

LA JOYA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2008

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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, 2008 at a meeting of the Board of Trustees of such school district on the 28th day of January, 2009.

(Signature on File)

Signature of Board Secretary

(Signature on File)

Signature of Board President

Reyna & Garza, PLLC

Certified Public Accountants

2111 Jackson Creek Ave.

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, Tx 78560

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of LA JOYA INDEPENDENT SCHOOL DISTRICT (the District) as of and for the year ended August 31, 2008, 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, 2008, 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 and other RSI such as budgetary comparison information on pages 4 through 9 and 67 through 68 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 29, 2008, 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 29, 2008

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, 2008. Please read it in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The District's net assets increased by \$9 million as a result of this year's operations.
- During the year, the District had expenses that were \$58.2 million more than the \$256.8 million generated in tax and other revenues for governmental programs. This compares to last year when expenses were \$27.1 million more than the \$247.1 million in revenues.
- Total cost of all of the District's programs increased by \$40.7 million.
- The General Fund ended the year with a fund balance of \$71.4 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 \$204,014,769 to \$213,270,657. 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 \$68,112,784 at August 31, 2008.

In 2008, net assets of our government-type activities increased by \$9,255,888, about 4.54 percent.

Table I
LA JOYA INDEPENDENT SCHOOL DISTRICT
NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	212,545,598	263,665,830	-	-	212,545,598	263,665,830
Capital assets	279,176,223	222,175,678	-	-	279,176,223	222,175,678
Total assets	<u>491,721,821</u>	<u>485,841,508</u>	-	-	<u>491,721,821</u>	<u>485,841,508</u>
Long-term liabilities	29,361,137	248,528,737	-	-	29,361,137	248,528,737
Other liabilities	249,090,027	33,297,992	-	-	249,090,027	33,297,992
Total liabilities	<u>278,451,164</u>	<u>281,826,729</u>	-	-	<u>278,451,164</u>	<u>281,826,729</u>
Net Assets:						
Invested in capital assets, net of related debt	27,550,935	(32,719,906)	-	-	27,550,935	(32,719,906)
Restricted-Federal and State Programs	8,931,230	8,420,974	-	-	8,931,230	8,420,974
Restricted-Debt Service	5,296,163	5,182,248	-	-	5,296,163	5,182,248
Restricted-Capital projects	103,379,545	161,265,032	-	-	103,379,545	161,265,032
Unrestricted	68,112,784	61,866,431	-	-	68,112,784	61,866,431
Total Net Assets	<u>213,270,657</u>	<u>204,014,779</u>	-	-	<u>213,270,657</u>	<u>204,014,779</u>

TABLE II
LA JOYA INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for Services	1,557,275	944,448	-	-	1,557,275	944,448
Operating Grants and Contributions	37,792,318	34,699,235	-	-	37,792,318	34,699,235
General Revenues:					-	
Maintenance and Operations Taxes	19,312,762	23,721,755	-	-	19,312,762	23,721,755
Debt Service Taxes	3,891,631	3,635,940	-	-	3,891,631	3,635,940
State Aid Formula Grants	182,786,954	168,573,511	-	-	182,786,954	168,573,511

Investment Earnings	8,547,151	12,789,626	-	-	8,547,151	12,789,626
Miscellaneous	4,760,404	2,801,168	-	-	4,760,404	2,801,168
Total Revenue	258,648,495	247,165,683	-	-	258,648,495	247,165,683
Expenses:						
Instruction, Curriculum and Media Services	143,772,700	128,252,452	-	-	143,772,700	128,252,452
Instructional/School Leadership	15,217,514	13,863,721	-	-	15,217,514	13,863,721
Guidance, Social Work, Health, and Transportation	23,400,281	24,092,239	-	-	23,400,281	24,092,239
Food Services	15,872,852	13,500,057	-	-	15,872,852	13,500,057
CoCurricular Activities	5,585,544	4,843,892	-	-	5,585,544	4,843,892
General Admin	6,766,178	5,928,611	-	-	6,766,178	5,928,611
Plant Maint., Security and Data Processing	25,199,399	24,217,722	-	-	25,199,399	24,217,722
Community Services	1,250,431	1,098,089	-	-	1,250,431	1,098,089
Debt Service	12,495,504	12,992,120	-	-	12,495,504	12,992,120
Other activities	77,276	44,781	-	-	77,276	44,781
Total Expenses	249,637,679	228,833,684	-	-	249,637,679	228,833,684
Increase in net assets before transfers and special items	9,010,816	18,331,999	-	-	9,010,816	18,331,999
Transfers	-	-	-	-	-	-
Special Items-Prior period Adjust	245,072	(66,986)	-	-	245,072	(66,986)
Increase in Net Assets	-	-	-	-	-	-
Net assets at 9/1/07	204,014,769	185,749,765	-	-	204,014,769	185,749,765
Net assets at 8/31/08	213,270,657	204,014,779	-	-	213,270,657	204,014,779

The cost of all governmental activities this year was \$249.64 million compared to \$228.83 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 \$23.2 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 page 12 reported a combined fund balance of \$146.4 million, which is a decrease from last year's total of \$202 million. Included in this year's total change in fund balance is an increase of \$1.2 million in the District's General Fund and a decrease of \$57.9 million in the District's Construction Fund.

Capital expenditures reduce available fund balance, they create new assets for the District as reported in the Statement of Net Assets and as discussed in Note F 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 2008 the District had \$358.6 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 \$64.65 million, or 22 percent above last year.

Debt Administration

At year-end, the District had \$249.1 million in bonds, notes, accreted interest and capital leases outstanding versus \$254.9 million last year—a decrease of 2.3 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 2009 fiscal year increased \$107 million from \$2.107 billion to \$2.214 billion.
- The district's refined average daily attendance for 2008-2009 is expected to be 24,513 up from 23,713 for fiscal year 2007-2008.

These indicators were taken into account when adopting the General Fund budget for 2009. Amounts available for appropriation in the General Fund budget are \$206 million, an increase of 3.6 percent over the 2008 amounts available for appropriation of \$198.9 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 8.7 percent to \$281.9 million in 2008-2009 from the 2007-2008 original budgeted of \$259.3 million

If these estimates are realized, the District's budgetary General Fund balance is expected to decrease by \$21 million by the close of 2009.

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, 2008

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 113,099,035
1120 Current Investments	83,258,017
1220 Property Taxes Receivable (Delinquent)	9,691,255
1230 Allowance for Uncollectible Taxes	(1,672,237)
1240 Due from Other Governments	7,714,735
1260 Internal Balances	(3)
1267 Due from Fiduciary Funds	529,622
1290 Other Receivables, net	150,681
1300 Inventories	1,495,368
1410 Deferred Expenses	323,042
1430 Discount on Issuance of Debt	(2,043,917)
Capital Assets:	
1510 Land	11,015,062
1520 Buildings, Net	198,292,963
1530 Furniture and Equipment, Net	2,101,290
1540 Other Capital Assets, Net	5,183,696
1580 Construction in Progress	62,583,212
1000 Total Assets	491,721,821
LIABILITIES	
2110 Accounts Payable	8,409,367
2150 Payroll Deductions & Withholdings	1,134,734
2160 Accrued Wages Payable	4,650,986
2177 Due to Fiduciary Funds	860
2180 Due to Other Governments	9,176,195
2190 Due to Student Groups	2,808
2200 Accrued Expenses	491,344
2300 Deferred Revenues	5,494,843
Noncurrent Liabilities	
2501 Due Within One Year	7,817,810
2502 Due in More Than One Year	241,272,217
2000 Total Liabilities	278,451,164
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	27,550,935
3820 Restricted for Federal and State Programs	8,931,230
3850 Restricted for Debt Service	5,296,163
3860 Restricted for Capital Projects	103,379,545
3900 Unrestricted Net Assets	68,112,784
3000 Total Net Assets	\$ 213,270,657

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, 2008

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
	Expenses	3	4	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 133,866,773	\$ 29,940	\$ 27,575,777	\$ (106,261,056)
12 Instructional Resources and Media Services	5,539,072	-	1,161,870	(4,377,202)
13 Curriculum and Instructional Staff Development	4,366,855	-	2,300,750	(2,066,105)
21 Instructional Leadership	3,161,473	-	798,933	(2,362,540)
23 School Leadership	12,056,041	-	691,847	(11,364,194)
31 Guidance, Counseling and Evaluation Services	8,973,196	-	1,244,609	(7,728,587)
32 Social Work Services	2,085,960	-	903,099	(1,182,861)
33 Health Services	2,479,367	-	527,855	(1,951,512)
34 Student (Pupil) Transportation	9,861,758	-	464,189	(9,397,569)
35 Food Services	15,872,852	606,998	189,110	(15,076,744)
36 Extracurricular Activities	5,585,544	149,431	88,033	(5,348,080)
41 General Administration	6,766,178	770,906	206,989	(5,788,283)
51 Plant Maintenance and Operations	21,737,044	-	391,609	(21,345,435)
52 Security and Monitoring Services	2,632,851	-	125,133	(2,507,718)
53 Data Processing Services	829,504	-	20,083	(809,421)
61 Community Services	1,250,431	-	1,102,435	(147,996)
72 Debt Service - Interest on Long Term Debt	12,477,006	-	-	(12,477,006)
73 Debt Service - Bond Issuance Cost and Fees	18,498	-	-	(18,498)
95 Payments to Juvenile Justice Alternative Ed. Prg.	77,276	-	-	(77,276)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 249,637,679	\$ 1,557,275	\$ 37,792,318	(210,288,086)

