012	Instructional Resources and Media Services	-	252,838	-
0013	Curriculum and Instructional Staff Development	-	837,758	11,806
0021	Instructional Leadership	20,567	302,383	169,407
0023	School Leadership	-	61,641	-
0031	Guidance, Counseling and Evaluation Services	157,987	78,654	66,117
0032	Social Work Services	-	533,046	476,698
0033	Health Services	-	22,415	6,362
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	74,894
0036	Cocurricular/Extracurricular Activities	-	-	-
0041	General Administration	-	29,469	273
0051	Plant Maintenance and Operations	14	28,915	2,112
0052	Security and Monitoring Services	-	16,245	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	504,673	158,446
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>209,892</u>	<u>13,791,966</u>	<u>2,913,728</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
1300	Increase (Decrease) in Fund Balance	-	-	-
3000	Fund Balance - August 31 (Ending)	<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	272 Medicaid Admin. Claim MAC
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
25,373	425,349	1,535,537	200,129	352,813	1,319,654	83,174	-
<u>25,373</u>	<u>425,349</u>	<u>1,535,537</u>	<u>200,129</u>	<u>352,813</u>	<u>1,319,654</u>	<u>83,174</u>	<u>-</u>
25,373	399,775	1,010,612	33,910	-	1,106,741	67,486	-
-	-	-	-	-	-	-	-
-	-	514,588	150,648	352,430	198,022	11,799	-
-	-	5,745	-	-	14,891	2,118	-
-	-	4,273	11,688	-	-	-	-
-	25,574	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	319	-	-	-	1,364	-
-	-	-	-	-	-	407	-
-	-	-	-	-	-	-	-
-	-	-	3,883	383	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>25,373</u>	<u>425,349</u>	<u>1,535,537</u>	<u>200,129</u>	<u>352,813</u>	<u>1,319,654</u>	<u>83,174</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LA JOYA ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	280 IDEA B Capacity Bldg & Improv	281 Title I Part A School Improv	282 Humanities Texas Grant	283 AP Spanish Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	13,574	312,184	1,500	-
5020 Total Revenues	<u>13,574</u>	<u>312,184</u>	<u>1,500</u>	<u>-</u>
EXPENDITURES:				
Current:				
0011 Instruction	13,574	152,644	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	121,747	-	-
0021 Instructional Leadership	-	28,500	-	-
0023 School Leadership	-	1,977	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	1,500	-
0041 General Administration	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	7,316	-	-
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>13,574</u>	<u>312,184</u>	<u>1,500</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

284 Workforce Solution Grant	285 Teaching American History	286 Hurricane Recovery Act	287 Target Grant	288 COPS Grant	289 Other Federal Special Revenue Funds	385 Visually Impaired	394 Life Skills Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	69,628
35,618	326,928	33,681	677,633	21,069	950,746	2,827	-
<u>35,618</u>	<u>326,928</u>	<u>33,681</u>	<u>677,633</u>	<u>21,069</u>	<u>950,746</u>	<u>2,827</u>	<u>69,628</u>
22,644	32,545	33,681	413,650	-	383,185	2,827	58,997
-	-	-	-	-	-	-	-
-	294,383	-	242,099	-	23,321	-	-
12,974	-	-	-	-	-	-	-
-	-	-	-	-	9,716	-	9,508
-	-	-	-	-	396,125	-	1,123
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	21,069	-	-	-
-	-	-	-	-	-	-	-
-	-	-	21,884	-	138,399	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>35,618</u>	<u>326,928</u>	<u>33,681</u>	<u>677,633</u>	<u>21,069</u>	<u>950,746</u>	<u>2,827</u>	<u>69,628</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

LA JOYA ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program	404 Accelerated Reading/Math Initiative
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	12,254	359,922	162,166	1,221,908
5900 Federal Program Revenues	-	-	-	55,156
5020 Total Revenues	<u>12,254</u>	<u>359,922</u>	<u>162,166</u>	<u>1,277,064</u>
EXPENDITURES:				
Current:				
0011 Instruction	2,715	151,174	162,166	1,247,507
0012 Instructional Resources and Media Services	-	602	-	-
0013 Curriculum and Instructional Staff Development	9,539	168,565	-	29,557
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	6,591	-	-
0031 Guidance, Counseling and 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	-	2,776	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	30,214	-	-
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>12,254</u>	<u>359,922</u>	<u>162,166</u>	<u>1,277,064</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

