

# Mc<sup>+</sup>ALLEN ISD

*Fulfilling Our Promise*

2000 North 23<sup>rd</sup> Street  
McAllen, Texas 78501



Comprehensive Annual Financial Report for Year Ended  
June 30, 2011



**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

**FOR THE**

**YEAR ENDED JUNE 30, 2011**

**PREPARED BY  
BUSINESS DEPARTMENT**

**2000 NORTH 23<sup>RD</sup> STREET  
MCALLEN, TEXAS 78501**

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2011

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## **INTRODUCTORY SECTION**



October 25, 2011

Board of Trustees  
McAllen Independent School District  
2000 North 23<sup>rd</sup> Street  
McAllen, Texas 78501-6126

Dear Board Members:

We are pleased to present the McAllen Independent School District (the “District”) Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. The report was prepared by the Business Office. Responsibility for the accuracy and fairness of the financial information and disclosures contained in the report rests solely with this office. The District’s annual audited financial statements of the governmental activities, each major fund, and the aggregate remaining fund information are presented in conformity with generally accepted accounting principles (GAAP) and with requirements established by the Texas Education Agency in their Financial Accountability Systems Resource Guide. The District’s independent auditors were Long Chilton, LLP and their opinion letter is hereby made a part of this report. The report as submitted to the Texas Education Agency has been modified to conform to the reporting format required by the Government Finance Officers Association. In addition, the Management’s Discussion and Analysis section is an integral part of the CAFR and can be found immediately following the report of the independent auditors.

Texas law requires that each public school district in the state undergo an annual audit conducted by an independent audit firm. This audit must be done in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The audit must also comply with the requirements of the U.S. Office of Management and Budget Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations,” and other grantor regulations. The goal of the independent audit was to provide reasonable assurance that the financial statements of McAllen Independent School District for fiscal year ended June 30, 2011, are free of material misstatement and are presented in conformity with generally accepted accounting principles (GAAP). The independent auditor’s report is presented as the first component of the financial section of this report.

### **Profile of the School District**

McAllen Independent School District is located in South Texas in Hidalgo County, Texas. It is rooted in excellence and a tradition of success that spans one hundred and three years. The first

*Fulfilling Our Promise*

The District is made up of 21 elementary schools, 7 middle schools, 3 comprehensive high schools, 1 early college high school, 1 alternative education campus school of choice and 1 alternative education discipline campus. In 2010-11 McAllen Independent School District educated over 25,490 students. The District expects enrollment to stay relatively stable in the next few years. The District provides a full range of educational services including regular and enriched academic education, special education for students with disabilities, career technical education, bilingual instruction for those with limited English proficiency and specialized instruction for disadvantaged students. The racial makeup of the District in 2011 was 92% Hispanic or Latino, 5% White, 2% Asian Pacific Islander, 0.5% Black or African American, and 0.5% other.

The McAllen Independent School District is a multicultural community with students enthusiastically and actively engaged in the learning process. Students demonstrate academic excellence in a safe, nurturing and challenging environment. We aim to educate all students to become lifelong learners and productive citizens in a global society through a program of educational excellence enhanced by technology and the contributions of the total community.

The policy-making functions of the District lie with a seven-member Board of Trustees (the Board), each of which is elected from an at large-member district for four-year staggered terms. The Board is not included in any other reporting entity as defined by GASB 14. This report contains all funds pertaining to the District. Serving without compensation, Board members establish the policies by which schools operate. In carrying out the task of setting policy, the Board identifies needs and establishes priorities for the school system, allocated financial and human resources among the priority areas and evaluates school performance.

On an annual basis, the District presents the Board of Trustees with the proposed budgets for the General Operating Fund and the Debt Service Fund for approval as required by the Texas Education Code and as described in the Texas Education Agency's Financial Accountability Systems Resource Guide. The proposed budget is presented to the Board summarized at the function level for each of the funds above. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the District's fiscal year. After adoption of the budget, the appropriation amounts are entered into the District's accounting and encumbrance system and monitoring of the expenditures and encumbrances in relation to the approved budget begins.

Budget managers have the authority to approve budget transfers anytime during the year. A budget transfer is the movement of appropriations between budget line items within the same function. Any request to move appropriations between budget line items to different functions is considered a budget amendment. Any budget amendment requested by budget managers requires Board approval.

The District feels that the budgetary controls currently in place are adequate to ensure that expenditures remain within the approved budget and that the District complies with regulations established by the Texas Education Code and the Financial Accountability Systems Resource Guide.

The District evaluates the existing system of internal controls annually through self-evaluation, internal auditing, and the annual independent financial and compliance audit. Internal controls



are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from authorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognized that: 1) the cost of controls should not exceed benefits expected to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

### **Factors Affecting the Financial Condition**

The 82<sup>nd</sup> Legislative Session introduced Senate Bill 1, which reduced the amount of state funding revenue for the 2011 and 2012 fiscal year. According to The Monitor, at the end of June 2011, lawmakers passed a bill to slash \$4 billion in basic school funding throughout Texas during the next two years. The cuts came as part of an effort to balance the state budget without raising taxes.

The projected losses for McAllen ISD for 2011 are about 9.3 million or a 5.6% reduction and 2.4 million or a 1.5% reduction for 2012.

The Texas Comptroller of Public Accounts also revealed that the taxable property values for 2010 were expected to decline by 1.97%, with a further decline of 3.47% in 2011.

### **Local Economy**

McAllen Chamber of Commerce compiles an economic measurement tool called the Economic Pulse. This tool uses several economic indicators to formulate the overall economic index. The McAllen Area Economic Pulse, as provided by the McAllen Chamber of Commerce, reported the following key points in their July 2011 edition.

- According to the McAllen Area Economic Pulse, the McAllen Economic Index was unchanged from June 2011 to July 2011 at 168.9, and is up by 1.5% compared to the July 2010 index of 166.4. The index remains down by 10.2% compared to the peak McAllen Economic Index of 188.0 in January 2008, but has improved by about 3.7% compared to the index trough of 162.8 in October 2009.
- The region continues to exhibit modest spending growth, and the pace of employment growth has begun to quicken. Auto sales are on the rise as well, but housing remains generally in the doldrums across the metro area.
- General real spending continues to improve across the region with inflation-adjusted taxable spending up by 2.8% in July compared to July of a year ago, and spending for the year-to-date up by 4.6% compared to the first seven months of 2010. Spending for both the month and year-to-date 2011 remain considerably lower than peak pending levels achieved in 2008, however.
- Employment has surpassed all prior levels, however, and continues to improve as the year progresses, with the July employment estimate for the McAllen metro area up by

2.3% compared to July of a year ago, and up by 1.6% on average in the first seven months of the year. Job growth is broad-based across most employment sectors, and about 4,900 jobs have been added to the McAllen metro area economy over the last 12 months.

- Real auto spending continues to improve, with July inflation-adjusted spending on new and used motor vehicles up by nearly 10% compared to July of a year ago, and up by nearly 17% for the year-to-date. Auto spending remains below peak auto spending levels in 2007 and 2008, but is steadily closing the gap with each passing month.
- Construction activity has slowed over the last two months, with building permit valuations down by about 23% and 21.5% in June and July, respectively, compared to the same months in 2010. The year-to-date permit total remains higher for the year-to-date, up by nearly 24% compared to the January-July 2010 period. And in terms of historical perspective, the YTD 2011 permit valuation total is down compared to each year 2002-2008.
- Housing construction is up year-over-year for the second straight month, but remains down for the year-to-date by over 20%. Housing construction remains sharply lower compared to the boom building years, and is down by over 60% compared the peak permit year of 2006.
- Housing sales continue to decline, down by about 12% in July and well over 20% for the year-to-date. Housing markets in many locales are well below peak sales years prior to the recession and McAllen is no exception. The July average sale price was down about 4% compared to July of a year ago; however, the July 2010 average price was up over 11% compared to the prior year so the July 2011 dip is of little concern in that regard. The average home sale price for the year-to-date is up by a modest and healthy 2.3%.

According to the City of McAllen, McAllen's unemployment rate for June 2011 rose almost a full percentage point, reflecting a state-wide upward trend where joblessness was up in almost every city and metro area in Texas. As released by the Texas Workforce Commission, the unemployment rate increased from 7.8% in May 2011 to 8.7% in June 2011.

The City of McAllen also reported that the unemployment rate in June 2011 increased to 8.7%, up from 8.0% from the prior year. Even though McAllen saw an increase of 0.7% from the prior year, McAllen's unemployment rate still remains the lowest in the Rio Grande Valley.

### **Long-Term Facilities Planning**

McAllen Independent School District has a 5-year projection plan that was introduced in the 2010-2011 fiscal year. In 2011-2012, this 5-year projection plan will be in its second year and has appropriated funds for instructional programs which include the IB Expansion, MET at Early College High School, Bilingual Program, Dyslexia Program and Avid. This plan also includes a compensation plan review, technology audit, purchase of transportation buses, and instructional technology upgrades.

## Awards

**School FIRST**- Senate Bill 218 of the 77<sup>th</sup> Legislature (2001) authorized the implementation of a financial accountability rating system for Texas school districts. The primary goal of the School FIRST is to improve the management of school's district financial resources. The McAllen Independent School District achieved a "Superior Achievement" for 2010". Previously, McAllen Independent School District had received "Superior Achievement" from 2001 through 2008 and "Above Standard Achievement" for 2009.

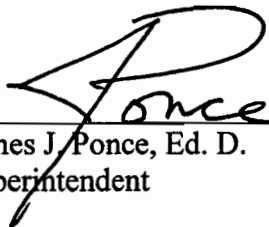
**Comprehensive Annual Financial Report**- The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to McAllen ISD for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## Acknowledgments

Preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the Business Department. We appreciate the contribution made in the preparation of this report.

We would especially like to thank the District's Board of Trustees for their time, dedication and support to the District and its personnel and our independent auditor, Long Chilton, LLP for their assistance in the preparation of this report.



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James J. Ponce, Ed. D.  
Superintendent



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Cynthia Medrano-Richards  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**McAllen**  
**Independent School District**  
**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**MCALLEN, TEXAS**  
**YEAR ENDED JUNE 30, 2011**

**LIST OF PRINCIPAL OFFICERS**

**TRUSTEES**

Mr. Sam Saldivar, Jr. – President  
Mr. Daniel D. Vela – Vice-President  
Mrs. Hilda Garza-DeShazo – Secretary  
Mrs. Erica de la Garza – Assistant Secretary  
Mr. Javier Farias – Member  
Dr. Joseph M. Caporusso – Member  
Mrs. Debbie Crane Aliseda – Member

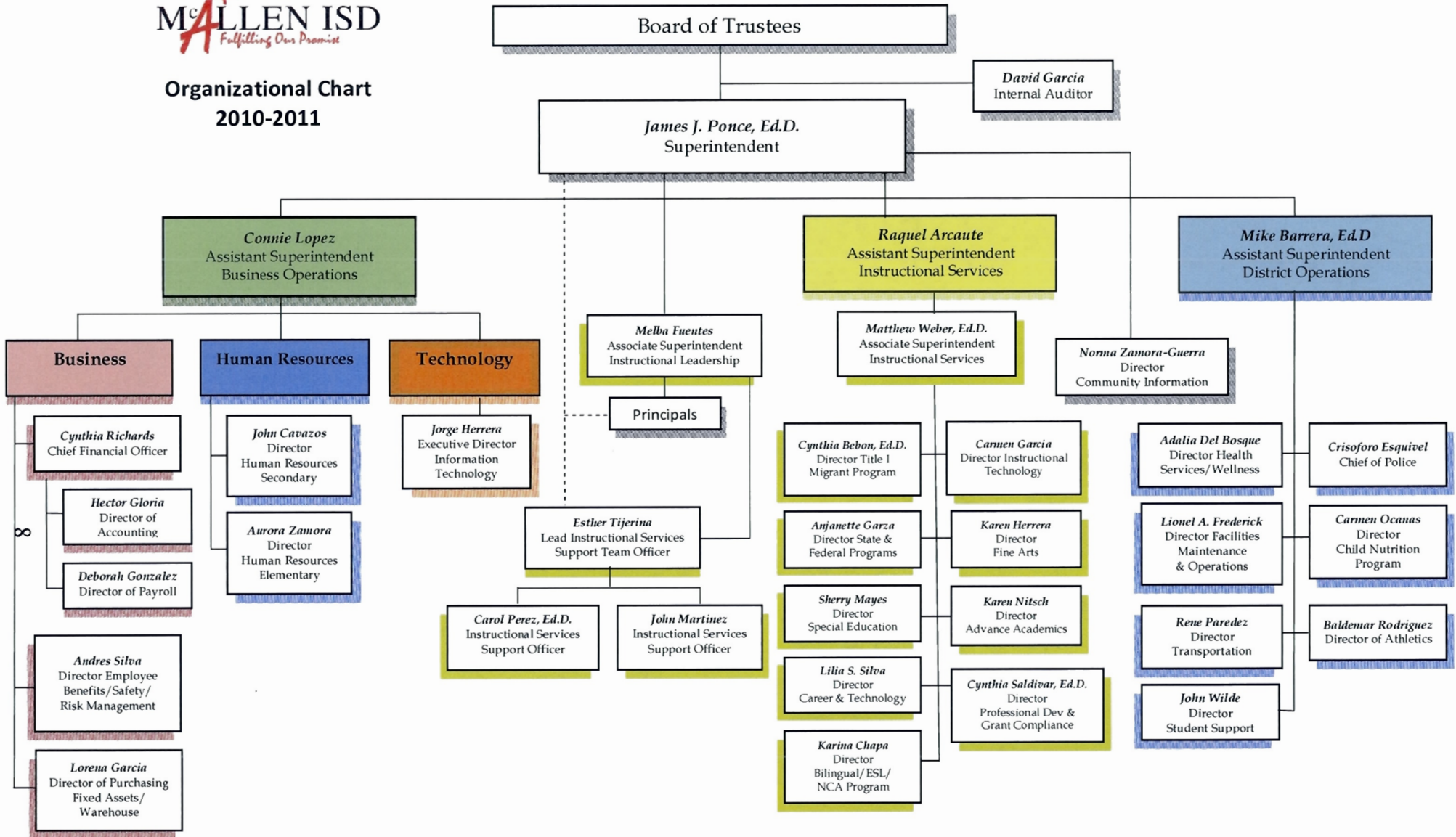
**SUPERINTENDENT**

Dr. James J. Ponce, Ed.D

**ASSISTANT SUPERINTENDENT  
BUSINESS OPERATIONS**

Ms. Connie Lopez, CPA

**Organizational Chart  
2010-2011**





CERTIFICATE OF THE BOARD

MCALLEN INDEPENDENT SCHOOL DISTRICT,  
HIDALGO COUNTY

County Number 108, District Number 906, Region Number 1

We the undersigned, do hereby certify that the audit report above named local education agency for the year June 30, 2011 was reviewed and ✓ approved \_\_\_\_\_ disapproved at a meeting of the Board of such local education agency on the 14<sup>th</sup> day of November, 2011.

