

**LA JOYA INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT FOR THE  
YEAR ENDED**

**AUGUST 31, 2007**



LA JOYA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2007

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CERTIFICATE OF BOARD

LA JOYA INDEPENDENT SCHOOL DISTRICT  
Name of School District

Hidalgo  
County

108912  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2007 at a meeting of the Board of Trustees of such school district on the 23rd day of January, 2008.

(Signature on File)

\_\_\_\_\_  
Signature of Board Secretary

(Signature on File)

\_\_\_\_\_  
Signature of Board President

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

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# Reyna & Garza, PLLC

Certified Public Accountants

4416 S. McColl Road

Edinburg, TX 78539

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

Independent Auditor's Report

Board of Trustees  
LA JOYA INDEPENDENT SCHOOL DISTRICT  
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 INDEPENDENT SCHOOL DISTRICT (the District) as of and for the year ended August 31, 2007, 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, 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 INDEPENDENT SCHOOL DISTRICT as of August 31, 2007, 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 4, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise LA JOYA INDEPENDENT SCHOOL DISTRICT's basic financial statements.

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

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 4, 2007*



# Management's Discussion and Analysis

## LA JOYA INDEPENDENT SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the La Joya Independent School District's Annual Financial and Compliance Report, we, the managers of LA JOYA ISD, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2007. Please read it in conjunction with the independent auditors' report on page 1, and the District's Basic Financial Statements which begin on page 10.

#### FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$18.3 million as a result of this year's operations.
- During the year, the District had expenses that were \$27.1 million more than the \$247.1 million generated in tax and other revenues for governmental programs. This compares to last year when expenses were \$2.2 million more than the \$223.1 million in revenues.
- Total cost of all of the District's programs increased by \$48.98 million.
- The General Fund ended the year with a fund balance of \$69.97 million.

#### 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 23) 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 of 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 nonfinancial 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 on 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 programs and the print shop.

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for monies raised by third parties. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets on pages 22. 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 \$185,749,765 to \$204,014,779. 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 \$61,866,431 at August 31, 2007.

In 2007, net assets of our government-type activities increased by \$18,265,014, about 9.83 percent.

**Table I**  
**LA JOYA INDEPENDENT SCHOOL DISTRICT**  
**NET ASSETS**

|  | <b>Governmental Activities</b> |                    | <b>Business-type Activities</b> |             | <b>Total</b>       |                    |
|--|--------------------------------|--------------------|---------------------------------|-------------|--------------------|--------------------|
|  | <b>2007</b>                    | <b>2006</b>        | <b>2007</b>                     | <b>2006</b> | <b>2007</b>        | <b>2006</b>        |
| Current and other assets                           | 263,665,830                    | 186,935,781        | -                               | -           | 263,665,830        | 186,935,781        |
| Capital assets                                     | 222,175,678                    | 184,541,586        | -                               | -           | 222,175,678        | 184,541,586        |
| Total assets                                       | <u>485,841,508</u>             | <u>371,477,367</u> | <u>-</u>                        | <u>-</u>    | <u>485,841,508</u> | <u>371,477,367</u> |
| Long-term liabilities                              | 248,528,737                    | 167,248,583        | -                               | -           | 248,528,737        | 167,248,583        |
| Other liabilities                                  | 33,297,992                     | 18,479,019         | -                               | -           | 33,297,992         | 18,479,019         |
| Total liabilities                                  | <u>281,826,729</u>             | <u>185,727,602</u> | <u>-</u>                        | <u>-</u>    | <u>281,826,729</u> | <u>185,727,602</u> |
| Net Assets:  |                                |                    |                                 |             |                    |                    |
| Invested in capital assets,<br>net of related debt | (32,719,906)                   | 12,494,851         | -                               | -           | (32,719,906)       | 12,494,851         |
| Restricted-Federal and<br>State Programs           | 8,420,974                      | 6,516,193          | -                               | -           | 8,420,974          | 6,516,193          |
| Restricted-Debt Service                            | 5,182,248                      | 4,670,247          | -                               | -           | 5,182,248          | 4,670,247          |
| Restricted-Capital projects                        | 161,265,032                    | 73,340,413         | -                               | -           | 161,265,032        | 73,340,413         |
| Unrestricted                                       | 61,866,431                     | 88,728,062         | -                               | -           | 61,866,431         | 88,728,062         |
| Total Net Assets                                   | <u>204,014,779</u>             | <u>185,749,766</u> | <u>-</u>                        | <u>-</u>    | <u>204,014,779</u> | <u>185,749,766</u> |

**TABLE II**  
**LA JOYA INDEPENDENT SCHOOL DISTRICT**  
**CHANGES IN NET ASSETS**

|                                       | <b>Governmental Activities</b> |             | <b>Business-type Activities</b> |             | <b>Total</b> |             |
|---------------------------------------|--------------------------------|-------------|---------------------------------|-------------|--------------|-------------|
|                                       | <b>2007</b>                    | <b>2006</b> | <b>2007</b>                     | <b>2006</b> | <b>2007</b>  | <b>2006</b> |
| Revenues:                             |                                |             |                                 |             |              |             |
| Program Revenues:                     |                                |             |                                 |             |              |             |
| Charges for Services                  | 944,448                        | 983,039     | -                               | -           | 944,448      | 983,039     |
| Operating Grants and<br>Contributions | 34,699,235                     | 36,281,407  | -                               | -           | 34,699,235   | 36,281,407  |
| General Revenues:                     |                                |             |                                 |             |              |             |
| Maintenance and<br>Operations Taxes   | 23,721,755                     | 22,855,938  | -                               | -           | 23,721,755   | 22,855,938  |
| Debt Service Taxes                    | 3,635,940                      | 2,150,159   | -                               | -           | 3,635,940    | 2,150,159   |

|   |                    |                    |          |          |                    |                    |
|---|--------------------|--------------------|----------|----------|--------------------|--------------------|
| State Aid Formula Grants                                  | 168,573,511        | 151,615,293        | -        | -        | 168,573,511        | 151,615,293        |
| Investment Earnings                                       | 12,789,626         | 7,609,510          | -        | -        | 12,789,626         | 7,609,510          |
| Miscellaneous   | 2,801,168          | 2,306,566          | -        | -        | 2,801,168          | 2,306,566          |
| <b>Total Revenue</b>                                      | <b>247,165,683</b> | <b>223,801,912</b> | <b>-</b> | <b>-</b> | <b>247,165,683</b> | <b>223,801,912</b> |
| <b>Expenses:</b>  |                    |                    |          |          |                    |                    |
| Instruction, curriculum and media services                | 128,252,452        | 117,968,084        | -        | -        | 128,252,452        | 117,968,084        |
| Instructional/school leadership                           | 13,863,721         | 12,086,248         | -        | -        | 13,863,721         | 12,086,248         |
| Guidance, social work health, transportation              | 24,092,239         | 19,218,191         | -        | -        | 24,092,239         | 19,218,191         |
| Food Services   | 13,500,057         | 12,213,771         | -        | -        | 13,500,057         | 12,213,771         |
| Co-curricular activities                                  | 4,843,892          | 4,262,260          | -        | -        | 4,843,892          | 4,262,260          |
| General admin   | 5,928,611          | 5,572,456          | -        | -        | 5,928,611          | 5,572,456          |
| Plant maint., Sec. and Data Processing                    | 24,217,722         | 22,934,722         | -        | -        | 24,217,722         | 22,934,722         |
| Community Services  | 1,098,089          | 1,023,375          | -        | -        | 1,098,089          | 1,023,375          |
| Debt Service  | 12,992,120         | 8,937,445          | -        | -        | 12,992,120         | 8,937,445          |
| Other activities  | 44,781             | 18,172             | -        | -        | 44,781             | 18,172             |
| <b>Total Expenses</b>                                     | <b>228,833,684</b> | <b>204,234,724</b> | <b>-</b> | <b>-</b> | <b>228,833,684</b> | <b>204,234,724</b> |
| Increase in net assets before transfers and special items | 18,331,999         | 19,567,188         | -        | -        | 18,331,999         | 19,567,188         |
| Transfers   | -                  | -                  | -        | -        | -                  | -                  |
| Special Items-Prior period Adjust                         | (66,986)           | 152,997            | -        | -        | (66,986)           | 152,997            |
| Increase in Net Assets                                    | -                  | -                  | -        | -        | -                  | -                  |
| Net assets at 9/1/06                                      | 185,749,765        | 166,029,578        | -        | -        | 185,749,765        | 166,029,578        |
| Net assets at 8/31/07                                     | 204,014,779        | 185,749,763        | -        | -        | 204,014,779        | 185,749,763        |

The cost of all governmental activities this year was \$228.83 million compared to \$204.23 million last year. However, as shown in the Statement of Activities on pages 11, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$27.36 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 State equalization funding.

#### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds as presented in the balance sheet on pages 12 reported a combined fund balance of \$202 million, which is an increase from last year's total of \$138 million. Included in this year's total change in fund balance is an increase of \$5.26 million in the District's General Fund and \$57.0 million in the District's Construction Fund.

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 Note n 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 2007 the District had \$293.9 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 \$44.8 million, or 17.9 percent above last year.

### Debt Administration

At year-end, the District had \$254.9 million in bonds, notes, accreted interest and capital leases outstanding versus \$172 million last year—an increase of 48.2 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 2008 fiscal year decreased by \$ 2 million from \$1.753 billion to \$ 1.751 billion.
- The district's refined average daily attendance for 2007-2008 is expected to be 23,607 up from 22,781 for fiscal year 2006-2007.

These indicators were taken into account when adopting the General Fund budget for 2008. Amounts available for appropriation in the General Fund budget are \$246 million, an increase of 18.84 percent over the original 2007 budget of \$207 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 5.9 percent to \$259.3 million in 2007-2008 from the 2006-2007 original budgeted of 244.8 million

If these estimates are realized, the District's budgetary General Fund balance is expected to decrease by \$17 million by the close of 2008.

## 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 INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2007

| Data<br>Control<br>Codes                             | Primary Government         |
|--|----------------------------|
|  | Governmental<br>Activities |
| <b>ASSETS</b>  |                            |
| 1110 Cash and Cash Equivalents                       | \$ 1,207,788               |
| 1120 Current Investments                             | 246,218,938                |
| 1220 Property Taxes Receivable (Delinquent)          | 10,357,511                 |
| 1230 Allowance for Uncollectible Taxes               | (1,766,147)                |
| 1240 Due from Other Governments                      | 6,704,388                  |
| 1267 Due from Fiduciary Funds                        | 700,826                    |
| 1290 Other Receivables, net                          | 627,448                    |
| 1300 Inventories                                     | 1,383,322                  |
| 1410 Deferred Expenses                               | 348,670                    |
| 1430 Discount on Issuance of Debt                    | (2,116,914)                |
| Capital Assets:                                      |                            |
| 1510 Land  | 10,311,966                 |
| 1520 Buildings, Net                                  | 167,502,679                |
| 1530 Furniture and Equipment, Net                    | 2,094,788                  |
| 1540 Other Capital Assets, Net                       | 5,403,322                  |
| 1580 Construction in Progress                        | 36,862,923                 |
| 1000 Total Assets                                    | 485,841,508                |
| <b>LIABILITIES</b>                                   |                            |
| 2110 Accounts Payable                                | 11,156,401                 |
| 2150 Payroll Deductions & Withholdings               | 372,850                    |
| 2160 Accrued Wages Payable                           | 4,119,260                  |
| 2180 Due to Other Governments                        | 9,113,294                  |
| 2200 Accrued Expenses                                | 508,287                    |
| 2300 Deferred Revenues                               | 1,588,056                  |
| Noncurrent Liabilities                               |                            |
| 2501 Due Within One Year                             | 6,439,844                  |
| 2502 Due in More Than One Year                       | 248,528,737                |
| 2000 Total Liabilities                               | 281,826,729                |
| <b>NET ASSETS</b>                                    |                            |
| 3200 Invested in Capital Assets, Net of Related Debt | (32,719,906)               |
| 3820 Restricted for Federal and State Programs       | 8,420,974                  |
| 3850 Restricted for Debt Service                     | 5,182,248                  |
| 3860 Restricted for Capital Projects                 | 161,265,032                |
| 3900 Unrestricted Net Assets                         | 61,866,431                 |
| 3000 Total Net Assets                                | \$ 204,014,779             |

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

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LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT B-1

| Data    | Program Revenues |             |               | Net (Expense)  |
|---------|------------------|-------------|---------------|----------------|
| Control | 1                | 3           | 4             | Revenue and    |
| Codes   | Expenses         | Charges for | Operating     | Changes in Net |
|         |                  | Services    | Grants and    | Assets         |
|         |                  |             | Contributions | Primary Gov.   |
|         |                  |             |               | Governmental   |
|         |                  |             |               | Activities     |

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

|  |                       |                   |                      |                      |
|--|-----------------------|-------------------|----------------------|----------------------|
| 11 Instruction                                       | \$ 118,191,441        | \$ 31,145         | \$ 24,608,482        | \$ (93,551,814)      |
| 12 Instructional Resources and Media Services        | 5,628,374             | -                 | 965,799              | (4,662,575)          |
| 13 Curriculum and Instructional Staff Development    | 4,432,637             | -                 | 2,737,987            | (1,694,650)          |
| 21 Instructional Leadership                          | 3,016,800             | -                 | 740,878              | (2,275,922)          |
| 23 School Leadership                                 | 10,846,921            | -                 | 486,459              | (10,360,463)         |
| 31 Guidance, Counseling and Evaluation Services      | 8,933,457             | -                 | 1,346,056            | (7,587,401)          |
| 32 Social Work Services                              | 2,007,972             | -                 | 1,179,220            | (828,752)            |
| 33 Health Services                                   | 2,290,438             | -                 | 198,981              | (2,091,457)          |
| 34 Student (Pupil) Transportation                    | 10,860,372            | -                 | 518,051              | (10,342,321)         |
| 35 Food Services                                     | 13,500,057            | 544,821           | 1,630                | (12,953,606)         |
| 36 Cocurricular/Extracurricular Activities           | 4,843,892             | 173,366           | 95,381               | (4,575,145)          |
| 41 General Administration                            | 5,928,611             | 195,116           | 210,987              | (5,522,508)          |
| 51 Plant Maintenance and Operations                  | 20,776,484            | -                 | 493,891              | (20,282,593)         |
| 52 Security and Monitoring Services                  | 2,547,812             | -                 | 128,181              | (2,419,631)          |
| 53 Data Processing Services                          | 893,426               | -                 | 17,627               | (875,799)            |
| 61 Community Services                                | 1,098,089             | -                 | 969,627              | (128,462)            |
| 72 Debt Service - Interest on Long Term Debt         | 12,722,197            | -                 | -                    | (12,722,197)         |
| 73 Debt Service - Bond Issuance Cost and Fees        | 269,923               | -                 | -                    | (269,923)            |
| 95 Payments to Juvenile Justice Alternative Ed. Prg. | 44,781                | -                 | -                    | (44,781)             |
| <b>[TP] TOTAL PRIMARY GOVERNMENT:</b>                | <b>\$ 228,833,684</b> | <b>\$ 944,448</b> | <b>\$ 34,699,235</b> | <b>(193,190,000)</b> |

| Data    | General Revenues:                            |  |                |
|---------|--|--|----------------|
| Control | Taxes:                                       |  |                |
| Codes   |  |  |                |
| MT      | Property Taxes, Levied for General Purposes  |  | 23,721,755     |
| DT      | Property Taxes, Levied for Debt Service      |  | 3,635,940      |
| GC      | Grants and Contributions not Restricted      |  | 168,573,511    |
| IE      | Investment Earnings                          |  | 12,789,626     |
| MI      | Miscellaneous Local and Intermediate Revenue |  | 2,801,168      |
| TR      | Total General Revenues                       |  | 211,522,000    |
| CN      | Change in Net Assets                         |  | 18,331,999     |
| NB      | Net Assets--Beginning                        |  | 185,749,766    |
| PA      | Prior Period Adjustment                      |  | (66,986)       |
| NE      | Net Assets--Ending                           |  | \$ 204,014,779 |