411 Technology Allotment	415 Kindergarten and Pre-K Grants	418 Employee Health Insurance	421 Master Reading Teacher	429 Other State Special Revenue Funds	483 Laura Bush Grant	486 Order of Alhambra Grant	498 Loss Prevention Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,863	\$ 49	\$ 2,662
609,559	444,113	1,499,031	20,000	25	-	-	-
-	-	-	-	-	-	-	-
<u>609,559</u>	<u>444,113</u>	<u>1,499,031</u>	<u>20,000</u>	<u>25</u>	<u>4,863</u>	<u>49</u>	<u>2,662</u>
5,384	444,113	875,111	20,000	25	4,863	49	1,525
518,252	-	41,743	-	-	-	-	-
-	-	1,000	-	-	-	-	-
-	-	10,498	-	-	-	-	-
-	-	59,407	-	-	-	-	-
-	-	63,198	-	-	-	-	-
-	-	15,123	-	-	-	-	-
-	-	18,997	-	-	-	-	-
-	-	102,067	-	-	-	-	-
-	-	99,588	-	-	-	-	-
-	-	1,291	-	-	-	-	-
-	-	29,079	-	-	-	-	1,137
-	-	135,853	-	-	-	-	-
-	-	28,412	-	-	-	-	-
-	-	3,000	-	-	-	-	-
-	-	14,664	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>523,636</u>	<u>444,113</u>	<u>1,499,031</u>	<u>20,000</u>	<u>25</u>	<u>4,863</u>	<u>49</u>	<u>2,662</u>
85,923	-	-	-	-	-	-	-
30,158	-	-	-	-	-	-	-
(5,883)	-	-	-	-	-	-	-
<u>\$ 110,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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LA JOYA ISD
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2006

Data Control Codes	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 129,558	\$ 137,132	\$ 2,716,310	\$ 2,853,442
5800	State Program Revenues	-	4,398,606	10,263,032	14,661,638
5900	Federal Program Revenues	-	26,511,083	-	26,511,083
5020	Total Revenues	<u>129,558</u>	<u>31,046,821</u>	<u>12,979,342</u>	<u>44,026,163</u>
EXPENDITURES:					
Current:					
0011	Instruction	124,908	22,643,577	-	22,643,577
0012	Instructional Resources and Media Services	-	813,853	-	813,853
0013	Curriculum and Instructional Staff Development	4,113	2,984,432	-	2,984,432
0021	Instructional Leadership	-	653,755	-	653,755
0023	School Leadership	-	164,801	-	164,801
0031	Guidance, Counseling and Evaluation Services	-	1,161,684	-	1,161,684
0032	Social Work Services	-	1,024,867	-	1,024,867
0033	Health Services	-	47,774	-	47,774
0034	Student (Pupil) Transportation	-	176,961	-	176,961
0035	Food Services	-	99,588	-	99,588
0036	Cocurricular/Extracurricular Activities	-	2,791	-	2,791
0041	General Administration	-	59,958	-	59,958
0051	Plant Maintenance and Operations	-	171,353	-	171,353
0052	Security and Monitoring Services	-	66,133	-	66,133
0053	Data Processing Services	-	3,000	-	3,000
0061	Community Services	537	886,371	-	886,371
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	4,190,000	4,190,000
0072	Debt Service - Interest on Long Term Debt	-	-	8,411,023	8,411,023
0073	Debt Service - Bond Issuance Cost and Fees	-	-	5,223	5,223
6030	Total Expenditures	<u>129,558</u>	<u>30,960,898</u>	<u>12,606,246</u>	<u>43,567,144</u>
1200	Net Change in Fund Balance	-	85,923	373,096	459,019
0100	Fund Balance - September 1 (Beginning)	-	30,158	4,265,388	4,295,546
1300	Increase (Decrease) in Fund Balance	-	(5,883)	31,763	25,880
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 110,198</u>	<u>\$ 4,670,247</u>	<u>\$ 4,780,445</u>