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		19,312,762
DT	Property Taxes, Levied for Debt Service		3,891,631
GC	Grants and Contributions not Restricted		182,786,954
IE	Investment Earnings		8,547,151
MI	Miscellaneous Local and Intermediate Revenue		4,760,404
TR	Total General Revenues		219,298,902
CN	Change in Net Assets		9,010,816
NB	Net Assets--Beginning		204,014,769
PA	Prior Period Adjustment		245,072
NE	Net Assets--Ending		\$ 213,270,657

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

LA JOYA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 76,419,022	\$ 5,982,847	\$ (53,522)
1120 Investments - Current	65,306	-	83,192,711
1220 Property Taxes - Delinquent	8,498,230	1,193,025	-
1230 Allowance for Uncollectible Taxes (Credit)	(1,478,676)	(193,561)	-
1240 Due from Other Governments	4,963,144	-	-
1260 Due from Other Funds	13,761,660	74,005	1,206,074
1290 Other Receivables	104,036	-	-
1300 Inventories	1,495,368	-	-
1410 Deferred Expenditures	323,042	-	-
1000 Total Assets	<u>\$ 104,151,132</u>	<u>\$ 7,056,316</u>	<u>\$ 84,345,263</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 2,771,431	\$ -	\$ 2,012,995
2150 Payroll Deductions and Withholdings Payable	1,134,734	-	-
2160 Accrued Wages Payable	4,210,815	-	-
2170 Due to Other Funds	4,926,880	-	-
2180 Due to Other Governments	8,003,516	74,549	1,028,606
2190 Due to Student Groups	2,808	-	-
2300 Deferred Revenues	11,732,103	1,685,604	-
2000 Total Liabilities	<u>\$ 32,782,287</u>	<u>\$ 1,760,153</u>	<u>\$ 3,041,601</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	\$ 1,495,368	\$ -	\$ -
3420 Retirement of Long Term Debt	-	5,296,163	-
3440 Outstanding Encumbrances	3,120,634	-	-
3450 Food Service	5,455,338	-	-
3490 Other Purposes	1,951,903	-	-
Unreserved Designated For:			
3510 Construction	35,500,000	-	81,303,662
Unreserved and Undesignated:			
3600 Reported in the General Fund	23,845,602	-	-
3610 Reported in Special Revenue Funds	-	-	-
3000 Total Fund Balances	<u>\$ 71,368,845</u>	<u>\$ 5,296,163</u>	<u>\$ 81,303,662</u>
4000 Total Liabilities and Fund Balances	<u>\$ 104,151,132</u>	<u>\$ 7,056,316</u>	<u>\$ 84,345,263</u>

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ (29,258)	\$ 83,336	\$ 82,402,425
-	-	83,258,017
-	-	9,691,255
-	-	(1,672,237)
-	2,751,591	7,714,735
1,055,533	3,942	16,101,214
18,638	-	122,674
-	-	1,495,368
-	-	323,042
<u>\$ 1,044,913</u>	<u>\$ 2,838,869</u>	<u>\$ 199,436,493</u>
\$ 1,808,944	\$ 195,883	\$ 6,789,253
-	-	1,134,734
-	440,171	4,650,986
12,389,068	435,334	17,751,282
66,268	3,256	9,176,195
-	-	2,808
-	96,154	13,513,861
<u>\$ 14,264,280</u>	<u>\$ 1,170,798</u>	<u>\$ 53,019,119</u>
\$ -	\$ -	\$ 1,495,368
-	-	5,296,163
-	-	3,120,634
-	-	5,455,338
-	1,523,989	3,475,892
(13,219,367)	(204,750)	103,379,545
-	-	23,845,602
-	348,832	348,832
<u>\$ (13,219,367)</u>	<u>\$ 1,668,071</u>	<u>\$ 146,417,374</u>
<u>\$ 1,044,913</u>	<u>\$ 2,838,869</u>	<u>\$ 199,436,493</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, 2008

Total Fund Balances - Governmental Funds	\$	146,417,374
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.		31,283,330
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 \$222,175,681 and the accumulated depreciation was \$257,593,794. 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.		(35,418,113)
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 2008 capital outlays and debt principal payments is to increase (decrease) net assets.		71,702,117
4 The 2008 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(8,261,730)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		7,547,679
19 Net Assets of Governmental Activities	<u>\$</u>	<u>213,270,657</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
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 26,943,006	\$ 4,469,573	\$ 4,462,011
5800 State Program Revenues	159,993,398	13,820,433	-
5900 Federal Program Revenues	15,875,473	-	-
5020 Total Revenues	<u>202,811,877</u>	<u>18,290,006</u>	<u>4,462,011</u>
EXPENDITURES:			
Current:			
0011 Instruction	107,652,643	-	-
0012 Instructional Resources and Media Services	4,745,348	-	-
0013 Curriculum and Instructional Staff Development	2,040,354	-	-
0021 Instructional Leadership	2,379,675	-	-
0023 School Leadership	11,501,779	-	-
0031 Guidance, Counseling and Evaluation Services	7,851,353	-	-
0032 Social Work Services	1,193,701	-	-
0033 Health Services	2,330,667	-	-
0034 Student (Pupil) Transportation	10,440,703	-	-
0035 Food Services	16,395,895	-	-
0036 Extracurricular Activities	5,611,406	-	-
0041 General Administration	6,088,436	-	-
0051 Facilities Maintenance and Operations	21,524,437	-	-
0052 Security and Monitoring Services	2,556,182	-	-
0053 Data Processing Services	908,183	-	-
0061 Community Services	150,516	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	169,844	6,270,000	-
0072 Debt Service - Interest on Long Term Debt	17,002	11,898,725	-
0073 Debt Service - Bond Issuance Cost and Fees	-	18,498	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	315,496	-	15,630,212
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	77,276	-	-
6030 Total Expenditures	<u>203,950,896</u>	<u>18,187,223</u>	<u>15,630,212</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,139,019)</u>	<u>102,783</u>	<u>(11,168,201)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	37,551	-	-
7915 Transfers In	5,809,203	-	-
8911 Transfers Out (Use)	(5,809,203)	-	-
7989 Other Non-Operating Revenue	2,282,623	-	-
7080 Total Other Financing Sources (Uses)	<u>2,320,174</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	1,181,155	102,783	(11,168,201)
0100 Fund Balance - September 1 (Beginning)	69,970,398	5,182,248	92,471,863
1300 Increase (Decrease) in Fund Balance	217,292	11,132	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 71,368,845</u>	<u>\$ 5,296,163</u>	<u>\$ 81,303,662</u>

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ 374,026	\$ 120,628	\$ 36,369,244
-	5,868,696	179,682,527
-	24,900,426	40,775,899
374,026	30,889,750	256,827,670
-	23,151,294	130,803,937
-	655,159	5,400,507
-	2,219,606	4,259,960
-	704,409	3,084,084
-	259,145	11,760,924
-	902,190	8,753,543
-	841,197	2,034,898
-	88,008	2,418,675
-	170,762	10,611,465
-	17,754	16,413,649
-	1,267	5,612,673
-	46,288	6,134,724
-	24,245	21,548,682
-	32,178	2,588,360
-	-	908,183
-	1,069,306	1,219,822
-	-	6,439,844
-	-	11,915,727
-	-	18,498
46,891,114	204,750	63,041,572
-	-	77,276
46,891,114	30,387,558	315,047,003
(46,517,088)	502,192	(58,219,333)
-	-	37,551
-	-	5,809,203
-	-	(5,809,203)
-	-	2,282,623
-	-	2,320,174
(46,517,088)	502,192	(55,899,159)
33,293,169	1,153,783	202,071,461
4,552	12,096	245,072
\$ (13,219,367)	\$ 1,668,071	\$ 146,417,374

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, 2008

Total Net Change in Fund Balances - Governmental Funds	\$	(55,899,159)
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.		2,513,273
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 2008 capital outlays and debt principal payments is to increase (decrease) net assets.		71,702,117
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.		(8,261,730)
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.		(1,043,685)
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>9,010,816</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, 2008