L. L. Q. D. Shazo  
Secretary, Board of Trustees

Sam Saldívar  
President, Board of Trustees



## **FINANCIAL SECTION**



Independent Auditor's Report

To the Board of Trustees  
McAllen Independent  
School District  
McAllen, Texas 78501

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McAllen Independent School District as of and for the year ended June 30, 2011, 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 management. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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.

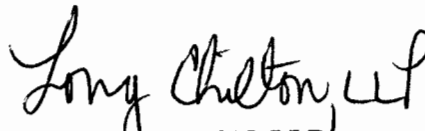
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the McAllen Independent School District as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2011 on our consideration of the District's internal control over financial reporting and on 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 *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying Management's Discussion and Analysis, and the General Fund - Budgetary Comparison Schedule on pages 15 through 24 and 66 through 67 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McAllen Independent School District's basic financial statements. The accompanying financial information listed as Combining Fund Statements and Other Schedules, and Other Supplementary Information in the table of contents and the schedule of expenditures of federal awards are presented or for purposes of additional analysis in accordance with requirements of the Texas Education Agency and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information, except for that portion marked "Unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

  
LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
October 25, 2011



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of McAllen Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total combined net assets were \$150,527,813 at June 30, 2011. This amounted to an increase of \$18,344,699 from last year's total of \$132,183,114.
- During the year, the District's expenses were \$18,344,698 less than the revenues generated in taxes and other revenues for governmental and business-type activities. The prior year expenses were \$21,676,972 less than the revenues.
- The costs of the District's programs increased by 9.66% from the prior year while the District's average daily attendance increased by 1.46%.
- The general fund reported a fund balance this year of \$41,597,453 with \$33,785,944 of this amount unassigned.

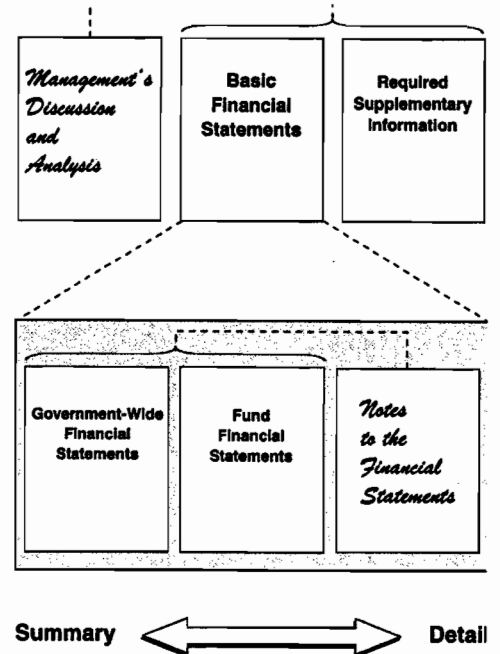
### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—*management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an other schedules section that presents various Texas Education Agency required schedules.

The basic financial statements include two kinds of statements that present different views of the District:

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

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



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

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

### Government-wide Statements

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

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

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District are divided into two categories:

- *Governmental activities*—Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.
- *Business-type activities*—The District charges fees to customers to help cover the costs of certain services it provides. The District's Project Safe and Secure Program is included here.

### Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. In fact, the District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows. The District has Project Safe and Secure, the After School Program. We use *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for the District's other programs and activities—such as the District's Self Insurance Funds and Print shop.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. The District has the 457 annuity accounts, student activity accounts and retirees' insurance accounts.

The Governmental Accounting Standard Board (GASB) released Statement 54 – “Fund Balance Reporting and Governmental Fund Type Definitions” on March 11, 2009, which is effective for fiscal year ending June 30, 2011. This new statement is intended to improve the usefulness of the amount reported in fund balance by providing more structured classification.

Previously, fund balance was classified as 'reserved' or 'unreserved'. GASB 54 will change how fund balance is reported. The hierarchy of five possible classifications is as follows:

- Nonspendable Fund Balance
- Restricted Fund Balance
- Committed Fund Balance
- Assigned Fund Balance
- Unassigned Fund Balance

The five classifications of fund balance of the governmental types are defined as follows:

1. **Nonspendable fund balance** shall mean the portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use (such as the self-funded reserves program).

Examples of nonspendable fund balance reserves for which fund balance shall not be available for financial general operating expenditures include:

- Inventories
- Prepaid items
- Deferred expenditures
- Long-term receivables
- Outstanding encumbrances

2. **Restricted fund balance** shall include amounts constrained to a specific purpose by the provider, such as a grantor.

Examples of restricted fund balances include:

- Child nutrition programs
- Technology programs
- Construction programs
- Resources from other granting agencies

3. **Committed fund balance** shall mean that portion of the fund balance that is constrained to a specific purpose by the Board.

Examples include:

- Potential litigation, claims and judgments
- Campus activity funds

4. **Assigned fund balance** shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Superintendent.

In current practice such plans or intent may change and may never be budgeted, or may result in expenditures in future periods of time.

Examples include:

- Insurance deductibles
- Program start-up costs
- Other legal uses

5. **Unassigned fund balance** shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures.

The unassigned fund balance shall be the difference between the total fund balance and the total of the nonspendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

The introduction of GASB 54 has created changes in the districts Fund Balances Classification beginning with the 2010-11 fiscal year.



Below are the fund balance classifications Pre-GASB 54 and Post-GASB 54 for McAllen ISD.

**MCALLEN ISD  
FUND BALANCES OBJECT CLASSIFICATION  
PRE-GASB 54**

|             |         | <u>OBJECT</u> |      |      |      |      |      |      |      |      |      |
|-------------|---------|---------------|------|------|------|------|------|------|------|------|------|
|             |         | 3100          | 3200 | 3410 | 3420 | 3440 | 3450 | 3490 | 3600 | 3800 | 3900 |
| <u>FUND</u> | 101     |               |      | •    |      |      | •    |      |      |      |      |
|             | 153-193 |               |      |      |      |      |      |      | •    |      |      |
|             | 199     |               |      | •    |      | •    |      |      | •    |      |      |
|             | 411     |               |      |      |      |      |      | •    |      |      |      |
|             | 435     |               |      |      |      |      |      | •    |      |      |      |
|             | 461     |               |      |      |      |      |      | •    |      |      |      |
|             | 599     |               |      |      | •    |      |      |      |      |      |      |
|             | 618     |               |      |      |      |      |      | •    |      |      |      |

**MCALLEN ISD  
FUND BALANCES OBJECT CLASSIFICATION  
POST-GASB 54**

|             |         | <u>OBJECT</u> |      |      |      |      |      |      |      |      |      |      |      |
|-------------|---------|---------------|------|------|------|------|------|------|------|------|------|------|------|
|             |         | 3100          | 3200 | 3410 | 3420 | 3440 | 3450 | 3480 | 3490 | 3545 | 3600 | 3800 | 3900 |
| <u>FUND</u> | 101     |               |      | •    |      |      | •    |      |      |      |      |      |      |
|             | 153-193 |               |      |      |      |      |      |      |      |      |      |      |      |
|             | 199     |               | •    |      |      |      |      |      |      |      |      |      |      |
|             | 411     |               |      |      |      |      |      |      |      |      |      |      |      |
|             | 435     |               |      |      |      |      |      |      |      |      |      |      |      |
|             | 461     |               |      |      |      |      |      |      |      |      |      |      |      |
|             | 599     |               |      |      |      |      |      |      |      |      |      |      |      |
|             | 618     |               |      |      |      |      |      |      | •    |      |      |      |      |

 =Pre-GASB 54  
 =Post-GASB 54



## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net assets.** The District's *combined* net assets increased by \$18,344,699 between fiscal years 2010 and 2011 to \$150,527,813 at June 30, 2011. (See Table A-1).

**Table A-1**  
District's Net Assets

|                                | Governmental Activities |                      | Business-type Activities |                  | Total                |                      | Total Percentage Change 2011-10 |
|--------------------------------|-------------------------|----------------------|--------------------------|------------------|----------------------|----------------------|---------------------------------|
|                                | 2011                    | 2010                 | 2011                     | 2010             | 2011                 | 2010                 |                                 |
| Current and Other Assets       | \$95,650,489            | \$84,159,752         | \$593,908                | \$615,158        | \$96,244,397         | \$84,774,910         | 13.53%                          |
| Capital and Non-Current Assets | 203,669,576             | 204,437,983          | 9,695                    | 13,243           | 203,679,271          | \$204,451,226        | -0.38%                          |
| <b>Total Assets</b>            | <b>299,320,065</b>      | <b>288,597,735</b>   | <b>603,603</b>           | <b>628,401</b>   | <b>299,923,668</b>   | <b>289,226,136</b>   | 3.70%                           |
| Current Liabilities            | 33,809,392              | 36,392,540           | 4,259                    | 12,025           | 33,813,651           | 36,404,565           | -7.12%                          |
| Long Term Liabilities          | 115,582,204             | 120,638,457          | 0                        | 0                | 115,582,204          | 120,638,457          | -4.19%                          |
| <b>Total Liabilities</b>       | <b>149,391,596</b>      | <b>157,030,997</b>   | <b>4,259</b>             | <b>12,025</b>    | <b>149,395,855</b>   | <b>157,043,022</b>   | -4.87%                          |
| <b>Net Assets:</b>             |                         |                      |                          |                  |                      |                      |                                 |
| Invested in Capital Assets     |                         |                      |                          |                  |                      |                      |                                 |
| net of related debt            | 100,869,922             | 97,728,940           | 9,695                    | 13,243           | 100,879,617          | 97,742,183           | 3.21%                           |
| Restricted                     | 9,745,848               | 7,343,745            | 0                        | 0                | 9,745,848            | 7,343,745            | 32.71%                          |
| Unrestricted                   | 39,312,699              | 26,494,053           | 589,649                  | 603,133          | 39,902,348           | 27,097,186           | 47.26%                          |
| <b>Total Net Assets</b>        | <b>\$149,928,469</b>    | <b>\$131,566,738</b> | <b>\$599,344</b>         | <b>\$616,376</b> | <b>\$150,527,813</b> | <b>\$132,183,114</b> | 13.88%                          |

Net assets of the District's governmental activities increased 13.96% to \$149,928,469. However, most of those net assets are either invested in capital assets or they are restricted as to the purposes they can be used for. Unrestricted net assets amounted to \$39,312,699 at the end of this year. The unrestricted balance (surplus) increased by 48.38% from the prior year.

The net assets of the District's business-type activities decreased by 2.76% to \$599,344, these resources cannot be used in governmental activities. The District generally can only use these net assets to finance the continuing operations of its business activities such as Project Safe and Secure.

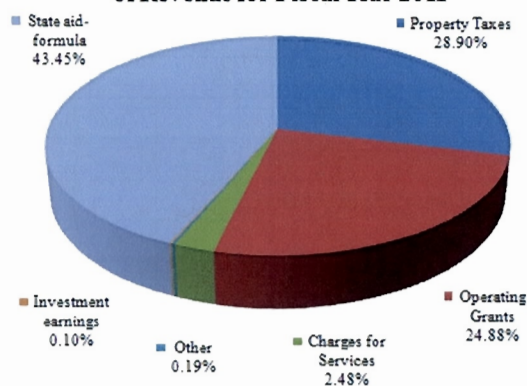
**Changes in net assets.** The District's total revenues increased by 7.27% to \$243,612,270. (See Table A-2.). Local sources include property taxes and make up 28.90%. (See Figure A-3). State Program revenues represent 43.45%, Operating Grants represent 24.88% while only 2.48% comes from charges for services.

The total cost of all programs and services was \$225,267,572; 83.09% of these costs are for instructional and student services.

### Governmental Activities

- The property tax rate was 1.165 in 2010-11 and will remain the same for the 2011-12 fiscal year. The Maintenance and Operations tax rate was 1.04 in 2010-11 and will increase to 1.165 in 2011-12. The Debt Service tax rate was .1250 in 2010-11 and will decrease to 0.00 in 2011-12.
- The tax rate change for fiscal year 2011-2012 is as a result of the district responding to a disaster as allowed by the Texas Tax Code 26.08 (a). The district experienced a natural disaster in June, 2010 due to Hurricane Alex. This tax rate change is allowed by the governing body for the year following the year in which the disaster occurred. Since the District is required by the provisions of TEC 45.001(2) to levy and collect annual ad valorem taxes sufficient to pay the principal of and interest on the bonds which come due during the 2011-2012 fiscal year, amounts will be transferred from the General Fund to the Debt Service Fund to meet 2011-2012 principal and interest requirements on bonded debt.