LA JOYA ISD
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2006

	752	753
	Print Shop	Insurance
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 90,207	\$ (1,110,802)
Investments - Current	-	9,499,700
Due from Other Funds	159,832	2,125,462
Other Receivables	-	-
Total Current Assets	<u>250,039</u>	<u>10,514,360</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>250,039</u>	<u>10,514,360</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	8,587	243,887
Due to Other Funds	<u>241,452</u>	<u>-</u>
Total Liabilities	<u>250,039</u>	<u>243,887</u>
NET ASSETS		
Unrestricted Net Assets	<u>-</u>	<u>10,270,473</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 10,270,473</u>

770 Workers Compensation Fund	780 Unemployment Compensation Fund	Total Internal Service Funds
\$ 323,352	\$ 6,074	\$ (691,169)
14,709,009	866,307	25,075,016
263,944	4,565	2,553,803
1,697	-	1,697
<u>15,298,002</u>	<u>876,946</u>	<u>26,939,347</u>
-	-	137,952
-	-	(137,952)
<u>-</u>	<u>-</u>	<u>-</u>
<u>15,298,002</u>	<u>876,946</u>	<u>26,939,347</u>
1,042	-	253,516
577	-	242,029
<u>1,619</u>	<u>-</u>	<u>495,545</u>
<u>15,296,383</u>	<u>876,946</u>	<u>26,443,802</u>
<u>\$ 15,296,383</u>	<u>\$ 876,946</u>	<u>\$ 26,443,802</u>

LA JOYA ISD
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2006

	752	753
	Print Shop	Insurance
<hr/>		
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 200,207	\$ 16,987,125
Total Operating Revenues	<u>200,207</u>	<u>16,987,125</u>
OPERATING EXPENSES:		
Payroll Costs	67,477	1,220
Professional and Contracted Services	82,867	4,121
Supplies and Materials	69,835	7,590
Other Operating Costs	-	15,713,232
Total Operating Expenses	<u>220,179</u>	<u>15,726,163</u>
Income (Loss) Before Transfers	(19,972)	1,260,962
Transfer In	<u>159,833</u>	<u>-</u>
Operating Income (Loss)	139,861	1,260,962
Total Net Assets - September 1 (Beginning)	<u>(139,861)</u>	<u>9,009,511</u>
Total Net Assets - August 31 (Ending)	<u>\$ -</u>	<u>\$ 10,270,473</u>

770 Workers Compensation Fund	780 Unemployment Compensation Fund	Total Internal Service Funds
\$ 4,891,150	\$ 99,849	\$ 22,178,331
<u>4,891,150</u>	<u>99,849</u>	<u>22,178,331</u>
-	-	68,697
1,787	-	88,775
17,162	-	94,587
<u>1,103,424</u>	<u>45,265</u>	<u>16,861,921</u>
<u>1,122,373</u>	<u>45,265</u>	<u>17,113,980</u>
3,768,777	54,584	5,064,351
-	-	159,833
<u>3,768,777</u>	<u>54,584</u>	<u>5,224,184</u>
<u>11,527,606</u>	<u>822,362</u>	<u>21,219,618</u>
<u>\$ 15,296,383</u>	<u>\$ 876,946</u>	<u>\$ 26,443,802</u>

LA JOYA ISD
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2006

	752	753
	Print Shop	Insurance
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 200,207	\$ 16,987,125
Cash Received from Assessments - Other Funds	159,833	-
Cash Payments to Employees for Services	(67,477)	(1,220)
Cash Payments for Insurance Claims	-	(15,713,232)
Cash Payments for Suppliers	(69,835)	(7,590)
Cash Payments for Other Operating Expenses	(82,867)	(4,121)
Net Cash Provided by (Used for) Operating Activities	<u>139,861</u>	<u>1,260,962</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Capital Contributed by Other Funds	<u>159,833</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	-
Proceeds from Sale & Maturities of Securities	-	2,716,639
Net Cash Provided by (Used for) Investing Activities	<u>-</u>	<u>2,716,639</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(8,118)	(177,868)
Cash and Cash Equivalents at Beginning of the Year:	<u>98,325</u>	<u>(932,934)</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 90,207</u>	<u>\$ (1,110,802)</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ (19,972)	\$ 1,260,962
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(157,567)	(2,125,443)
Increase (decrease) in Accounts Payable	8,587	(2,029,581)
Increase (decrease) in	<u>1,001</u>	<u>(445)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (167,951)</u>	<u>\$ (2,894,507)</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>		
Cash and Cash Equivalents on Balance Sheet	<u>\$ 90,207</u>	<u>\$ (1,110,802)</u>