EXHIBIT C-5

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 24,022,436	\$ 27,427,596	\$ 26,943,006	\$ (484,590)
5800	State Program Revenues	159,730,146	159,730,146	159,993,398	263,252
5900	Federal Program Revenues	15,175,000	15,175,000	15,875,473	700,473
5020	Total Revenues	198,927,582	202,332,742	202,811,877	479,135
EXPENDITURES:					
Current:					
0011	Instruction	118,695,614	123,952,852	107,652,643	16,300,209
0012	Instructional Resources and Media Services	5,103,038	5,367,680	4,745,348	622,332
0013	Curriculum and Instructional Staff Development	1,700,072	2,189,421	2,040,354	149,067
0021	Instructional Leadership	2,449,628	2,652,952	2,379,675	273,277
0023	School Leadership	11,322,605	11,916,106	11,501,779	414,327
0031	Guidance, Counseling and Evaluation Services	8,201,934	8,309,489	7,851,353	458,136
0032	Social Work Services	1,213,630	1,317,942	1,193,701	124,241
0033	Health Services	2,643,575	2,656,828	2,330,667	326,161
0034	Student (Pupil) Transportation	10,251,571	12,351,571	10,440,703	1,910,868
0035	Food Services	14,839,082	18,805,999	16,395,895	2,410,104
0036	Extracurricular Activities	7,535,873	12,630,589	5,611,406	7,019,183
0041	General Administration	6,416,879	6,623,112	6,088,436	534,676
0051	Facilities Maintenance and Operations	21,141,576	24,534,937	21,524,437	3,010,500
0052	Security and Monitoring Services	2,929,733	3,042,715	2,556,182	486,533
0053	Data Processing Services	823,813	1,299,611	908,183	391,428
0061	Community Services	134,995	266,171	150,516	115,655
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	309,245	292,243	169,844	122,399
0072	Debt Service - Interest on Long Term Debt	-	17,002	17,002	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	200,000	6,700,000	315,496	6,384,504
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	50,000	130,788	77,276	53,512
6030	Total Expenditures	215,962,863	245,058,008	203,950,896	41,107,112
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,035,281)	(42,725,266)	(1,139,019)	41,586,247
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	37,551	37,551
7915	Transfers In	6,979,898	6,979,898	5,809,203	(1,170,695)
8911	Transfers Out (Use)	(37,365,304)	(30,465,304)	(5,809,203)	24,656,101
7989	Other Non-Operating Revenue	-	-	2,282,623	2,282,623
7080	Total Other Financing Sources (Uses)	(30,385,406)	(23,485,406)	2,320,174	25,805,580
1200	Net Change in Fund Balances	(47,420,687)	(66,210,672)	1,181,155	67,391,827
0100	Fund Balance - September 1 (Beginning)	69,970,398	69,970,398	69,970,398	-
1300	Increase (Decrease) in Fund Balance	-	-	217,292	217,292
3000	Fund Balance - August 31 (Ending)	\$ 22,549,711	\$ 3,759,726	\$ 71,368,845	\$ 67,609,119

LA JOYA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2008

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 30,696,611
Due from Other Funds	2,253,921
Other Receivables	28,008
Total Current Assets	<u>32,978,540</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>32,978,540</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,620,113
Due to Other Funds	<u>75,096</u>
Total Liabilities	<u>1,695,209</u>
NET ASSETS	
Unrestricted Net Assets	<u>31,283,331</u>
Total Net Assets	<u><u>\$ 31,283,331</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, 2008

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 25,920,111
Total Operating Revenues	<u>25,920,111</u>
OPERATING EXPENSES:	
Payroll Costs	119,895
Professional and Contracted Services	3,156,855
Supplies and Materials	80,773
Other Operating Costs	20,134,314
Total Operating Expenses	<u>23,491,837</u>
Operating Income	2,428,274
Total Net Assets - September 1 (Beginning)	28,770,057
Prior Period Adjustment	85,000
Total Net Assets - August 31 (Ending)	<u><u>\$ 31,283,331</u></u>

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, 2008

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 27,801,018
Cash Payments to Employees for Services	(119,895)
Cash Payments for Suppliers	(3,167,491)
Cash Payments for Other Operating Expenses	(20,153,097)
Net Cash Provided by Operating Activities	<u>4,360,535</u>
<u>Cash Flows from Investing Activities:</u>	
Proceeds from Sale & Maturities of Securities	26,464,418
Interest and Dividends on Investments	85,000
Net Cash Provided by Investing Activities	<u>26,549,418</u>
Net Increase in Cash and Cash Equivalents	30,909,953
Cash and Cash Equivalents at Beginning of the Year:	<u>(213,342)</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 30,696,611</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income:	\$ 2,428,274
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	1,874,893
Increase (decrease) in Accounts Payable	57,368
Net Cash Provided by Operating Activities	<u>\$ 4,360,535</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	<u>\$ 30,696,611</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, 2008

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 1,670,823
Due from Other Funds	860
Other Receivables	7,420
Total Assets	<u>\$ 1,679,103</u>
LIABILITIES	
Accounts Payable	\$ 395,948
Due to Other Funds	529,622
Due to Student Groups	749,475
Payable from Restricted Assets	4,058
Total Liabilities	<u>\$ 1,679,103</u>

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

LA JOYA ISD

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2008

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 non-fiduciary activities with most of the inter-fund 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 revenue is not program revenue, it is 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 non-operating 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 non-operating. 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 non-operating.

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 un-matured 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, 2008, the accumulated sick leave balance is \$18,262,651.
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, 2008, 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, 2008, 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 Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and Chapter 504, Texas Labor Code. All members participating in the Fund execute Inter-local Agreements that define the responsibilities of the parties.

The Fund's audited financial statements as of August 31, 2007, 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 State wide 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 \$1,094,990 as of August 31, 2008.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

<u>Capital Assets</u> <u>the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in Net</u> <u>Assets</u>
Land	\$10,311,966		\$10,311,966	
Buildings and Improvements	223,237,072	55,734,392	167,502,680	
Furniture & Equipment	8,800,338	6,705,548	2,094,790	
Vehicles	14,751,732	9,348,411	5,403,321	
Construction in Progress	<u>36,862,923</u>	<u>0</u>	<u>36,862,923</u>	
Change in Net Assets				<u>\$222,175,681</u>
 <u>Long-term Liabilities</u> <u>at the Beginning of the year</u>			 <u>Payable at the</u> <u>Beginning of the</u> <u>Year</u>	
Bonds Payable			254,484,587	
Loans Payable			484,005	
Other – Premium/Accrued Interest			<u>2,625,202</u>	
Change in Net Assets				<u>(257,593,794)</u>
Net Adjustment to Net Assets				<u>(\$35,418,113)</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 re-conciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to</u> <u>Changes in Net</u> <u>Assets</u>	<u>Adjustments to</u> <u>Net Assets</u>
<u>Current Year Capital Outlay</u>			
Land	703,096		
Buildings & Improvements	37,178,419		
Furniture & Equipment	607,235		
Vehicles	1,053,235		
Construction in Progress	<u>25,720,287</u>		
Total Capital Outlay	<u>65,262,272</u>	<u>65,262,272</u>	<u>65,262,272</u>
 <u>Debt Principal Payments</u>			
Bond Principal	6,270,000		
Capital Lease Payments	<u>169,844</u>		
Total Principal Payments	<u>6,439,844</u>	<u>6,439,844</u>	<u>6,439,844</u>
Total Adjustment to Net Assets		<u>71,702,116</u>	<u>71,702,116</u>

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

	<u>Amount</u>	<u>Adjustments to Change in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	3,188,204	(3,188,204)	
Uncollected taxes(assumed collectible) from Current Year Levy	2,394,123	2,394,123	2,394,123
Uncollected Taxes (assumed collectible) from Prior Year Levy	5,624,895		5,624,895
Other	<u>561,279</u>	<u>(249,604)</u>	<u>(471,339)</u>
Total		<u>(1,043,685)</u>	<u>(7,547,679)</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.

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, 2008, LA JOYA INDEPENDENT SCHOOL DISTRICT had the following cash equivalents and investments.

<u>Investment Type</u>	<u>Market Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Lone Star Money Market Accounts					
Governmental Funds	82,402,425	X			
Internal Revenue Funds	30,696,611	X			
Agency Funds	1,670,823	X			
TexPool Investment Pool					
Governmental Funds	65,306	X			
J.P. Morgan Investment Guar. Invest. Contract – ov't unds	83,192,711		X		
Total District Cash Equivalents and Investments	\$198,027,876				

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, 2008, the district's investments were secured by Irrevocable Standby Letter of Credit issued by the Federal Home Loan Bank of Dallas.

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, 2008, consisted of the following amounts:

	Due From Other Funds	Due to Other Funds
General Fund		
General Fund	1,612,623	1,612,623
Special Revenue Fund	230,581	3,942
Capital Projects Fund	11,387,744	1,055,533
Internal Service Fund	75,095	2,253,922
Trust & Agency Fund	455,617	860
Total General Fund	<u>13,761,660</u>	<u>4,926,880</u>

Special Revenue Fund		
General Fund	3,942	230,581
Total Special Revenue Fund	<u>3,942</u>	<u>230,581</u>
Debt Service Fund		
Trust & Agency Fund	74,005	-
Total Debt Service Fund	<u>74,005</u>	<u>-</u>
Capital Projects Fund		
General Fund	1,055,533	11,387,744
Capital Projects Fund	<u>1,206,074</u>	<u>1,206,074</u>
Total Capital Projects Fund	<u>2,261,607</u>	<u>12,593,818</u>
Internal Service Fund		
General Fund	<u>2,253,922</u>	<u>75,095</u>
Total Internal Service Fund	<u>2,253,922</u>	<u>75,095</u>
Trust & Agency Fund		
General Fund	860	455,617
Debt Service	<u> </u>	<u>74,005</u>
Total Trust & Agency Fund	<u>860</u>	<u>529,622</u>
Total	<u><u>18,355,996</u></u>	<u><u>18,355,996</u></u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2008, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$ 8,498,230	\$ 4,963,144	\$ 13,761,660	\$ 104,036	\$27,327,070
Special Revenue Funds	0	2,751,591	3,942	0	2,755,533
Debt Service Fund	1,193,025	0	74,005	0	1,267,030
Capital Projects Fund	0	0	2,261,607	18,638	2,280,245
Internal Service Funds	0	0	2,253,922	28,008	2,281,930
Trust & Agency Fund	<u>0</u>	<u>0</u>	<u>860</u>	<u>7,420</u>	<u>8,280</u>
Total - Governmental Activities	<u>9,691,256</u>	<u>7,714,735</u>	<u>18,355,996</u>	<u>158,102</u>	<u>35,920,088</u>
Less: Allowance for Uncollectible	(\$1,672,237)	\$ 0	\$ 0	\$ 0	(\$1,672,237)
Net Total Receivable	<u>\$ 8,019,018</u>	<u>\$ 7,714,735</u>	<u>\$ 18,355,996</u>	<u>\$ 158,102</u>	<u>\$ 34,247,851</u>