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

LA JOYA INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2007

| Data<br>Control<br>Codes                         | 10<br>General<br>Fund | 60<br>Capital<br>Projects | 60<br>Capital<br>Projects |
|--|-----------------------|---------------------------|---------------------------|
| <b>ASSETS</b>                                    |                       |                           |                           |
| 1110 Cash and Cash Equivalents                   | \$ 1,956,837          | \$ 4                      | \$ 4                      |
| 1120 Investments - Current                       | 79,450,848            | 93,144,856                | 38,953,292                |
| 1220 Property Taxes - Delinquent                 | 9,247,468             | -                         | -                         |
| 1230 Allowance for Uncollectible Taxes (Credit)  | (1,585,060)           | -                         | -                         |
| 1240 Due from Other Governments                  | 4,092,611             | -                         | -                         |
| 1260 Due from Other Funds                        | 1,056,514             | -                         | 422,333                   |
| 1290 Other Receivables                           | 18,841                | -                         | 18,138                    |
| 1300 Inventories                                 | 1,383,322             | -                         | -                         |
| 1410 Deferred Expenditures                       | 348,670               | -                         | -                         |
| 1000 Total Assets                                | <u>\$ 95,970,051</u>  | <u>\$ 93,144,860</u>      | <u>\$ 39,393,767</u>      |
| <b>LIABILITIES AND FUND BALANCES</b>             |                       |                           |                           |
| Liabilities:                                     |                       |                           |                           |
| 2110 Accounts Payable                            | \$ 3,277,901          | \$ 171,000                | \$ 5,972,224              |
| 2150 Payroll Deductions and Withholdings Payable | 372,850               | -                         | -                         |
| 2160 Accrued Wages Payable                       | 3,695,044             | -                         | -                         |
| 2170 Due to Other Funds                          | 2,042,597             | -                         | 57,553                    |
| 2180 Due to Other Governments                    | 8,523,747             | 501,997                   | 70,821                    |
| 2300 Deferred Revenues                           | 8,087,514             | -                         | -                         |
| 2000 Total Liabilities                           | <u>\$ 25,999,653</u>  | <u>\$ 672,997</u>         | <u>\$ 6,100,598</u>       |
| Fund Balances:                                   |                       |                           |                           |
| Reserved For:                                    |                       |                           |                           |
| 3410 Investments in Inventory                    | \$ 1,383,322          | \$ -                      | \$ -                      |
| 3420 Retirement of Long Term Debt                | -                     | -                         | -                         |
| 3440 Outstanding Encumbrances                    | 1,087,998             | -                         | 33,293,169                |
| 3450 Food Service                                | 6,442,369             | -                         | -                         |
| 3490 Other Purposes                              | 824,822               | -                         | -                         |
| Unreserved Designated For:                       |                       |                           |                           |
| 3510 Construction                                | 35,500,000            | 92,471,863                | -                         |
| Unreserved and Undesignated:                     |                       |                           |                           |
| 3600 Reported in the General Fund                | 24,731,887            | -                         | -                         |
| 3000 Total Fund Balances                         | <u>\$ 69,970,398</u>  | <u>\$ 92,471,863</u>      | <u>\$ 33,293,169</u>      |
| 4000 Total Liabilities and Fund Balances         | <u>\$ 95,970,051</u>  | <u>\$ 93,144,860</u>      | <u>\$ 39,393,767</u>      |

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

| Other<br>Funds      | Total<br>Governmental<br>Funds |
|---------------------|--------------------------------|
| \$ (535,715)        | \$ 1,421,130                   |
| 5,957,617           | 217,506,613                    |
| 1,110,043           | 10,357,511                     |
| (181,087)           | (1,766,147)                    |
| 2,611,777           | 6,704,388                      |
| 78,682              | 1,557,529                      |
| -                   | 36,979                         |
| -                   | 1,383,322                      |
| -                   | 348,670                        |
| <u>\$ 9,041,317</u> | <u>\$ 237,549,995</u>          |
| <br>                |                                |
| \$ 172,435          | \$ 9,593,560                   |
| -                   | 372,850                        |
| 424,216             | 4,119,260                      |
| -                   | 2,100,150                      |
| 16,729              | 9,113,294                      |
| 2,091,906           | 10,179,420                     |
| <u>\$ 2,705,286</u> | <u>\$ 35,478,534</u>           |
| <br>                |                                |
| \$ -                | \$ 1,383,322                   |
| 5,182,248           | 5,182,248                      |
| -                   | 34,381,167                     |
| -                   | 6,442,369                      |
| 1,153,783           | 1,978,605                      |
| -                   | 127,971,863                    |
| -                   | 24,731,887                     |
| <u>\$ 6,336,031</u> | <u>\$ 202,071,461</u>          |
| <br>                |                                |
| <u>\$ 9,041,317</u> | <u>\$ 237,549,995</u>          |

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LA JOYA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2007

|   |           |                    |
|---|-----------|--------------------|
| <b>Total Fund Balances - Governmental Funds</b>   | \$        | 202,071,461        |
| <hr/>   |           |                    |
| 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.  |           | 28,770,058         |
| 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 \$249,158,311 and the accumulated depreciation was \$64,616,723. 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. |           | 12,494,863         |
| 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 2007 capital outlays and debt principal payments is to increase (decrease) net assets.  |           | 51,177,356         |
| 4 The 2007 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.  |           | (7,302,116)        |
| 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.   |           | (83,196,843)       |
| <b>19 Net Assets of Governmental Activities</b>   | <b>\$</b> | <b>204,014,779</b> |

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

LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2007

| Data Control Codes   | 10<br>General<br>Fund | 60<br>Capital<br>Projects | 60<br>Capital<br>Projects |
|--|-----------------------|---------------------------|---------------------------|
| REVENUES:  |                       |                           |                           |
| 5700 Total Local and Intermediate Sources                      | \$ 31,081,630         | \$ 3,533,775              | \$ 3,322,979              |
| 5800 State Program Revenues                                    | 145,922,524           | -                         | -                         |
| 5900 Federal Program Revenues                                  | 15,013,744            | -                         | -                         |
| 5020 Total Revenues  | <u>192,017,898</u>    | <u>3,533,775</u>          | <u>3,322,979</u>          |
| EXPENDITURES:  |                       |                           |                           |
| Current:   |                       |                           |                           |
| 0011 Instruction   | 94,957,445            | -                         | -                         |
| 0012 Instructional Resources and Media Services                | 4,726,741             | -                         | -                         |
| 0013 Curriculum and Instructional Staff Development            | 1,644,349             | -                         | -                         |
| 0021 Instructional Leadership                                  | 2,266,976             | -                         | -                         |
| 0023 School Leadership   | 10,468,973            | -                         | -                         |
| 0031 Guidance, Counseling and Evaluation Services              | 7,694,834             | -                         | -                         |
| 0032 Social Work Services                                      | 800,090               | -                         | -                         |
| 0033 Health Services   | 2,135,610             | -                         | -                         |
| 0034 Student (Pupil) Transportation                            | 12,891,335            | -                         | -                         |
| 0035 Food Services   | 13,657,928            | -                         | -                         |
| 0036 Cocurricular/Extracurricular Activities                   | 4,751,760             | -                         | -                         |
| 0041 General Administration                                    | 5,752,882             | -                         | -                         |
| 0051 Facilities Maintenance and Operations                     | 19,720,986            | -                         | -                         |
| 0052 Security and Monitoring Services                          | 2,541,189             | -                         | -                         |
| 0053 Data Processing Services                                  | 1,400,103             | -                         | -                         |
| 0061 Community Services  | 94,387                | -                         | -                         |
| Debt Service:  |                       |                           |                           |
| 0071 Debt Service - Principal on Long Term Debt                | 163,152               | -                         | -                         |
| 0072 Debt Service - Interest on Long Term Debt                 | 23,694                | -                         | -                         |
| 0073 Debt Service - Bond Issuance Cost and Fees                | -                     | -                         | -                         |
| Capital Outlay:  |                       |                           |                           |
| 0081 Facilities Acquisition and Construction                   | 1,166,918             | 1,556,912                 | 38,833,945                |
| Intergovernmental:   |                       |                           |                           |
| 0095 Payments to Juvenile Justice Alternative Ed. Prg.         | 44,781                | -                         | -                         |
| 6030 Total Expenditures  | <u>186,904,133</u>    | <u>1,556,912</u>          | <u>38,833,945</u>         |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>5,113,765</u>      | <u>1,976,863</u>          | <u>(35,510,966)</u>       |
| OTHER FINANCING SOURCES (USES):                                |                       |                           |                           |
| 7911 Capital Related Debt Issued (Regular Bonds)               | -                     | 90,495,000                | -                         |
| 7912 Sale of Real and Personal Property                        | 149,270               | -                         | -                         |
| 7915 Transfers In  | 5,329,174             | -                         | -                         |
| 8911 Transfers Out (Use)                                       | (5,329,174)           | -                         | -                         |
| 7080 Total Other Financing Sources (Uses)                      | <u>149,270</u>        | <u>90,495,000</u>         | <u>-</u>                  |
| 1200 Net Change in Fund Balances                               | 5,263,035             | 92,471,863                | (35,510,966)              |
| 0100 Fund Balance - September 1 (Beginning)                    | 64,776,364            | -                         | 68,807,569                |
| 1300 Increase (Decrease) in Fund Balance                       | (69,001)              | -                         | (3,434)                   |
| 3000 Fund Balance - August 31 (Ending)                         | <u>\$ 69,970,398</u>  | <u>\$ 92,471,863</u>      | <u>\$ 33,293,169</u>      |

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

| Other<br>Funds      | Total<br>Governmental<br>Funds |
|---------------------|--------------------------------|
| \$ 4,993,077        | \$ 42,931,461                  |
| 18,427,503          | 164,350,027                    |
| 24,869,661          | 39,883,405                     |
| <u>48,290,241</u>   | <u>247,164,893</u>             |
| 20,676,357          | 115,633,802                    |
| 793,534             | 5,520,275                      |
| 2,697,487           | 4,341,836                      |
| 681,504             | 2,948,480                      |
| 132,302             | 10,601,275                     |
| 1,036,310           | 8,731,144                      |
| 1,162,408           | 1,962,498                      |
| 102,957             | 2,238,567                      |
| 170,510             | 13,061,845                     |
| 1,630               | 13,659,558                     |
| -                   | 4,751,760                      |
| 47,622              | 5,800,504                      |
| 57,432              | 19,778,418                     |
| 19,635              | 2,560,824                      |
| -                   | 1,400,103                      |
| 967,499             | 1,061,886                      |
| 6,005,000           | 6,168,152                      |
| 12,173,494          | 12,197,188                     |
| 269,923             | 269,923                        |
| -                   | 41,557,775                     |
| -                   | 44,781                         |
| <u>46,995,604</u>   | <u>274,290,594</u>             |
| <u>1,294,637</u>    | <u>(27,125,701)</u>            |
| 255,500             | 90,750,500                     |
| -                   | 149,270                        |
| -                   | 5,329,174                      |
| -                   | (5,329,174)                    |
| <u>255,500</u>      | <u>90,899,770</u>              |
| 1,550,137           | 63,774,069                     |
| 4,780,445           | 138,364,378                    |
| 5,449               | (66,986)                       |
| <u>\$ 6,336,031</u> | <u>\$ 202,071,461</u>          |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2007

|   |           |                   |
|---|-----------|-------------------|
| <b>Total Net Change in Fund Balances - Governmental Funds</b>   | \$        | 63,774,069        |
|   |           |                   |
| The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net assets.   |           | 2,326,257         |
|   |           |                   |
| 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 2007 capital outlays and debt principal payments is to increase (decrease) net assets.   |           | 51,177,356        |
|   |           |                   |
| 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.   |           | (7,302,116)       |
|   |           |                   |
| 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. |           | (91,643,567)      |
|   |           |                   |
| <b>Change in Net Assets of Governmental Activities</b>  | <u>\$</u> | <u>18,331,999</u> |

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



LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2007

| Data Control Codes                     | Budgeted Amounts  |               | Actual Amounts (GAAP BASIS) | Variance With Final Budget Positive or (Negative) |               |
|--|---|---------------|-----------------------------|---|---------------|
|  | Original  | Final         |                             |   |               |
| <b>REVENUES:</b>                       |   |               |                             |   |               |
| 5700                                   | Total Local and Intermediate Sources                      | \$ 27,883,455 | \$ 30,131,650               | \$ 31,081,630                                     | \$ 949,980    |
| 5800                                   | State Program Revenues                                    | 148,995,649   | 148,995,649                 | 145,922,524                                       | (3,073,125)   |
| 5900                                   | Federal Program Revenues                                  | 13,245,000    | 13,995,000                  | 15,013,744  | 1,018,744     |
| 5020                                   | Total Revenues  | 190,124,104   | 193,122,299                 | 192,017,898                                       | (1,104,401)   |
| <b>EXPENDITURES:</b>                   |   |               |                             |   |               |
| Current:                               |   |               |                             |   |               |
| 0011                                   | Instruction   | 109,599,945   | 109,909,871                 | 94,957,445  | 14,952,426    |
| 0012                                   | Instructional Resources and Media Services                | 5,259,192     | 5,456,623                   | 4,726,741   | 729,882       |
| 0013                                   | Curriculum and Instructional Staff Development            | 1,040,000     | 1,752,135                   | 1,644,349   | 107,786       |
| 0021                                   | Instructional Leadership                                  | 2,363,420     | 2,532,209                   | 2,266,976   | 265,233       |
| 0023                                   | School Leadership   | 11,429,992    | 11,375,182                  | 10,468,973  | 906,209       |
| 0031                                   | Guidance, Counseling and Evaluation Services              | 8,315,229     | 8,214,360                   | 7,694,834   | 519,526       |
| 0032                                   | Social Work Services                                      | 978,851       | 1,008,751                   | 800,090   | 208,661       |
| 0033                                   | Health Services   | 2,470,686     | 2,470,435                   | 2,135,610   | 334,825       |
| 0034                                   | Student (Pupil) Transportation                            | 12,226,368    | 14,050,068                  | 12,891,335  | 1,158,733     |
| 0035                                   | Food Services   | 13,934,167    | 14,634,167                  | 13,657,928  | 976,239       |
| 0036                                   | Cocurricular/Extracurricular Activities                   | 5,939,551     | 6,073,479                   | 4,751,760   | 1,321,719     |
| 0041                                   | General Administration                                    | 6,412,653     | 6,417,880                   | 5,752,882   | 664,998       |
| 0051                                   | Facilities Maintenance and Operations                     | 19,757,272    | 20,436,260                  | 19,720,986  | 715,274       |
| 0052                                   | Security and Monitoring Services                          | 3,243,321     | 3,259,545                   | 2,541,189   | 718,356       |
| 0053                                   | Data Processing Services                                  | 740,213       | 1,987,203                   | 1,400,103   | 587,100       |
| 0061                                   | Community Services  | 245,926       | 241,940                     | 94,387  | 147,553       |
| Debt Service:                          |   |               |                             |   |               |
| 0071                                   | Debt Service - Principal on Long Term Debt                | 379,000       | 346,000                     | 163,152   | 182,848       |
| 0072                                   | Debt Service - Interest on Long Term Debt                 | -             | 33,000                      | 23,694  | 9,306         |
| Capital Outlay:                        |   |               |                             |   |               |
| 0081                                   | Facilities Acquisition and Construction                   | 3,230,000     | 3,630,000                   | 1,166,918   | 2,463,082     |
| Intergovernmental:                     |   |               |                             |   |               |
| 0095                                   | Payments to Juvenile Justice Alternative Ed. Prg.         | 50,000        | 50,000                      | 44,781  | 5,219         |
| 6030                                   | Total Expenditures  | 207,615,786   | 213,879,108                 | 186,904,133                                       | 26,974,975    |
| 1100                                   | Excess (Deficiency) of Revenues Over (Under) Expenditures | (17,491,682)  | (20,756,809)                | 5,113,765   | 25,870,574    |
| <b>OTHER FINANCING SOURCES (USES):</b> |   |               |                             |   |               |
| 7912                                   | Sale of Real and Personal Property                        | -             | 149,500                     | 149,270   | (230)         |
| 7915                                   | Transfers In  | 6,513,615     | 6,513,615                   | 5,329,174   | (1,184,441)   |
| 8911                                   | Transfers Out (Use)                                       | (6,513,615)   | (6,513,615)                 | (5,329,174)                                       | 1,184,441     |
| 7080                                   | Total Other Financing Sources (Uses)                      | -             | 149,500                     | 149,270   | (230)         |
| 1200                                   | Net Change in Fund Balances                               | (17,491,682)  | (20,607,309)                | 5,263,035   | 25,870,344    |
| 0100                                   | Fund Balance - September 1 (Beginning)                    | 64,776,364    | 64,776,364                  | 64,776,364  | -             |
| 1300                                   | Increase (Decrease) in Fund Balance                       | -             | -                           | (69,001)  | (69,001)      |
| 3000                                   | Fund Balance - August 31 (Ending)                         | \$ 47,284,682 | \$ 44,169,055               | \$ 69,970,398                                     | \$ 25,801,343 |

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

LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2006

|   | Governmental<br>Activities -       |
|---|------------------------------------|
|   | Total<br>Internal<br>Service Funds |
| <b>ASSETS</b>                           |                                    |
| Current Assets:                         |                                    |
| Cash and Cash Equivalents               | \$ (213,342)                       |
| Investments - Current                   | 28,712,325                         |
| Due from Other Funds                    | 1,318,447                          |
| Other Receivables                       | 590,468                            |
| Total Current Assets                    | <u>30,407,898</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>30,407,898</u>                  |
| <b>LIABILITIES</b>                      |                                    |
| Current Liabilities:                    |                                    |
| Accounts Payable                        | 1,562,841                          |
| Due to Other Funds                      | <u>75,000</u>                      |
| Total Liabilities                       | <u>1,637,841</u>                   |
| <b>NET ASSETS</b>                       |                                    |
| Unrestricted Net Assets                 | <u>28,770,057</u>                  |
| Total Net Assets                        | <u><u>\$ 28,770,057</u></u>        |