770 Workers Compensation Fund	780 Unemployment Compensation Fund	Total Internal Service Funds
\$ 4,891,150	\$ 99,849	\$ 22,178,331
-	-	159,833
-	-	(68,697)
(1,103,426)	(45,265)	(16,861,923)
(17,162)	-	(94,587)
(1,785)	-	(88,773)
<u>3,768,777</u>	<u>54,584</u>	<u>5,224,184</u>
-	-	159,833
(3,457,360)	(57,434)	(3,514,794)
-	-	2,716,639
<u>(3,457,360)</u>	<u>(57,434)</u>	<u>(798,155)</u>
285,156	(3,318)	95,852
38,196	9,392	(787,021)
<u>\$ 323,352</u>	<u>\$ 6,074</u>	<u>\$ (691,169)</u>
\$ 3,768,777	\$ 54,584	\$ 5,064,351
(26,383)	(463)	(2,309,856)
507	-	(2,020,487)
(385)	(5)	166
<u>\$ 3,742,516</u>	<u>\$ 54,116</u>	<u>\$ 734,174</u>
<u>\$ 323,352</u>	<u>\$ 6,074</u>	<u>\$ (691,169)</u>

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T.E.A. REQUIRED SCHEDULES

LA JOYA ISD
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2006

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1997 and prior years	Various	Various	\$ Various
1998	1.208300	0.258000	758,137,238
1999	1.242200	0.313800	832,821,799
2000	1.454400	0.101600	839,498,732
2001	1.329300	0.126500	1,003,130,163
2002	1.410400	0.117600	1,251,488,277
2003	1.500000	0.069900	1,212,391,175
2004	1.500000	0.069900	1,212,424,732
2005	1.500000	0.142000	1,469,147,866
2006 (School year under audit)	1.500000	0.142000	1,556,061,225
1000 TOTALS			

(10) Beginning Balance 9/1/2005	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2006
\$ 1,226,978	\$ -	\$ 101,362	\$ 40,485	\$ (6,981)	\$ 1,078,150
298,166	-	35,609	7,603	(2,559)	252,395
335,757	-	43,936	11,099	(2,420)	278,302
432,143	-	78,567	5,488	(1,733)	346,355
596,518	-	124,628	11,860	1,192	461,222
780,610	-	167,715	13,984	(67)	598,844
1,113,495	-	292,141	13,614	(1,555)	806,185
1,503,808	-	449,258	20,935	(2,298)	1,031,317
3,337,604	-	1,106,884	104,785	(62,171)	2,063,764
-	25,234,461	20,051,382	1,898,197	(47,656)	3,237,226
<u>\$ 9,625,079</u>	<u>\$ 25,234,461</u>	<u>\$ 22,451,482</u>	<u>\$ 2,128,050</u>	<u>\$ (126,248)</u>	<u>\$ 10,153,760</u>

LA JOYA ISD
SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2007-2008
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2006

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	\$ -	\$ 218,023	\$ 422,366	\$ -	\$ -	\$ -	\$ 640,389
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	227,271	-	-	-	227,271
6212	Audit Services	-	-	-	-	-	-	-
6213	Tax Appraisal and Collection	-	212,316	-	-	-	-	212,316
621X	Other Professional Services	-	-	12,264	-	-	-	12,264
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	81,146	-	81,146
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	4,870	12,080	-	-	-	16,950
6290	Miscellaneous Contr.	-	40,372	26,963	-	-	-	67,335
6320	Textbooks and Reading	-	-	5,460	-	-	-	5,460
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	5,624	10,857	3,573	-	-	-	20,054
6410	Travel, Subsistence, Stipends	18,955	3,800	10,402	-	-	-	33,157
6420	Ins. and Bonding Costs	-	2,500	71	-	-	-	2,571
6430	Election Costs	2,994	-	-	-	-	-	2,994
6490	Miscellaneous Operating	11,874	565	102,651	-	-	-	115,090
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 39,447	\$ 493,303	\$ 823,101	\$ -	\$ 81,146	\$ -	\$ 1,436,997

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 194,861,619

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$	998,708
Total Debt & Lease(6500)	(11)	242,598
Plant Maintenance (Function 51, 6100-6400)	(12)	-
Food (Function 35, 6341 and 6499)	(13)	-
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		-

SubTotal: 1,241,306

Net Allowed Direct Cost \$ 193,620,313

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$	219,123,962
Historical Cost of Building over 50 years old	(16) \$	1,623,344
Amount of Federal Money in Building Cost (Net of #16)	(17) \$	-
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$	7,546,209
Historical Cost of Furniture & Equipment over 16 years old	(19) \$	91,112
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$	-

(8) NOTE A: No amounts in Function 53 expenditures are included in this report on administrative costs.