Payables at August 31, 2008, were as follows:

<u>Accounts Payable</u>	<u>Loans, Leases and Bonds Payable - Current Year</u>	<u>Salaries and Benefits</u>	<u>Due To Other Funds</u>	<u>Due to Other Governments</u>	<u>Other</u>	<u>Total Payables</u>
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Governmental Activities:

General Fund	\$ 2,771,431	\$ 0	\$ 4,210,815	\$ 4,926,880	\$ 8,003,516	\$ 1,137,542	\$ 21,050,184
Special Revenue Funds	195,883	0	440,170	230,584	3,256	0	869,893
Debt Service	0	0	0	0	74,549	0	74,549
Capital Projects Fund	3,821,940	0	0	12,593,818	1,094,874	0	17,510,632
Internal Service Fund	1,620,113	0	0	75,095	0	0	1,695,208
Trust & Agency Fund	<u>395,947</u>	<u>0</u>	<u>0</u>	<u>529,622</u>	<u>0</u>	<u>753,533</u>	<u>1,679,102</u>
Total - Gov. Activities	<u>\$ 8,805,314</u>	<u>\$ 0</u>	<u>\$ 4,650,985</u>	<u>\$ 18,355,999</u>	<u>\$ 9,176,195</u>	<u>\$ 1,891,075</u>	<u>\$42,879,568</u>

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2008, was as follows:

	Primary Government				
	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Governmental Activities:					
Land	10,311,966	703,096	-	-	11,015,062
Buildings and Improvements	223,237,072	315,496	-	36,862,923	260,415,491
Construction in Progress	36,862,923	62,583,211	-	(36,862,923)	62,583,211
Furniture and Equipment	8,800,339	607,235	(109,480)	-	9,298,093
Vehicles	14,751,732	1,053,234	(496,945)	-	15,308,021
Totals at Historic Cost	<u>293,964,032</u>	<u>65,262,272</u>	<u>(606,425)</u>	<u>-</u>	<u>358,619,879</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	55,734,392	6,388,136	-	-	62,122,528
Furniture and Equipment	6,705,548	600,735	(109,480)	-	7,196,802
Vehicles	<u>9,348,411</u>	<u>1,272,859</u>	<u>(496,945)</u>	<u>-</u>	<u>10,124,325</u>
Total Accumulated Depreciation	<u>71,788,350</u>	<u>8,261,730</u>	<u>(606,425)</u>	<u>-</u>	<u>79,443,655</u>
Governmental Activities Capital Assets, Net	<u>222,175,681</u>	<u>57,000,543</u>	<u>-</u>	<u>-</u>	<u>279,176,224</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	4,642,237
Instructional Resources and Media Services	195,919
Curriculum Development and Instructional Staff Development	151,186
Instructional Leadership	109,454
School Leadership	417,396
Guidance, Counseling, and Evaluation Services	310,664
Social Work Services	72,219
Health Services	85,839
Student (Pupil) Transportation	376,601
Food Services	551,152
Co-Curricular/Extracurricular Activities	199,194
General Administration	217,722
Plant Maintenance and Operations	764,764
Security and Monitoring Service	91,861
Data Processing Services	32,231
Community Services	43,292

Total Depreciation Expense

\$ 8,261,730

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, 2008 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	718,838	15,530,000	-	1,370,000	14,160,000
Unlimited Tax School Building Bonds - Series 2000, Issued 08/01/2000	5.48%	47,200,000	187,513	4,240,000	-	1,340,000	2,900,000
Unlimited Tax School Building Bonds - Series 2004, Issued 08/15/2004	4.79%	81,340,000	3,796,125	77,325,000	-	1,420,000	75,905,000
Unlimited Tax Refunding Bonds - Series 2005	4.03%	63,175,000	3,024,125	62,070,000	-	715,000	61,355,000
Unlimited Tax Refunding Bonds - Series 2006	4.5% - 5.00%	88,565,000	4,172,125	87,195,000	-	1,425,000	85,770,000
Total			11,898,725	246,511,973	0	6,270,000	240,241,973

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 8/1/06	Accreted Value at 8/1/07	Accreted Value at 8/1/08	Accreted Value 8/1/2006	Accreted Value 8/1/2007	Accreted Value 8/1/2008
8/1/2012	\$ 1,965,000	393	\$ 3,367.01	\$ 3,596.38	\$ 3,841.37	\$ 1,323,234.93	\$ 1,413,377.34	\$ 1,509,658.41
8/1/2013	\$ 1,965,000	393	\$ 3,141.61	\$ 3,357.25	\$ 3,587.69	\$ 1,234,652.73	\$ 1,319,399.25	\$ 1,409,962.17
8/1/2014	\$ 1,965,000	393	\$ 2,928.47	\$ 3,131.00	\$ 3,347.52	\$ 1,150,888.71	\$ 1,230,483.00	\$ 1,315,575.36
8/1/2015	\$ 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
8/1/2016	\$ 1,965,000	393	\$ 2,549.53	\$ 2,727.16	\$ 2,917.17	\$ 1,001,965.29	\$ 1,071,773.88	\$ 1,146,447.81
8/1/2017	\$ 1,965,000	393	\$ 2,383.46	\$ 2,549.53	\$ 2,727.16	\$ 936,699.78	\$ 1,001,965.29	\$ 1,071,773.88
8/1/2018	\$ 1,965,000	393	\$ 2,228.22	\$ 2,383.46	\$ 2,549.53	\$ 875,690.46	\$ 936,699.78	\$ 1,001,965.29
Less CAB Principal							-151,973.00	-151,973.00
						\$ 7,599,578.55	\$ 7,972,614.25	\$ 8,533,892.92

The Total Accreted Value for the Series 1992 Capital Appreciation Bonds at August 31, 2008, is \$8,533.89.92. 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	<u>35,355,000</u>
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, 2008, \$35,355,000 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, 2008.

The La Joya ISD passed a \$94 million Unlimited Tax School Building Bonds on November 06, 2007. Bonds have a dated date of August 15, 2008. Delivery occurred on September 25, 2008, with a true interest rate of 4.8733021% and a final maturity date of 2038.

H. DEBT SERVICE REQUIREMENTS - BONDS AND NOTES PAYABLE

Debt service requirements for bonds are as follows:

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
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	7,259,649	12,021,676	19,281,325
2014-2018	42,400,173	54,161,146	96,561,319
2019-2023	54,665,000	32,498,134	87,163,134
2024-2028	40,575,000	20,373,091	60,948,091
2029-2033	43,555,000	10,506,888	54,061,888
2034-2036	20,700,000	1,310,863	22,010,863
Total	<u>240,241,962</u>	<u>176,786,744</u>	<u>417,028,706</u>

Notes Payable

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

Year Ended August 31,	General Obligations		Total Requirements
	Principal	Interest	
2009	176,810	10,036	186,846
2010	137,351	2,784	140,135
Total	314,161	12,820	326,981

Below is a listing of the Series 1992 CAB Accreted Values as of 08-31-2008.

Year Ended August 01,	Accreted Interest
2012	1,482,519
2013	1,385,313
2014	1,292,730
2015	1,209,031
2016	1,126,472
2017	1,053,378
2018	984,461
Total	8,533,904

Recap of Debt Requirements:

Due within one Year	7,826,810
Due in more than one year	241,263,217
Total Debt Requirements	249,090,027

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. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority of the TRS Board of Trustees.