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

LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2007

|  | Governmental<br>Activities -       |
|--|------------------------------------|
|  | Total<br>Internal<br>Service Funds |
| <hr/>                                      |                                    |
| OPERATING REVENUES:                        |                                    |
| Local and Intermediate Sources             | \$ 26,822,518                      |
| Total Operating Revenues                   | 26,822,518                         |
| OPERATING EXPENSES:                        |                                    |
| Payroll Costs                              | 130,093                            |
| Professional and Contracted Services       | 2,412,510                          |
| Supplies and Materials                     | 124,047                            |
| Other Operating Costs                      | 21,829,613                         |
| Total Operating Expenses                   | 24,496,263                         |
| Operating Income                           | 2,326,255                          |
| Total Net Assets - September 1 (Beginning) | 26,443,802                         |
| <br>                                       |                                    |
| Total Net Assets - August 31 (Ending)      | \$ 28,770,057                      |

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

LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2007

|   | Governmental<br>Activities -       |
|---|------------------------------------|
|   | Total<br>Internal<br>Service Funds |
| <u>Cash Flows from Operating Activities:</u>  |                                    |
| Cash Received from User Charges   | \$ 27,469,102                      |
| Cash Payments to Employees for Services   | (296,545)                          |
| Cash Payments for Insurance Claims  | (19,085,573)                       |
| Cash Payments for Suppliers   | (2,543,613)                        |
| Cash Payments for Other Operating Expenses  | (1,428,235)                        |
| Net Cash Provided by Operating<br>Activities  | <u>4,115,135</u>                   |
| <u>Cash Flows from Investing Activities:</u>  |                                    |
| Purchase of Investment Securities   | (4,739,146)                        |
| Proceeds from Sale & Maturities of Securities   | 1,101,837                          |
| Net Cash Provided by (Used for) Investing<br>Activities                                     | <u>(3,637,309)</u>                 |
| Net Increase in Cash and Cash Equivalents   | 477,826                            |
| Cash and Cash Equivalents at Beginning of the Year:   | <u>(691,169)</u>                   |
| Cash and Cash Equivalents at the End of the Year:   | <u>\$ (213,342)</u>                |
| <u>Reconciliation of Operating Income to Net Cash<br/>Provided by Operating Activities:</u> |                                    |
| Operating Income:   | \$ 2,326,255                       |
| Effect of Increases and Decreases in Current<br>Assets and Liabilities:                     |                                    |
| Decrease (increase) in Receivables  | 646,585                            |
| Increase (decrease) in Accounts Payable   | 1,308,748                          |
| Increase (decrease) in Due to Other Funds   | (166,452)                          |
| Net Cash Provided by Operating<br>Activities  | <u>\$ 4,115,135</u>                |
| <u>Reconciliation of Total Cash and Cash Equivalents:</u>                                   |                                    |
| Cash and Cash Equivalents on Balance Sheet  | <u>\$ (213,342)</u>                |

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

LA JOYA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2007

|                                | Agency<br>Funds     |
|--------------------------------|---------------------|
| <b>ASSETS</b>                  |                     |
| Cash and Cash Equivalents      | \$ 875,302          |
| Investments - Current          | 949,049             |
| Other Receivables              | 14,006              |
| Total Assets                   | <u>\$ 1,838,357</u> |
| <b>LIABILITIES</b>             |                     |
| Accounts Payable               | \$ 440,612          |
| Due to Other Funds             | 700,827             |
| Due to Other Governments       | 26,710              |
| Due to Student Groups          | 664,186             |
| Payable from Restricted Assets | 6,022               |
| Total Liabilities              | <u>\$ 1,838,357</u> |

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

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LA JOYA ISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2007

**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 SHCOOL 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.

Inter-fund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due from 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 inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from 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 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)

10. **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)  
Superintendent's Scholarship (Fund 878)

## 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, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

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

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

4. It is the District's policy to permit some employees to accumulate earned but unused and sick pay benefits. As of August 31, 2007, the accumulated sick leave balance is \$23,564,245.
5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

| <u>Assets</u>         | <u>Years</u> |
|-----------------------|--------------|
| Buildings             | 40           |
| Building Improvements | 40           |
| 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, 2007, La Joya ISD met its statutory worker's compensation obligations. The District has established a self insurance program for worker's compensation benefits. As a self-funded entity, La Joya ISD is solely responsible for all claim costs, both reported and unreported.

Claims are paid by a third party administrator acting on behalf of the District under the terms of a contractual agreement. Administrative fees are included within the provisions of the agreement. According to state statute, the District is protected against unanticipated catastrophic claims and aggregate loss by coverage through Midwest Employers Casualty Company, a commercial insurer

licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Claims Administrative Services, Inc. from Tyler, Texas provides administrative services including claims administration and customer service.

La Joya ISD is protected against higher than expected claim costs through the purchase of stop loss coverage. Coverage was in effect for specific occurrences exceeding \$ 1,000,000 and aggregate retention at \$ 2,000,000 .

The costs associated with these self insurance plans are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund and the Special Revenue Funds.

### **Unemployment Compensation - Self Funded**

During the year ended August 31, 2007, the La Joya Independent School District 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, 2006, 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 \$583,526. as of August 31, 2007.

## **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><br><u>the Beginning of the year</u>           | <u>Historic Cost</u> | <u>Accumulated</u><br><u>Depreciation</u> | <u>Net Value at the</u><br><u>Beginning of the</u><br><u>Year</u> | <u>Change in Net</u><br><u>Assets</u> |
|---|----------------------|---|---|---------------------------------------|
| Land  | \$10,311,966         |   | \$10,311,966  |                                       |
| Buildings and Improvements  | 208,831,913          | 50,313,456                                | 158,518,457   |                                       |
| Furniture & Equipment   | 7,546,209            | 6,171,932                                 | 1,374,277   |                                       |
| Vehicles  | 12,176,174           | 8,131,334                                 | 4,044,840   |                                       |
| Construction in Progress  | <u>10,292,049</u>    | <u>0</u>                                  | <u>10,292,049</u>   |                                       |
| Change in Net Assets  |                      |   |   | <u>\$184,541,589</u>                  |
|   |                      |   |   |                                       |
| <u>Long-term Liabilities</u><br><u>at the Beginning of the year</u> |                      |   | <u>Payable at the</u><br><u>Beginning of the</u><br><u>Year</u>   |                                       |
| Bonds Payable   |                      |   | 171,399,567   |                                       |
| Loans Payable   |                      |   | <u>647,157</u>  |                                       |
| Change in Net Assets  |                      |   |   | <u>(172,046,724)</u>                  |
| Net Adjustment to Net Assets  |                      |   |   | <u>\$12,494,863</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><br><u>Changes in Net</u><br><u>Assets</u> | <u>Adjustments to</u><br><u>Net Assets</u> |
|------------------------------------|-------------------|---|--|
| <u>Current Year Capital Outlay</u> |                   |   |  |
| Land                               | 0                 |   |  |
| Buildings & Improvements           | 14,405,159        |   |  |
| Furniture & Equipment              | 1,384,616         |   |  |
| Vehicles                           | 2,575,558         |   |  |
| Construction in Progress           | <u>26,570,874</u> |   |  |
| Total Capital Outlay               | <u>44,936,207</u> | <u>44,936,207</u>   | <u>44,936,207</u>                          |
|                                    |                   |   |  |
| <u>Debt Principal Payments</u>     |                   |   |  |
| Bond Principal                     | 6,005,000         |   |  |
| Capital Lease Payments             | <u>163,152</u>    |   |  |
| Total Principal Payments           | <u>6,168,152</u>  | <u>6,168,152</u>  | <u>6,168,152</u>                           |
| Total Adjustment to Net Assets     |                   | <u>51,104,359</u>   | <u>51,104,359</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<br/>Change in Net<br/>Assets</u> | <u>Adjustments<br/>to Net Assets</u> |
|---|----------------|--|--------------------------------------|
| <u>Adjustments to Revenue and Deferred Revenue</u>              |                |  |                                      |
| Taxes Collected from Prior Year Levies                          | 2,823,607      | (2,823,607)  |                                      |
| Uncollected taxes (assumed collectible) from Current Year Levy  | 2,748,190      | 2,748,190  | 2,748,190                            |
| Uncollected Taxes (assumed collectible) from Prior Year Levy    | 5,843,174      |  | 5,843,174                            |
| <u>Reclassify Proceeds of Bonds, Loans &amp; Capital Leases</u> |                |  |                                      |
| New Bond Issue  | 88,565,000     | (88,565,000)                                       | (88,565,000)                         |
| Discount (Premium) on Issuance of Bonds                         | 2,698,198      | (2,698,198)  | (2,698,198)                          |
| Other   | <u>525,009</u> | <u>(304,952)</u>                                   | <u>(525,009)</u>                     |
| Total   |                | <u>(91,643,567)</u>                                | <u>(83,196,843)</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, 2007, expenditures exceeded appropriations in the Debt Service function of the Debt Service Fund by \$234,924.

#### **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 ISD is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2007, LA JOYA INDEPENDENT SCHOOL DISTRICT had the following investments.

| <b><u>Investment Type</u></b>  | <b><u>Market Value</u></b> | <b><u>Investment Maturities (in years)</u></b> |                   |                    |                            |
|--------------------------------|----------------------------|--|-------------------|--------------------|----------------------------|
|                                |                            | <b><u>Less than 1</u></b>                      | <b><u>1-5</u></b> | <b><u>6-10</u></b> | <b><u>More Than 10</u></b> |
| LoneStar Investment Pool       |                            |  |                   |                    |                            |
| Food Service                   | 7,539,400                  | X  |                   |                    |                            |
| General Fund                   | 71,911,448                 | X  |                   |                    |                            |
| Debt Service                   | 5,957,617                  | X  |                   |                    |                            |
| Construction                   | 38,953,292                 | X  |                   |                    |                            |
| Health Insurance               | 8,397,863                  | X  |                   |                    |                            |
| Worker's Compensation          | 19,361,754                 | X  |                   |                    |                            |
| 2006 Bond Issue Construction   | 2,417,416                  | X  |                   |                    |                            |
| Unemployment                   | 952,708                    | X  |                   |                    |                            |
| Tax Collection                 | 900,924                    | X  |                   |                    |                            |
| LoneStar Select CD             |                            |  |                   |                    |                            |
| Merit Scholarship              | 48,125                     | X  |                   |                    |                            |
| J.P. Morgan Investment         |                            |  |                   |                    |                            |
| Guarenteed Investment Contract | 90,727,440                 |  | X                 |                    |                            |
| Total District Investments     | \$247,167,987              |  |                   |                    |                            |

The guaranteed investment contract, referred to above, is a Master Repurchase Agreement with J.P. Morgan Chase Bank, N.A., was approved by the La Joya ISD Board of Trustees on February 28, 2007. As prescribed by Chapter 2256 of the Government Code and school district policy, the fully collateralized Master Repurchase Agreement is secured by obligations of the United States of America or its Agencies and Instrumentalities and has a termination date of a.) the date on which a Transaction Reduction shall reduce the Purchase Price to zero or b.) February 28, 2010, whichever is earlier. The Public Funds Investment Act requires that the securities being pledged to the district, be held in the district's name and be deposited at the time the investment is made. The securities pledged are

being held by Wells Fargo Bank, N.A. as approved by the La Joya ISD Board on February 28, 2007 to serve as the custodian of the securities.

Additional policies and contractual provisions governing deposits and investments for LA JOYA ISD 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 investments to Certificates of Deposits, Public Funds Investment Pools and Guaranteed Investment Contracts, collateralized by U.S. Government Securities. As of August 31, 2007, the district's investments were secured by Irrevocable Standby Letter of Credit issued by the Federal Home Loan Bank of Dallas and by U.S. Government Securities.

Custodial Credit Risk for Investments 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, 2007, consisted of the following amounts:

|                       | Due From<br>Other Funds | Due to<br>Other Funds |
|-----------------------|-------------------------|-----------------------|
| General Fund          |                         |                       |
| General Fund          | 301,760                 | 301,760               |
| Special Revenue Fund  | -                       | 57                    |
| Capital Projects Fund | 57,553                  | 422,333               |
| Internal Service Fund | 75,000                  | 1,318,447             |
| Trust & Agency Fund   | 622,201                 |                       |

|                             |                         |                         |
|-----------------------------|-------------------------|-------------------------|
| Total General Fund          | <u>1,056,514</u>        | <u>2,042,597</u>        |
| Special Revenue Fund        |                         |                         |
| General Fund                | <u>57</u>               | <u>-</u>                |
| Total Special Revenue Fund  | <u>57</u>               | <u>-</u>                |
| Debt Service Fund           |                         |                         |
| Trust & Agency Fund         | <u>78,625</u>           | <u>-</u>                |
| Total Debt Service Fund     | <u>78,625</u>           | <u>-</u>                |
| Capital Projects Fund       |                         |                         |
| General Fund                | <u>422,333</u>          | <u>57,553</u>           |
| Total Capital Projects Fund | <u>422,333</u>          | <u>57,553</u>           |
| Internal Service Fund       |                         |                         |
| General Fund                | <u>1,318,447</u>        | <u>75,000</u>           |
| Total Internal Service Fund | <u>1,318,447</u>        | <u>75,000</u>           |
| Trust & Agency Fund         |                         |                         |
| General Fund                | <u>-</u>                | <u>622,201</u>          |
| Debt Service                | <u>-</u>                | <u>78,625</u>           |
| Total Trust & Agency Fund   | <u>-</u>                | <u>700,826</u>          |
| Total                       | <u><u>2,875,976</u></u> | <u><u>2,875,976</u></u> |

#### E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2007, were as follows:

|                                   | <u>Property<br/>Taxes</u> | <u>Other<br/>Governments</u> | <u>Due From<br/>Other Funds</u> | <u>Other</u>          | <u>Total<br/>Receivables</u> |
|-----------------------------------|---------------------------|------------------------------|---------------------------------|-----------------------|------------------------------|
| <b>Governmental Activities:</b>   |                           |                              |                                 |                       |                              |
| General Fund                      | \$ 9,247,468              | \$ 4,092,611                 | \$ 1,056,514                    | \$ 18,841             | \$14,415,434                 |
| Special Revenue Funds             | 0                         | 2,611,776                    | 57                              | 0                     | 2,611,833                    |
| Debt Service Fund                 | 1,110,043                 | 0                            | 78,625                          | 0                     | 1,188,669                    |
| Capital Projects Fund             | 0                         | 0                            | 422,333                         | 18,138                | 440,472                      |
| Internal Service Funds            | 0                         | 0                            | 1,318,447                       | 590,469               | 1,908,915                    |
| Trust & Agency Fund               | <u>0</u>                  | <u>0</u>                     | <u>0</u>                        | <u>14,006</u>         | <u>14,006</u>                |
| Total - Governmental Activities   | <u>10,357,511</u>         | <u>6,704,387</u>             | <u>2,875,977</u>                | <u>641,454</u>        | 20,579,329                   |
| Less: Allowance for Uncollectible | <u>(\$1,766,148)</u>      | <u>\$ 0</u>                  | <u>\$ 0</u>                     | <u>\$ 0</u>           | <u>(\$1,766,148)</u>         |
| <b>Net Total Receivable</b>       | <u><u>\$8,591,364</u></u> | <u><u>\$6,704,387</u></u>    | <u><u>\$2,875,975</u></u>       | <u><u>641,454</u></u> | <u><u>\$ 18,813,181</u></u>  |

Payables at August 31, 2007, were as follows:

|                                 | <u>Accounts<br/>Payable</u> | <u>Loans, Leases<br/>and Bonds<br/>Payable -<br/>Current Year</u> | <u>Salaries<br/>and<br/>Benefits</u> | <u>Due To<br/>Other<br/>Funds</u> | <u>Due to<br/>Other<br/>Governments</u> | <u>Other</u> | <u>Total<br/>Payables</u> |
|---------------------------------|-----------------------------|---|--------------------------------------|-----------------------------------|---|--------------|---------------------------|
| <b>Governmental Activities:</b> |                             |   |                                      |                                   |   |              |                           |
| General Fund                    | \$ 3,277,901                | \$ 0  | \$ 3,695,044                         | \$ 2,042,597                      | \$ 8,523,747                            | \$ 372,850   | \$17,912,139              |



|                         |                     |             |                    |                    |                    |                    |                     |
|-------------------------|---------------------|-------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Special Revenue Funds   | 172,435             | 0           | 424,216            | 0                  | 5,481              | 0                  | 602,132             |
| Debt Service            | 0                   | 0           | 0                  | 0                  | 11,248             | 0                  | 11,248              |
| Capital Projects Fund   | 6,143,224           | 0           | 0                  | 57,553             | 572,818            | 0                  | 6,773,595           |
| Internal Service Fund   | 1,562,841           | 0           | 0                  | 75,000             | 0                  | 0                  | 1,637,841           |
| Trust & Agency Fund     | <u>440,612</u>      | <u>0</u>    | <u>0</u>           | <u>700,827</u>     | <u>26,710</u>      | <u>664,186</u>     | <u>1,832,335</u>    |
| Total - Gov. Activities | <u>\$11,597,013</u> | <u>\$ 0</u> | <u>\$4,119,260</u> | <u>\$2,875,977</u> | <u>\$9,140,004</u> | <u>\$1,037,036</u> | <u>\$28,769,290</u> |