**Figure A-3 District Sources of Revenue for Fiscal Year 2011**





**Table A-2**  
**Changes in the District's Net Assets**

|  | Governmental Activities |                      | Business-type Activities |                  | Total                |                      | Total Percentage Change 2011-10 |
|--|-------------------------|----------------------|--------------------------|------------------|----------------------|----------------------|---------------------------------|
|  | 2011                    | 2010                 | 2011                     | 2010             | 2011                 | 2010                 |                                 |
| <b>Program Revenues:</b>                             |                         |                      |                          |                  |                      |                      |                                 |
| Charges for Services                                 | \$5,528,275             | \$4,906,643          | \$509,077                | \$438,094        | \$6,037,352          | \$5,344,737          | 12.96%                          |
| Operating Grants & Contributions                     | 60,608,731              | 51,394,562           | 0                        | 0                | 60,608,731           | \$51,394,562         | 17.93%                          |
| Capital Grants & Contributions                       | 0                       | 1,860,328            | 0                        | 0                | 0                    | \$1,860,328          | -100.00%                        |
| General Revenues                                     |                         |                      |                          |                  |                      |                      |                                 |
| Property Taxes                                       | 70,410,535              | 71,566,122           | 0                        | 0                | 70,410,535           | \$71,566,122         | -1.61%                          |
| State Aid-Formula                                    | 105,860,651             | 96,701,115           | 0                        | 0                | 105,860,651          | \$96,701,115         | 9.47%                           |
| Investment Earnings                                  | 244,242                 | 209,436              | 0                        | 0                | 244,242              | \$209,436            | 16.62%                          |
| Other  | 450,739                 | 28,991               | 20                       | 2,498            | 450,759              | \$31,489             | 1331.48%                        |
| <b>Total Revenues</b>                                | <b>\$243,103,173</b>    | <b>\$226,667,197</b> | <b>\$509,097</b>         | <b>\$440,592</b> | <b>\$243,612,270</b> | <b>\$227,107,789</b> | <b>7.27%</b>                    |
| <b>Expenses</b>                                      |                         |                      |                          |                  |                      |                      |                                 |
| Instruction  | \$125,724,629           | \$118,572,144        | \$0                      | \$0              | \$125,724,629        | \$118,572,144        | 6.03%                           |
| Instructional Resources and Media Services           | 5,036,507               | 4,346,560            | 0                        | 0                | 5,036,507            | 4,346,560            | 15.87%                          |
| Curriculum Dev. And Instructional Staff Dev.         | 5,578,542               | 3,773,606            | 0                        | 0                | 5,578,542            | 3,773,606            | 47.83%                          |
| Instructional Leadership                             | 2,941,162               | 2,821,109            | 0                        | 0                | 2,941,162            | 2,821,109            | 4.26%                           |
| School Leadership                                    | 11,545,112              | 10,554,377           | 0                        | 0                | 11,545,112           | 10,554,377           | 9.39%                           |
| Guidance, Counseling and Evaluation                  | 9,007,006               | 8,437,399            | 0                        | 0                | 9,007,006            | 8,437,399            | 6.75%                           |
| Social Work Services                                 | 1,568,169               | 1,648,379            | 0                        | 0                | 1,568,169            | 1,648,379            | -4.87%                          |
| Health Services                                      | 2,927,008               | 2,615,950            | 0                        | 0                | 2,927,008            | 2,615,950            | 11.89%                          |
| Student (Pupil) Transportation                       | 3,269,087               | 2,913,580            | 0                        | 0                | 3,269,087            | 2,913,580            | 12.20%                          |
| Food Services  | 12,797,946              | 11,274,619           | 0                        | 0                | 12,797,946           | 11,274,619           | 13.51%                          |
| Curricular/Extracurricular Activities                | 6,784,642               | 5,795,094            | 0                        | 0                | 6,784,642            | 5,795,094            | 17.08%                          |
| General Administration                               | 4,848,020               | 4,271,650            | 0                        | 0                | 4,848,020            | 4,271,650            | 13.49%                          |
| Plant Maintenance & Oper.                            | 20,277,382              | 17,165,751           | 0                        | 0                | 20,277,382           | 17,165,751           | 18.13%                          |
| Security & Monitoring Svcs.                          | 2,436,261               | 2,243,358            | 0                        | 0                | 2,436,261            | 2,243,358            | 8.60%                           |
| Data Processing Services                             | 2,410,753               | 2,164,531            | 0                        | 0                | 2,410,753            | 2,164,531            | 11.38%                          |
| Community Services                                   | 1,759,695               | 1,378,880            | 369,132                  | 336,887          | 2,128,827            | 1,715,767            | 24.07%                          |
| Debt Service   | 5,378,100               | 4,641,965            | 0                        | 0                | 5,378,100            | 4,641,965            | 15.86%                          |
| Facilities Acquisition and Construction              | 0                       | 0                    | 0                        | 0                | 0                    | 0                    |                                 |
| Payments to Fiscal Agent/ Member Dist.-SSA           | 0                       | 0                    | 0                        | 0                | 0                    | 0                    |                                 |
| Payments to Juvenile Justice Alternative Ed. Program | 8,769                   | 9,559                | 0                        | 0                | 8,769                | 9,559                | -8.26%                          |
| Other Intergovernmental Charges                      | 599,650                 | 465,418              | 0                        | 0                | 599,650              | 465,418              | 28.84%                          |
| <b>Total Expenses</b>                                | <b>\$224,898,440</b>    | <b>\$205,093,929</b> | <b>\$369,132</b>         | <b>\$336,887</b> | <b>\$225,267,572</b> | <b>\$205,430,816</b> | <b>9.66%</b>                    |
| <b>Increase (Decrease) in Net Assets</b>             | <b>\$18,204,733</b>     | <b>\$21,573,268</b>  | <b>\$139,965</b>         | <b>\$103,705</b> | <b>\$18,344,698</b>  | <b>21,676,973</b>    | <b>-15.37%</b>                  |
| Transfers  | 156,998                 | 44,294               | (156,998)                | (44,294)         | 0                    | 0                    | 0.00%                           |
| <b>Total Increase(Decrease)</b>                      | <b>\$18,361,731</b>     | <b>\$21,617,562</b>  | <b>(17,033)</b>          | <b>\$59,411</b>  | <b>\$18,344,698</b>  | <b>\$21,676,973</b>  | <b>-15.37%</b>                  |
| <b>Beginning Net Assets</b>                          | <b>131,566,738</b>      | <b>109,949,176</b>   | <b>616,377</b>           | <b>556,966</b>   | <b>132,183,115</b>   | <b>110,506,142</b>   | <b>19.62%</b>                   |
| <b>Ending Net Assets</b>                             | <b>\$149,928,469</b>    | <b>\$131,566,738</b> | <b>\$599,344</b>         | <b>\$616,377</b> | <b>\$150,527,813</b> | <b>\$132,183,115</b> | <b>13.88%</b>                   |

- The cost of all *governmental* activities this year was \$224,898,440.
- However, the amount that our taxpayers paid for these activities through property taxes was \$70,410,535.
- Some of the cost was paid by those who directly benefited from the programs in the amount of \$5,528,275, and
- By operating and capital grants and contributions of \$60,608,731.

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the charges for services and operating grants and contributions). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

**Table A-3**  
Net Cost of District's Governmental Activities

|                                     | Total Cost of Services |               | %Change | Net Cost of Services |              | %Change |
|-------------------------------------|------------------------|---------------|---------|----------------------|--------------|---------|
|                                     | 2011                   | 2010          |         | 2011                 | 2010         |         |
| Instruction                         | \$125,724,629          | \$118,572,144 | 6.03%   | \$91,427,153         | \$89,376,248 | 2.29%   |
| School Leadership                   | 11,545,112             | 10,554,377    | 9.39%   | 10,454,844           | 9,192,932    | 13.73%  |
| Guidance, Counseling and Evaluation | 9,007,006              | 8,437,399     | 6.75%   | 6,581,300            | 6,279,314    | 4.81%   |
| Food Service                        | 12,797,946             | 11,274,619    | 13.51%  | (301,372)            | (601,425)    | 49.89%  |
| Plant Maintenance & Operations      | 20,777,382             | 17,165,751    | 21.04%  | 20,089,231           | 16,572,206   | 21.22%  |

**Business-Type Activities**

Revenues of the District's business-type activities increased 15.55% to \$509,097 and expenses increased 9.57% to \$369,132. (Refer to Table A-2) Factors contributing to these results were primarily due to increased enrollment in Project Safe and Secure.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**Governmental Funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Revenues from governmental fund types totaled \$243,709,125. The District experienced an increase in state program revenues due to an increase in average daily attendance. The District also experienced an increase in the federal program revenues due to an increase in the Food Service School Breakfast and National School Lunch Programs. The Special Education Program increased in SHARS revenue. Another increase in the federal program revenues was in part due to the ARRA Grants. These grants were awarded for two years beginning with fiscal year 2009-10. The remaining balance available for the 2010-11 fiscal year was more than the amount utilized in the 2009-10 fiscal year.

As of June 30, 2011, the District's governmental funds reported ending fund balances of \$50,210,343. The unassigned fund balance of \$33,785,944 or 67.29% of this total amount is available for spending at the government's discretion. Of the current ending fund balances, the following categories are recorded and primary uses noted in accordance with implementing GASB No. 54.

- \$749,500 is recorded as Nonspendable for Inventories;
- \$14,936,123 is recorded as Restricted; \$1,149,214 in Food Service, \$9,013,333 in Federal and State Programs, \$4,426,902 in debt service and \$346,674 in capital projects;
- \$738,776 is recorded as Committed for Campus Activity Funds;
- \$33,785,944 is the remaining fund balance and is recorded as Unassigned.

**General Fund.** The general fund is the chief operating fund of the District. At the end of the fiscal year, the fund balance of the general fund was \$41,597,453. The unassigned fund balance of \$33,785,944 or 81.22% of this total amount is available for spending at the government's discretion. Of the current ending fund balances, the following categories are recorded and primary uses noted in accordance with implementing GASB No. 54.

- \$749,500 is recorded as Nonspendable for Inventories;
- \$7,062,009 is recorded as Restricted; \$1,149,214 in Food Service, \$5,912,795 in State Programs;
- \$33,785,944 is the remaining fund balance and is recorded as Unassigned.

**General Fund Budgetary Highlights**

Over the course of the year, the District revised and the Board of Trustees approved its budget on a monthly basis. At year-end, resources available were \$683,386 more than the final budgeted amount. Actual expenditures were \$7,438,119 less than the final budgeted amount.

The District made the following major amendments to revenues:

- State Funding revenue experienced an increase due to an increase in the original ADA estimates;
- Increase in the National School Lunch and Breakfast Program;
- Increase in SHARS Revenue;
- Decrease to local tax collections due to a reduction in Certified Property Values;
- Increase in Athletic Activities Ticket Sales Revenue.

The following is a summary of major amendments made to appropriations:

- Transfer of General Fund salaries to the State Fiscal Stabilization Fund Grant;
- Increase due to electrical damage experienced at Rowe High School which was partially offset by insurance recovery;
- Payroll increase due to the Voluntary Early Notification Incentive Program;
- Increase due to E-Rate Round 10 funding;
- Increase due to water damage experienced at McAllen High School Gym Floor;
- Increase due to the installation of the Online Student Registration System;
- Decrease in Electricity, Natural Gas, Water, Telephone and Gasoline.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2010-11, the District had invested \$203,669,576 in a broad range of capital assets, including land, building and improvements, construction in progress, vehicles, furniture and equipment and capital leases. (See Table A-4). In accordance with GASB 34, the District has recorded depreciation expense associated with all of its capital assets.

**Table A-4**  
District's Capital Assets

|                                | Governmental Activities |               | Business-type Activities |          | Total         |               | Total Percentage Change |
|--------------------------------|-------------------------|---------------|--------------------------|----------|---------------|---------------|-------------------------|
|                                | 2011                    | 2010          | 2011                     | 2010     | 2011          | 2010          | 2011-10                 |
|                                | Land                    | \$15,052,157  | \$15,052,157             | \$0      | \$0           | \$15,052,157  | \$15,052,157            |
| Buildings and improvements     | 241,944,834             | 241,178,416   | 0                        | 0        | 241,944,834   | 241,178,416   | 0.32%                   |
| Construction in progress       | 23,557                  | 0             | 0                        | 0        | 23,557        | 0             | 100.00%                 |
| Vehicles                       | 8,185,439               | 6,937,992     | 0                        | 0        | 8,185,439     | 6,937,992     | 17.98%                  |
| Furniture and Equipment        | 14,640,530              | 11,537,939    | 82,206                   | 82,206   | 14,722,736    | 11,620,145    | 26.70%                  |
| Capital leases                 | 74,620                  | 0             | 0                        | 0        | 74,620        | 0             | 100.00%                 |
| Total at historical cost       | \$279,921,137           | \$274,706,504 | \$82,206                 | \$82,206 | \$280,003,343 | \$274,788,710 | 1.90%                   |
| Total accumulated depreciation | 76,251,561              | 70,268,523    | 72,511                   | 68,963   | 76,324,072    | \$70,337,486  | 8.51%                   |
| Net Capital Assets             | \$203,669,576           | \$204,437,981 | \$9,695                  | \$13,243 | \$203,679,271 | \$204,451,224 | -0.38%                  |

The District's capital projects fund has a remaining available balance of \$409,279 for the final payment on the completion of a portion of the Seguin pavillion and the Morris and Milam chillers. More detailed information about the District's capital assets is presented in Note 6 in the Financial Statements.

### Long Term Debt

**Table A-5**  
District's Long Term Debt

|                               | Governmental Activities |             | Percentage Change |
|-------------------------------|-------------------------|-------------|-------------------|
|                               | 2011                    | 2010        | 2011-10           |
| Capital Leases                | \$49,747                | \$0         | 100.00%           |
| Compensated Absences          | 420,580                 | 474,095     | -11.29%           |
| Bonds and Notes Payable:      |                         |             |                   |
| General Obligation Debt       | 115,073,504             | 119,872,573 | -3.84%            |
| Loans Payable                 | 38,375                  | 491,789     | -92.20%           |
| Total Bonds and Notes Payable | 115,111,879             | 120,184,382 | -4.20%            |
| Total Long Term Debt Payable  | 115,582,208             | 120,638,457 | -4.19%            |

At year-end the District had \$115,582,206 in long-term debt outstanding. This represents a decrease of 4.19% over last year, as a result of the capital leases, compensated absences, general obligation debt and loans payables. More detailed information about the District's debt is presented in Note 12 in the Financial Statements.

#### Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings from Moody's Investor Services "A1", Standard & Poor's "A+" and Fitch "AA-".

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

### **Budget**

- The freeze adjusted taxable value used for the 2011-12 budget decreased by \$84,069,722, or 1.49% from \$5,635,785,161 to \$5,551,715,439.
- General operating fund revenue per student decreased from \$7,648 in 2010-11 to \$7,589 in 2011-12.
- The District's 2011-12 budget was planned on 23,815.84 refined average daily attendance, up 214 from the near final 2010-11 actual, a .91% increase.

These indicators were taken into account when adopting the general fund budget for 2011-12. Revenues available for appropriations in the general fund budget are \$180,743,582, a decrease of .83% over the final 2010-11 budget of \$182,257,942.

General Fund expenditures budgeted for 2011-12 increased by 2.28% to \$180,743,582 as compared to the 2010-11 final budget of \$176,719,213.

The 2011-12 original budget for the General Fund approved by the Board of Trustees was a balanced budget.

### **Tax Rates**

For 2011-12 the District elected to declare the Disaster Tax Rate Option. Texas Tax Code section 26.08(a) allows an optional M&O tax rate after a disaster. The property tax rate was 1.165 in 2010-11 and will remain the same for the 2011-12 fiscal year. The 2011-12 M&O tax rate was increased by \$.125 to \$1.165 and the I&S tax rate was decreased by \$.125 to \$0.

When increased expenditure of money by a school district is necessary to respond to a disaster, including a tornado, hurricane, flood, or other calamity, but not including a drought, that has impacted a school district and the governor has requested federal disaster assistance for the area in which the school district is located, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs.

Hurricane Alex occurred on June 30, 2010, that is, during tax year 2009-10.

This allowed M&O tax rate increase is allowed for one calendar year only so use of these monies should be for one-time or non-recurring expenditures.

Even though the I&S tax rate reduction is not required, the Board could offset one-year increase in M&O tax rate by reducing its I&S tax rate so that the total tax rate remains the same for taxpayer purposes while maximizing State revenues.

Since the District is required by the provisions of TEC 45.001(2) to levy and collect annual ad valorem taxes sufficient to pay the principal of and interest on the bonds which come due during the 2011-2012 fiscal year, amounts will be transferred from the General Fund to the Debt Service Fund to meet 2011-2012 principal and interest requirements on bonded debt.

### **Facilities**

The District has closed down one of its Elementary School's making 2010-11 the last fiscal year that this elementary school will be used as an instructional facility. Currently, the District is remodeling this elementary school to consolidate different departments. The students that had been attending this elementary school have been relocated to two other elementary schools. Aside from this consolidation, the District is not expected to have any new facilities in the near future.

## **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 demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Chief Financial Officer, McAllen I.S.D., 2000 North 23<sup>rd</sup> Street, McAllen, Texas 78501.