LA JOYA ISD
 FUNDBALANCE AND CASHFLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2006

UNAUDITED

1	Total General Fund Balance as of 8/31/06 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 64,776,364
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 8,933,677	
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 (9/1/06-5/31/07).	15,000,000	
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>43,933,677</u>	
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ 20,842,687</u>

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund 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. The District is planning on opening two new elementaries and one middle school during the 2007-2008 school year.

LA JOYA ISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2006

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	\$ 398,000	\$ 398,000	\$ 706,289	\$ 308,289
5800 State Program Revenues	105,000	105,000	103,111	(1,889)
5900 Federal Program Revenues	12,147,980	12,147,980	13,167,350	1,019,370
5020 Total Revenues	12,650,980	12,650,980	13,976,750	1,325,770
EXPENDITURES:				
0035 Food Services	12,205,980	12,716,080	12,173,323	542,757
0051 Plant Maintenance and Operations	445,000	445,000	490,406	(45,406)
6030 Total Expenditures	12,650,980	13,161,080	12,663,729	497,351
1200 Net Change in Fund Balances	-	(510,100)	1,313,021	1,823,121
0100 Fund Balance - September 1 (Beginning)	5,227,543	5,227,543	5,227,543	-
3000 Fund Balance - August 31 (Ending)	\$ 5,227,543	\$ 4,717,443	\$ 6,540,564	\$ 1,823,121

LA JOYA ISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2006

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	\$ 2,141,685	\$ 2,141,685	\$ 2,716,310	\$ 574,625
5800	State Program Revenues	11,563,250	11,563,250	10,263,032	(1,300,218)
5020	Total Revenues	13,704,935	13,704,935	12,979,342	(725,593)
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	13,739,935	5,155,000	4,190,000	965,000
0072	Debt Service - Interest on Long Term Debt	-	8,549,935	8,411,023	138,912
0073	Debt Service - Bond Issuance Cost and Fees	-	35,000	5,223	29,777
6030	Total Expenditures	13,739,935	13,739,935	12,606,246	1,133,689
1200	Net Change in Fund Balances	(35,000)	(35,000)	373,096	408,096
0100	Fund Balance - September 1 (Beginning)	-	4,297,151	4,265,388	(31,763)
1300	Increase (Decrease) in Fund Balance	-	-	31,763	31,763
3000	Fund Balance - August 31 (Ending)	\$ (35,000)	\$ 4,262,151	\$ 4,670,247	\$ 408,096

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FEDERAL AWARDS

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 ISD
110 E EXPRESSWAY 83
LA JOYA, Texas 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 ISD (the District) as of and for the year ended August 31, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2006.

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 ISD'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 ISD'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)
Reynas & Garza, CPA's

December 1, 2006

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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 ISD
110 E EXPRESSWAY 83
LA JOYA, Texas 78560

Members of the Board:

Compliance

We have audited the compliance of LA JOYA ISD 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, 2006. 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 ISD'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 ISD'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 ISD's compliance with those requirements.

In our opinion, LA JOYA ISD 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, 2006.

Internal Control Over Compliance

The administration of LA JOYA ISD 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 controls 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 ISD as of and for the year ended August 31, 2006 and have issued our report thereon dated December 1, 2006. 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, CPA's

December 1, 2006

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2006

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? Reportable Condition(s) identified which were not considered material weaknesses?	No 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.	\$1,173,505
G.	Auditee qualified as a low-risk auditee?	Yes
H.	Major Federal Program(s)	USDA Cluster IDEA Part B, Formula IDEA Part B, Preschool Title III, Part A-LEP

**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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2006

There were no prior year findings to report.