## F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2007, was as follows:

|   | <u>Primary Government</u>    |                   |                    |                    |                           |
|---|------------------------------|-------------------|--------------------|--------------------|---------------------------|
|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Retirements</u> | <u>Adjustments</u> | <u>Ending<br/>Balance</u> |
| Governmental Activities:                    |                              |                   |                    |                    |                           |
| Land  | 10,311,966                   | -                 | -                  | -                  | 10,311,966                |
| Buildings and Improvements                  | 208,831,913                  | 4,113,110         | -                  | 10,292,049         | 223,237,072               |
| Construction in Progress                    | 10,292,049                   | 36,862,923        | -                  | (10,292,049)       | 36,862,923                |
| Furniture and Equipment                     | 7,546,209                    | 1,238,035         | (130,488)          | 146,581            | 8,800,338                 |
| Vehicles                                    | 12,176,174                   | 2,575,558         | -                  | -                  | 14,751,732                |
| Totals at Historic Cost                     | <u>249,158,311</u>           | <u>44,789,626</u> | <u>(130,488)</u>   | <u>146,581</u>     | <u>293,964,031</u>        |
| Less Accumulated Depreciation for:          |                              |                   |                    |                    |                           |
| Buildings and Improvements                  | 50,313,456                   | 5,420,936         | -                  | -                  | 55,734,392                |
| Furniture and Equipment                     | 6,171,932                    | 664,104           | (130,488)          | -                  | 6,705,548                 |
| Vehicles                                    | 8,131,334                    | 1,217,077         | -                  | -                  | 9,348,411                 |
| Total Accumulated Depreciation              | <u>64,616,722</u>            | <u>7,302,116</u>  | <u>(130,488)</u>   | <u>-</u>           | <u>71,788,350</u>         |
| Governmental Activities Capital Assets, Net | <u>184,541,589</u>           | <u>37,487,510</u> | <u>-</u>           | <u>146,581</u>     | <u>222,175,681</u>        |

Depreciation expense was charged to governmental functions as follows:

|  |           |
|--|-----------|
| Instruction  | 3,942,333 |
| Instructional Resources and Media Services                 | 192,565   |
| Curriculum Development and Instructional Staff Development | 148,027   |
| Instructional Leadership                                   | 100,523   |
| School Leadership  | 361,432   |
| Guidance, Counseling, and Evaluation Services              | 297,673   |
| Social Work Services                                       | 66,908    |
| Health Services  | 76,320    |
| Student (Pupil) Transportation                             | 445,321   |
| Food Services  | 465,699   |
| Co-Cirricular/Extracurricular Activities                   | 162,003   |
| General Administration                                     | 197,758   |
| Plant Maintenance and Operations                           | 674,311   |
| Security and Monitoring Service                            | 87,307    |
| Data Processing Services                                   | 47,734    |
| Community Services   | 36,203    |

Total Depreciation Expense \$ 7,302,116

**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, 2007 is as follows:

| DESCRIPTION  | INTEREST RATE PAYABLE | AMOUNTS ORIGINAL ISSUE | INTEREST CURRENT YEAR | PAYABLE AMOUNTS OUTSTANDING 09-01-06 | ISSUED     | RETIRED   | OUTSTANDING 08-31-2007 |
|--|-----------------------|------------------------|-----------------------|--------------------------------------|------------|-----------|------------------------|
| 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             | 808,781               | 16,825,000                           | -          | 1,295,000 | 15,530,000             |
| Unlimited Tax School Building Bonds - Series 2000, Issued 08/01/2000 | 5.48%                 | 47,200,000             | 255,938               | 5,510,000                            | -          | 1,270,000 | 4,240,000              |
| Unlimited Tax School Building Bonds - Series 2004, Issued 08/15/2004 | 4.79%                 | 81,340,000             | 3,832,900             | 78,705,000                           | -          | 1,380,000 | 77,325,000             |
| Unlimited Tax Refunding Bonds - Series 2005                          | 4.03%                 | 63,175,000             | 3,047,850             | 62,760,000                           | -          | 690,000   | 62,070,000             |
| Unlimited Tax Refunding Bonds - Series 2006                          | 4.5% - 5.00%          | 88,565,000             | 4,228,025             | -                                    | 88,565,000 | 1,370,000 | 87,195,000             |
| Total  |                       |                        | 12,173,494            | 163,951,973                          | 88,565,000 | 6,005,000 | 246,511,973            |

**Part I: Series 1992 CAB Accreted Values**

| Maturity Date      | Payment at Maturity | Number of CABS | Total CAB Accreted Values:                  |                          |                          |                         |                         |                         |
|--------------------|---------------------|----------------|---|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
|                    |                     |                | Per \$5K Maturity: Accreted Value at 8/1/05 | Accreted Value at 8/1/06 | Accreted Value at 8/1/07 | Accreted Value 8/1/2005 | Accreted Value 8/1/2006 | Accreted Value 8/1/2007 |
| 8/1/2012           | \$ 1,965,000        | 393            | \$ 3,152.27                                 | \$ 3,367.01              | \$ 3,596.38              | \$ 1,238,842.11         | \$ 1,323,234.93         | \$ 1,413,377.34         |
| 8/1/2013           | \$ 1,965,000        | 393            | \$ 2,939.83                                 | \$ 3,141.61              | \$ 3,357.25              | \$ 1,155,353.19         | \$ 1,234,652.73         | \$ 1,319,399.25         |
| 8/1/2014           | \$ 1,965,000        | 393            | \$ 2,739.05                                 | \$ 2,928.47              | \$ 3,131.00              | \$ 1,076,446.65         | \$ 1,150,888.71         | \$ 1,230,483.00         |
| 8/1/2015           | \$ 1,965,000        | 393            | \$ 2,561.88                                 | \$ 2,739.05              | \$ 2,928.47              | \$ 1,006,818.84         | \$ 1,076,446.65         | \$ 1,150,888.71         |
| 8/1/2016           | \$ 1,965,000        | 393            | \$ 2,383.46                                 | \$ 2,549.53              | \$ 2,727.16              | \$ 936,699.78           | \$ 1,001,965.29         | \$ 1,071,773.88         |
| 8/1/2017           | \$ 1,965,000        | 393            | \$ 2,228.22                                 | \$ 2,383.46              | \$ 2,549.53              | \$ 875,690.46           | \$ 936,699.78           | \$ 1,001,965.29         |
| 8/1/2018           | \$ 1,965,000        | 393            | \$ 2,083.08                                 | \$ 2,228.22              | \$ 2,383.46              | \$ 818,650.44           | \$ 875,690.46           | \$ 936,699.78           |
| Less CAB Principal |                     |                |   |                          |                          |                         |                         | -151,973.00             |
|                    |                     |                |   |                          |                          | <b>\$ 7,108,501.47</b>  | <b>\$ 7,599,578.55</b>  | <b>\$ 7,972,614.25</b>  |

The Total Accreted Value for the Series 1992 Capital Appreciation Bonds at August 31, 2007, is \$7,972.614. the Accreted Values of the Series 1992 Capital Appreciation Bonds includes the principal amount of \$151,973 as of August 31, 2007.

**Refunding**

In 2005, the district refunded the following:

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

The district issued \$63,175,000 in Unlimited Tax Refunding Bonds – Series 2005 to provide resources to cover the costs of issuance to purchase qualifying securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District’s financial statements.

On August 31, 2007, \$54,210,000 of outstanding bonds is considered defeased.

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, 2007.

The La Joya ISD passed a \$94 million Unlimited Tax School Building Bonds on November 06, 2007. Bonds have not been sold as of the date of this audit.

**H. DEBT SERVICE REQUIREMENTS - BONDS AND NOTES PAYABLE**

Debt service requirements for bonds are as follows:

| Year Ended<br>August 31, | General Obligations |                    | Total<br>Requirements |
|--------------------------|---------------------|--------------------|-----------------------|
|                          | Principal           | Interest           |                       |
| 2008                     | 6,270,000           | 11,898,725         | 18,168,725            |
| 2009                     | 7,650,000           | 11,577,375         | 19,227,375            |
| 2010                     | 8,035,000           | 11,193,563         | 19,228,563            |
| 2011                     | 8,485,000           | 10,786,900         | 19,271,900            |
| 2012                     | 6,917,140           | 12,357,110         | 19,274,250            |
| 2013-2017                | 40,287,318          | 56,219,388         | 96,506,706            |
| 2018-2022                | 51,972,504          | 37,046,740         | 89,019,244            |
| 2023-2027                | 45,145,000          | 22,469,294         | 67,614,294            |
| 2028-2032                | 41,475,000          | 12,587,750         | 54,062,750            |
| 2033-2036                | 30,275,000          | 2,548,625          | 32,823,625            |
| Total                    | <u>246,511,962</u>  | <u>188,685,469</u> | <u>435,197,431</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<br>August 31, | General Obligations |          |                       |
|--------------------------|---------------------|----------|-----------------------|
|                          | Principal           | Interest | Total<br>Requirements |
| 2008                     | 169,844             | 17,002   | 186,846               |
| 2009                     | 176,810             | 10,036   | 186,846               |
| 2010                     | 137,351             | 2,784    | 140,135               |
| Total                    | 484,005             | 29,822   | 513,827               |

Below is a listing of the Series 1992 CAB Accreted Values as of 08-31-2007.

| Year Ended<br>August 01, | Accreted Interest |
|--------------------------|-------------------|
| 2012                     | 1,386,237         |
| 2013                     | 1,294,750         |
| 2014                     | 1,207,638         |
| 2015                     | 1,129,437         |
| 2016                     | 1,051,798         |
| 2017                     | 983,569           |
| 2018                     | 919,196           |
| Total                    | 7,972,625         |

Recap of Debt Requirements:

|                           |             |
|---------------------------|-------------|
| Due within one Year       | 6,439,844   |
| Due in more than one year | 248,528,748 |
| Total Debt Requirements   | 254,968,592 |

#### I. DEFINED BENEFIT PENSION PLAN

**Plan Description.** LA JOYA ISD 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](http://www.trs.state.tx.us), under the TRS Publications heading.

**Funding Policy.** State law provides for fiscal years 2005, 2006 and 2007 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 ISD's employees for the years ended August 31, 2005, 2006 and 2007 were \$4,500,755, \$5,320,588 and \$6,152,207 respectively. LA JOYA ISD paid additional state contributions for the years ended August 31, 2005, 2006, and 2007 in the amount of \$728,201, \$850,751 and \$974,528 respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

**J. HEALTH CARE COVERAGE**

**[GASB 2300.106d]** 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, 2007, to \$100,000 for any individual participant and an aggregate limit equal to \$500,000.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2007, 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<br><u>September 1 2006</u> | Year Ended<br><u>August 31, 2007</u> |
|--------------------------------------|---------------------------------------|--------------------------------------|
| Unpaid claims, beginning of the year | \$2,273,403                           | \$242,272                            |
| Incurred claims (including IBNR'S)   | 13,363,170                            | 21,630,284                           |
| Claim Payments                       | <u>(15,394,301)</u>                   | <u>(20,313,356)</u>                  |
| Unpaid claims, end of fiscal year    | <u>\$ 242,272</u>                     | <u>\$ 1,559,200</u>                  |

**K. CHANGES IN LONG-TERM LIABILITIES**

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

|   | <u>Beginning<br/>Balance</u> | <u>Additions</u>  | <u>Reductions</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> |
|---|------------------------------|-------------------|-------------------|---------------------------|--------------------------------|
| <b>Governmental Activities:</b>                     |                              |                   |                   |                           |                                |
| Bonds and Notes Payable:                            |                              |                   |                   |                           |                                |
| General Obligation Bonds                            | 163,951,974                  | 88,565,000        | 6,005,000         | 246,511,974               | 6,270,000                      |
| Notes Payable                                       | 647,157                      | -                 | 163,152           | 484,005                   | 169,844                        |
| Total Bonds and Notes Payable                       | <u>164,599,131</u>           | <u>88,565,000</u> | <u>6,168,152</u>  | <u>246,995,979</u>        | <u>6,439,844</u>               |
| Other Liabilities:                                  |                              |                   |                   |                           |                                |
| Accreted Interest – CAB Ser. 1992                   | 7,447,605                    | 525,009           | -                 | 7,972,614                 | -                              |
| Total Other Liabilities                             | <u>-</u>                     | <u>-</u>          | <u>-</u>          | <u>-</u>                  | <u>-</u>                       |
| Total Governmental Activities Long-term Liabilities | <u>172,046,736</u>           | <u>89,090,009</u> | <u>6,168,152</u>  | <u>254,968,593</u>        | <u>6,439,844</u>               |

**L. DEFERRED REVENUE**

Deferred revenue at year end consisted of the following:

|                                  | General<br>Fund  | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Total             |
|----------------------------------|------------------|----------------------------|-------------------------|-------------------|
| Net Tax Revenue                  | 7,662,407        | -                          | 928,956                 | 8,591,363         |
| State Revenues                   | -                | -                          | 842,749                 | 842,749           |
| Food Service Receipts            | 425,107          | -                          | -                       | 425,107           |
| Medicaid Admin. Claiming Program | -                | 251,158                    | -                       | 251,158           |
| Advanced Placement - Spanish     | -                | 1,206                      | -                       | 1,206             |
| Gear-Up Program                  | -                | 2,575                      | -                       | 2,575             |
| Advanced Placement Incentives    | -                | 27,823                     | -                       | 27,823            |
| Technology Allotment             | -                | 30,455                     | -                       | 30,455            |
| Endless Education Grant          | -                | 1,288                      | -                       | 1,288             |
| HEB Grant                        | -                | 10                         | -                       | 10                |
| Misc. Grants under \$10,000      | -                | 1,000                      | -                       | 1,000             |
| Loss Prevention Grant            | -                | 4,686                      | -                       | 4,686             |
| <b>Total Deferred Revenue</b>    | <b>8,087,514</b> | <b>320,201</b>             | <b>1,771,705</b>        | <b>10,179,420</b> |

**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, 2007, are summarized below. All federal grants shown below are passed through the Texas Education Agency and are reported on the combined financial statements as Due from State Agencies. The following are exceptions, \$24,346 in the Special Revenue Funds which is due from The University of Texas- Pan American on behalf of The Michael and Sarah Dell Foundation.

| <u>FUND</u>     | <u>STATE<br/>ENTITLEMENTS</u> | <u>FEDERAL<br/>GRANTS</u> | <u>OTHER</u>  | <u>TOTAL</u>     |
|-----------------|-------------------------------|---------------------------|---------------|------------------|
| General         | 3,717,552                     | 375,059                   | -             | 4,092,611        |
| Special Revenue | 1,024,846                     | 1,562,584                 | 24,346        | 2,611,776        |
| <b>Total</b>    | <b>4,742,398</b>              | <b>1,937,643</b>          | <b>24,346</b> | <b>6,704,387</b> |

**N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

|                | General<br>Fund | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund | Total      |
|----------------|-----------------|----------------------------|-------------------------|-----------------------------|------------|
| Property Taxes | 23,680,987      | -                          | 3,528,233               | -                           | 27,209,221 |

|  |            |        |           |           |            |
|--|------------|--------|-----------|-----------|------------|
| Penalties, Interest and Other Tax - related income | 1,716,671  | -      | 240,435   | -         | 1,957,106  |
| Investment Income                                  | 4,791,363  | -      | 1,141,509 | 6,856,753 | 12,789,625 |
| Food Sales   | 544,821    | -      | -         | -         | 544,821    |
| Co-curricular Student Activities                   | 173,366    | -      | -         | -         | 173,366    |
| Other  | 174,421    | 82,900 | -         | -         | 257,321    |
| Total  | 31,081,630 | 82,900 | 4,910,177 | 6,856,753 | 42,931,461 |

## 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

### Projected Summary of Facilities

| Project                      | Architect  | Location                         | Projected Starting Date | Projected Completion Date | Negotiated Contract Amount |
|------------------------------|--|----------------------------------|-------------------------|---------------------------|----------------------------|
| Elementary School No. 21     | Vitetta<br><i>August 17, 2005</i>                  | Pueblo de Palmas Subdivision     | December 2006           | December 2007             | \$ 8,670,000               |
| Elementary School No. 22     | Vitetta<br><i>August 17, 2005</i>                  | 4-mile line & Liberty Boulevard  | December 2006           | December 2007             | \$ 8,375,106               |
| Middle School No. 7          | TDCI<br><i>January 5, 2005</i>                     | Pueblo de Palmas Subdivision     | May 2006                | November 2007             | \$13,600,000               |
| High School No. 4            | ERO<br><i>January 5, 2005</i>                      | 3-mile line & La Homa            | January 2007            | March 2009                | \$58,321,500               |
| Elementary School No. 23     | Mata-Villarreal-Garcia<br><i>December 11, 2006</i> | 3-mile line & Bentsen Palm Drive | November 2007           | November 2008             | \$ 8,879,865               |
| Elementary School No. 24     | Vitetta<br><i>June 13, 2007</i>                    | 8-mile line & Doffing Road       | December 2007           | December 2008             | \$ 9,300,000               |
| Elementary School No. 25     | ERO<br><i>May 30, 2007</i>                         | Pending                          | December 2007           | December 2008             | \$ 9,300,000               |
| Middle School No. 8          | ROFA Architects Inc.<br><i>April 11, 2007</i>      | 5-mile line & Bensten Palm Drive | February 2008           | June 2009                 | \$17,985,000               |
| New LJ High School-Texan Rd. | Gignac & Associates<br><i>January 24, 2007</i>     | 7-mile line & Texan Road         | May 2008                | May 2010                  | \$49,725,000               |

## Q. SUBSEQUENT EVENTS

The La Joya ISD passed a \$94 million Unlimited Tax School Building Bonds on November 06, 2007. Bonds have not been sold as of the date of this audit.