## **BASIC FINANCIAL STATEMENTS**



**MCALLEN INDEPENDENT SCHOOL DISTRICT****STATEMENT OF NET ASSETS**

JUNE 30, 2011

| Data<br>Control<br>Codes       | 1                          | 2                           | 3                     |
|--------------------------------|----------------------------|-----------------------------|-----------------------|
|                                | Governmental<br>Activities | Business-type<br>Activities | Total                 |
| <b>ASSETS:</b>                 |                            |                             |                       |
| 1110                           | \$ 52,628,459              | \$ 593,443                  | \$ 53,221,902         |
| 1225                           | 7,376,479                  | --                          | 7,376,479             |
| 1240                           | 32,841,643                 | --                          | 32,841,643            |
| 1267                           | 5,570                      | --                          | 5,570                 |
| 1290                           | 971,187                    | 465                         | 971,652               |
| 1300                           | 997,873                    | --                          | 997,873               |
| 1410                           | 124,436                    | --                          | 124,436               |
| 1420                           | 704,842                    | --                          | 704,842               |
| <b>Capital Assets:</b>         |                            |                             |                       |
| 1510                           | 15,052,157                 | --                          | 15,052,157            |
| 1520                           | 179,086,730                | --                          | 179,086,730           |
| 1530                           | 9,434,516                  | 9,695                       | 9,444,211             |
| 1550                           | 72,616                     | --                          | 72,616                |
| 1580                           | 23,557                     | --                          | 23,557                |
| 1000                           | <u>299,320,065</u>         | <u>603,603</u>              | <u>299,923,668</u>    |
| <b>LIABILITIES:</b>            |                            |                             |                       |
| 2110                           | 5,118,456                  | 2,562                       | 5,121,018             |
| 2140                           | 1,959,738                  | --                          | 1,959,738             |
| 2165                           | 25,832,479                 | 227                         | 25,832,706            |
| 2180                           | 361,956                    | --                          | 361,956               |
| 2300                           | 536,763                    | 1,470                       | 538,233               |
| <b>Noncurrent Liabilities:</b> |                            |                             |                       |
| 2501                           | 5,139,628                  | --                          | 5,139,628             |
| 2502                           | 110,442,576                | --                          | 110,442,576           |
| 2000                           | <u>149,391,596</u>         | <u>4,259</u>                | <u>149,395,855</u>    |
| <b>NET ASSETS</b>              |                            |                             |                       |
| 3200                           | 100,869,922                | 9,695                       | 100,879,617           |
| <b>Restricted For:</b>         |                            |                             |                       |
| 3820                           | 4,580,170                  | --                          | 4,580,170             |
| 3850                           | 4,426,902                  | --                          | 4,426,902             |
| 3870                           | 738,776                    | --                          | 738,776               |
| 3900                           | 39,312,699                 | 589,649                     | 39,902,348            |
| 3000                           | <u>\$ 149,928,469</u>      | <u>\$ 599,344</u>           | <u>\$ 150,527,813</u> |

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

| Data Control Codes | Functions/Programs   | 1                     | 3                    | 4  |
|--------------------|--|-----------------------|----------------------|--|
|                    |  | Expenses              | Charges for Services | Program Revenues<br>Operating Grants and Contributions |
|                    | <b>Governmental Activities:</b>                              |                       |                      |  |
| 11                 | Instruction  | \$ 125,724,629        | \$ 3,153,934         | \$ 31,143,542  |
| 12                 | Instructional Resources and Media Services                   | 5,036,507             | 19,291               | 1,487,865  |
| 13                 | Curriculum and Staff Development                             | 5,578,542             | 5,764                | 4,527,665  |
| 21                 | Instructional Leadership                                     | 2,941,162             | 157,740              | 1,185,511  |
| 23                 | School Leadership  | 11,545,112            | 66,343               | 1,023,925  |
| 31                 | Guidance, Counseling, & Evaluation Services                  | 9,007,006             | 86,603               | 2,339,103  |
| 32                 | Social Work Services   | 1,568,169             | --                   | 821,217  |
| 33                 | Health Services  | 2,927,008             | 8,929                | 891,324  |
| 34                 | Student Transportation                                       | 3,269,087             | --                   | 27,894   |
| 35                 | Food Service   | 12,797,946            | 1,353,395            | 11,745,923   |
| 36                 | Cocurricular/Extracurricular Activities                      | 6,784,642             | 673,711              | 11,891   |
| 41                 | General Administration                                       | 4,848,020             | --                   | 609,609  |
| 51                 | Plant Maintenance and Operations                             | 20,277,382            | 107                  | 188,044  |
| 52                 | Security and Monitoring Services                             | 2,436,261             | 111                  | 237,407  |
| 53                 | Data Processing Services                                     | 2,410,753             | --                   | 5,447  |
| 61                 | Community Services   | 1,759,695             | 2,347                | 1,909,248  |
| 72                 | Interest and fees on Long-term Debt                          | 5,378,100             | --                   | 2,453,116  |
| 95                 | Payments to Juvenile Justice Alternative Ed. Programs        | 8,769                 | --                   | --   |
| 99                 | Appraisal of Property  | 599,650               | --                   | --   |
| TG                 | Total Governmental Activities                                | <u>224,898,440</u>    | <u>5,528,275</u>     | <u>60,608,731</u>                                      |
|                    | <b>Business-type Activities:</b>                             |                       |                      |  |
| 01                 | Project Safe and Secure                                      | 369,132               | 509,077              | --   |
| TP                 | Total Primary Government                                     | <u>\$ 225,267,572</u> | <u>\$ 6,037,352</u>  | <u>\$ 60,608,731</u>                                   |
|                    | <b>General Revenues:</b>                                     |                       |                      |  |
| MT                 | Property Taxes, Levied for General Purposes                  |                       |                      |  |
| DT                 | Property Taxes, Levied for Debt Service                      |                       |                      |  |
| IE                 | Investment Earnings  |                       |                      |  |
| GC                 | Grants and Contributions Not Restricted to Specific Programs |                       |                      |  |
| MI                 | Miscellaneous  |                       |                      |  |
| FR                 | Transfers  |                       |                      |  |
| TR                 | Total General Revenues                                       |                       |                      |  |
| CN                 | Change in Net Assets   |                       |                      |  |
| NB                 | Net Assets - Beginning                                       |                       |                      |  |
| NE                 | Net Assets - Ending  |                       |                      |  |

The accompanying notes are an integral part of this statement.



| 6  | 7                                   | 8                     |
|--|-------------------------------------|-----------------------|
| <u>Net (Expense) Revenue and Changes in Net Assets</u> |                                     |                       |
| <u>Governmental<br/>Activities</u>                     | <u>Business-type<br/>Activities</u> | <u>Total</u>          |
| \$ (91,427,153)  |                                     | \$ (91,427,153)       |
| (3,529,351)  |                                     | (3,529,351)           |
| (1,045,113)  |                                     | (1,045,113)           |
| (1,597,911)  |                                     | (1,597,911)           |
| (10,454,844)   |                                     | (10,454,844)          |
| (6,581,300)  |                                     | (6,581,300)           |
| (746,952)  |                                     | (746,952)             |
| (2,026,755)  |                                     | (2,026,755)           |
| (3,241,193)  |                                     | (3,241,193)           |
| 301,372  |                                     | 301,372               |
| (6,099,040)  |                                     | (6,099,040)           |
| (4,238,411)  |                                     | (4,238,411)           |
| (20,089,231)   |                                     | (20,089,231)          |
| (2,198,743)  |                                     | (2,198,743)           |
| (2,405,306)  |                                     | (2,405,306)           |
| 151,900  |                                     | 151,900               |
| (2,924,984)  |                                     | (2,924,984)           |
| (8,769)  |                                     | (8,769)               |
| (599,650)  |                                     | (599,650)             |
| <u>(158,761,434)</u>                                   |                                     | <u>(158,761,434)</u>  |
| —  | \$ 139,945                          | 139,945               |
| <u>(158,761,434)</u>                                   | <u>139,945</u>                      | <u>(158,621,489)</u>  |
| 62,855,940   | —                                   | 62,855,940            |
| 7,554,595  | —                                   | 7,554,595             |
| 244,242  | —                                   | 244,242               |
| 105,860,651  | —                                   | 105,860,651           |
| 450,739  | 20                                  | 450,759               |
| 156,998  | (156,998)                           | —                     |
| <u>177,123,165</u>                                     | <u>(156,978)</u>                    | <u>176,966,187</u>    |
| 18,361,731   | (17,033)                            | 18,344,698            |
| 131,566,738  | 616,377                             | 132,183,115           |
| <u>\$ 149,928,469</u>                                  | <u>\$ 599,344</u>                   | <u>\$ 150,527,813</u> |



**MCALLEN INDEPENDENT SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2011

| Data<br>Control<br>Codes    | 10<br>General<br>Fund                  | Other<br>Governmental<br>Funds | 98<br>Total<br>Governmental<br>Funds |                      |
|-----------------------------|--|--------------------------------|--------------------------------------|----------------------|
| <b>ASSETS:</b>              |  |                                |                                      |                      |
| 1110                        | Cash and Cash Equivalents              | \$ 36,011,850                  | \$ 5,664,716                         | \$ 41,676,566        |
| 1225                        | Taxes Receivable, Net                  | 6,644,180                      | 732,299                              | 7,376,479            |
| 1240                        | Due from Other Governments             | 20,956,004                     | 11,885,639                           | 32,841,643           |
| 1260                        | Due from Other Funds                   | 811,179                        | 3,420,090                            | 4,231,269            |
| 1290                        | Other Receivables                      | 545,644                        | 8,833                                | 554,477              |
| 1300                        | Inventories                            | 997,872                        | --                                   | 997,872              |
| 1000                        | Total Assets                           | <u>\$ 65,966,729</u>           | <u>\$ 21,711,577</u>                 | <u>\$ 87,678,306</u> |
| <b>LIABILITIES:</b>         |  |                                |                                      |                      |
| Current Liabilities:        |  |                                |                                      |                      |
| 2110                        | Accounts Payable                       | \$ 2,470,163                   | \$ 1,851,566                         | \$ 4,321,729         |
| 2150                        | Payroll Deductions & Withholdings      | 201,809                        | --                                   | 201,809              |
| 2160                        | Accrued Wages Payable                  | 13,866,528                     | 5,782,333                            | 19,648,861           |
| 2170                        | Due to Other Funds                     | 1,391,053                      | 4,541,674                            | 5,932,727            |
| 2180                        | Due to Other Governments               | 349,158                        | 12,798                               | 361,956              |
| 2200                        | Accrued Expenditures                   | --                             | 23,536                               | 23,536               |
| 2300                        | Deferred Revenue                       | 6,090,565                      | 886,782                              | 6,977,347            |
| 2000                        | Total Liabilities                      | <u>24,369,276</u>              | <u>13,098,689</u>                    | <u>37,467,965</u>    |
| <b>FUND BALANCES:</b>       |  |                                |                                      |                      |
| Nonspendable Fund Balances: |  |                                |                                      |                      |
| 3410                        | Inventories                            | 749,500                        | --                                   | 749,500              |
| Restricted Fund Balances:   |  |                                |                                      |                      |
| 3450                        | Federal/State Funds Grant Restrictions | 7,062,009                      | 3,100,538                            | 10,162,547           |
| 3480                        | Retirement of Long-Term Debt           | --                             | 4,426,902                            | 4,426,902            |
| 3490                        | Other Restrictions of Fund Balance     | --                             | 346,674                              | 346,674              |
| Committed Fund Balances:    |  |                                |                                      |                      |
| 3545                        | Other Committed Fund Balance           | --                             | 738,776                              | 738,776              |
| 3600                        | Unassigned                             | 33,785,944                     | --                                   | 33,785,944           |
| 3000                        | Total Fund Balances                    | <u>41,597,453</u>              | <u>8,612,890</u>                     | <u>50,210,343</u>    |
| 4000                        | Total Liabilities and Fund Balances    | <u>\$ 65,966,729</u>           | <u>\$ 21,711,579</u>                 | <u>\$ 87,678,308</u> |

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011*

Total fund balances - governmental funds balance sheet \$ 50,210,343

Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:

|  |               |
|--|---------------|
| Capital assets used in governmental activities are not reported in the funds.                                  | 203,647,565   |
| Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.        | 6,440,584     |
| The assets and liabilities of internal service funds are included in governmental activities in the SNA.       | 6,467,078     |
| Payables for notes payable and bond principal and related accounts which are not due in the current period are | (115,173,258) |
| Payables for capital leases which are not due in the current period are not reported in the funds.             | (49,746)      |
| Payables for debt interest which are not due in the current period are not reported in the funds.              | (1,959,738)   |
| Payables for compensated absences which are not due in the current period are not reported in the funds.       | (359,200)     |
| Bond issuance costs are amortized for SOA but not in the funds.  | 704,842       |
| Rounding difference  | <u>(1)</u>    |