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 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (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 state contribution rate of not less than 6.0% and not more than 10% 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 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 law provides for a member contribution rate of 6.4% for fiscal years 2006, 2007 and 2008, a state contribution rate of 6.58% for fiscal year 2008 and 6.0% for 2007 and 2006. In certain instances the reporting district is required to make all or a portion of the state's 6.58% contribution for 2008 and 6.0% for fiscal year 2007 and 2006. State contributions to TRS made on behalf of the District's employees for the year ended August 31, 2006, 2007, and 2008 were \$5,320,588, \$6,152,207, and \$6,902,350 respectively. The District paid additional state contributions for the years ended August 31, 2006, 2007, and 2008 in the amount of \$850,751, \$974,528, and \$1,193,028 respectively on the portion of the employees' salaries that exceeded the state 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, 2008, 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, 2008, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

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

	Year Ended <u>September 1 2007</u>	Year Ended <u>August 31, 2008</u>
Unpaid claims, beginning of the year	\$242,272	\$1,559,200
Incurred claims (including IBNR'S)	21,630,284	18,003,448
Claim Payments	<u>(20,313,356)</u>	<u>(17,946,736)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,559,200</u>	<u>\$ 1,615,912</u>

K. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	246,511,974	-	6,270,000	240,241,974	7,650,000
Notes Payable	484,005	-	169,844	314,161,	176,810
Total Bonds and Notes Payable	<u>246,995,979</u>	-	<u>6,439,844</u>	<u>240,556,135</u>	<u>7,826,810</u>
Other Liabilities:					
Accreted Interest – CAB Ser. 1992	7,972,614	561,279	-	8,533,893	-
Total Other Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Total Governmental Activities Long-term

Liabilities	254,968,593	561,279	6,439,844	249,090,028	7,826,810
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L. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Net Tax Revenue	7,019,554	-	999,464	8,019,018
Science Grant Funds	4,300,800	-	-	4,300,800
State Revenues	-	-	686,140	686,140
Food Service USDA Commodities	411,749	-	-	411,749
Technology Allotment	-	28,663	-	28,663
Advanced Placement - Spanish	-	1,126	-	1,126
Advanced Placement Incentives	-	43,542	-	43,542
Master Reading/Math/Science	-	14,550	-	14,550
Misc. Grants under \$10,000	-	4,000	-	4,000
Loss Prevention Grant	-	4,273	-	4,273
Total Deferred Revenue	11,732,103	96,154	1,685,604	13,513,861

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 ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>OTHER</u>	<u>TOTAL</u>
General	4,051,444	911,700	-	4,963,144
Special Revenue	964,593	1,665,983	121,016	2,751,591
Total	5,016,037	2,577,682	121,016	7,714,735

N. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	19,949,369	-	3,827,371	-	23,776,740
Penalties, Interest and Other Tax - related income	1,621,127	-	239,453	-	1,860,580
Investment Income	3,308,365	-	402,749	4,836,037	8,547,151
Food Sales	606,998	-	-	-	606,998
Co-curricular Student Activities	149,431	-	-	-	149,431
Other	1,307,716	120,628	-	-	1,428,344
Total	26,943,006	120,628	4,469,573	4,836,037	36,369,244

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
High School No. 4	ERO <i>January 5, 2005</i>	3-mile line & La Homa	January 2007	March 2009	\$64,270,000
Elementary School No. 23	Mata-Villarreal- Garcia <i>December 11, 2006</i>	3-mile line & Bentsen Palm Drive	November 2007	December 2008	\$ 9,913,172
Elementary School No. 24	Vitetta <i>June 13, 2007</i>	8-mile line & Doffing Road	December 2007	December 2008	\$ 11,549,068
Elementary School No. 25	ERO <i>May 30, 2007</i>	Pending	December 2007	December 2008	\$ 12,000,000
Middle School No. 8	ROFA Architects Inc. <i>April 11, 2007</i>	5-mile line & Bensten Palm Drive	February 2008	June 2009	\$21,000,000
New LJ High School-Texan Rd.	Gignac & Associates <i>January 24, 2007</i>	7-mile line & Texan Road	May 2008	May 2010	\$60,000,000

Q. 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 2007-08	\$15,829.800
b.) Subtract any non-medical expenditures	0
c.) 2007-2008 Maintenance of Effort	<u>\$15,829,800</u>

R. PRIOR PERIOD ADJUSTMENT

The District recognized prior period adjustments in the Governmental Funds and Proprietary Funds totaling \$330,072. The adjustments resulted from additional earned revenue, not previously recognized.

	Total
General Fund	\$217,292
Capital Project Funds	4,552
Debt Service Funds	11,132
Special Revenue Funds	12,096
Health Insurance Fund	85,000
Total Net Prior Period Adjustments	\$330,072

S. RETIREE HEALTH PLAN

Plan Description. The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Car), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Dare. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or calling 1-800-223-8778.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2008, 2007 and 2006. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2008, 2007, and 2006, the State’s contributions to TRS-Car were \$910,419, \$ 811,476, and \$ 701,785, respectively, the active member contributions were \$ 915,654, \$ 824,231, and \$ 713,887, respectively, and the school district’s contributions were 774,760, \$ 697,488, and \$ 603,999, respectively, which equaled the required contributions each year.

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2008

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
ASSETS				
1110 Cash and Cash Equivalents	\$ (7,102)	\$ (213,750)	\$ (102,039)	\$ (94,290)
1240 Due from Other Governments	8,256	566,102	190,234	187,100
1260 Due from Other Funds	-	-	-	-
1000 Total Assets	<u>\$ 1,154</u>	<u>\$ 352,352</u>	<u>\$ 88,195</u>	<u>\$ 92,810</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ 2,807	\$ 6	\$ 51
2160 Accrued Wages Payable	-	243,875	37,312	53,219
2170 Due to Other Funds	1,154	105,670	50,877	39,540
2180 Due to Other Governments	-	-	-	-
2300 Deferred Revenues	-	-	-	-
2000 Total Liabilities	<u>1,154</u>	<u>352,352</u>	<u>88,195</u>	<u>92,810</u>
Fund Balances:				
Reserved For:				
3490 Other Purposes	-	-	-	-
Unreserved Designated For:				
3510 Construction	-	-	-	-
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,154</u>	<u>\$ 352,352</u>	<u>\$ 88,195</u>	<u>\$ 92,810</u>

225 IDEA - Part B Preschool	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs	272 Medicaid Admin. Claim MAC	279 Governor's Ed. Excellence Award
\$ (496)	\$ (93,031)	\$ (39,983)	\$ (12,322)	\$ (33,582)	\$ (4,233)	\$ 348,832	\$ (1,954)
496	95,196	99,880	13,298	62,547	4,233	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,165</u>	<u>\$ 59,897</u>	<u>\$ 976</u>	<u>\$ 28,965</u>	<u>\$ -</u>	<u>\$ 348,832</u>	<u>\$ (1,954)</u>
\$ -	\$ 233	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	45,831	-	20,949	-	-	-
-	1,932	14,066	976	8,016	-	-	(1,954)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>2,165</u>	<u>59,897</u>	<u>976</u>	<u>28,965</u>	<u>-</u>	<u>-</u>	<u>(1,954)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	348,832	-
-	-	-	-	-	-	348,832	-
<u>\$ -</u>	<u>\$ 2,165</u>	<u>\$ 59,897</u>	<u>\$ 976</u>	<u>\$ 28,965</u>	<u>\$ -</u>	<u>\$ 348,832</u>	<u>\$ (1,954)</u>

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2008

Data Control Codes	281 Title I School Impr. Program	283 Texas Placement Spanish	285 Teaching American History	286 Recent Immigrant Spec. Ed.	
ASSETS					
1110	Cash and Cash Equivalents	\$ (1,883)	\$ 1,126	\$ (289,351)	\$ (9,437)
1240	Due from Other Governments	5,466	-	305,775	9,849
1260	Due from Other Funds	(17)	-	-	-
1000	Total Assets	<u>\$ 3,566</u>	<u>\$ 1,126</u>	<u>\$ 16,424</u>	<u>\$ 412</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 3,600	\$ -	\$ 13,695	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	(34)	-	2,729	412
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	1,126	-	-
2000	Total Liabilities	<u>3,566</u>	<u>1,126</u>	<u>16,424</u>	<u>412</u>
Fund Balances:					
Reserved For:					
3490	Other Purposes	-	-	-	-
Unreserved Designated For:					
3510	Construction	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 3,566</u>	<u>\$ 1,126</u>	<u>\$ 16,424</u>	<u>\$ 412</u>

288 COPS Grant	289 GEAR UP Grant	385 State Supp. Visually Impaired	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program	404 Student Success Initiative
\$ (28,032)	\$ (86,124)	\$ (3,959)	\$ (22,723)	\$ 43,392	\$ (190,305)	\$ (94,325)	\$ (137,392)
28,032	89,518	-	22,825	800	211,874	97,721	166,733
-	-	3,959	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,394</u>	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 44,192</u>	<u>\$ 21,569</u>	<u>\$ 3,396</u>	<u>\$ 29,341</u>
\$ -	\$ 64	\$ -	\$ -	\$ 650	\$ 14,091	\$ 3,396	\$ 29,341
-	-	-	-	-	7,493	-	-
-	3,330	-	102	-	(15)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	43,542	-	-	-
<u>-</u>	<u>3,394</u>	<u>-</u>	<u>102</u>	<u>44,192</u>	<u>21,569</u>	<u>3,396</u>	<u>29,341</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,394</u>	<u>\$ -</u>	<u>\$ 102</u>	<u>\$ 44,192</u>	<u>\$ 21,569</u>	<u>\$ 3,396</u>	<u>\$ 29,341</u>

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2008

Data Control Codes	409 Basic Skills Program High School	411 Technology Allotment	414 Texas Reading Initiative	415 Kindergarten and Pre-K Grants	
ASSETS					
1110	Cash and Cash Equivalents	\$ (80,657)	\$ 558,325	\$ 14,550	\$ (35,697)
1240	Due from Other Governments	80,657	-	-	51,251
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 558,325</u>	<u>\$ 14,550</u>	<u>\$ 15,554</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 48,047	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	14,971
2170	Due to Other Funds	-	-	-	583
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	28,663	14,550	-
2000	Total Liabilities	<u>-</u>	<u>76,710</u>	<u>14,550</u>	<u>15,554</u>
Fund Balances:					
Reserved For:					
3490	Other Purposes	-	481,615	-	-
Unreserved Designated For:					
3510	Construction	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>481,615</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 558,325</u>	<u>\$ 14,550</u>	<u>\$ 15,554</u>