**R. 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 in 2006-07 | \$14,309.926        |
| b.) Subtract any non-medical expenditures                  | 0                   |
| c.) 2006-2007 Maintenance of Effort                        | <u>\$14,309,926</u> |

**S. PRIOR PERIOD ADJUSTMENT**

The District recognized prior period adjustments in the Governmental Funds totaling \$ 66,986. The adjustments resulted from additional earned revenue, not previously recognized.

|                                    | Total    |
|------------------------------------|----------|
| General Fund                       | (69,001) |
| Capital Project Funds              | (3,434)  |
| Debt Service Funds                 | 5,449    |
| Total Net Prior Period Adjustments | (66,986) |



## **COMBINING AND OTHER STATEMENTS**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

| Data<br>Control<br>Codes                        | 204<br>ESEA Title IV<br>Safe & Drug<br>Free Schools | 211<br>ESEA I, A<br>Improving<br>Basic Program | 212<br>ESEA Title I<br>Part C<br>Migrant |
|---|---|--|--|
| <b>ASSETS</b>                                   |   |  |  |
| 1110 Cash and Cash Equivalents                  | \$ (9,691)  | \$ (384,781)                                   | \$ (251,252)                             |
| 1120 Investments - Current                      | -   | -  | -  |
| 1220 Property Taxes - Delinquent                | -   | -  | -  |
| 1230 Allowance for Uncollectible Taxes (Credit) | -   | -  | -  |
| 1240 Due from Other Governments                 | 10,153  | 636,890  | 296,484                                  |
| 1260 Due from Other Funds                       | -   | -  | -  |
| 1000 Total Assets                               | <u>\$ 462</u>                                       | <u>\$ 252,109</u>                              | <u>\$ 45,232</u>                         |
| <b>LIABILITIES AND FUND BALANCES</b>            |   |  |  |
| Liabilities:                                    |   |  |  |
| 2110 Accounts Payable                           | \$ 462  | \$ 14,457                                      | \$ 259                                   |
| 2160 Accrued Wages Payable                      | -   | 237,652  | 44,973                                   |
| 2180 Due to Other Governments                   | -   | -  | -  |
| 2300 Deferred Revenues                          | -   | -  | -  |
| 2000 Total Liabilities                          | <u>462</u>  | <u>252,109</u>                                 | <u>45,232</u>                            |
| Fund Balances:                                  |   |  |  |
| Reserved For:                                   |   |  |  |
| 3420 Retirement of Long Term Debt               | -   | -  | -  |
| 3490 Other Purposes                             | -   | -  | -  |
| 3000 Total Fund Balances                        | <u>-</u>  | <u>-</u>                                       | <u>-</u>                                 |
| 4000 Total Liabilities and Fund Balances        | <u>\$ 462</u>                                       | <u>\$ 252,109</u>                              | <u>\$ 45,232</u>                         |

| 224<br>IDEA - Part B<br>Formula | 225<br>IDEA - Part B<br>Preschool | 244<br>Vocational Ed<br>Basic<br>Grant | 255<br>ESEA II,A<br>Training and<br>Recruiting | 256<br>ESEA, I, F<br>Comprehensive<br>School Reform | 262<br>Title II, D<br>Education<br>Technology | 263<br>Title III, A<br>English Lang.<br>Acquisition | 269<br>Title V, Pt.A<br>Innovative<br>Programs |
|---------------------------------|-----------------------------------|--|--|---|---|---|--|
| \$ (94,688)                     | \$ (2,472)                        | \$ (10,134)                            | \$ (58,568)                                    | \$ (6,830)  | \$ (13,013)                                   | \$ (45,528)   | \$ (888)                                       |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| 160,931                         | 2,472                             | 10,409                                 | 103,901  | 7,630   | 13,612  | 66,221  | 888  |
| 40                              | -                                 | -                                      | -  | -   | -   | -   | -  |
| <u>\$ 66,283</u>                | <u>\$ -</u>                       | <u>\$ 275</u>                          | <u>\$ 45,333</u>                               | <u>\$ 800</u>                                       | <u>\$ 599</u>                                 | <u>\$ 20,693</u>                                    | <u>\$ -</u>                                    |
| <br>                            |                                   |  |  |   |   |   |  |
| \$ 12,722                       | \$ -                              | \$ -                                   | \$ 337   | \$ 800  | \$ -  | \$ -  | \$ -   |
| 53,561                          | -                                 | 275                                    | 44,996   | -   | 599   | 20,693  | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| <u>66,283</u>                   | <u>-</u>                          | <u>275</u>                             | <u>45,333</u>                                  | <u>800</u>  | <u>599</u>                                    | <u>20,693</u>                                       | <u>-</u>                                       |
| <br>                            |                                   |  |  |   |   |   |  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| <u>\$ 66,283</u>                | <u>\$ -</u>                       | <u>\$ 275</u>                          | <u>\$ 45,333</u>                               | <u>\$ 800</u>                                       | <u>\$ 599</u>                                 | <u>\$ 20,693</u>                                    | <u>\$ -</u>                                    |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

| Data<br>Control<br>Codes             | 272<br>Medicaid<br>Admin. Claim<br>MAC     | 279<br>Governor's<br>Excellence<br>Award | 281<br>Title I<br>School<br>Improvement | 283<br>Advanced<br>Placement<br>Spanish |                 |
|--------------------------------------|--|--|---|---|-----------------|
| <b>ASSETS</b>                        |  |  |   |   |                 |
| 1110                                 | Cash and Cash Equivalents                  | \$ 254,764                               | \$ (71,433)                             | \$ (63,925)                             | \$ 1,206        |
| 1120                                 | Investments - Current                      | -  | -                                       | -                                       | -               |
| 1220                                 | Property Taxes - Delinquent                | -  | -                                       | -                                       | -               |
| 1230                                 | Allowance for Uncollectible Taxes (Credit) | -  | -                                       | -                                       | -               |
| 1240                                 | Due from Other Governments                 | -  | 71,433                                  | 70,671                                  | -               |
| 1260                                 | Due from Other Funds                       | -  | -                                       | 17                                      | -               |
| 1000                                 | Total Assets                               | <u>\$ 254,764</u>                        | <u>\$ -</u>                             | <u>\$ 6,763</u>                         | <u>\$ 1,206</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |  |  |   |   |                 |
| Liabilities:                         |  |  |   |   |                 |
| 2110                                 | Accounts Payable                           | \$ 3,606                                 | \$ -                                    | \$ 6,763                                | \$ -            |
| 2160                                 | Accrued Wages Payable                      | -  | -                                       | -                                       | -               |
| 2180                                 | Due to Other Governments                   | -  | -                                       | -                                       | -               |
| 2300                                 | Deferred Revenues                          | 251,158                                  | -                                       | -                                       | 1,206           |
| 2000                                 | Total Liabilities                          | <u>254,764</u>                           | <u>-</u>                                | <u>6,763</u>                            | <u>1,206</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>\$ 254,764</u>                        | <u>\$ -</u>                             | <u>\$ 6,763</u>                         | <u>\$ 1,206</u> |

| 285<br>Teaching<br>American<br>History | 286<br>Hurricane<br>Recovery<br>Act | 289<br>Gear UP<br>Program | 385<br>Visually<br>Impaired | 394<br>Pregnancy,<br>Education and<br>Parenting | 397<br>Advanced<br>Placement<br>Incentives | 399<br>Investment<br>Capital<br>Funds | 401<br>Optional<br>Extended Year<br>Program |
|--|-------------------------------------|---------------------------|-----------------------------|---|--|---------------------------------------|---|
| \$ (27,145)                            | \$ -                                | \$ (77,646)               | \$ -                        | \$ (26,078)                                     | \$ 33,724                                  | \$ (149,557)                          | \$ (141,424)                                |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| 27,491                                 | -                                   | 83,399                    | -                           | 27,027  | -  | 187,246                               | 141,424                                     |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| <u>\$ 346</u>                          | <u>\$ -</u>                         | <u>\$ 5,753</u>           | <u>\$ -</u>                 | <u>\$ 949</u>                                   | <u>\$ 33,724</u>                           | <u>\$ 37,689</u>                      | <u>\$ -</u>                                 |
| \$ 346                                 | \$ -                                | \$ 1,142                  | \$ -                        | \$ 949  | \$ 5,901                                   | \$ 18,258                             | \$ -  |
| -                                      | -                                   | 2,036                     | -                           | -   | -  | 19,431                                | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | 2,575                     | -                           | -   | 27,823                                     | -                                     | -   |
| <u>346</u>                             | <u>-</u>                            | <u>5,753</u>              | <u>-</u>                    | <u>949</u>                                      | <u>33,724</u>                              | <u>37,689</u>                         | <u>-</u>                                    |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| <u>\$ 346</u>                          | <u>\$ -</u>                         | <u>\$ 5,753</u>           | <u>\$ -</u>                 | <u>\$ 949</u>                                   | <u>\$ 33,724</u>                           | <u>\$ 37,689</u>                      | <u>\$ -</u>                                 |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

| Data<br>Control<br>Codes             | 404<br>Student<br>Success<br>Initiative    | 411<br>Technology<br>Allotment | 415<br>Kindergarten<br>and Pre-K<br>Grants | 418<br>Employee<br>Health<br>Insurance |               |
|--------------------------------------|--|--------------------------------|--|--|---------------|
| <b>ASSETS</b>                        |  |                                |  |  |               |
| 1110                                 | Cash and Cash Equivalents                  | \$ (450,341)                   | \$ 156,967                                 | \$ (86,096)                            | \$ 385        |
| 1120                                 | Investments - Current                      | -                              | -  | -                                      | -             |
| 1220                                 | Property Taxes - Delinquent                | -                              | -  | -                                      | -             |
| 1230                                 | Allowance for Uncollectible Taxes (Credit) | -                              | -  | -                                      | -             |
| 1240                                 | Due from Other Governments                 | 470,131                        | -  | 86,096                                 | -             |
| 1260                                 | Due from Other Funds                       | -                              | -  | -                                      | -             |
| 1000                                 | Total Assets                               | <u>\$ 19,790</u>               | <u>\$ 156,967</u>                          | <u>\$ -</u>                            | <u>\$ 385</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |  |                                |  |  |               |
| Liabilities:                         |  |                                |  |  |               |
| 2110                                 | Accounts Payable                           | \$ 19,790                      | \$ 12,324                                  | \$ -                                   | \$ -          |
| 2160                                 | Accrued Wages Payable                      | -                              | -  | -                                      | -             |
| 2180                                 | Due to Other Governments                   | -                              | -  | -                                      | 385           |
| 2300                                 | Deferred Revenues                          | -                              | 30,455                                     | -                                      | -             |
| 2000                                 | Total Liabilities                          | <u>19,790</u>                  | <u>42,779</u>                              | <u>-</u>                               | <u>385</u>    |
| Fund Balances:                       |  |                                |  |  |               |
| Reserved For:                        |  |                                |  |  |               |
| 3420                                 | Retirement of Long Term Debt               | -                              | -  | -                                      | -             |
| 3490                                 | Other Purposes                             | -                              | 114,188                                    | -                                      | -             |
| 3000                                 | Total Fund Balances                        | <u>-</u>                       | <u>114,188</u>                             | <u>-</u>                               | <u>-</u>      |
| 4000                                 | Total Liabilities and Fund Balances        | <u>\$ 19,790</u>               | <u>\$ 156,967</u>                          | <u>\$ -</u>                            | <u>\$ 385</u> |

| 421<br>Master<br>Reading<br>Teacher | 428<br>High<br>School<br>Allotment | 429<br>Texas<br>Educator<br>Grant | 480<br>Endless<br>Education<br>Grant | 483<br>Laura<br>Bush<br>Grant | 484<br>Texas Early<br>Educator<br>Model | 485<br>TEEM<br>Project<br>Mentor | 496<br>Tobacco<br>Compliance<br>Grant |
|-------------------------------------|------------------------------------|-----------------------------------|--------------------------------------|-------------------------------|---|----------------------------------|---------------------------------------|
| \$ 5,000                            | \$ 1,045,532                       | \$ -                              | \$ 1,288                             | \$ 137                        | \$ (18,712)                             | \$ (26,055)                      | \$ 96                                 |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | 86,867                                  | 26,055                           | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| <u>\$ 5,000</u>                     | <u>\$ 1,045,532</u>                | <u>\$ -</u>                       | <u>\$ 1,288</u>                      | <u>\$ 137</u>                 | <u>\$ 68,155</u>                        | <u>\$ -</u>                      | <u>\$ 96</u>                          |
| \$ -                                | \$ 5,937                           | \$ -                              | \$ -                                 | \$ 127                        | \$ 68,155                               | \$ -                             | \$ -                                  |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| 5,000                               | -                                  | -                                 | -                                    | -                             | -                                       | -                                | 96                                    |
| -                                   | -                                  | -                                 | 1,288                                | 10                            | -                                       | -                                | -                                     |
| <u>5,000</u>                        | <u>5,937</u>                       | <u>-</u>                          | <u>1,288</u>                         | <u>137</u>                    | <u>68,155</u>                           | <u>-</u>                         | <u>96</u>                             |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | 1,039,595                          | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | 1,039,595                          | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| <u>\$ 5,000</u>                     | <u>\$ 1,045,532</u>                | <u>\$ -</u>                       | <u>\$ 1,288</u>                      | <u>\$ 137</u>                 | <u>\$ 68,155</u>                        | <u>\$ -</u>                      | <u>\$ 96</u>                          |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

| Data<br>Control<br>Codes             | 497<br>Miscellaneous<br>Grants             | 498<br>Loss<br>Prevention<br>Grant | 499<br>AVID<br>Program | Total<br>Nonmajor<br>Special<br>Revenue Funds |                     |
|--------------------------------------|--|------------------------------------|------------------------|---|---------------------|
| <b>ASSETS</b>                        |  |                                    |                        |   |                     |
| 1110                                 | Cash and Cash Equivalents                  | \$ 1,000                           | \$ 4,686               | \$ (24,246)                                   | \$ (535,718)        |
| 1120                                 | Investments - Current                      | -                                  | -                      | -   | -                   |
| 1220                                 | Property Taxes - Delinquent                | -                                  | -                      | -   | -                   |
| 1230                                 | Allowance for Uncollectible Taxes (Credit) | -                                  | -                      | -   | -                   |
| 1240                                 | Due from Other Governments                 | -                                  | -                      | 24,346  | 2,611,777           |
| 1260                                 | Due from Other Funds                       | -                                  | -                      | -   | 57                  |
| 1000                                 | Total Assets                               | <u>\$ 1,000</u>                    | <u>\$ 4,686</u>        | <u>\$ 100</u>                                 | <u>\$ 2,076,116</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |  |                                    |                        |   |                     |
| Liabilities:                         |  |                                    |                        |   |                     |
| 2110                                 | Accounts Payable                           | \$ -                               | \$ -                   | \$ 100  | \$ 172,435          |
| 2160                                 | Accrued Wages Payable                      | -                                  | -                      | -   | 424,216             |
| 2180                                 | Due to Other Governments                   | -                                  | -                      | -   | 5,481               |
| 2300                                 | Deferred Revenues                          | 1,000                              | 4,686                  | -   | 320,201             |
| 2000                                 | Total Liabilities                          | <u>1,000</u>                       | <u>4,686</u>           | <u>100</u>                                    | <u>922,333</u>      |
| Fund Balances:                       |  |                                    |                        |   |                     |
| Reserved For:                        |  |                                    |                        |   |                     |
| 3420                                 | Retirement of Long Term Debt               | -                                  | -                      | -   | -                   |
| 3490                                 | Other Purposes                             | -                                  | -                      | -   | 1,153,783           |
| 3000                                 | Total Fund Balances                        | <u>-</u>                           | <u>-</u>               | <u>-</u>                                      | <u>1,153,783</u>    |
| 4000                                 | Total Liabilities and Fund Balances        | <u>\$ 1,000</u>                    | <u>\$ 4,686</u>        | <u>\$ 100</u>                                 | <u>\$ 2,076,116</u> |