Net assets of governmental activities - Statement of Net Assets \$ 149,928,469

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

| Data Control Codes                                | 10<br>General Fund   | Other Governmental Funds | 98<br>Total Governmental Funds |
|---|----------------------|--------------------------|--------------------------------|
| <b>REVENUES:</b>                                  |                      |                          |                                |
| 5700 Local and Intermediate Sources               | \$ 66,451,790        | \$ 11,406,466            | \$ 77,858,256                  |
| 5800 State Program Revenues                       | 101,882,859          | 8,901,746                | 110,584,605                    |
| 5900 Federal Program Revenues                     | 14,318,468           | 40,947,796               | 55,266,264                     |
| 5020 Total Revenues                               | <u>182,453,117</u>   | <u>61,256,008</u>        | <u>243,709,125</u>             |
| <b>EXPENDITURES:</b>                              |                      |                          |                                |
| Current:  |                      |                          |                                |
| 0011 Instruction                                  | 89,521,956           | 35,958,477               | 125,480,433                    |
| 0012 Instructional Resources and Media Services   | 3,610,272            | 1,298,647                | 4,908,919                      |
| 0013 Curriculum and Staff Development             | 1,377,603            | 4,187,584                | 5,565,187                      |
| 0021 Instructional Leadership                     | 1,878,888            | 1,111,634                | 2,990,522                      |
| 0023 School Leadership                            | 10,518,782           | 1,019,455                | 11,538,237                     |
| 0031 Guidance, Counseling, & Evaluation Services  | 7,008,273            | 1,996,285                | 9,004,558                      |
| 0032 Social Work Services                         | 785,588              | 783,363                  | 1,568,951                      |
| 0033 Health Services                              | 2,114,577            | 817,853                  | 2,932,430                      |
| 0034 Student Transportation                       | 3,470,772            | 883,105                  | 4,353,877                      |
| 0035 Food Service                                 | 12,920,771           | 59,664                   | 12,980,435                     |
| 0036 Cocurricular/Extracurricular Activities      | 6,049,720            | 325,843                  | 6,375,563                      |
| 0041 General Administration                       | 4,854,330            | 2,085                    | 4,856,415                      |
| 0051 Plant Maintenance and Operations             | 18,901,281           | 98,392                   | 18,999,673                     |
| 0052 Security and Monitoring Services             | 2,151,987            | 220,841                  | 2,372,828                      |
| 0053 Data Processing Services                     | 2,852,206            | 5,283                    | 2,857,489                      |
| 0061 Community Services                           | 28,488               | 1,742,477                | 1,770,965                      |
| Debt Service:                                     |                      |                          |                                |
| 0071 Principal on Long-term Debt                  | 298,130              | 4,795,157                | 5,093,287                      |
| 0072 Interest and fees on Long-term Debt          | 16,457               | 5,355,946                | 5,372,403                      |
| Capital Outlay:                                   |                      |                          |                                |
| 0081 Facilities Acquisition and Construction      | 504,987              | 235,888                  | 740,875                        |
| Intergovernmental:                                |                      |                          |                                |
| 0095 Payments to Juvenile Justice Alternative     |                      |                          |                                |
| 0095 Education Programs                           | 8,769                | --                       | 8,769                          |
| 0099 Appraisal of Property                        | 599,650              | --                       | 599,650                        |
| 6030 Total Expenditures                           | <u>169,473,487</u>   | <u>60,897,979</u>        | <u>230,371,466</u>             |
| 1100 Excess (Deficiency) of Revenues Over (Under) |                      |                          |                                |
| 1100 Expenditures                                 | <u>12,979,630</u>    | <u>358,029</u>           | <u>13,337,659</u>              |
| Other Financing Sources and (Uses):               |                      |                          |                                |
| 7912 Sale of Real or Personal Property            | 28,892               | 5,220                    | 34,112                         |
| 7913 Proceeds from Capital Leases                 | 74,620               | --                       | 74,620                         |
| 7915 Transfers In                                 | 156,998              | --                       | 156,998                        |
| 8911 Transfers Out                                | (24,506)             | --                       | (24,506)                       |
| 7080 Total Other Financing Sources and (Uses)     | <u>236,004</u>       | <u>5,220</u>             | <u>241,224</u>                 |
| 1200 Net Change in Fund Balances                  | <u>13,215,634</u>    | <u>363,249</u>           | <u>13,578,883</u>              |
| 0100 Fund Balances - Beginning                    | 28,381,819           | 8,249,641                | 36,631,460                     |
| 3000 Fund Balances - Ending                       | <u>\$ 41,597,453</u> | <u>\$ 8,612,890</u>      | <u>\$ 50,210,343</u>           |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

|  |                      |
|--|----------------------|
| Net change in fund balances - total governmental funds   | \$ 13,578,883        |
| Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because: |                      |
| Capital outlays are not reported as expenses in the SOA.   | 5,440,453            |
| The depreciation of capital assets used in governmental activities is not reported in the funds.           | (6,198,241)          |
| Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.    | (670,181)            |
| Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.   | (74,620)             |
| Bond premiums are amortized in the SOA not in the funds.   | 203,918              |
| Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.               | 4,615,000            |
| Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.      | 24,873               |
| Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.               | 453,414              |
| Bond issuance costs and similar items are amortized in the SOA but not in the funds.                       | (49,116)             |
| The accretion of interest on capital appreciation bonds is not reported in the funds.                      | (223,449)            |
| (Increase) decrease in accrued interest from beginning of period to end of period.                         | 59,349               |
| The net revenue (expense) of internal service funds is reported with governmental activities.              | 1,144,331            |
| Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.     | 53,515               |
| Refunding gain amortized in SOA not in the funds.  | 3,600                |
| Rounding difference  | 1                    |
|  | <hr/>                |
| Change in net assets of governmental activities - Statement of Activities                                  | <u>\$ 18,361,731</u> |

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET ASSETS

## PROPRIETARY FUNDS

JUNE 30, 2011

| Data<br>Control<br>Codes | Nonmajor<br>Enterprise<br>Fund<br><u>Project<br/>Safe and<br/>Secure</u> | Governmental<br>Activities -<br>Internal<br>Service<br>Funds<br><u>                    </u> |
|--------------------------|--|---|
| <b>ASSETS:</b>           |  |   |
| Current Assets:          |  |   |
| 1110                     | \$ 593,443   | \$ 10,951,892   |
| Receivables:             |  |   |
| 1260                     | --   | 1,707,029   |
| 1290                     | 465  | 416,710   |
| 1410                     | --   | 124,436   |
|                          | <u>593,908</u>   | <u>13,200,067</u>   |
| Noncurrent Assets:       |  |   |
| Capital Assets:          |  |   |
| 1530                     | 82,206   | 53,859  |
| 1570                     | <u>(72,511)</u>  | <u>(31,849)</u>   |
|                          | 9,695  | 22,010  |
| 1000                     | <u>\$ 603,603</u>  | <u>\$ 13,222,077</u>  |
| <b>LIABILITIES:</b>      |  |   |
| Current Liabilities:     |  |   |
| 2110                     | \$ 2,561   | \$ 796,726  |
| 2160                     | 227  | --  |
| 2170                     | 1  | --  |
| 2200                     | --   | 5,958,273   |
| 2300                     | <u>1,470</u>   | <u>--</u>   |
|                          | 4,259  | 6,754,999   |
| 2000                     | <u>4,259</u>   | <u>6,754,999</u>  |
| <b>NET ASSETS:</b>       |  |   |
| 3200                     | 9,695  | 22,010  |
| 3900                     | 589,649  | 6,445,068   |
| 3000                     | <u>\$ 599,344</u>  | <u>\$ 6,467,078</u>   |

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

| Data<br>Control<br>Codes                                 | Nonmajor<br>Enterprise<br>Fund<br>Project<br>Safe and<br>Secure | Governmental<br>Activities-<br>Internal<br>Service<br>Funds |
|--|---|---|
| <b>OPERATING REVENUES:</b>                               |   |   |
| 5700 <i>Local and Intermediate Sources</i>               | \$ 498,882  | \$ 22,511,690   |
| 5800 <i>State Program Revenues</i>                       | 10,215  | --  |
| 5020 <b>Total Revenues</b>                               | <u>509,097</u>  | <u>22,511,690</u>   |
| <b>OPERATING EXPENSES:</b>                               |   |   |
| 6100 <i>Payroll Costs</i>                                | 301,556   | 21,283,867  |
| 6200 <i>Professional and Contracted Services</i>         | 760   | 89,261  |
| 6300 <i>Supplies and Materials</i>                       | 50,721  | 38,053  |
| 6400 <i>Other Operating Costs</i>                        | 16,095  | 11,193  |
| 6030 <b>Total Expenses</b>                               | <u>369,132</u>  | <u>21,422,374</u>   |
| Operating Income (Loss)                                  | <u>139,965</u>  | <u>1,089,316</u>  |
| <b>NON-OPERATING REVENUES (EXPENSES):</b>                |   |   |
| 7951 <i>Gain in Sale of Real and Personal Property</i>   | --  | 393   |
| 7955 <i>Earnings from Temp. Deposits and Investments</i> | --  | 30,117  |
| 8030 <b>Total Non-operating Revenues (Expenses)</b>      | <u>--</u>   | <u>30,510</u>   |
| Income (Loss) before Contributions and Transfers         | 139,965   | 1,119,826   |
| 7915 <i>Transfers In</i>                                 | --  | 24,506  |
| 8911 <i>Transfers Out</i>                                | (156,998)   | --  |
| 1300 <b>Change in Net Assets</b>                         | <u>(17,033)</u>   | <u>1,144,332</u>  |
| 0100 <b>Total Net Assets - Beginning</b>                 | <u>616,377</u>  | <u>5,322,746</u>  |
| 3300 <b>Total Net Assets - Ending</b>                    | <u>\$ 599,344</u>   | <u>\$ 6,467,078</u>   |

The accompanying notes are an integral part of this statement.



**MCALLEN INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

|   | Nonmajor<br>Enterprise<br>Fund<br>Project<br>Safe<br>and Secure<br>Fund | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|---|---|--|
| <b>Cash Flows from Operating Activities:</b>  |   |  |
| Cash Received from Customers  | \$ 498,427  | \$ --  |
| Cash Received from Grants   | 10,215  | --   |
| Cash Receipts (Payments) for Quasi-external<br>Operating Transactions with Other Funds        | (224)   | 23,477,122   |
| Cash Payments to Employees for Services   | (303,434)   | (103,908)  |
| Cash Payments to Other Suppliers for Goods and Services                                       | (49,174)  | (128,739)  |
| Other Operating Cash Receipts (Payments)  | --  | (21,703,598)   |
| Net Cash Provided (Used) by Operating Activities  | <u>155,810</u>  | <u>1,540,877</u>   |
| <b>Cash Flows from Non-capital Financing Activities:</b>                                      |   |  |
| Transfers From (To) Other Funds   | (156,998)   | 24,506   |
| Net Cash Provided (Used) by Non-capital Financing Activities                                  | <u>(156,998)</u>  | <u>24,506</u>  |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                              |   |  |
| Proceeds from Sales of Capital Assets   | --  | 393  |
| Net Cash Provided (Used) for Capital and Related Financing Activities                         | <u>--</u>   | <u>393</u>   |
| <b>Cash Flows from Investing Activities:</b>  |   |  |
| Interest and Dividends on Investments   | --  | 30,117   |
| Net Cash Provided (Used) for Investing Activities   | <u>--</u>   | <u>30,117</u>  |
| Net Increase (Decrease) in Cash and Cash Equivalents  | (1,188)   | 1,595,893  |
| Cash and Cash Equivalents at Beginning of Year  | 594,629   | 9,355,999  |
| Cash and Cash Equivalents at End of Year  | <u>\$ 593,441</u>   | <u>\$ 10,951,892</u>   |
| <b>Reconciliation of Operating Income to Net Cash<br/>  Provided by Operating Activities:</b> |   |  |
| Operating Income (Loss)   | \$ 139,965  | \$ 1,089,316   |
| Adjustments to Reconcile Operating Income to Net Cash<br>Provided by Operating Activities     |   |  |
| Depreciation  | 3,548   | 10,616   |
| Change in Assets and Liabilities:   |   |  |
| Decrease (Increase) in Receivables  | (455)   | 959,850  |
| Decrease (Increase) in Prepaid Expenses   | 20,743  | 6,749  |
| Increase (Decrease) in Accounts Payable   | (5,825)   | 434,408  |
| Increase (Decrease) in Accrued Wages Payable  | (1,878)   | (6,714)  |
| Increase (Decrease) in Interfund Payables   | (223)   | (1,168)  |
| Increase (Decrease) in Accrued Expenses   | --  | (952,180)  |
| Increase (Decrease) in Unearned Revenue   | (65)  | --   |
| Total Adjustments   | <u>15,845</u>   | <u>451,561</u>   |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 155,810</u>   | <u>\$ 1,540,877</u>  |

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS**

JUNE 30, 2011

| Data<br>Control<br>Codes                                  | Pension<br>Trust<br>Funds |                   |
|---|---------------------------|-------------------|
|   | 457<br>Plan               | Agency<br>Funds   |
| <b>ASSETS:</b>  |                           |                   |
| 1110 <i>Cash and Cash Equivalents</i>                     | \$ --                     | \$ 782,861        |
| 1120 <i>Current Investments-Interest bearing checking</i> | 296,609                   | --                |
| 1000 <b>Total Assets</b>                                  | <u>\$ 296,609</u>         | <u>\$ 782,861</u> |
| <b>LIABILITIES:</b>                                       |                           |                   |
| Current Liabilities:                                      |                           |                   |
| 2170 <i>Due to Other Funds</i>                            | \$ --                     | \$ 5,570          |
| 2190 <i>Due to Student Groups</i>                         | --                        | 777,291           |
| 2000 <b>Total Liabilities</b>                             | <u>--</u>                 | <u>782,861</u>    |
| <b>NET ASSETS</b>   |                           |                   |
| 3800 <i>Held in Trust for 457 Benefits</i>                | 296,609                   | --                |
| 3000 <b>Total Net Assets</b>                              | <u>\$ 296,609</u>         | <u>\$ --</u>      |

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT***STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**FIDUCIARY FUNDS**FOR THE YEAR ENDED JUNE 30, 2011*

|                                  | 457<br>Plan       |
|----------------------------------|-------------------|
| <b>Additions:</b>                |                   |
| Investment Income                | \$ 1,076          |
| Total Additions                  | <u>1,076</u>      |
| <b>Deductions:</b>               |                   |
| Benefits                         | 71,200            |
| Total Deductions                 | <u>71,200</u>     |
| <b>Change in Net Assets</b>      | (70,124)          |
| Net Assets-Beginning of the Year | 366,733           |
| Net Assets-End of the Year       | <u>\$ 296,609</u> |

The accompanying notes are an integral part of this statement.



MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### NOTE 1 - REPORTING ENTITY

Membership of Board - The Board of Trustees includes seven eligible members elected at large by the qualified voters of the McAllen Independent School District. The governing Board derives its powers from the statutes of the State of Texas and the rules and regulations of the Texas State Department of Education. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by GASB statement No.14 The Financial Reporting Entity. The District has no component units.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

McAllen Independent School District's (the "District") basic financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (the "Resource Guide"). The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

#### *A. Basis of Presentation*

##### **Government-Wide Statements:**

The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions are reported separately from business – type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities.

Program revenues include:

- (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and
- (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Basis of Presentation (continued)*

**Fund Financial Statements:**

The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as Nonmajor funds "Other Governmental Funds."

The District reports the following major governmental fund:

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

Additionally, the District reports the following fund types:

**Proprietary Fund Types include:**

The Enterprise Fund, an unbudgeted fund, accounts for the District's project safe and secure program.

The Internal Service Fund, an unbudgeted fund, accounts for the operations of a print shop, self-funded health and worker's compensation insurance and unemployment claims. These funds account for services to other District funds, as well as, related operating expenses.

In addition, the District reports the following fund types:

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

**Fiduciary Funds.** These are reported in the fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements. The District maintains the assets for the 457 Plan.

*B. Basis of Accounting/Measurement Focus*

**Government-wide and Fiduciary Fund Financial Statements:**

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

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*B. Basis of Accounting/Measurement Focus (continued)*

**Governmental Fund Financial Statements:**

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they become available and measurable. The District considers revenues as available if they are collected within the 60 days after year end. Revenues susceptible to accrual are property taxes, fiscal year state funding, and interest revenues. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Unearned revenue is reported in the governmental funds when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund, and of the District's internal services funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*C. Revenues*

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASBS No. 33. In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

*D. Expenditures*

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*E. Cash and Cash Equivalents*

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

*F. Investments*

Money market investments which are short-term, highly liquid debt instruments including commercial paper, banker's acceptances and U.S. Treasury and agency obligations are reported at amortized cost. Nonparticipating interest-earning investment contracts are reported using a cost-based measure. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. All other investments are reported at fair value.

*G. Receivables and Payables*

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

All trade and property tax receivables are shown net of an allowance for uncollectible. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in the District in conformity with Subtitle E, Texas Property Code. Taxes are due upon 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.