428 High School Allotment	429 Other State Special Revenue Funds	431 SSA - Educational Technology	480 Endless Education Grant	484 Texas Early Education Model	485 Project Mentor	488 Texas Fitness Now Grant	496 Tobacco Compliance Grant
\$ 1,100,583	\$ (87,736)	\$ 3,226	\$ -	\$ (103,987)	\$ (73,673)	\$ (26,722)	\$ 30
-	87,736	-	-	104,134	73,869	67,793	-
-	-	-	-	-	-	-	-
<u>\$ 1,100,583</u>	<u>\$ -</u>	<u>\$ 3,226</u>	<u>\$ -</u>	<u>\$ 147</u>	<u>\$ 196</u>	<u>\$ 41,071</u>	<u>\$ 30</u>
\$ 38,831	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,071	\$ -
16,521	-	-	-	-	-	-	-
2,857	-	-	-	147	196	-	-
-	-	3,226	-	-	-	-	30
-	-	-	-	-	-	-	-
<u>58,209</u>	<u>-</u>	<u>3,226</u>	<u>-</u>	<u>147</u>	<u>196</u>	<u>41,071</u>	<u>30</u>
1,042,374	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,042,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,100,583</u>	<u>\$ -</u>	<u>\$ 3,226</u>	<u>\$ -</u>	<u>\$ 147</u>	<u>\$ 196</u>	<u>\$ 41,071</u>	<u>\$ 30</u>

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2008

Data Control Codes	497 Misc. Grants	498 Loss Prevention Grant	499 AVID Grant	Total Nonmajor Special Revenue Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ 4,000	\$ 4,273	\$ (120,216)	\$ 83,336
1240	Due from Other Governments	-	-	120,216	2,751,591
1260	Due from Other Funds	-	-	-	3,942
1000	Total Assets	<u>\$ 4,000</u>	<u>\$ 4,273</u>	<u>\$ -</u>	<u>\$ 2,838,869</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 195,883
2160	Accrued Wages Payable	-	-	-	440,171
2170	Due to Other Funds	-	-	-	230,584
2180	Due to Other Governments	-	-	-	3,256
2300	Deferred Revenues	4,000	4,273	-	96,154
2000	Total Liabilities	<u>4,000</u>	<u>4,273</u>	<u>-</u>	<u>966,048</u>
Fund Balances:					
Reserved For:					
3490	Other Purposes	-	-	-	1,523,989
Unreserved Designated For:					
3510	Construction	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	348,832
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,872,821</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,000</u>	<u>\$ 4,273</u>	<u>\$ -</u>	<u>\$ 2,838,869</u>

697 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 83,336
-	2,751,591
-	3,942
<u>\$ -</u>	<u>\$ 2,838,869</u>
\$ -	\$ 195,883
-	440,171
204,750	435,334
-	3,256
-	96,154
<u>204,750</u>	<u>1,170,798</u>
-	1,523,989
(204,750)	(204,750)
-	348,832
<u>(204,750)</u>	<u>1,668,071</u>
<u>\$ -</u>	<u>\$ 2,838,869</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, 2008

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	245,093	12,835,275	3,233,631
5020	Total Revenues	<u>245,093</u>	<u>12,835,275</u>	<u>3,233,631</u>
EXPENDITURES:				
Current:				
0011	Instruction	44,702	10,054,712	2,246,733
0012	Instructional Resources and Media Services	-	311,502	-
0013	Curriculum and Instructional Staff Development	-	1,056,167	3,028
0021	Instructional Leadership	4,297	298,509	182,192
0023	School Leadership	-	18,982	-
0031	Guidance, Counseling and Evaluation Services	196,094	10,220	74,392
0032	Social Work Services	-	278,073	555,825
0033	Health Services	-	21,547	1,550
0034	Student (Pupil) Transportation	-	-	170,762
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	1,267	-
0041	General Administration	-	46,288	-
0051	Facilities Maintenance and Operations	-	3,411	2,464
0052	Security and Monitoring Services	-	530	-
0061	Community Services	-	734,067	167,447
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
6030	Total Expenditures	<u>245,093</u>	<u>12,835,275</u>	<u>3,233,631</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
1300	Increase (Decrease) in Fund Balance	-	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA - Part B Preschool	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs	272 Medicaid Admin. Claim MAC	279 Governor's Ed. Excellence Award
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
34,555	300,063	1,492,924	125,823	1,300,436	46,843	360,018	490,000
<u>34,555</u>	<u>300,063</u>	<u>1,492,924</u>	<u>125,823</u>	<u>1,300,436</u>	<u>46,843</u>	<u>360,018</u>	<u>490,000</u>
34,555	221,664	1,299,312	3,796	1,102,878	35,087	-	410,998
-	-	-	-	4,925	-	-	1,094
-	-	111,187	108,645	174,203	7,040	-	-
-	-	11,953	-	14,082	4,716	-	-
-	-	70,472	-	-	-	-	51,139
-	78,399	-	-	-	-	-	10,963
-	-	-	-	-	-	-	2,220
-	-	-	-	-	-	10,968	2,106
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	6,788
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	218	3,801
-	-	-	-	-	-	-	-
-	-	-	13,382	4,348	-	-	891
-	-	-	-	-	-	-	-
<u>34,555</u>	<u>300,063</u>	<u>1,492,924</u>	<u>125,823</u>	<u>1,300,436</u>	<u>46,843</u>	<u>11,186</u>	<u>490,000</u>
-	-	-	-	-	-	348,832	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 348,832</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, 2008

Data Control Codes	281 Title I School Impr. Program	283 Texas Placement Spanish	285 Teaching American History	286 Recent Immigrant Spec. Ed.	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	129,919	81	312,808	9,849
5020	Total Revenues	<u>129,919</u>	<u>81</u>	<u>312,808</u>	<u>9,849</u>
EXPENDITURES:					
Current:					
0011	Instruction	99,130	-	-	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	25,897	81	312,808	9,849
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	4,892	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>129,919</u>	<u>81</u>	<u>312,808</u>	<u>9,849</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>

288 COPS Grant	289 GEAR UP Grant	385 State Supp. Visually Impaired	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program	404 Student Success Initiative
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	3,959	88,173	46,136	211,874	144,823	1,129,994
28,032	445,422	-	-	-	-	-	-
<u>28,032</u>	<u>445,422</u>	<u>3,959</u>	<u>88,173</u>	<u>46,136</u>	<u>211,874</u>	<u>144,823</u>	<u>1,129,994</u>
-	117,417	2,816	26,815	25,899	92,938	144,823	1,122,425
-	-	-	-	-	1,178	-	-
-	1,778	1,143	-	20,237	92,590	-	6,724
-	-	-	55,891	-	-	-	-
-	-	-	5,467	-	1,727	-	-
-	238,901	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
28,032	-	-	-	-	-	-	845
-	87,326	-	-	-	23,441	-	-
-	-	-	-	-	-	-	-
<u>28,032</u>	<u>445,422</u>	<u>3,959</u>	<u>88,173</u>	<u>46,136</u>	<u>211,874</u>	<u>144,823</u>	<u>1,129,994</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, 2008

Data Control Codes	409 Basic Skills Program High School	411 Technology Allotment	414 Texas Reading Initiative	415 Kindergarten and Pre-K Grants
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	101,879	701,703	-	348,033
5900 Federal Program Revenues	-	-	-	105,489
5020 Total Revenues	<u>101,879</u>	<u>701,703</u>	<u>-</u>	<u>453,522</u>
EXPENDITURES:				
Current:				
0011 Instruction	89,543	23,786	-	453,522
0012 Instructional Resources and Media Services	-	322,586	-	-
0013 Curriculum and Instructional Staff Development	12,336	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>101,879</u>	<u>346,372</u>	<u>-</u>	<u>453,522</u>
1200 Net Change in Fund Balance	-	355,331	-	-
0100 Fund Balance - September 1 (Beginning)	-	114,188	-	-
1300 Increase (Decrease) in Fund Balance	-	12,096	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 481,615</u>	<u>\$ -</u>	<u>\$ -</u>

428 High School Allotment	429 Other State Special Revenue Funds	431 SSA - Educational Technology	480 Endless Education Grant	484 Texas Early Education Model	485 Project Mentor	488 Texas Fitness Now Grant	496 Tobacco Compliance Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,489,895	1,054,230	43,175	-	153,985	169,290	178,077	3,470
-	-	-	-	-	-	-	-
<u>1,489,895</u>	<u>1,054,230</u>	<u>43,175</u>	<u>-</u>	<u>153,985</u>	<u>169,290</u>	<u>178,077</u>	<u>3,470</u>
1,272,808	865,487	-	-	107,546	96,905	148,699	3,270
-	13,874	-	-	-	-	-	-
118,608	3,894	-	-	46,439	70,814	4,519	-
6,138	12,264	-	-	-	-	-	-
33,590	76,197	-	-	-	1,571	-	-
51,624	43,525	-	-	-	-	-	-
50	5,029	-	-	-	-	-	-
-	8,662	43,175	-	-	-	-	-
-	-	-	-	-	-	-	-
-	10,966	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,716	11,635	-	-	-	-	-	-
1,542	1,029	-	-	-	-	-	200
40	1,668	-	-	-	-	24,859	-
-	-	-	-	-	-	-	-
<u>1,487,116</u>	<u>1,054,230</u>	<u>43,175</u>	<u>-</u>	<u>153,985</u>	<u>169,290</u>	<u>178,077</u>	<u>3,470</u>
2,779	-	-	-	-	-	-	-
1,039,595	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,042,374</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, 2008