| 599<br>Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--------------------------------|--|
| \$ 3                           | \$ (535,715)                               |
| 5,957,617                      | 5,957,617                                  |
| 1,110,043                      | 1,110,043                                  |
| (181,087)                      | (181,087)                                  |
| -                              | 2,611,777                                  |
| 78,625                         | 78,682                                     |
| <u>\$ 6,965,201</u>            | <u>\$ 9,041,317</u>                        |
| <br>                           |  |
| \$ -                           | \$ 172,435                                 |
| -                              | 424,216                                    |
| 11,248                         | 16,729                                     |
| 1,771,705                      | 2,091,906                                  |
| <u>1,782,953</u>               | <u>2,705,286</u>                           |
| <br>                           |  |
| 5,182,248                      | 5,182,248                                  |
| -                              | 1,153,783                                  |
| <u>5,182,248</u>               | <u>6,336,031</u>                           |
| <u>\$ 6,965,201</u>            | <u>\$ 9,041,317</u>                        |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

| Data<br>Control<br>Codes                            | 204<br>ESEA Title IV<br>Safe & Drug<br>Free Schools | 211<br>ESEA I, A<br>Improving<br>Basic Program | 212<br>ESEA Title I<br>Part C<br>Migrant |
|---|---|--|--|
| REVENUES:   |   |  |  |
| 5700 Total Local and Intermediate Sources           | \$ -  | \$ -   | \$ -                                     |
| 5800 State Program Revenues                         | -   | -  | -  |
| 5900 Federal Program Revenues                       | 181,768   | 12,757,593                                     | 2,954,360                                |
| 5020 Total Revenues                                 | <u>181,768</u>                                      | <u>12,757,593</u>                              | <u>2,954,360</u>                         |
| EXPENDITURES:                                       |   |  |  |
| Current:  |   |  |  |
| 0011 Instruction                                    | 50,156  | 9,641,432                                      | 1,969,567                                |
| 0012 Instructional Resources and Media Services     | -   | 284,685  | -  |
| 0013 Curriculum and Instructional Staff Development | -   | 1,119,486                                      | 2,702                                    |
| 0021 Instructional Leadership                       | 5,655   | 291,967  | 168,874                                  |
| 0023 School Leadership                              | -   | 52,751   | 305                                      |
| 0031 Guidance, Counseling and Evaluation Services   | 125,025   | 93,496   | 74,645                                   |
| 0032 Social Work Services                           | 932   | 549,586  | 575,082                                  |
| 0033 Health Services                                | -   | 23,706   | 3,047                                    |
| 0034 Student (Pupil) Transportation                 | -   | -  | -  |
| 0035 Food Services                                  | -   | -  | -  |
| 0041 General Administration                         | -   | 31,813   | 597                                      |
| 0051 Facilities Maintenance and Operations          | -   | 44,250   | 1,760                                    |
| 0052 Security and Monitoring Services               | -   | 18,935   | -  |
| 0061 Community Services                             | -   | 605,486  | 157,781                                  |
| 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>181,768</u>                                      | <u>12,757,593</u>                              | <u>2,954,360</u>                         |
| 1100 Excess of Revenues Over Expenditures           | <u>-</u>  | <u>-</u>                                       | <u>-</u>                                 |
| OTHER FINANCING SOURCES (USES):                     |   |  |  |
| 7911 Capital Related Debt Issued (Regular Bonds)    | <u>-</u>  | <u>-</u>                                       | <u>-</u>                                 |
| 7080 Total Other Financing Sources (Uses)           | <u>-</u>  | <u>-</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>                              |

| 224<br>IDEA - Part B<br>Formula | 225<br>IDEA - Part B<br>Preschool | 244<br>Vocational Ed<br>Basic<br>Grant | 255<br>ESEA II,A<br>Training and<br>Recruiting | 256<br>ESEA, I, F<br>Comprehensive<br>School Reform | 262<br>Title II, D<br>Education<br>Technology | 263<br>Title III, A<br>English Lang.<br>Acquisition | 269<br>Title V, Pt.A<br>Innovative<br>Programs |
|---------------------------------|-----------------------------------|--|--|---|---|---|--|
| \$ -                            | \$ -                              | \$ -                                   | \$ -   | \$ -  | \$ -  | \$ -  | \$ -   |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| 3,574,841                       | 33,727                            | 380,847                                | 1,504,186                                      | 28,533  | 162,009                                       | 1,197,897   | 29,572   |
| <u>3,574,841</u>                | <u>33,727</u>                     | <u>380,847</u>                         | <u>1,504,186</u>                               | <u>28,533</u>                                       | <u>162,009</u>                                | <u>1,197,897</u>                                    | <u>29,572</u>                                  |
| 2,923,961                       | 33,727                            | 315,236                                | 1,098,323                                      | 27,733  | 3,481   | 846,453   | 24,397   |
| -                               | -                                 | -                                      | -  | -   | -   | 10,078  | -  |
| 8,653                           | -                                 | -                                      | 396,504  | -   | 147,465                                       | 321,954   | 2,664  |
| 104,726                         | -                                 | -                                      | -  | -   | -   | 19,037  | 1,643  |
| -                               | -                                 | -                                      | 4,840  | -   | -   | 125   | -  |
| 359,922                         | -                                 | 65,611                                 | -  | -   | -   | 250   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| 170,510                         | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | 4,519  | -   | -   | -   | 868  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| 7,069                           | -                                 | -                                      | -  | 800   | 11,063  | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| <u>3,574,841</u>                | <u>33,727</u>                     | <u>380,847</u>                         | <u>1,504,186</u>                               | <u>28,533</u>                                       | <u>162,009</u>                                | <u>1,197,897</u>                                    | <u>29,572</u>                                  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| -                               | -                                 | -                                      | -  | -   | -   | -   | -  |
| <u>\$ -</u>                     | <u>\$ -</u>                       | <u>\$ -</u>                            | <u>\$ -</u>                                    | <u>\$ -</u>   | <u>\$ -</u>                                   | <u>\$ -</u>   | <u>\$ -</u>                                    |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

| Data<br>Control<br>Codes                            | 272<br>Medicaid<br>Admin. Claim<br>MAC | 279<br>Govenor's<br>Excellence<br>Award | 281<br>Title I<br>School<br>Improvement | 283<br>Advanced<br>Placement<br>Spanish |
|---|--|---|---|---|
| REVENUES:   |  |   |   |   |
| 5700 Total Local and Intermediate Sources           | \$ -                                   | \$ -                                    | \$ -                                    | \$ -                                    |
| 5800 State Program Revenues                         | -                                      | -                                       | -                                       | -                                       |
| 5900 Federal Program Revenues                       | 74,350                                 | 468,068                                 | 623,698                                 | 2,994                                   |
| 5020 Total Revenues                                 | <u>74,350</u>                          | <u>468,068</u>                          | <u>623,698</u>                          | <u>2,994</u>                            |
| EXPENDITURES:                                       |  |   |   |   |
| Current:  |  |   |   |   |
| 0011 Instruction                                    | -                                      | 392,522                                 | 308,855                                 | -                                       |
| 0012 Instructional Resources and Media Services     | -                                      | 1,032                                   | -                                       | -                                       |
| 0013 Curriculum and Instructional Staff Development | -                                      | -                                       | 239,186                                 | 2,269                                   |
| 0021 Instructional Leadership                       | -                                      | -                                       | 26,419                                  | 725                                     |
| 0023 School Leadership                              | -                                      | 50,887                                  | 5,920                                   | -                                       |
| 0031 Guidance, Counseling and Evaluation Services   | -                                      | 11,343                                  | 829                                     | -                                       |
| 0032 Social Work Services                           | -                                      | 2,065                                   | 34,743                                  | -                                       |
| 0033 Health Services                                | 74,139                                 | 2,065                                   | -                                       | -                                       |
| 0034 Student (Pupil) Transportation                 | -                                      | -                                       | -                                       | -                                       |
| 0035 Food Services                                  | -                                      | 1,630                                   | -                                       | -                                       |
| 0041 General Administration                         | -                                      | -                                       | -                                       | -                                       |
| 0051 Facilities Maintenance and Operations          | 211                                    | 5,824                                   | -                                       | -                                       |
| 0052 Security and Monitoring Services               | -                                      | 700                                     | -                                       | -                                       |
| 0061 Community Services                             | -                                      | -                                       | 7,746                                   | -                                       |
| 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>74,350</u>                          | <u>468,068</u>                          | <u>623,698</u>                          | <u>2,994</u>                            |
| 1100 Excess of Revenues Over Expenditures           | <u>-</u>                               | <u>-</u>                                | <u>-</u>                                | <u>-</u>                                |
| OTHER FINANCING SOURCES (USES):                     |  |   |   |   |
| 7911 Capital Related Debt Issued (Regular Bonds)    | -                                      | -                                       | -                                       | -                                       |
| 7080 Total Other Financing Sources (Uses)           | <u>-</u>                               | <u>-</u>                                | <u>-</u>                                | <u>-</u>                                |
| 1200 Net Change in Fund Balance                     | -                                      | -                                       | -                                       | -                                       |
| 0100 Fund Balance - September 1 (Beginning)         | -                                      | -                                       | -                                       | -                                       |
| 1300 Increase (Decrease) in Fund Balance            | -                                      | -                                       | -                                       | -                                       |
| 3000 Fund Balance - August 31 (Ending)              | <u>\$ -</u>                            | <u>\$ -</u>                             | <u>\$ -</u>                             | <u>\$ -</u>                             |

| 285<br>Teaching<br>American<br>History | 286<br>Hurricane<br>Recovery<br>Act | 289<br>Gear UP<br>Program | 385<br>Visually<br>Impaired | 394<br>Pregnancy,<br>Education and<br>Parenting | 397<br>Advanced<br>Placement<br>Incentives | 399<br>Investment<br>Capital<br>Funds | 401<br>Optional<br>Extended Year<br>Program |
|--|-------------------------------------|---------------------------|-----------------------------|---|--|---------------------------------------|---|
| \$ -                                   | \$ -                                | \$ -                      | \$ 2,606                    | \$ -  | \$ -                                       | \$ -                                  | \$ -  |
| -                                      | -                                   | -                         | -                           | 84,477  | 51,968                                     | 303,873                               | 141,424                                     |
| 89,536                                 | -                                   | 805,682                   | -                           | -   | -  | -                                     | -   |
| <u>89,536</u>                          | <u>-</u>                            | <u>805,682</u>            | <u>2,606</u>                | <u>84,477</u>                                   | <u>51,968</u>                              | <u>303,873</u>                        | <u>141,424</u>                              |
| 17,617                                 | -                                   | 336,017                   | 2,606                       | 26,028  | 34,632                                     | 136,988                               | 141,424                                     |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| 71,919                                 | -                                   | 691                       | -                           | -   | 16,848                                     | 147,833                               | -   |
| -                                      | -                                   | 3,491                     | -                           | 47,494  | -  | -                                     | -   |
| -                                      | -                                   | 979                       | -                           | 10,955  | 488  | 813                                   | -   |
| -                                      | -                                   | 305,064                   | -                           | -   | -  | 125                                   | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | 159,440                   | -                           | -   | -  | 18,114                                | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| <u>89,536</u>                          | <u>-</u>                            | <u>805,682</u>            | <u>2,606</u>                | <u>84,477</u>                                   | <u>51,968</u>                              | <u>303,873</u>                        | <u>141,424</u>                              |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| -                                      | -                                   | -                         | -                           | -   | -  | -                                     | -   |
| <u>\$ -</u>                            | <u>\$ -</u>                         | <u>\$ -</u>               | <u>\$ -</u>                 | <u>\$ -</u>                                     | <u>\$ -</u>                                | <u>\$ -</u>                           | <u>\$ -</u>                                 |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

| Data<br>Control<br>Codes                            | 404<br>Student<br>Success<br>Initiative | 411<br>Technology<br>Allotment | 415<br>Kindergarten<br>and Pre-K<br>Grants | 418<br>Employee<br>Health<br>Insurance |
|---|---|--------------------------------|--|--|
| REVENUES:   |   |                                |  |  |
| 5700 Total Local and Intermediate Sources           | \$ -                                    | \$ -                           | \$ -                                       | \$ -                                   |
| 5800 State Program Revenues                         | 1,431,792                               | 612,911                        | 458,853                                    | -                                      |
| 5900 Federal Program Revenues                       | -                                       | -                              | -  | -                                      |
| 5020 Total Revenues                                 | <u>1,431,792</u>                        | <u>612,911</u>                 | <u>458,853</u>                             | <u>-</u>                               |
| EXPENDITURES:                                       |   |                                |  |  |
| Current:  |   |                                |  |  |
| 0011 Instruction                                    | 1,357,019                               | 111,182                        | 458,853                                    | -                                      |
| 0012 Instructional Resources and Media Services     | -                                       | 497,739                        | -  | -                                      |
| 0013 Curriculum and Instructional Staff Development | 63,678                                  | -                              | -  | -                                      |
| 0021 Instructional Leadership                       | 11,095                                  | -                              | -  | -                                      |
| 0023 School Leadership                              | -                                       | -                              | -  | -                                      |
| 0031 Guidance, Counseling and Evaluation Services   | -                                       | -                              | -  | -                                      |
| 0032 Social Work Services                           | -                                       | -                              | -  | -                                      |
| 0033 Health Services                                | -                                       | -                              | -  | -                                      |
| 0034 Student (Pupil) Transportation                 | -                                       | -                              | -  | -                                      |
| 0035 Food Services                                  | -                                       | -                              | -  | -                                      |
| 0041 General Administration                         | -                                       | -                              | -  | -                                      |
| 0051 Facilities Maintenance and Operations          | -                                       | -                              | -  | -                                      |
| 0052 Security and Monitoring Services               | -                                       | -                              | -  | -                                      |
| 0061 Community Services                             | -                                       | -                              | -  | -                                      |
| 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>1,431,792</u>                        | <u>608,921</u>                 | <u>458,853</u>                             | <u>-</u>                               |
| 1100 Excess of Revenues Over Expenditures           | <u>-</u>                                | <u>3,990</u>                   | <u>-</u>                                   | <u>-</u>                               |
| OTHER FINANCING SOURCES (USES):                     |   |                                |  |  |
| 7911 Capital Related Debt Issued (Regular Bonds)    | -                                       | -                              | -  | -                                      |
| 7080 Total Other Financing Sources (Uses)           | <u>-</u>                                | <u>-</u>                       | <u>-</u>                                   | <u>-</u>                               |
| 1200 Net Change in Fund Balance                     | -                                       | 3,990                          | -  | -                                      |
| 0100 Fund Balance - September 1 (Beginning)         | -                                       | 110,198                        | -  | -                                      |
| 1300 Increase (Decrease) in Fund Balance            | -                                       | -                              | -  | -                                      |
| 3000 Fund Balance - August 31 (Ending)              | <u>\$ -</u>                             | <u>\$ 114,188</u>              | <u>\$ -</u>                                | <u>\$ -</u>                            |

| 421<br>Master<br>Reading<br>Teacher | 428<br>High<br>School<br>Allotment | 429<br>Texas<br>Educator<br>Grant | 480<br>Endless<br>Education<br>Grant | 483<br>Laura<br>Bush<br>Grant | 484<br>Texas Early<br>Educator<br>Model | 485<br>TEEM<br>Project<br>Mentor | 496<br>Tobacco<br>Compliance<br>Grant |
|-------------------------------------|------------------------------------|-----------------------------------|--------------------------------------|-------------------------------|---|----------------------------------|---------------------------------------|
| \$ -                                | \$ -                               | \$ -                              | \$ 15,212                            | \$ 127                        | \$ -                                    | \$ -                             | \$ -                                  |
| 20,000                              | 1,385,424                          | -                                 | -                                    | -                             | 86,867                                  | 54,718                           | 5,904                                 |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| <u>20,000</u>                       | <u>1,385,424</u>                   | <u>-</u>                          | <u>15,212</u>                        | <u>127</u>                    | <u>86,867</u>                           | <u>54,718</u>                    | <u>5,904</u>                          |
| 20,000                              | 266,824                            | -                                 | -                                    | 127                           | 68,155                                  | -                                | 5,904                                 |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | 75,188                             | -                                 | -                                    | -                             | 18,712                                  | 54,718                           | -                                     |
| -                                   | 378                                | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | 3,439                              | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | 15,212                               | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| <u>20,000</u>                       | <u>345,829</u>                     | <u>-</u>                          | <u>15,212</u>                        | <u>127</u>                    | <u>86,867</u>                           | <u>54,718</u>                    | <u>5,904</u>                          |
| -                                   | 1,039,595                          | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | 1,039,595                          | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| -                                   | -                                  | -                                 | -                                    | -                             | -                                       | -                                | -                                     |
| <u>\$ -</u>                         | <u>\$ 1,039,595</u>                | <u>\$ -</u>                       | <u>\$ -</u>                          | <u>\$ -</u>                   | <u>\$ -</u>                             | <u>\$ -</u>                      | <u>\$ -</u>                           |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