LA JOYA ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2006

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs:</u>			
COPS Grant	16.71	2002SHWX0470	\$ 21,069
Total Direct Programs			\$ 21,069
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ 21,069
NATIONAL ENDOWEMENT FOR THE HUMANITIES			
<u>Passed Through Humanities Texas</u>			
Humanities Texas Grant	45.129	HTX-2006-3260	\$ 1,500
Total Passed Through Humanities Texas			\$ 1,500
TOTAL NATIONAL ENDOWEMENT FOR THE HUMANITIES			\$ 1,500
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Gear-Up Program	84.334A	P334A010001A	\$ 950,746
Teaching American History Grant	84.215X	U215x030111	326,928
Total Direct Programs			\$ 1,277,674
<u>Passed Through State Department of Education</u>			
ESEA Title IV - Safe and Drug-Free Schools	84.186A	6691001108912	\$ 204,986
ESEA Title IV - Safe and Drug-Free Schools	84.186A	7691001108912	4,906
Total CFDA Number 84.186A			209,892
ESEA, Title I, Part A - Improving Basic Programs	84.010A	6610101108912	13,381,706
ESEA, Title I, Part A - Improving Basic Programs	84.010A	7610101108912	410,260
Title I, Part A School Improvement Pgm	84.010A	5610104108912000	276,360
Title I, Part A School Improvement Pgm	84.010A	06610104108912004	35,824
Total CFDA Number 84.010A			14,104,150
ESEA, Title I, Part C - Migratory Children	84.011A	6615001108912	2,721,475
ESEA, Title I, Part C - Migratory Children	84.011A	7615001108912	192,253
Total CFDA Number 84.011A			2,913,728
IDEA - Part B, Formula	84.027	66600011089126600	3,063,820
IDEA - Part B, Formula	84.027	76600011089126600	158,732
IDEA - Part B, Capacity Building & Imp.	84.027	66600041089126600	13,574
Total CFDA Number 84.027			3,236,126
IDEA - Part B, Preschool	84.173	66610011089126600	24,280
IDEA - Part B, Preschool	84.173	76610011089126600	1,093
Total CFDA Number 84.173			25,373
Vocational Education - Basic Grant	84.048	642000610891201	421,559
Vocational Education - Basic Grant	84.048	742000610891201	3,790
Total CFDA Number 84.048			425,349
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	6694501108912	1,463,905
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	7694501108912	71,632
Total CFDA Number 84.367A			1,535,537
ESEA, Title I, Part F, Comprehensive School Reform	84.010B	5616002710047	32,045
ESEA, Title I, Part F, Comprehensive School Reform	84.010B	66160027110065	73,597
ESEA, Title I, Part F, Comprehensive School Reform	84.010B	66160017110070	94,487
Total CFDA Number 84.010B			200,129

LA JOYA ISD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2006

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Title II, Part D -Enhancing Ed. Through Technology	84.318X	6630001108912	\$ 338,965
Title II, Part D -Enhancing Ed. Through Technology	84.318X	7630001108912	13,848
Target Grant	84.318X	666300027110034	641,708
Target Grant	84.318X	0463000221401344	35,925
Total CFDA Number 84.318X			1,030,446
Title III, Part A - English Language Acquisition	84.365A	6671001108912	1,302,913
Title III, Part A - English Language Acquisition	84.365A	7671001108912	16,741
Total CFDA Number 84.365A			1,319,654
Title V, Part A - Innovative Programs	84.298A	6685001108912	83,174
Hurricane Recovery Act	84.938C	06520301108912	33,681
Total Passed Through State Department of Education			\$ 25,117,239
TOTAL DEPARTMENT OF EDUCATION			\$ 26,394,913
U.S. DEPARTMENT OF LABOR			
<u>Passed Through the LRGV Development Board</u>			
Workforce Solution Grant	17.259		\$ 35,618
Total Passed Through the LRGV Development Board			\$ 35,618
TOTAL DEPARTMENT OF LABOR			
			\$ 35,618
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast & Lunch Program*	10.553		\$ 4,267,060
National School Breakfast & Lunch Program*	10.555		8,214,573
Food Distribution	10.550		685,717
Total Passed Through the State Department of Agriculture			\$ 13,167,350
TOTAL DEPARTMENT OF AGRICULTURE			
			\$ 13,167,350
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 39,620,450

*Clustered Programs as required by Compliance Supplement March, 2004

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2006

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 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.