Delinquent taxes are prorated between the general and debt service funds based on rates adopted for the year of the levy. Allowance for uncollectible tax receivables are based on historical experience in collecting property taxes.

Accrued liabilities primarily consist of amounts accrued for salaries and for self-insurance claims.

*H. Inventory*

Inventory is valued at cost (average). The District accounts for school supply and food inventories by using the consumption method whereby expenditures are recognized only when inventory items are used. Maintenance supplies inventory is accounted for by using the purchase method whereby purchases of inventories are recognized as expenditures when the goods are received and the transaction is vouchered. Reported inventories are equally offset by a fund balance reserve in the fund level statements which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Commodity inventory is offset by unearned revenue.



MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*I. Other Current Assets*

Other current assets are prepaid expenses that will benefit periods beyond June 30, 2011. This amount includes prepaid expenses for unexpired insurance policy premiums paid by June 30, 2011 which extend beyond that date. In the fund financial statements, the reported prepaid insurance is equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

*J. Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

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

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

| Asset Class              | Estimated Useful Lives |
|--------------------------|------------------------|
| Infrastructure           | 15                     |
| Buildings & Improvements | 75                     |
| Vehicles/Buses           | 5-10                   |
| Furniture and Equipment  | 5-10                   |

*K. Use of Estimates*

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

*L. Compensated Absences*

All sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the fund financial statements only if they have matured, for example, as a result of employee retirement.

*M. Long-term obligations*

In the government-wide financial statements, and proprietary funds type 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.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*M. Long-term obligations (continued)*

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. Refunding gain or loss is amortized over the lesser of the refunded bonds or the new debt.

*N. Internal Service Fund Activity*

Because the principal users of the internal service activities are the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. Only the net profit or loss before investment income is allocated to the operating programs benefited. The investment income is combined with other unrestricted income as general revenue in the statement of activities.

*O. Fund Balance Reporting*

The District has adopted GASB 54 as part of its 2010-11 fiscal year reporting. Implementation of GASB 54 is required for all districts for their fiscal year ending in 2011. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances, which are nonspendable and spendable.

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The District has inventories that are considered nonspendable. The District does not have any prepaid items or nonspendable funds related to endowments.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the Board of Trustees. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action.
- Assigned: fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The responsibility to assign funds rests with the Superintendent.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*P. Accounting System*

In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by Texas Education Agency (TEA) in the Resource Guide. Mandatory codes are recorded in the order provided in that section.

*Q. Data Control Codes*

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

**B. COMPLIANCE AND ACCOUNTABILITY**

**NOTE 3 – FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISION**

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

*Expenditures Exceeding Appropriations*

During the year ended June 30, 2011 the District did not have expenditures exceeding budgets in General Fund and Debt Service Fund.

*Deficit Fund Balance or Fund Net Assets of Individual Funds*

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

| Fund Name     | Deficit<br>Amount | Remarks        |
|---------------|-------------------|----------------|
| None reported | Not applicable    | Not applicable |

**C. DETAILED NOTES ON ALL FUNDS**

**NOTE 4 - PROPERTY TAXES**

Property taxes are levied by October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the District's fiscal year.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 4 - PROPERTY TAXES (Continued)**

The District's 2010 tax rate was \$1.04 for maintenance and \$.125 for debt service per \$100 assessed valuation. Allowances for uncollectible within the General and Debt Service Funds are based upon historical experience in collecting property taxes. The assessed valuation of \$6,035,806,428 used to determine the tax rates represents 100% of the fair market value of the property. Education Code section 45.003 limits a school district's M&O rate for any year. The rate may not exceed the rate equal to the sum of \$0.17 and the product of the state compression percentage as determined by Section 42.2516 multiplied by \$1.50. The Education Code requires school districts to demonstrate to the Texas Attorney General the projected ability to pay all debt issued after September 1, 1992, with a rate not to exceed \$0.50.

Taxes Receivable at June 30, 2011, was as follows:

|                   | Total<br>Receivable | Less:<br>Allowance for<br>Uncollectible | Net<br>Receivable |
|-------------------|---------------------|---|-------------------|
| General Fund      | \$ 8,234,695        | \$ 1,590,515                            | \$ 6,644,180      |
| Debt Service Fund | 921,486             | 189,187                                 | 732,299           |
|                   | \$ 9,156,181        | \$ 1,779,702                            | \$ 7,376,479      |

**NOTE 5 - DEPOSITS, SECURITIES AND INVESTMENTS**

*Deposits*

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. During the year, the District maintained either a letter of credit or the depository bank placed approved pledged securities with the District's agent bank to cover the bank deposits as authorized by Chapter 2257, Collateral for Public Funds of the Government Code, in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC).

At year-end, the carrying amount of the District's deposits (cash and interest-bearing savings accounts of \$296,609) was \$54,196,691 and the bank balance of \$54,670,731.

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. The District's cash deposits at June 30, 2011 and during the year ended June 30, 2011 were entirely covered by a letter of credit, FDIC insurance or by pledged securities collateral held in the District's name by a bank other than the pledging bank.

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

- a. Name of Bank: BBVA Compass Bank

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 5 - DEPOSITS, SECURITIES AND INVESTMENTS (Continued)**

- b. The amount of letters of credit and pledged securities as of the date of the highest combined balance on deposit was \$81,926,201.
- c. The largest combined balances of cash and savings accounts amounted to \$75,132,840 and occurred during the month of January.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$500,000.

*Investments*

The District's investment policies and types of investments are governed by the Public Funds Investments Act ("Act") of 1995. The following types of investment instruments are authorized:

- 1) Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009
- 2) Certificates of deposit and share certificates as permitted by Government Code 2256.010
- 3) Fully collateralized repurchase agreements as permitted by Government Code 2256.011
- 4) A securities lending program as permitted by Government Code 2256.0115
- 5) Banker's acceptances as permitted by Government Code 2256.012
- 6) Commercial paper as permitted by Government Code 2256.013
- 7) No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014
- 8) A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements as established by Government Code 2256.015
- 9) Public funds investment pools as permitted by Government Code 2256.016

The Act requires an annual review of the investment policy and investment strategy. The District's management believes that it complied with the requirements of the Act and the District's investment policies.

The District did not have investments at June 30, 2011. During the year the District had investments in certificate of deposits with the highest balance being \$30,000,000.

The following is a reconciliation of the District's total cash:

|                                     |                      |
|-------------------------------------|----------------------|
| Deposits                            | \$ 54,196,691        |
| Petty Cash                          | 4,682                |
| Cash with Paying Agent              | 100,000              |
| Total                               | <u>\$ 54,301,373</u> |
|                                     |                      |
| Exhibit A-1                         |                      |
| Cash and cash equivalents           | \$ 53,221,902        |
| Total Exhibit A-1                   | 53,221,902           |
| Fiduciary cash and cash equivalents | 782,862              |
| Fiduciary current investments       | 296,609              |
| Total                               | <u>\$ 54,301,373</u> |

**MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follows:

| Governmental Activities                       | Balance<br>7/1/10     | Increases           | Reclassification<br>Decreases | Balance<br>6/30/11    |
|---|-----------------------|---------------------|-------------------------------|-----------------------|
| <b>Capital assets, not being depreciated:</b> |                       |                     |                               |                       |
| Land  | \$ 15,052,157         | \$ -                | \$ -                          | \$ 15,052,157         |
| Construction in Progress                      | -                     | 23,557              | -                             | 23,557                |
|   | <u>15,052,157</u>     | <u>23,557</u>       | <u>-</u>                      | <u>15,075,714</u>     |
| <b>Capital assets being depreciated:</b>      |                       |                     |                               |                       |
| Buildings and Improvements                    | 241,178,416           | 766,418             | -                             | 241,944,834           |
| Furniture and Equipment                       | 11,537,939            | 3,102,591           | -                             | 14,640,530            |
| Vehicles                                      | 6,937,992             | 1,473,266           | (225,819)                     | 8,185,439             |
| Property Under Capital Lease                  | -                     | 74,620              | -                             | 74,620                |
|   | <u>259,654,347</u>    | <u>5,416,895</u>    | <u>(225,819)</u>              | <u>264,845,423</u>    |
| <b>Less accumulated depreciation for:</b>     |                       |                     |                               |                       |
| Buildings and Improvements                    | 58,464,122            | 4,393,983           | -                             | 62,858,105            |
| Furniture and Equipment                       | 6,557,782             | 1,400,144           | (225,819)                     | 7,732,107             |
| Vehicles                                      | 5,246,619             | 412,727             | -                             | 5,659,346             |
| Property Under Capital Lease                  | -                     | 2,003               | -                             | 2,003                 |
| Total Accumulated Depreciation                | <u>70,268,523</u>     | <u>6,208,857</u>    | <u>(225,819)</u>              | <u>76,251,561</u>     |
| Total Capital Assets being Depreciated (Net)  | <u>189,385,824</u>    | <u>(791,962)</u>    | <u>-</u>                      | <u>188,593,862</u>    |
| Governmental Activities Capital Assets (Net)  | <u>\$ 204,437,981</u> | <u>\$ (768,405)</u> | <u>\$ -</u>                   | <u>\$ 203,669,576</u> |

Internal Service Fund capital assets detailed below are included with the Governmental Activities in the Statement of Net Assets and are included in the previous recap of governmental activities' capital assets.

|                          | Internal Service<br>Fund |
|--------------------------|--------------------------|
| Machinery and Equipment  | \$ 53,859                |
| Accumulated Depreciation | (31,849)                 |
| Net Capital Assets       | <u>\$ 22,010</u>         |

| Business-Type Activities<br>Nonmajor Enterprise Fund | Balance<br>7/1/10 | Increases         | Decrease    | Balance<br>6/30/11 |
|--|-------------------|-------------------|-------------|--------------------|
| <b>Capital assets being depreciated:</b>             |                   |                   |             |                    |
| Furniture and Equipment                              | \$ 82,206         | \$ -              | \$ -        | \$ 82,206          |
|  | <u>82,206</u>     | <u>-</u>          | <u>-</u>    | <u>82,206</u>      |
| <b>Less accumulated depreciation for:</b>            |                   |                   |             |                    |
| Furniture and Equipment                              | 68,963            | 3,548             | -           | 72,511             |
| Total Accumulated Depreciation                       | <u>68,963</u>     | <u>3,548</u>      | <u>-</u>    | <u>72,511</u>      |
| Total Capital Assets being Depreciated (Net)         | <u>13,243</u>     | <u>(3,548)</u>    | <u>-</u>    | <u>9,695</u>       |
| Business-Type Activities Capital Assets (Net)        | <u>\$ 13,243</u>  | <u>\$ (3,548)</u> | <u>\$ -</u> | <u>\$ 9,695</u>    |

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 6 – CAPITAL ASSETS (Continued)**

Depreciation was charged to the following functions:

Governmental Activities:

|   |              |
|---|--------------|
| 11 – Instruction  | \$ 2,267,336 |
| 12 – Instruction and Instructional Related Services   | 147,194      |
| 13 – Curriculum & Instructional Staff Development   | 28,669       |
| 21 – Instructional Leadership   | 11,306       |
| 23 – School Leadership  | 74,876       |
| 31 – Guidance, Counseling, & Evaluation Service   | 39,766       |
| 32 – Social Work Services   | 6,912        |
| 33 – Health Services  | 11,300       |
| 34 – Student Transportation   | 371,202      |
| 35 – Food Services  | 298,262      |
| 36 – Cocurricular/Extracurricular   | 468,366      |
| 41 – General Administration   | 48,735       |
| 51 – Plant Maintenance and Operations   | 1,681,755    |
| 52 – Security and Monitoring Services   | 96,731       |
| 53 – Data Processing Services   | 642,806      |
| 61 – Community Services   | 3,025        |
|   | 6,198,241    |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets. | 10,616       |
| Total depreciation expense-governmental activities  | \$ 6,208,857 |

Business – Type Activities:

|   |          |
|---|----------|
| Nonmajor funds – Project Safe and Secure Depreciation | \$ 3,548 |
|---|----------|

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES**

Interfund receivable and payable balances at June 30, 2011 were:

| Due to                      | Due From                    |              |
|-----------------------------|-----------------------------|--------------|
| General Fund                | Nonmajor Governmental Funds | \$ 805,611   |
| General Fund                | Fiduciary Fund              | 5,570        |
| Nonmajor Governmental Funds | Nonmajor Governmental Funds | 3,420,090    |
|                             | Due From Other Funds        | 4,231,271    |
| Internal Service Fund       | General Fund                | 1,391,053    |
| Internal Service Fund       | Nonmajor Governmental Funds | 315,973      |
|                             | Sub-Total                   | 5,938,297    |
| Fiduciary Fund              | General Fund                | (5,570)      |
|                             | Due To Other Funds          | \$ 5,932,727 |

The balances result from a routine lag between the dates that transactions such as year-end payroll accruals, worker's compensation adjustments and other year-end accruals are recorded in the accounting system and payments between the funds are made. All amounts are scheduled to be repaid within one year.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES (Continued)**

Transfers between funds – The project safe and secure fund provided funds of \$156,998 to the General Fund and the General Fund provided funds of \$24,506 to the Internal Service Fund Print Shop for current operations.

**NOTE 8 – DISAGGREGATION OF RECEIVABLES AND PAYABLES**

Receivables and payables as of June 30, 2011 for the District’s individual major, nonmajor, and internal service funds in the aggregate are as follows:

|                               | General<br>Fund      | Nonmajor<br>Governmental<br>Funds | Internal<br>Service<br>Fund | Total<br>Governmental<br>Funds | Nonmajor<br>Enterprise<br>Funds |
|-------------------------------|----------------------|-----------------------------------|-----------------------------|--------------------------------|---------------------------------|
| Property Taxes                | \$ 6,644,180         | \$ 732,299                        | \$ -                        | \$ 7,376,479                   | \$ -                            |
| Other Receivables:            |                      |                                   |                             |                                |                                 |
| Miscellaneous                 | \$ 6,539             | \$ -                              | \$ -                        | \$ 6,539                       | \$ 465                          |
| E-Rate Credit                 | 539,105              | 8,833                             | -                           | 547,938                        | -                               |
| Rebate, Stop Loss Receivables | -                    | -                                 | 416,710                     | 416,710                        | -                               |
| Total                         | <u>\$ 545,644</u>    | <u>\$ 8,833</u>                   | <u>\$ 416,710</u>           | <u>\$ 971,187</u>              | <u>\$ 465</u>                   |
| Accrued Liabilities:          |                      |                                   |                             |                                |                                 |
| Accrued Wages Payable         | \$ 13,866,528        | \$ 5,782,332                      | \$ -                        | \$ 19,648,860                  | \$ 227                          |
| Payroll Deduction             | 201,809              | -                                 | -                           | 201,809                        | -                               |
| Claims Payable                | -                    | -                                 | 5,958,273                   | 5,958,273                      | -                               |
| Arbitrage Payable             | -                    | 23,536                            | -                           | 23,536                         | -                               |
| Total                         | <u>\$ 14,068,337</u> | <u>\$ 5,805,868</u>               | <u>\$ 5,958,273</u>         | <u>\$ 25,832,478</u>           | <u>\$ 227</u>                   |

Other Receivables do not have any allowances associated with them. See Note 14 for further detail regarding risk financing and claims payable.