| Data<br>Control<br>Codes                            | 497<br>Miscellaneous<br>Grants | 498<br>Loss<br>Prevention<br>Grant | 499<br>AVID<br>Program | Total<br>Nonmajor<br>Special<br>Revenue Funds |
|---|--------------------------------|------------------------------------|------------------------|---|
| REVENUES:   |                                |                                    |                        |   |
| 5700 Total Local and Intermediate Sources           | \$ -                           | \$ 18                              | \$ 64,937              | \$ 82,900                                     |
| 5800 State Program Revenues                         | -                              | -                                  | -                      | 4,638,211                                     |
| 5900 Federal Program Revenues                       | -                              | -                                  | -                      | 24,869,661                                    |
| 5020 Total Revenues                                 | <u>-</u>                       | <u>18</u>                          | <u>64,937</u>          | <u>29,590,772</u>                             |
| EXPENDITURES:                                       |                                |                                    |                        |   |
| Current:  |                                |                                    |                        |   |
| 0011 Instruction                                    | -                              | 18                                 | 57,120                 | 20,676,357                                    |
| 0012 Instructional Resources and Media Services     | -                              | -                                  | -                      | 793,534                                       |
| 0013 Curriculum and Instructional Staff Development | -                              | -                                  | 7,017                  | 2,697,487                                     |
| 0021 Instructional Leadership                       | -                              | -                                  | -                      | 681,504                                       |
| 0023 School Leadership                              | -                              | -                                  | 800                    | 132,302                                       |
| 0031 Guidance, Counseling and Evaluation Services   | -                              | -                                  | -                      | 1,036,310                                     |
| 0032 Social Work Services                           | -                              | -                                  | -                      | 1,162,408                                     |
| 0033 Health Services                                | -                              | -                                  | -                      | 102,957                                       |
| 0034 Student (Pupil) Transportation                 | -                              | -                                  | -                      | 170,510                                       |
| 0035 Food Services                                  | -                              | -                                  | -                      | 1,630   |
| 0041 General Administration                         | -                              | -                                  | -                      | 47,622  |
| 0051 Facilities Maintenance and Operations          | -                              | -                                  | -                      | 57,432  |
| 0052 Security and Monitoring Services               | -                              | -                                  | -                      | 19,635  |
| 0061 Community Services                             | -                              | -                                  | -                      | 967,499                                       |
| 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>-</u>                       | <u>18</u>                          | <u>64,937</u>          | <u>28,547,187</u>                             |
| 1100 Excess of Revenues Over Expenditures           | <u>-</u>                       | <u>-</u>                           | <u>-</u>               | <u>1,043,585</u>                              |
| OTHER FINANCING SOURCES (USES):                     |                                |                                    |                        |   |
| 7911 Capital Related Debt Issued (Regular Bonds)    | -                              | -                                  | -                      | -   |
| 7080 Total Other Financing Sources (Uses)           | <u>-</u>                       | <u>-</u>                           | <u>-</u>               | <u>-</u>                                      |
| 1200 Net Change in Fund Balance                     | -                              | -                                  | -                      | 1,043,585                                     |
| 0100 Fund Balance - September 1 (Beginning)         | -                              | -                                  | -                      | 110,198                                       |
| 1300 Increase (Decrease) in Fund Balance            | -                              | -                                  | -                      | -   |
| 3000 Fund Balance - August 31 (Ending)              | <u>\$ -</u>                    | <u>\$ -</u>                        | <u>\$ -</u>            | <u>\$ 1,153,783</u>                           |



| 599<br>Debt<br>Service<br>Fund | Total<br>Nonmajor<br>Governmental<br>Funds |
|--------------------------------|--|
| \$ 4,910,177                   | \$ 4,993,077                               |
| 13,789,292                     | 18,427,503                                 |
| -                              | 24,869,661                                 |
| 18,699,469                     | 48,290,241                                 |
| -                              | 20,676,357                                 |
| -                              | 793,534                                    |
| -                              | 2,697,487                                  |
| -                              | 681,504                                    |
| -                              | 132,302                                    |
| -                              | 1,036,310                                  |
| -                              | 1,162,408                                  |
| -                              | 102,957                                    |
| -                              | 170,510                                    |
| -                              | 1,630                                      |
| -                              | 47,622                                     |
| -                              | 57,432                                     |
| -                              | 19,635                                     |
| -                              | 967,499                                    |
| 6,005,000                      | 6,005,000                                  |
| 12,173,494                     | 12,173,494                                 |
| 269,923                        | 269,923                                    |
| 18,448,417                     | 46,995,604                                 |
| 251,052                        | 1,294,637                                  |
| 255,500                        | 255,500                                    |
| 255,500                        | 255,500                                    |
| 506,552                        | 1,550,137                                  |
| 4,670,247                      | 4,780,445                                  |
| 5,449                          | 5,449                                      |
| \$ 5,182,248                   | \$ 6,336,031                               |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2007

|   | 752<br>Print<br>Shop | 753<br>Health<br>Insurance<br>Fund |
|---|----------------------|------------------------------------|
| <b>ASSETS</b>                           |                      |                                    |
| Current Assets:                         |                      |                                    |
| Cash and Cash Equivalents               | \$ 101,255           | \$ (645,266)                       |
| Investments - Current                   | -                    | 8,397,863                          |
| Due from Other Funds                    | -                    | 1,318,447                          |
| Other Receivables                       | -                    | 588,731                            |
| Total Current Assets                    | <u>101,255</u>       | <u>9,659,775</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>101,255</u>       | <u>9,659,775</u>                   |
| <b>LIABILITIES</b>                      |                      |                                    |
| Current Liabilities:                    |                      |                                    |
| Accounts Payable                        | -                    | 1,559,691                          |
| Due to Other Funds                      | <u>75,000</u>        | <u>-</u>                           |
| Total Liabilities                       | <u>75,000</u>        | <u>1,559,691</u>                   |
| <b>NET ASSETS</b>                       |                      |                                    |
| Unrestricted Net Assets                 | <u>26,255</u>        | <u>8,100,084</u>                   |
| Total Net Assets                        | <u>\$ 26,255</u>     | <u>\$ 8,100,084</u>                |

| 770<br>Workman's<br>Compensation<br>Fund | 780<br>Unemployment<br>Fund | Total<br>Internal<br>Service Funds |
|--|-----------------------------|------------------------------------|
| \$ 325,314                               | \$ 5,355                    | \$ (213,342)                       |
| 19,361,754                               | 952,708                     | 28,712,325                         |
| -  | -                           | 1,318,447                          |
| 1,737                                    | -                           | 590,468                            |
| <u>19,688,805</u>                        | <u>958,063</u>              | <u>30,407,898</u>                  |
| -  | -                           | 137,952                            |
| -  | -                           | (137,952)                          |
| <u>-</u>                                 | <u>-</u>                    | <u>-</u>                           |
| <u>19,688,805</u>                        | <u>958,063</u>              | <u>30,407,898</u>                  |
| 3,150                                    | -                           | 1,562,841                          |
| -  | -                           | 75,000                             |
| <u>3,150</u>                             | <u>-</u>                    | <u>1,637,841</u>                   |
| <u>19,685,655</u>                        | <u>958,063</u>              | <u>28,770,057</u>                  |
| <u>\$ 19,685,655</u>                     | <u>\$ 958,063</u>           | <u>\$ 28,770,057</u>               |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

|  | 752<br>Print<br>Shop | 753<br>Health<br>Insurance<br>Fund |
|--|----------------------|------------------------------------|
| <b>OPERATING REVENUES:</b>                 |                      |                                    |
| Local and Intermediate Sources             | \$ 301,091           | \$ 20,462,784                      |
| Total Operating Revenues                   | <u>301,091</u>       | <u>20,462,784</u>                  |
| <b>OPERATING EXPENSES:</b>                 |                      |                                    |
| Payroll Costs                              | 127,896              | 2,197                              |
| Professional and Contracted Services       | 74,495               | 2,220,177                          |
| Supplies and Materials                     | 72,445               | 9,422                              |
| Other Operating Costs                      | -                    | 20,401,377                         |
| Total Operating Expenses                   | <u>274,836</u>       | <u>22,633,173</u>                  |
| Operating Income (Loss)                    | 26,255               | (2,170,389)                        |
| Total Net Assets - September 1 (Beginning) | <u>-</u>             | <u>10,270,473</u>                  |
| Total Net Assets - August 31 (Ending)      | <u>\$ 26,255</u>     | <u>\$ 8,100,084</u>                |

| 770<br>Workman's<br>Compensation<br>Fund | 780<br>Unemployment<br>Fund | Total<br>Internal<br>Service Funds |
|--|-----------------------------|------------------------------------|
| \$ 5,938,553                             | \$ 120,090                  | \$ 26,822,518                      |
| <u>5,938,553</u>                         | <u>120,090</u>              | <u>26,822,518</u>                  |
| -  | -                           | 130,093                            |
| 117,838                                  | -                           | 2,412,510                          |
| 42,180                                   | -                           | 124,047                            |
| 1,389,263                                | 38,973                      | 21,829,613                         |
| <u>1,549,281</u>                         | <u>38,973</u>               | <u>24,496,263</u>                  |
| 4,389,272                                | 81,117                      | 2,326,255                          |
| <u>15,296,383</u>                        | <u>876,946</u>              | <u>26,443,802</u>                  |
| <u>\$ 19,685,655</u>                     | <u>\$ 958,063</u>           | <u>\$ 28,770,057</u>               |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

|   | 752<br>Print<br>Shop | 753<br>Health<br>Insurance<br>Fund |
|---|----------------------|------------------------------------|
| <u>Cash Flows from Operating Activities:</u>  |                      |                                    |
| Cash Received from User Charges   | \$ 460,923           | \$ 20,681,068                      |
| Cash Payments to Employees for Services   | (294,348)            | (2,197)                            |
| Cash Payments for Insurance Claims  | -                    | (19,085,573)                       |
| Cash Payments for Suppliers   | (155,527)            | (2,229,599)                        |
| Cash Payments for Other Operating Expenses  | -                    | -                                  |
| Net Cash Provided by (Used for) Operating Activities  | <u>11,048</u>        | <u>(636,301)</u>                   |
| <u>Cash Flows from Investing Activities:</u>  |                      |                                    |
| Purchase of Investment Securities   | -                    | -                                  |
| Proceeds from Sale & Maturities of Securities   | -                    | 1,101,837                          |
| Net Cash Provided by (Used for) Investing Activities  | <u>-</u>             | <u>1,101,837</u>                   |
| Net Increase (Decrease) in Cash and Cash Equivalents  | 11,048               | 465,535                            |
| Cash and Cash Equivalents at Beginning of the Year:   | <u>90,207</u>        | <u>(1,110,802)</u>                 |
| Cash and Cash Equivalents at the End of the Year:   | <u>\$ 101,255</u>    | <u>\$ (645,266)</u>                |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u> |                      |                                    |
| Operating Income (Loss):  | \$ 26,255            | \$ (2,170,389)                     |
| Effect of Increases and Decreases in Current Assets and Liabilities:                                      |                      |                                    |
| Decrease (increase) in Receivables  | 159,832              | 218,284                            |
| Increase (decrease) in Accounts Payable   | (8,587)              | 1,315,804                          |
| Increase (decrease) in Due to Other Funds   | (166,452)            | -                                  |
| Net Cash Provided by (Used for) Operating Activities  | <u>\$ 11,048</u>     | <u>\$ (636,301)</u>                |
| <u>Reconciliation of Total Cash and Cash Equivalents:</u>   |                      |                                    |
| Cash and Cash Equivalents on Balance Sheet  | <u>\$ 101,255</u>    | <u>\$ (645,266)</u>                |
|   | <u>\$</u>            | <u>\$</u>                          |

| 770<br>Workman's<br>Compensation<br>Fund | 780<br>Unemployment<br>Fund | Total<br>Internal<br>Service Funds |
|--|-----------------------------|------------------------------------|
| \$ 6,202,457                             | \$ 124,654                  | \$ 27,469,102                      |
| -  | -                           | (296,545)                          |
| -  | -                           | (19,085,573)                       |
| (158,487)                                | -                           | (2,543,613)                        |
| <u>(1,389,263)</u>                       | <u>(38,972)</u>             | <u>(1,428,235)</u>                 |
| <u>4,654,707</u>                         | <u>85,682</u>               | <u>4,115,135</u>                   |
| <br>                                     |                             |                                    |
| (4,652,745)                              | (86,401)                    | (4,739,146)                        |
| -  | -                           | 1,101,837                          |
| <u>(4,652,745)</u>                       | <u>(86,401)</u>             | <u>(3,637,309)</u>                 |
| 1,962                                    | (719)                       | 477,826                            |
| <u>323,352</u>                           | <u>6,074</u>                | <u>(691,169)</u>                   |
| <u>\$ 325,314</u>                        | <u>\$ 5,355</u>             | <u>\$ (213,342)</u>                |
| <br>                                     |                             |                                    |
| \$ 4,389,272                             | \$ 81,117                   | \$ 2,326,255                       |
| <br>                                     |                             |                                    |
| 263,904                                  | 4,565                       | 646,585                            |
| 1,531                                    | -                           | 1,308,748                          |
| -  | -                           | (166,452)                          |
| <u>\$ 4,654,707</u>                      | <u>\$ 85,682</u>            | <u>\$ 4,115,135</u>                |
| <br>                                     |                             |                                    |
| \$ 325,314                               | \$ 5,355                    | \$ (213,342)                       |
| <u>\$</u>                                | <u>\$</u>                   | <u>\$</u>                          |

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## **T.E.A. REQUIRED SCHEDULES**

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2007

| Last 10 Years Ended<br>August 31 | (1)         | (2)          | (3)  |
|----------------------------------|-------------|--------------|--|
|                                  | Tax Rates   |              | Assessed/Appraised<br>Value for School<br>Tax Purposes |
|                                  | Maintenance | Debt Service |  |
| 1998 and prior years             | Various     | Various      | \$ Various   |
| 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                             | 1.500000    | 0.142000     | 1,556,061,225  |
| 2007 (School year under audit)   | 1.370000    | 0.212000     | 1,756,698,921  |
| 1000 TOTALS                      |             |              |  |

| (10)<br>Beginning<br>Balance<br>9/1/2006 | (20)<br>Current<br>Year's<br>Total Levy | (31)<br>Maintenance<br>Collections | (32)<br>Debt Service<br>Collections | (40)<br>Entire<br>Year's<br>Adjustments | (50)<br>Ending<br>Balance<br>8/31/2007 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 1,330,545                             | \$ -                                    | \$ 128,186                         | \$ 49,160                           | \$ (2,556)                              | \$ 1,150,643                           |
| 278,302                                  | -                                       | 36,604                             | 9,247                               | (230)                                   | 232,221                                |
| 346,355                                  | -                                       | 60,977                             | 4,260                               | (230)                                   | 280,888                                |
| 461,222                                  | -                                       | 82,687                             | 7,869                               | (1,012)                                 | 369,654                                |
| 598,844                                  | -                                       | 121,621                            | 10,141                              | (174)                                   | 466,908                                |
| 806,185                                  | -                                       | 190,403                            | 8,873                               | 4,893                                   | 611,802                                |
| 1,031,317                                | -                                       | 244,762                            | 11,406                              | 9,052                                   | 784,201                                |
| 2,063,764                                | -                                       | 564,861                            | 53,473                              | 6,771                                   | 1,452,201                              |
| 3,237,226                                | -                                       | 1,121,380                          | 106,157                             | (54,241)                                | 1,955,448                              |
| -  | 27,365,476                              | 21,116,437                         | 3,267,648                           | 72,154                                  | 3,053,545                              |
| <u>\$ 10,153,760</u>                     | <u>\$ 27,365,476</u>                    | <u>\$ 23,667,918</u>               | <u>\$ 3,528,234</u>                 | <u>\$ 34,427</u>                        | <u>\$ 10,357,511</u>                   |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2008-2009  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION**

| Account Number | Account Name                                 | 1                     | 2                        | 3                      | 4                      | 5                    | 6                        | 7                   |
|----------------|--|-----------------------|--------------------------|------------------------|------------------------|----------------------|--------------------------|---------------------|
|                |  | (702)<br>School Board | (703)<br>Tax Collections | (701)<br>Supt's Office | (750)<br>Indirect Cost | (720)<br>Direct Cost | (other)<br>Miscellaneous | Total               |
| 611X-6146      | PAYROLL COSTS                                | \$ -                  | \$ 231,473               | \$ 133,891             | \$ 2,639,922           | \$ 758,983           | \$ 324,734               | \$ 4,089,003        |
| 6149           | Leave for Separating Employees in Fn 41 & 53 | -                     | -                        | -                      | -                      | -                    | -                        | -                   |
| 6149           | Leave - Separating Employees not in 41 & 53  | -                     | -                        | -                      | 923                    | -                    | -                        | 923                 |
| 6211           | Legal Services                               | -                     | -                        | 450,159                | -                      | -                    | -                        | 450,159             |
| 6212           | Audit Services                               | -                     | -                        | -                      | 40,400                 | -                    | -                        | 40,400              |
| 6213           | Tax Appraisal and Collection                 | -                     | 234,753                  | -                      | -                      | -                    | -                        | 234,753             |
| 621X           | Other Professional Services                  | 284                   | -                        | -                      | 41,933                 | -                    | 200                      | 42,417              |
| 6220           | Tuition and Transfer Payments                | -                     | -                        | -                      | -                      | -                    | 1,750                    | 1,750               |
| 6230           | Education Service Centers                    | -                     | -                        | 3,800                  | 5,100                  | -                    | -                        | 8,900               |
| 6240           | Contr. Maint. and Repair                     | -                     | -                        | -                      | -                      | 77,892               | -                        | 77,892              |
| 6250           | Utilities                                    | -                     | -                        | -                      | -                      | -                    | -                        | -                   |
| 6260           | Rentals                                      | -                     | 5,292                    | 3,130                  | 24,670                 | 4,594                | -                        | 37,686              |
| 6290           | Miscellaneous Contr.                         | -                     | 29,288                   | 27,658                 | 43,911                 | 27,508               | 20,054                   | 148,419             |
| 6320           | Textbooks and Reading                        | -                     | -                        | 6,291                  | 126                    | 900                  | 729                      | 8,046               |
| 6330           | Testing Materials                            | -                     | -                        | -                      | -                      | -                    | -                        | -                   |
| 63XX           | Other Supplies Materials                     | 4,908                 | 17,347                   | 13,187                 | 185,335                | 60,629               | 16,012                   | 297,418             |
| 6410           | Travel, Subsistence, Stipends                | 16,958                | 591                      | 7,034                  | 26,574                 | 1,135                | 3,048                    | 55,340              |
| 6420           | Ins. and Bonding Costs                       | -                     | 2,642                    | -                      | -                      | -                    | -                        | 2,642               |
| 6430           | Election Costs                               | 7,319                 | -                        | -                      | -                      | -                    | -                        | 7,319               |
| 6490           | Miscellaneous Operating                      | 22,795                | 679                      | 49,880                 | 184,634                | 3,987                | 29,167                   | 291,142             |
| 6500           | Debt Service                                 | -                     | -                        | -                      | -                      | -                    | -                        | -                   |
| 6600           | Capital Outlay                               | -                     | -                        | -                      | -                      | -                    | 6,299                    | 6,299               |
| 6000           | <b>TOTAL</b>                                 | <b>\$ 52,264</b>      | <b>\$ 522,065</b>        | <b>\$ 695,030</b>      | <b>\$ 3,193,528</b>    | <b>\$ 935,628</b>    | <b>\$ 401,993</b>        | <b>\$ 5,800,508</b> |