Data Control Codes	497 Misc. Grants	498 Loss Prevention Grant	499 AVID Grant	Total Nonmajor Special Revenue Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 412	\$ 120,216	\$ 120,628
5800 State Program Revenues	-	-	-	5,868,696
5900 Federal Program Revenues	-	-	-	24,900,426
5020 Total Revenues	<u>-</u>	<u>412</u>	<u>120,216</u>	<u>30,889,750</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	412	87,536	23,151,294
0012 Instructional Resources and Media Services	-	-	-	655,159
0013 Curriculum and Instructional Staff Development	-	-	19,840	2,219,606
0021 Instructional Leadership	-	-	9,000	704,409
0023 School Leadership	-	-	-	259,145
0031 Guidance, Counseling and Evaluation Services	-	-	3,840	902,190
0032 Social Work Services	-	-	-	841,197
0033 Health Services	-	-	-	88,008
0034 Student (Pupil) Transportation	-	-	-	170,762
0035 Food Services	-	-	-	17,754
0036 Extracurricular Activities	-	-	-	1,267
0041 General Administration	-	-	-	46,288
0051 Facilities Maintenance and Operations	-	-	-	24,245
0052 Security and Monitoring Services	-	-	-	32,178
0061 Community Services	-	-	-	1,069,306
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>-</u>	<u>412</u>	<u>120,216</u>	<u>30,182,808</u>
1200 Net Change in Fund Balance	-	-	-	706,942
0100 Fund Balance - September 1 (Beginning)	-	-	-	1,153,783
1300 Increase (Decrease) in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,096</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,872,821</u>

697 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 120,628
-	5,868,696
-	24,900,426
-	30,889,750
-	23,151,294
-	655,159
-	2,219,606
-	704,409
-	259,145
-	902,190
-	841,197
-	88,008
-	170,762
-	17,754
-	1,267
-	46,288
-	24,245
-	32,178
-	1,069,306
<u>204,750</u>	<u>204,750</u>
<u>204,750</u>	<u>30,387,558</u>
(204,750)	502,192
-	1,153,783
-	12,096
<u>\$ (204,750)</u>	<u>\$ 1,668,071</u>

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2008

	752 Print Shop	753 Health Insurance Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 118,832	\$ 7,839,290
Due from Other Funds	-	1,711,527
Other Receivables	26,311	-
Total Current Assets	<u>145,143</u>	<u>9,550,817</u>
Noncurrent Assets:		
Capital Assets:		
Furniture and Equipment	137,952	-
Depreciation on Furniture and Equipment	(137,952)	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>145,143</u>	<u>9,550,817</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	3,800	1,616,313
Due to Other Funds	75,000	-
Total Liabilities	<u>78,800</u>	<u>1,616,313</u>
NET ASSETS		
Unrestricted Net Assets	<u>66,343</u>	<u>7,934,504</u>
Total Net Assets	<u>\$ 66,343</u>	<u>\$ 7,934,504</u>

770 Workers Compensation Fund	780 Unemployment Compensation Fund	Total Internal Service Funds
\$ 21,746,408	\$ 992,081	\$ 30,696,611
530,228	12,166	2,253,921
1,697	-	28,008
<u>22,278,333</u>	<u>1,004,247</u>	<u>32,978,540</u>
-	-	137,952
-	-	(137,952)
<u>-</u>	<u>-</u>	<u>-</u>
<u>22,278,333</u>	<u>1,004,247</u>	<u>32,978,540</u>
-	-	1,620,113
96	-	75,096
<u>96</u>	<u>-</u>	<u>1,695,209</u>
<u>22,278,237</u>	<u>1,004,247</u>	<u>31,283,331</u>
<u>\$ 22,278,237</u>	<u>\$ 1,004,247</u>	<u>\$ 31,283,331</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, 2008

	752 Print Shop	753 Health Insurance Fund
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 346,327	\$ 21,202,051
Total Operating Revenues	<u>346,327</u>	<u>21,202,051</u>
OPERATING EXPENSES:		
Payroll Costs	119,895	-
Professional and Contracted Services	120,918	3,008,983
Supplies and Materials	65,426	6,591
Other Operating Costs	-	18,437,057
Total Operating Expenses	<u>306,239</u>	<u>21,452,631</u>
Operating Income (Loss)	40,088	(250,580)
Total Net Assets - September 1 (Beginning)	26,255	8,100,084
Prior Period Adjustment	-	85,000
Total Net Assets - August 31 (Ending)	<u><u>\$ 66,343</u></u>	<u><u>\$ 7,934,504</u></u>

770 Workers Compensation Fund	780 Unemployment Compensation Fund	Total Internal Service Funds
\$ 4,267,096	\$ 104,637	\$ 25,920,111
<u>4,267,096</u>	<u>104,637</u>	<u>25,920,111</u>
-	-	119,895
26,954	-	3,156,855
8,756	-	80,773
1,638,804	58,453	20,134,314
<u>1,674,514</u>	<u>58,453</u>	<u>23,491,837</u>
2,592,582	46,184	2,428,274
19,685,655	958,063	28,770,057
-	-	85,000
<u>\$ 22,278,237</u>	<u>\$ 1,004,247</u>	<u>\$ 31,283,331</u>

LA JOYA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2008

	752	753
	Print Shop	Health Insurance Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 320,016	\$ 23,109,229
Cash Payments to Employees for Services	(119,895)	-
Cash Payments for Suppliers	(117,118)	(2,964,966)
Cash Payments for Other Operating Expenses	(65,426)	(18,437,057)
Net Cash Provided by Operating Activities	<u>17,577</u>	<u>1,707,206</u>
<u>Cash Flows from Investing Activities:</u>		
Proceeds from Sale & Maturities of Securities	-	6,692,350
Interest and Dividends on Investments	-	85,000
Net Cash Provided by Investing Activities	<u>-</u>	<u>6,777,350</u>
Net Increase in Cash and Cash Equivalents	17,577	8,484,556
Cash and Cash Equivalents at Beginning of the Year:	<u>101,255</u>	<u>(645,266)</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 118,832</u>	<u>\$ 7,839,290</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities:</u>		
Operating Income (Loss):	\$ 40,088	\$ (250,580)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(26,311)	1,901,164
Increase (decrease) in Accounts Payable	3,800	56,622
Net Cash Provided by Operating Activities	<u>\$ 17,577</u>	<u>\$ 1,707,206</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>		
Cash and Cash Equivalents on Balance Sheet	<u>\$ 118,832</u>	<u>\$ 7,839,290</u>

770 Workers Compensation Fund	780 Unemployment Compensation Fund	Total Internal Service Funds
\$ 4,267,136	\$ 104,637	\$ 27,801,018
-	-	(119,895)
(26,954)	(58,453)	(3,167,491)
(1,650,614)	-	(20,153,097)
2,589,568	46,184	4,360,535
18,831,526	940,542	26,464,418
-	-	85,000
18,831,526	940,542	26,549,418
21,421,094	986,726	30,909,953
325,314	5,355	(213,342)
\$ 21,746,408	\$ 992,081	\$ 30,696,611
\$ 2,592,582	\$ 46,184	\$ 2,428,274
40	-	1,874,893
(3,054)	-	57,368
\$ 2,589,568	\$ 46,184	\$ 4,360,535
\$ 21,746,408	\$ 992,081	\$ 30,696,611

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T.E.A. REQUIRED SCHEDULES

LA JOYA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2008

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1999 and prior years	Various	Various	\$ Various
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	1.370000	0.212000	1,756,698,921
2008 (School year under audit)	1.040000	0.212000	1,856,922,723
1000 TOTALS			

(10) Beginning Balance 9/1/2007	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2008
\$ 1,382,863	\$ -	\$ 109,105	\$ 34,643	\$ (49,460)	\$ 1,189,655
280,888	-	45,935	3,209	(8,162)	223,582
369,654	-	62,093	5,909	(7,997)	293,655
466,908	-	95,783	7,986	(10,820)	352,319
611,802	-	147,066	6,853	(4,810)	453,073
784,201	-	210,589	9,813	403	564,202
1,452,201	-	432,978	40,989	13,781	992,015
1,955,448	-	618,248	58,527	(8,165)	1,270,508
3,053,545	-	1,119,288	173,204	(68,942)	1,692,111
-	23,089,591	17,102,299	3,486,237	159,081	2,660,136
<u>\$ 10,357,510</u>	<u>\$ 23,089,591</u>	<u>\$ 19,943,384</u>	<u>\$ 3,827,370</u>	<u>\$ 14,909</u>	<u>\$ 9,691,256</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, 2008