**NOTE 9 - DUE TO AND FROM OTHER GOVERNMENTS**

Amounts due to and from other governments are reflected in the following funds:

|                                    | General Fund         | Nonmajor<br>Governmental<br>Funds | Total                |
|------------------------------------|----------------------|-----------------------------------|----------------------|
| <u>Due From Other Governments:</u> |                      |                                   |                      |
| Federal /State Funding:            |                      |                                   |                      |
| Texas Education Agency             | \$ 20,016,072        | \$ 11,187,489                     | \$ 31,203,561        |
| Texas Department of Agriculture:   |                      |                                   |                      |
| National School Lunch/Breakfast    | 334,234              | -                                 | 334,234              |
| Others                             | -                    | 644,650                           | 644,650              |
| SHARS                              | 119,535              | -                                 | 119,535              |
| County of Hidalgo Tax Collections  | 486,163              | 53,500                            | 539,663              |
|                                    | <u>\$ 20,956,004</u> | <u>\$ 11,885,639</u>              | <u>\$ 32,841,643</u> |
| <u>Due To Other Governments:</u>   |                      |                                   |                      |
| Due to Texas Education Agency      | \$ 349,158           | \$ 12,798                         | \$ 361,956           |
|                                    | <u>\$ 349,158</u>    | <u>\$ 12,798</u>                  | <u>\$ 361,956</u>    |



MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 10 – UNEARNED REVENUE**

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

As of June 30, 2011 the various components of unearned revenue reported in the governmental funds were as follows:

|   | Unavailable  | Unearned   |
|---|--------------|------------|
| Property Taxes                              | \$ 6,440,584 | \$ -       |
| Food Service Commodities                    | -            | 248,303    |
| Summary of Finances                         | -            | 182,957    |
| Advances on Tuition                         |              | 35,585     |
| Receipts in Excess of Expenditures - Grants | -            | 69,918     |
|   | \$ 6,440,584 | \$ 536,763 |

**NOTE 11 - GENERAL FUND FEDERAL SOURCE REVENUES**

The following summarizes general fund federal program revenues:

|   | CFDA Number    | Amount        |
|---|----------------|---------------|
| National School Lunch/Breakfast                                 | 10.555/10.553  | \$ 10,827,418 |
| Commodity Supplemental Food Program                             | 10.555         | 864,045       |
| NSLP Equipment Assistance ARRA                                  | 10.579         | 38,921        |
| Impact Aid-P.L. 81.874  | 84.041         | 3,096         |
| R.O.T.C. Program  | 12.000         | 183,330       |
| Medicaid  | Not Applicable | 1,773,136     |
| Indirect Cost Revenue:  |                |               |
| Title I, Part A-Improvement Basic Programs                      | 84.010A        | 190,400       |
| Title I, Part A-ARRA/STIMULUS                                   | 84.389A        | 50,098        |
| ESEA Title I Part C-Education of Migratory Children             | 84.011A        | 11,621        |
| IDEA-B Formula  | 84.027A        | 49,634        |
| IDEA-B Preschool  | 84.173A        | 455           |
| ARRA-IDEA-B Formula   | 84.391A        | 34,530        |
| ARRA-IDEA-B Preschool   | 84.392A        | 2,430         |
| ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act | 84.186A        | 50            |
| Title III Part A Limited English Proficient Program             | 84.365A        | 17,510        |
| Title III Part A Immigrant                                      | 84.365A        | 11,493        |
| Title II Part D Enhancing Education through Technology          | 84.318X        | 631           |
| ARRA-TTL II, D Technology                                       | 84.386A        | 3,597         |
| ARRA TTL XIV SFSF   | 84.394A        | 191,595       |
| SSA IDEA-B Discretionary  | 84.027A        | 1,011         |
| SSA IDEA-B Deaf   | 84.027A        | 1,250         |
| SSA IDEA-B Preschool Deaf                                       | 84.173A        | 57            |
| ESEA Title II Part A Teacher & Principal Training & Recruiting  | 84.367A        | 35,526        |
| Career and Technical-Basic Grant                                | 84.048A        | 5,539         |
| Gear Up   | 84.334A        | 2,028         |
| FIE Earmark Grant Awards  | 84.215K        | (211)         |
| Teaching American History Grants                                | 84.215X        | 4,551         |
| Project ARTScope  | 84.351C        | 2,986         |
| McAllen SAFE (Student Are First in Education)                   | 84.184L        | 11,165        |
| Readiness and Emergency Management for Schools                  | 84.184E        | 575           |
| Total For General Fund  |                | \$ 14,318,467 |

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 12 - LONG-TERM OBLIGATIONS**

**Governmental Activities.**

*Long-Term Debt.*

Changes in debt long-term obligations for the year ended June 30, 2011 are as follows:

| Governmental<br>Activities       | Beginning Balance<br>7/1/2010 | Increase          | Decrease            | Ending Balance<br>6/30/2011 | Due within<br>One Year |
|----------------------------------|-------------------------------|-------------------|---------------------|-----------------------------|------------------------|
| General Obligation               |                               |                   |                     |                             |                        |
| Bonds Payable                    | \$ 114,960,991                | \$ -              | \$ 4,208,299        | \$ 110,752,692              | \$ 4,464,885           |
| Gain on Refunding                | 68,400                        | -                 | 3,600               | 64,800                      | -                      |
| Premium on Bonds                 | 3,435,163                     | -                 | 203,918             | 3,231,245                   | -                      |
| Accretion of Bonds               | <u>1,208,019</u>              | <u>223,449</u>    | <u>406,701</u>      | <u>1,024,767</u>            | <u>550,115</u>         |
| Sub-Total Bonds                  | 119,672,573                   | 223,449           | 4,822,518           | 115,073,504                 | 5,015,000              |
| Loans Payable                    | 491,789                       | -                 | 453,414             | 38,375                      | 38,375                 |
| Compensated Absences             | 474,095                       | 66,580            | 120,095             | 420,580                     | 61,380                 |
| Capital Leases                   | <u>-</u>                      | <u>74,620</u>     | <u>24,873</u>       | <u>49,747</u>               | <u>24,873</u>          |
| Total Governmental<br>Activities | <u>\$ 120,638,457</u>         | <u>\$ 364,649</u> | <u>\$ 5,420,900</u> | <u>\$ 115,582,206</u>       | <u>\$ 5,139,628</u>    |

All long-term debt listed above, excluding bonds payable, and capital leases which are expected to be funded through grants, will be paid by the General Fund.

Loans Payable

Loans payable are comprised of the following at June 30, 2011:

|   |                  |
|---|------------------|
| Contractual obligation in one annual payments of \$40,333<br>including interest at 5.10% through 2013. Code Sec. 61.003 | <u>\$ 38,375</u> |
|---|------------------|

Loan requirements to term are as follows:

| Year Ending<br>June 30, | Loans Payable    |                 | Total<br>Requirements |
|-------------------------|------------------|-----------------|-----------------------|
|                         | Principal        | Interest        |                       |
| 2012                    | <u>\$ 38,375</u> | <u>\$ 1,958</u> | <u>\$ 40,333</u>      |
|                         | <u>\$ 38,375</u> | <u>\$ 1,958</u> | <u>\$ 40,333</u>      |

Bonds Payable

Bonds payable at June 30, 2011 are comprised of the following:

Unlimited Tax School Building and Refunding Bonds:

|  |                       |
|--|-----------------------|
| \$118,066,357 Series 2005 due in varying installments<br>through 2030, interest at 3.00% to 5.00%. | \$ 104,852,692        |
| \$5,900,000 Series 2008 due in varying installments<br>through 2018, interest at 3.16% to 3.50%.   | 5,900,000             |
| Accretion on 2005 Capital Appreciation Bonds   | <u>1,024,767</u>      |
|  | <u>\$ 111,777,459</u> |

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 12 - LONG-TERM OBLIGATIONS (Continued)**

Debt service requirements are as follows:

| Year Ending<br>June 30,    | Bonds Payable         |               | Total<br>Requirements |
|----------------------------|-----------------------|---------------|-----------------------|
|                            | Principal             | Interest      |                       |
| 2012                       | \$ 5,015,000          | \$ 5,222,488  | \$ 10,237,488         |
| 2013                       | 5,265,000             | 5,093,488     | 10,358,488            |
| 2014                       | 5,790,000             | 4,956,988     | 10,746,988            |
| 2015                       | 6,175,000             | 4,667,488     | 10,842,488            |
| 2016                       | 6,195,000             | 4,372,387     | 10,567,387            |
| 2017-2021                  | 28,800,000            | 17,313,788    | 46,113,788            |
| 2022-2026                  | 27,420,000            | 10,734,688    | 38,154,688            |
| 2027-2030                  | 27,305,000            | 3,319,300     | 30,624,300            |
|                            | 111,965,000           | \$ 55,680,615 | \$ 167,645,615        |
| Less: Amounts Not Accreted | (187,541)             |               |                       |
|                            | <u>\$ 111,777,459</u> |               |                       |

Capital Leases Payable – Governmental Funds

Capital leases payable at June 30, 2011 are as follows:

Capital lease payable for ironport web in one annual payments of \$24,873 including interest at 0% through 2013. Code Sec. 61.003 \$ 49,747

Capital lease requirements to term are as follows:

| Year Ending<br>June 30, | Leases Payable   |             | Total<br>Requirements |
|-------------------------|------------------|-------------|-----------------------|
|                         | Principal        | Interest    |                       |
| 2012                    | 24,873           | \$ -        | \$ 24,873             |
| 2013                    | 24,874           | -           | 24,874                |
|                         | <u>\$ 49,747</u> | <u>\$ -</u> | <u>\$ 49,747</u>      |

The capital lease agreement qualifies as capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The asset acquired through capital lease is as follows:

|                                | Governmental<br>Activities |
|--------------------------------|----------------------------|
| Property under Capital lease   | \$ 74,620                  |
| Less: Accumulated Depreciation | (2,004)                    |
|                                | <u>72,616</u>              |

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 12 - LONG-TERM OBLIGATIONS (Continued)**

Advance Refunding

In 2005, the District advance refunded \$6,945,000, Series 1998 Bonds, and \$16,690,000, Series 1999 Bonds. The District issued \$6,945,000 and \$16,690,000 of Bonds to provide resources to cover 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 liability for the defeased bonds is not included in the District's financial statements.

At June 30, 2011, \$16,295,000 of outstanding bonds is considered defeased.

Compensated Absences

It is the District's policy to allow employees to accumulate earned but unused state and local personal and sick leave days. Any employee who retires through the Teacher Retirement System of Texas shall be entitled to a one-time payment of local days, with a limit of 75 days. Payment to professional employees is limited to \$7,500 or 75 days at \$100 a day. Payment to paraprofessionals and auxiliary personnel is limited to a maximum of \$2,625 or 75 days at \$35 a day.

**NOTE 13 - PENSION PLAN OBLIGATIONS**

*Plan Description.* The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 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](http://www.trs.state.tx.us), under the TRS Publications heading.

*Funding Policy.* State law provides for fiscal years 2011, 2010, and 2009, a state contribution rate of 6.58% for 2010-2011 and a member contribution rate of 6.4%. Effective January 1, 2010 the state contribution rate increased to 6.644%. In certain instances the reporting district is required to make all or a portion of the state's 6.58% or 6.644% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a 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. The District's employees' contributions to the System for the years ending June 30, 2011, and 2010, and August 31, 2009, \$8,679,369, \$7,467,691, and \$9,029,241 respectively, equal to the required contributions for each year.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 13 - PENSION PLAN OBLIGATIONS** *(Continued)*

State matching for the years ended June 30, 2011 and 2010, and August 31, 2009 were \$9,010,270, \$7,721,548, and \$9,283,188 respectively. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending June 30, 2011, and 2010, and August 31, 2009 were \$1,170,363, \$1,891,066, and \$2,242,541 respectively, equal to the required contributions for each year.

The contributions made by the State on behalf of the District have been recorded in the government-wide financial statements and in the fund financial statement of the General Fund as both state revenues and payroll expenditures.

Deferred Compensation Plan

The District offered its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan was available to all District employees and permitted them to defer a portion of their salary until future years. The deferred compensation plan is no longer available to employees. These accumulated funds are accounted for in a fiduciary fund and are for distribution only.

**NOTE 14 - RISK MANAGEMENT**

*A. General*

During the period July 1, 2010 through June 30, 2011, the District participated in a public entity risk pool (the Program) for all significant governmental functions claims. The more significant of these includes \$1,000,000 of general liability insurance and property insurance covering District buildings and properties in an aggregate amount of approximately \$513,295,885. Provisions of the Program require annual contributions based on a risk-funding plan developed by the Program. In addition, the terms of the Program allow the Program to collect an adjusted contribution if the Program's operations for any given fund year are inadequate to pay the ultimate cost of claims incurred in that fund year.

This adjusted contribution may be collected from a member who no longer participates in the Program if the year was attributable to a member's participation year. The Program shall provide excess coverage to ensure the Program's financial integrity.

There were no reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

*B. Health and Dental Benefit Plan*

During the year ended June 30, 2011, employees of the McAllen Independent School District were covered by a health and dental care insurance plan (the Plan) which is accounted for in the Internal Service Fund. The District contributed premiums of an average of \$369 per month per employee to the Plan; and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. The Plan was authorized by Section 21.922, Texas Education Code, and was documented by contractual agreement.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 14 - RISK MANAGEMENT (Continued)**

The contract between the McAllen Independent School District and the third-party administrator is renewable each October 1, and terms of coverage and contribution costs are included in the contractual provisions. In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through The Reliastar Life Insurance Company, a commercial insurer eligible to do business in Texas in accordance with the Texas Insurance Code.

For the plan year stop-loss coverage was in effect for individual claims exceeding \$150,000. Minimum aggregate retention was \$18,238,646 with a \$2,000,000 maximum aggregate benefit. Management believes that adequate funding plans have been made for all incurred and anticipated claims at June 30, 2011.

*C. Worker's Compensation*

The District has a self-insured worker's compensation program which is accounted for in the Internal Service Fund. The District is self-insured for individual claims up to \$250,000. Minimum aggregate retention is 98% of manual premiums of \$2,576,170 with a maximum aggregate benefit of \$2,000,000. Management believes that adequate funding has been made for all incurred and anticipated claims at June 30, 2011.