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 215,451,318

LESS: Deductions of Unallowable Costs

FISCAL YEAR

|  |      |                  |
|--|------|------------------|
| Total Capital Outlay (6600)                | (10) | \$ 4,900,766     |
| Total Debt & Lease(6500)                   | (11) | 186,846          |
| Plant Maintenance (Function 51, 6100-6400) | (12) | 19,736,449       |
| Food (Function 35, 6341 and 6499)          | (13) | 5,525,486        |
| Stipends (6413)                            | (14) | 88,780           |
| Column 4 (above) - Total Indirect Cost     |      | <u>3,193,528</u> |

SubTotal:

33,631,855

Net Allowed Direct Cost

\$ 181,819,463

CUMULATIVE

|   |      |                |
|---|------|----------------|
| Total Cost of Buildings before Depreciation (1520)                    | (15) | \$ 260,099,995 |
| Historical Cost of Building over 50 years old                         | (16) | \$ 1,649,038   |
| Amount of Federal Money in Building Cost (Net of #16)                 | (17) | \$ -           |
| Total Cost of Furniture & Equipment before Depreciation (1530 & 1540) | (18) | \$ 8,800,338   |
| Historical Cost of Furniture & Equipment over 16 years old            | (19) | \$ 109,585     |
| 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 INDEPENDENT SCHOOL DISTRICT  
 FUNDBALANCE AND CASH FLOW CALCULATION WORKSHEET  
 GENERAL FUND AS OF AUGUST 31, 2007

|    |   |              |                     |
|----|---|--------------|---------------------|
| 1  | Total General Fund Balance as of 8/31/07 (Exhibit C-1 object 3000 for the General Fund Only)  |              | \$ 69,970,398       |
| 2  | Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)  | \$ 9,738,511 |                     |
| 3  | Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)  | 35,500,000   |                     |
| 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 (9/1/07-5/31/08).  | 16,000,000   |                     |
| 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>61,238,511</u>   |
| 11 | Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)  |              | <u>\$ 8,731,887</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 will open two elementary schools and one middle school in the 2008-2009 school year. In the next three years, the district will open three elementaries, two middle and two high schools.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2007

| Data<br>Control<br>Codes                    | Budgeted Amounts |              | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |
|---|------------------|--------------|--------------------------------|--|
|   | Original         | Final        |                                |  |
| REVENUES:                                   |                  |              |                                |  |
| 5700 Total Local and Intermediate Sources   | \$ 662,000       | \$ 662,000   | \$ 885,337                     | \$ 223,337   |
| 5800 State Program Revenues                 | 106,000          | 106,000      | 108,782                        | 2,782  |
| 5900 Federal Program Revenues               | 12,900,000       | 13,650,000   | 13,833,111                     | 183,111  |
| 5020 Total Revenues                         | 13,668,000       | 14,418,000   | 14,827,230                     | 409,230  |
| EXPENDITURES:                               |                  |              |                                |  |
| 0035 Food Services                          | 13,924,766       | 14,574,766   | 13,653,891                     | 920,875  |
| 0051 Facilities Maintenance and Operations  | 560,000          | 960,000      | 619,078                        | 340,922  |
| 6030 Total Expenditures                     | 14,484,766       | 15,534,766   | 14,272,969                     | 1,261,797  |
| 1200 Net Change in Fund Balances            | (816,766)        | (1,116,766)  | 554,261                        | 1,671,027  |
| 0100 Fund Balance - September 1 (Beginning) | 6,540,564        | 6,540,564    | 6,540,566                      | 2  |
| 3000 Fund Balance - August 31 (Ending)      | \$ 5,723,798     | \$ 5,423,798 | \$ 7,094,827                   | \$ 1,671,029   |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2007

| Data<br>Control<br>Codes                                       | Budgeted Amounts |              | Actual Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |
|--|------------------|--------------|--------------------------------|--|
|  | Original         | Final        |                                |  |
| REVENUES:  |                  |              |                                |  |
| 5700 Total Local and Intermediate Sources                      | \$ 2,384,234     | \$ 3,449,813 | \$ 4,910,177                   | \$ 1,460,364   |
| 5800 State Program Revenues                                    | 9,913,553        | 14,445,999   | 13,789,292                     | (656,707)  |
| 5020 Total Revenues  | 12,297,787       | 17,895,812   | 18,699,469                     | 803,657  |
| EXPENDITURES:  |                  |              |                                |  |
| Debt Service:  |                  |              |                                |  |
| 0071 Debt Service - Principal on Long Term Debt                | 12,615,468       | 6,005,000    | 6,005,000                      | -  |
| 0072 Debt Service - Interest on Long Term Debt                 | -                | 12,173,493   | 12,173,494                     | (1)  |
| 0073 Debt Service - Bond Issuance Cost and Fees                | -                | 35,000       | 269,923                        | (234,923)  |
| 6030 Total Expenditures  | 12,615,468       | 18,213,493   | 18,448,417                     | (234,924)  |
| 1100 Excess (Deficiency) of Revenues Over (Under) Expenditures | (317,681)        | (317,681)    | 251,052                        | 568,733  |
| OTHER FINANCING SOURCES (USES):                                |                  |              |                                |  |
| 7911 Capital Related Debt Issued (Regular Bonds)               | -                | -            | 255,500                        | 255,500  |
| 7080 Total Other Financing Sources (Uses)                      | -                | -            | 255,500                        | 255,500  |
| 1200 Net Change in Fund Balances                               | (317,681)        | (317,681)    | 506,552                        | 824,233  |
| 0100 Fund Balance - September 1 (Beginning)                    | 4,670,247        | 4,675,696    | 4,670,247                      | (5,449)  |
| 1300 Increase (Decrease) in Fund Balance                       | -                | -            | 5,449                          | 5,449  |
| 3000 Fund Balance - August 31 (Ending)                         | \$ 4,352,566     | \$ 4,358,015 | \$ 5,182,248                   | \$ 824,233   |

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**REPORTS ON**  
**INTERNAL CONTROLS, COMPLIANCE**  
**AND**  
**FEDERAL AWARDS**

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# Reyna & Garza, PLLC

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Certified Public Accountants

4416 S. McColl Road

Edinburg, TX 78539

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

Independent Auditor's Report

Board of Trustees  
LA JOYA INDEPENDENT SCHOOL DISTRICT  
201 E. Expressway 83  
La Joya, Texas 78560

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LA JOYA INDEPENDENT SCHOOL DISTRICT (the District) as of and for the year ended August 31, 2007. These collectively comprise the District's basic financial statements. We have issued our report on them dated December 4, 2007.

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered LA JOYA INDEPENDENT SCHOOL DISTRICT's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of LA JOYA INDEPENDENT SCHOOL DISTRICT's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of LA JOYA INDEPENDENT SCHOOL DISTRICT's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency or combination of control deficiencies that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

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 4, 2007*

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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 ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

Independent Auditor's Report

Board of Trustees  
LA JOYA INDEPENDENT SCHOOL DISTRICT  
201 E. Expressway 83  
La Joya, Texas 78560

Members of the Board:

Compliance

We have audited the compliance of LA JOYA INDEPENDENT SCHOOL DISTRICT with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of LA JOYA INDEPENDENT SCHOOL DISTRICT's administrators. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, LA JOYA INDEPENDENT SCHOOL DISTRICT complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007.

### Internal Control Over Compliance

The administration of LA JOYA INDEPENDENT SCHOOL DISTRICT is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

A material weakness is a significant deficiency or a combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

### Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LA JOYA INDEPENDENT SCHOOL DISTRICT as of and for the year ended August 31, 2007 and have issued our report thereon dated December 4, 2007. 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.

LA JOYA INDEPENDENT SCHOOL DISTRICT's response to the findings in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit LA JOYA INDEPENDENT SCHOOL DISTRICT's response and accordingly express no opinion on

it.

This report is intended for the information and use 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 4, 2007*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2007

**I. Summary of the Auditor's Results:**

|  |  |
|--|--|
| A. The type of report issued:  | Unqualified opinion.                         |
| B. Internal control over financial statements:   |  |
| Significant Deficiency(ies) indentified?   | No   |
| Significant Deficiency(ies) identified which were not considered material weaknesses?                    | No   |
| C. Noncompliance material to the financial statements noted?   | No   |
| D. Federal Awards: Type of Report on Compliance with major programs.                                     | Unqualified opinion                          |
| E. Findings & Questioned Costs for Federal Awards as defined under Section ____.510(a). OMB Circular 133 | No   |
| F. Dollar threhold used to distinguish between Type A And Type B programs.                               | \$1,161,083                                  |
| G. Auditee qualified as a low-risk auditee?  | Yes  |
| H. Major Federal Program(s)  | ESEA Title I, Part A<br>ESEA Title I, Part C |

**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, 2007

There were no prior year findings to report.

LA JOYA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2007

| (1)   | (2)                       | (3)  | (4)                     |
|---|---------------------------|--|-------------------------|
| FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/<br>PROGRAM or CLUSTER TITLE | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                   |                           |  |                         |
| <u>Direct Programs:</u>   |                           |  |                         |
| Medicaid Administrative Claiming Program                              | 93.778                    | 108-912                                      | \$ 74,350               |
| Total Direct Programs   |                           |  | \$ 74,350               |
| <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>             |                           |  | <b>\$ 74,350</b>        |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                   |                           |  |                         |
| <u>Direct Programs</u>  |                           |  |                         |
| Advanced Placement - Spanish  | 84.330C                   | 551030271213                                 | \$ 2,994                |
| Teaching American History   | 84.215X                   | U215X030111                                  | 89,536                  |
| Gear Up Program   | 84.334A                   | P334A010001A                                 | 805,682                 |
| Total Direct Programs   |                           |  | \$ 898,212              |
| <b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>                             |                           |  | <b>\$ 898,212</b>       |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                   |                           |  |                         |
| <u>Passed Through State Department of Education</u>                   |                           |  |                         |
| ESEA, Title I, Part A - Improving Basic Programs                      | 84.010A                   | 7610101108912                                | \$ 12,413,069           |
| ESEA, Title I, Part A - Improving Basic Programs                      | 84.010A                   | 8610101108912                                | 344,524                 |
| Total CFDA Number 84.010A   |                           |  | 12,757,593              |
| ESEA, Title I, Part F, Comprehensive School Reform                    | 84.010B                   | 66160027110065                               | 28,533                  |
| ESEA, Title I, Part C - Migratory Children                            | 84.011                    | 7615001108912                                | 2,778,948               |
| ESEA, Title I, Part C - Migratory Children                            | 84.011                    | 8615001108912                                | 175,412                 |
| Total CFDA Number 84.011  |                           |  | 2,954,360               |
| IDEA - Part B, Formula  | 84.027                    | 76600011089126600                            | 3,484,218               |
| IDEA - Part B, Formula  | 84.027                    | 86600011089126600                            | 90,623                  |
| Total CFDA Number 84.027  |                           |  | 3,574,841               |
| Vocational Education - Basic Grant                                    | 84.048                    | 742000610891201                              | 375,245                 |
| Vocational Education - Basic Grant                                    | 84.048                    | 8420006108912                                | 5,601                   |
| Total CFDA Number 84.048  |                           |  | 380,846                 |
| IDEA - Part B, Preschool  | 84.173                    | 76610011089126600                            | 33,727                  |
| ESEA Title IV - Safe and Drug-Free Schools                            | 84.186A                   | 7691001108912                                | 171,615                 |
| ESEA Title IV - Safe and Drug-Free Schools                            | 84.186A                   | 8691001108912                                | 10,153                  |
| Total CFDA Number 84.186A   |                           |  | 181,768                 |
| Title V, Part A - Innovative Programs                                 | 84.298                    | 7685001108912                                | 29,572                  |
| Title II, Part D -Enhancing Ed. Through Technology                    | 84.318                    | 7630001108912                                | 148,397                 |
| Title II, Part D -Enhancing Ed. Through Technology                    | 84.318                    | 8630001108912                                | 13,612                  |
| Total CFDA Number 84.318  |                           |  | 162,009                 |
| Title III, Part A - English Language Acquisition                      | 84.365A                   | 7671001108912                                | 1,140,005               |
| Title III, Part A - English Language Acquisition                      | 84.365A                   | 8630001108912                                | 57,892                  |
| Total CFDA Number 84.365A   |                           |  | 1,197,897               |
| ESEA, Title II, Part A, Teacher/Principal Training                    | 84.367A                   | 7694501108912                                | 1,446,380               |
| ESEA, Title II, Part A, Teacher/Principal Training                    | 84.367A                   | 8694501108912                                | 57,806                  |
| Total CFDA Number 84.367A   |                           |  | 1,504,186               |
| School Improvement Program  | 84.010A                   | 6610104108912000                             | 435,721                 |
| School Improvement Program  | 84.010A                   | 7610104108912000                             | 187,977                 |
| Total CFDA Number 84.010A   |                           |  | 623,698                 |

LA JOYA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

| (1)   | (2)                       | (3)  | (4)                     |
|---|---------------------------|--|-------------------------|
| FEDERAL GRANTOR/<br>PASS-THROUGH GRANTOR/<br>PROGRAM or CLUSTER TITLE | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
| Governor's Excellence Award   | 843.67A                   | 66945157110059                               | \$ 123,391              |
| Governor's Excellence Award   | 843.67A                   | 66945157110058                               | 216,476                 |
| Governor's Excellence Award   | 843.67A                   | 66945157110057                               | 128,200                 |
| Total CFDA Number 843.67A   |                           |  | 468,067                 |
| Total Passed Through State Department of Education                    |                           |  | \$ 23,897,097           |
| <b>TOTAL DEPARTMENT OF EDUCATION</b>                                  |                           |  | <b>\$ 23,897,097</b>    |
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                 |                           |  |                         |
| <u>Passed Through the State Department of Agriculture</u>             |                           |  |                         |
| National School Breakfast & Lunch Program*                            | 10.553                    | 108-912                                      | \$ 4,246,561            |
| National School Breakfast & Lunch Program*                            | 10.555                    | 108-912                                      | 8,540,522               |
| USDA-Food Distribution  | 10.555                    | 108-912                                      | 1,046,028               |
| Total CFDA Number 10.555  |                           |  | 9,586,550               |
| Total Passed Through the State Department of Agriculture              |                           |  | \$ 13,833,111           |
| <b>TOTAL DEPARTMENT OF AGRICULTURE</b>                                |                           |  | <b>\$ 13,833,111</b>    |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                           |                           |  | <b>\$ 38,702,770</b>    |

\*Clustered Programs as required by Compliance Supplement March, 2007

LA JOYA INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2007

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide* . Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. 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.
3. 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.