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ 65,163	\$ 356,259	\$ 2,877,942	\$ 771,088	\$ 150,049	\$ 4,220,501
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	1,058	-	-	1,058
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	467,349	-	-	-	467,349
6212	Audit Services	-	-	-	33,500	-	-	33,500
6213	Tax Appraisal and Collection	-	306,272	-	-	-	-	306,272
621X	Other Professional Services	-	41,709	21,992	111,697	968	-	176,366
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	79,372	-	79,372
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	7,411	11,493	40,468	4,749	-	64,121
6290	Miscellaneous Contr.	-	370	52,929	52,722	26,313	20,489	152,823
6320	Textbooks and Reading	-	-	9,895	1,175	-	618	11,688
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	992	2,093	9,337	161,575	34,879	10,218	219,094
6410	Travel, Subsistence, Stipends	19,731	-	7,608	33,873	1,958	2,295	65,465
6420	Ins. and Bonding Costs	-	812	-	30,902	-	-	31,714
6430	Election Costs	15,354	-	-	-	-	-	15,354
6490	Miscellaneous Operating	6,201	55	61,594	137,373	1,554	34,177	240,954
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	49,093	49,093
6000	TOTAL	<u>\$ 42,278</u>	<u>\$ 423,885</u>	<u>\$ 998,456</u>	<u>\$ 3,482,285</u>	<u>\$ 920,881</u>	<u>\$ 266,939</u>	<u>\$ 6,134,724</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 234,133,698

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 3,062,804
Total Debt & Lease(6500)	(11)	186,846
Plant Maintenance (Function 51, 6100-6400)	(12)	21,196,324
Food (Function 35, 6341 and 6499)	(13)	6,498,400
Stipends (6413)	(14)	81,698
Column 4 (above) - Total Indirect Cost		<u>3,482,285</u>

SubTotal:

34,508,357

Net Allowed Direct Cost

\$ 199,625,341

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 322,998,702
Historical Cost of Building over 50 years old	(16)	\$ 1,649,039
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 24,606,114
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 918,124
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, 2008

UNAUDITED

1	Total General Fund Balance as of 8/31/08 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 71,368,845
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 12,023,243	
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 (9/1/08-5/31/09).	17,000,000	
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)	64,523,243	
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	\$ 6,845,602	

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

The District continues to experience student growth at tremendous rates. The fund balance will be used to equip new buildings that the District will construct. The District will open one Elementary and one Middle School in the 2009-2010 school year

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, 2008

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 792,000	\$ 792,000	\$ 824,443	\$ 32,443
5800 State Program Revenues	113,000	113,000	113,119	119
5900 Federal Program Revenues	14,450,000	14,450,000	15,061,770	611,770
5020 Total Revenues	15,355,000	15,355,000	15,999,332	644,332
EXPENDITURES:				
0035 Food Services	14,834,617	18,501,534	16,220,979	2,280,555
0051 Facilities Maintenance and Operations	900,000	900,000	650,924	249,076
6030 Total Expenditures	15,734,617	19,401,534	16,871,903	2,529,631
1200 Net Change in Fund Balances	(379,617)	(4,046,534)	(872,571)	3,173,963
0100 Fund Balance - September 1 (Beginning)	7,094,827	7,094,827	7,094,827	-
3000 Fund Balance - August 31 (Ending)	\$ 6,715,210	\$ 3,048,293	\$ 6,222,256	\$ 3,173,963

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, 2008

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 3,186,892	\$ 3,566,033	\$ 4,469,573	\$ 903,540
5800 State Program Revenues	14,620,809	14,620,809	13,820,433	(800,376)
5020 Total Revenues	17,807,701	18,186,842	18,290,006	103,164
EXPENDITURES:				
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	18,203,726	18,582,867	6,270,000	12,312,867
0072 Debt Service - Interest on Long Term Debt	-	-	11,898,725	(11,898,725)
0073 Debt Service - Bond Issuance Cost and Fees	-	-	18,498	(18,498)
6030 Total Expenditures	18,203,726	18,582,867	18,187,223	395,644
1200 Net Change in Fund Balances	(396,025)	(396,025)	102,783	498,808
0100 Fund Balance - September 1 (Beginning)	5,182,248	5,182,248	5,182,248	-
1300 Increase (Decrease) in Fund Balance	-	-	11,132	11,132
3000 Fund Balance - August 31 (Ending)	\$ 4,786,223	\$ 4,786,223	\$ 5,296,163	\$ 509,940

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

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Reyna & Garza, PLLC

Certified Public Accountants

2111 Jackson Creek Ave.

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, 2008. These collectively comprise the District's basic financial statements. We have issued our report on them dated December 29, 2008.

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*.

We noted certain matters that we have reported to the administration of LA JOYA INDEPENDENT SCHOOL DISTRICT in a letter dated December 29, 2008.

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 29, 2008

Reyna & Garza, PLLC

Certified Public Accountants

2111 Jackson Creek Ave.

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
110 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, 2008. 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, 2008.

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, 2008 and have issued our report thereon dated December 29, 2008. 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 29, 2008

LA JOYA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2008

I. Summary of the Auditor's Results:

A. The type of report issued:	Unqualified opinion.
B. Internal control over financial statements:	
Significant Deficiency(ies) identified?	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 threshold used to distinguish between Type A and Type B programs.	\$1,185,234
G. Auditee qualified as a low-risk auditee?	Yes
H. Major Federal Programs	Child Nutrition Cluster ESEA Title II, part A

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

None

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

None

LA JOYA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2008

There were nor prior year findings to report.

LA JOYA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2008

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF JUSTICE			
<u>Direct Programs:</u>			
COPS Grant	16.71	2006CKWX0653	\$ 28,032
Total Direct Programs			\$ 28,032
TOTAL U.S. DEPARTMENT OF JUSTICE			\$ 28,032
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Teaching American History	84.215X	U215X030111	\$ 7,033
Passion for United States History Project	84.215X	U215X070190	305,775
RISE - Recent Immigrant Special Ed.	84.215X	U215X080051	9,849
Total CFDA Number 84.215X			322,657
Gear Up Grant	84.334A	P334A010001A	445,422
Total Direct Programs			\$ 768,079
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	8610101108912	\$ 12,549,314
ESEA, Title I, Part A - Improving Basic Programs	84.010A	9610101108912	285,961
Total CFDA Number 84.010A			12,835,275
ESEA, Title I, Part C - Migratory Children	84.011	8615001108912	3,113,872
ESEA, Title I, Part C - Migratory Children	84.011	9615001108912	119,760
Total CFDA Number 84.011			3,233,632
IDEA - Part B, Formula	84.027	86600011089126600	3,331,861
IDEA - Part B, Formula	84.027	96600011089126600	72,304
Total CFDA Number 84.027			3,404,165
Career and Technical - Basic Grant	84.048	8420006108912	300,063
IDEA - Part B, Preschool	84.173	86610011089126600	34,555
ESEA Title IV - Safe and Drug-Free Schools	84.186A	8691001108912	240,099
ESEA Title IV - Safe and Drug-Free Schools	84.186A	9691001108912	4,993
Total CFDA Number 84.186A			245,092
Title V, Part A - Innovative Programs	84.298	8685001108912	46,843
Title II, Part D -Enhancing Ed. Through Technology	84.318	8630001108912	113,238
Title II, Part D -Enhancing Ed. Through Technology	84.318	9630001108912	12,585
Total CFDA Number 84.318			125,823
Title III, Part A - English Language Acquisition	84.365A	8630001108912	1,279,487
Title III, Part A - English Language Acquisition	84.365A	9671001108912	20,948
Total CFDA Number 84.365A			1,300,435
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	8694501108912	1,434,521
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	9694501108912	58,403
Total CFDA Number 84.367A			1,492,924
Title I - School Improvement Program	84.010A	8610104108912000	129,919
Governor's Ed. Excellence Award	84.367A	76945157110053	135,000
Governor's Ed. Excellence Award	84.367A	76945157110054	220,000
Governor's Ed. Excellence Award	84.367A	76945157110055	135,000
Total CFDA Number 84.367A			490,000
Advanced Placement - Spanish	84.330C	0551030271213	81
Total Passed Through State Department of Education			\$ 23,638,807

LA JOYA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2008

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
TOTAL DEPARTMENT OF EDUCATION			\$ 24,406,886
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through State Department of Education</u>			
Medicaid Administrative Claiming Program - MAC	93.778	108-912	\$ 11,186
Total Passed Through State Department of Education			\$ 11,186
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 11,186
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast & Lunch Program*	10.553	108-912	\$ 4,809,620
Food Distribution	10.550	108-912	9,361,433
USDA-Commodities	10.555	108-912	890,717
Total Passed Through the State Department of Agriculture			\$ 15,061,770
TOTAL DEPARTMENT OF AGRICULTURE			\$ 15,061,770
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 39,507,874</u>

*Clustered Programs as required by Compliance Supplement March, 2008

LA JOYA INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2008

- 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.
- 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. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

- 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.

Reyna & Garza, PLLC

Certified Public Accountants

2111 Jackson Creek Ave.

Edinburg, TX 78539

To the Board of Trustees and
The Superintendent of
The La Joya Independent School District

In planning and performing our audit of the financial statements of the La Joya Independent School District for the year ended August 31, 2008, we considered the Organization's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The previously reported on the Organization's internal control in our report dated December 29, 2008.) This letter does not affect our report dated December 29, 2008, on the financial statements of the La Joya Independent School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Account Reconciliations/Adjusting Journal Entries

Several significant journal entries related to the District's Self-Insurance Fund were provided and posted very late in the audit process. The District should ensure all accounts are reconciled on a timely basis, adjusting entries posted timely and the reconciliation be provided timely to the auditor during the audit process.

We wish to thank the Finance Department Personnel for their support and assistance during our audit. This report is intended solely for the information and use of the Superintendent, Board of Trustees, and District Administration and is not intended to be and should not be used by anyone other than these specified parties.

(Signature on File)

Reyna & Garza, CPA's
December 29, 2008