*D. Accrued Liabilities*

The claims for worker's compensation insurance and health and dental insurance liability of \$5,958,273 reported in the Internal Service Fund at June 30, 2011 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the Fund's claims liability amount in fiscal year 2011 and 2010 were:

|  | 2011                 |                          | 2010                 |                          |
|--|----------------------|--------------------------|----------------------|--------------------------|
|  | Health<br>and Dental | Worker's<br>Compensation | Health<br>and Dental | Worker's<br>Compensation |
| Beginning of Fiscal Year Claims Liability    | \$ 1,808,080         | \$ 5,102,373             | \$ 2,205,131         | \$ 4,971,440             |
| Current Year Claims and Changes in Estimates | 15,833,469           | 1,155,695                | 18,273,114           | 1,245,395                |
| Claim payments, net of stop loss             | <u>(16,789,923)</u>  | <u>(1,151,421)</u>       | <u>(18,670,165)</u>  | <u>(1,114,462)</u>       |
| End of Fiscal Year Claims Liability          | <u>\$ 851,626</u>    | <u>\$ 5,106,647</u>      | <u>\$ 1,808,080</u>  | <u>\$ 5,102,373</u>      |

**NOTE 15 – REVENUES**

Revenues of the District consist of the following:

Local, intermediate, and out-of-state revenues are comprised primarily of property taxes received, food sales, co-curricular activity receipts, investment income and miscellaneous other receipts.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 15 – REVENUES (Continued)**

State program revenues are primarily comprised of foundation monies received from the Texas Education Agency and other miscellaneous state program reimbursements.

Federal program revenues include all federal grants direct from federal agencies or passed through from the Texas Education Agency or other state and local entities.

**NOTE 16 - OTHER FINANCING SOURCES**

Other resources during the fiscal year were as follows:

|                                   | General<br>Fund   | Nonmajor<br>Governmental<br>Funds | Internal<br>Service<br>Fund | Nonmajor<br>Enterprise<br>Fund |
|-----------------------------------|-------------------|-----------------------------------|-----------------------------|--------------------------------|
| Other Sources:                    |                   |                                   |                             |                                |
| Sale of Real or Personal Property | \$ 28,892         | \$ 5,220                          | \$ 393                      | \$ -                           |
| Proceeds from Capital Leases      | 74,620            | -                                 | -                           | -                              |
| Transfers In                      | 156,998           | -                                 | 24,506                      | -                              |
| Transfers Out                     | (24,506)          | -                                 | -                           | (156,998)                      |
|                                   | <u>\$ 236,004</u> | <u>\$ 5,220</u>                   | <u>\$ 24,899</u>            | <u>\$ (156,998)</u>            |

**NOTE 17 – OPERATING LEASE COMMITMENTS**

The District has operating leases for computer and office equipment. Rental expenditures during 2011 totaled \$734,426 for governmental activities and \$89,261 for business-type activities. Commitments under lease agreements as of June 30, 2011 provide for future minimum lease obligations as follows:

| Year Ending<br>June 30, | Governmental<br>Activities | Business-Type<br>Activities |
|-------------------------|----------------------------|-----------------------------|
| 2012                    | 32,844                     | 252,286                     |
| 2013                    | 32,844                     | 252,286                     |
| 2014                    | 5,474                      | 113,723                     |
|                         | <u>\$ 71,162</u>           | <u>\$ 618,295</u>           |

**NOTE 18 - LOCAL AND INTERMEDIATE SOURCES**

Local and intermediate revenues in Governmental Fund Types consist of 91% of property taxes, penalties & interest, 2% of SSA-Local Revenue from Districts served, 1% of Co-Curricular Student Activities and 1% of Food Service Activities.

**NOTE 19 – SHARED SERVICE ARRANGEMENT**

The District is the fiscal agent for a Shared Service Arrangement (SSA) which provides deaf education services to member districts whose students are enrolled in the Regional Day School Program for the Deaf. In addition to the District, other member districts include Donna ISD, Edcouch-Elsa ISD, Edinburg CISD, Hidalgo ISD, IDEA Public Schools, Information Referral Resource Assistance Inc., La Feria ISD, La Joya ISD, La Villa ISD, Mercedes ISD, Mission CISD, Monte Alto ISD, Pharr-San Juan-Alamo ISD, Progreso ISD, Rio Grande City ISD, Roma ISD, Santa Maria ISD, Sharyland ISD, Valley View ISD and Weslaco ISD.

**MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE 19 – SHARED SERVICE ARRANGEMENT (Continued)**

The District, acting as the fiscal agent, receives monies from the granting agencies and administers the program. The fiscal agent is responsible for employment of personnel, budgeting, accounting and reporting. According to guidance provided in Texas Education Agency’s Resource Guide, the District has accounted for the activities of the SSA in the appropriate Special Revenue Funds. Additionally the SSA is accounted for using the Accounting and Reporting Treatment Guidance section of the Resource Guide.

According to the SSA agreement, costs incurred by the SSA shall be divided among the Member Districts in proportion to the number of students each member district attending the Regional School. Expenditures allocated to the SSA members as of June 30, 2011 are summarized below:

| Member District        | Fund              |                  |                 |                     | Total               |
|------------------------|-------------------|------------------|-----------------|---------------------|---------------------|
|                        | 315               | 316              | 317             | 435                 |                     |
| Donna                  | \$ 10,489         | \$ 5,208         | \$ 309          | \$ 202,423          | \$ 218,429          |
| Edcouch-Elsa           | 1,499             | 744              | 309             | 44,005              | 46,557              |
| Edinburg               | 11,489            | 5,704            | 309             | 220,025             | 237,527             |
| Hidalgo                | 999               | 496              | -               | 17,602              | 19,097              |
| IDEA                   | 1,499             | 744              | -               | 26,403              | 28,646              |
| IRRA                   | -                 | -                | -               | -                   | -                   |
| La Feria               | 500               | 248              | -               | 8,801               | 9,549               |
| La Joya                | 23,478            | 11,654           | 618             | 457,651             | 493,401             |
| La Villa               | 500               | 248              | -               | 8,801               | 9,549               |
| McAllen                | 21,980            | 10,911           | 463             | 448,850             | 482,204             |
| Mercedes               | 4,496             | 2,232            | 309             | 114,413             | 121,450             |
| Mission                | 7,993             | 3,968            | -               | 149,617             | 161,578             |
| Monte Alto             | -                 | -                | -               | 8,801               | 8,801               |
| Progreso               | 999               | 496              | -               | 17,602              | 19,097              |
| PSJA                   | 17,984            | 8,927            | 463             | 378,443             | 405,817             |
| RGC                    | 7,993             | 3,968            | -               | 140,816             | 152,777             |
| Roma                   | 4,995             | 2,480            | 155             | 114,413             | 122,043             |
| Santa Maria            | 500               | 248              | -               | 8,801               | 9,549               |
| Sharyland              | 500               | 248              | 309             | 26,403              | 27,460              |
| Valley View            | 999               | 496              | 155             | 26,403              | 28,053              |
| Weslaco                | 14,486            | 7,192            | -               | 255,229             | 276,907             |
| <b>Total Allocated</b> | <b>\$ 133,378</b> | <b>\$ 66,212</b> | <b>\$ 3,399</b> | <b>\$ 2,675,502</b> | <b>\$ 2,878,491</b> |

**NOTE 20 – CONSTRUCTION COMMITMENTS**

At June 30, 2011 the District had remaining construction commitments:

| Project          | Authorization | Expended  | Remaining | Sources                |
|------------------|---------------|-----------|-----------|------------------------|
| Seguin Pavillion | \$ 107,500    | \$ 19,667 | \$ 87,833 | General Fund/Donations |
| Perez Pavillion  | 99,995        | 3,870     | 96,125    | General Fund/Donations |



MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 21 – CONTINGENT LIABILITIES**

- A. The District participates in a number of state and federally assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be finally determined at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.
- B. The District is independently self-insured for health and dental and worker's compensation insurance. Claims paid are reported in the Internal Service Fund. Claims incurred but not reported have been considered in determining the accrual for claims and the District management believes adequate accruals have been provided at June 30, 2011.
- C. The District is involved in various legal proceedings arising from its operations. Management in consultation with its attorneys believes the outcomes will have no material effect on the District's financial position. Also, there is a matter pending before the Texas Commissioner of Education. The matter concerns whether the District met its statutory obligations in setting the 2010-2011 salaries for certain positions. If the proposal for decision is ultimately upheld, after any subsequent legal appeals, the amount of potential additional salaries owed to those employees for the 2010-2011 and 2009-2010 school years is estimated to be \$2,076,874.
- D. The District participates in a public entity risk pool for all significant governmental functions. The District believes any adjustments to premiums for claims would be immaterial.

**NOTE 22 – RETIREE HEALTH CARE PLAN**

*Plan Description.* The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit post employment health care plan administered by the Teacher Retirement System of Texas (TRS). 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-Care. That report may be obtained by visiting the TRS web site at [www.trs.state.tx.us](http://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 by 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 the years ended June 30, 2011 and 2010 and August 31, 2009. 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 June 30, 2011, and 2010 and August 31, 2009, the State's contributions to TRS-Care were \$1,356,154, \$1,166,827, and \$1,410,819 respectively, the active member contributions were \$673,816, \$758,437, and \$917,032 respectively, were recognized by the District, and the District's contributions were \$745,883, \$641,755, and \$775,950 respectively, which equaled the required contributions each year.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 22 – RETIREE HEALTH CARE PLAN (Continued)**

*Medicare Part D – On Behalf Payments for Reporting Entities*

Funding Policy. The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries, also known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. The amount of subsidy reimbursement received by TRS on behalf of the District for the period ending June 30, 2011 and 2010 and August 31, 2009, was estimated at \$396,132, \$308,099, and \$356,867, respectively, and were recognized by the District.

The contributions made by the State on behalf of the District have been recorded in the government-wide financial statements and in the fund financial statement of the General Fund as both state revenues and payroll expenditures.

**NOTE 23 – FUND BALANCE**

The District has classified its fund balances with the following hierarchy:

Nonspendable: The District has inventories totaling \$749,500 that are classified as nonspendable.

Spendable: The District has classified the spendable fund balances as *Restricted, Committed and Unassigned* and considered each to have been spent when expenditures are incurred. The District currently has no funds classified as *Assigned*.

- Restricted for Food Service, Federal and State Programs, Debt Service and Capital Projects:

Federal Laws, Texas Statutes and local ordinances require that certain revenues be specifically designed for the purposes of food service, federal and state programs, debt service, and capital projects. The funds have been included in restricted category of fund balance. The restricted fund balances totaled \$14,936,123 and represented \$1,149,214 in food service, \$9,013,333 in state programs, \$4,426,902 in debt service and \$346,674 in capital projects.

- Committed for School Operations:

The School Board has set aside certain spendable fund balance for school operations. At year end, the committed fund balance is \$738,776 which is for Campus Activity Funds.

- Unassigned:

The unassigned fund balance for the General Fund is \$33,785,944.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011

**NOTE 23 – FUND BALANCE (Continued)**

| Description                       | General<br>Fund             | Other Governmental Funds   |                            |                          | Total<br>Governmental<br>Funds |
|-----------------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|--------------------------------|
|                                   |                             | Special<br>Revenue Fund    | Debt<br>Service            | Capital<br>Projects      |                                |
| <b>Fund Balances:</b>             |                             |                            |                            |                          |                                |
| <b>Nonspendable:</b>              |                             |                            |                            |                          |                                |
| <b>Inventories:</b>               |                             |                            |                            |                          |                                |
| General Fund                      | \$ 419,082                  | \$ -                       | \$ -                       | \$ -                     | \$ 419,082                     |
| Food Service                      | 330,418                     | -                          | -                          | -                        | 330,418                        |
| <b>Restricted:</b>                |                             |                            |                            |                          |                                |
| Food Service                      | 1,149,214                   | -                          | -                          | -                        | 1,149,214                      |
| State Programs                    | 5,912,795                   | 3,100,538                  | -                          | -                        | 9,013,333                      |
| Debt Service                      | -                           | -                          | 4,426,902                  | -                        | 4,426,902                      |
| <b>Other restrictions of Fund</b> |                             |                            |                            |                          |                                |
| Balance - Capital Projects        | -                           | -                          | -                          | 346,674                  | 346,674                        |
| <b>Committed:</b>                 |                             |                            |                            |                          |                                |
| School Operations                 | -                           | 738,776                    | -                          | -                        | 738,776                        |
| <b>Unassigned:</b>                |                             |                            |                            |                          |                                |
|                                   | <u>33,785,944</u>           | <u>-</u>                   | <u>-</u>                   | <u>-</u>                 | <u>33,785,944</u>              |
| <b>Total Fund Balance</b>         | <b><u>\$ 41,597,453</u></b> | <b><u>\$ 3,839,314</u></b> | <b><u>\$ 4,426,902</u></b> | <b><u>\$ 346,674</u></b> | <b><u>\$ 50,210,343</u></b>    |

The District has not established a contingency reserve or “Rainy Day Fund” but monitors an optimum fund balance that targets an estimated two months average cash disbursements balance.



## **REQUIRED SUPPLEMENTARY INFORMATION**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT G-1

Page 1 of 2

| Data Control Codes                            |  | 1                  |                    | 2                  |    | 3                |  | Variance with Final Budget Positive (Negative) |
|---|--|--------------------|--------------------|--------------------|----|------------------|--|--|
|   |  | Budgeted Amounts   |                    |                    |    | Actual           |  |  |
|   |  | Original           | Final              |                    |    |                  |  |  |
| <b>REVENUES:</b>                              |  |                    |                    |                    |    |                  |  |  |
| 5700  | Local and Intermediate Sources               | \$ 66,909,870      | \$ 66,954,831      | \$ 66,451,790      | \$ | (503,041)        |  |  |
| 5800  | State Program Revenues                       | 98,330,535         | 101,294,774        | 101,682,859        |    | 388,085          |  |  |
| 5900  | Federal Program Revenues                     | 11,763,561         | 13,531,209         | 14,318,468         |    | 787,259          |  |  |
| 5020  | Total Revenues                               | <u>177,003,966</u> | <u>181,780,814</u> | <u>182,453,117</u> |    | <u>672,303</u>   |  |  |
| <b>EXPENDITURES:</b>                          |  |                    |                    |                    |    |                  |  |  |
| Current:                                      |  |                    |                    |                    |    |                  |  |  |
| Instruction & Instructional Related Services: |  |                    |                    |                    |    |                  |  |  |
| 0011  | Instruction                                  | 94,291,622         | 92,776,301         | 89,521,956         |    | 3,254,345        |  |  |
| 0012  | Instructional Resources and Media Services   | 3,604,139          | 3,682,788          | 3,610,272          |    | 72,516           |  |  |
| 0013  | Curriculum and Staff Development             | 2,160,290          | 1,768,744          | 1,377,603          |    | 391,141          |  |  |
|   | Total Instruction & Instr. Related Services  | <u>100,056,051</u> | <u>98,227,833</u>  | <u>94,509,831</u>  |    | <u>3,718,002</u> |  |  |
| Instructional and School Leadership:          |  |                    |                    |                    |    |                  |  |  |
| 0021  | Instructional Leadership                     | 2,047,705          | 2,106,244          | 1,878,888          |    | 227,356          |  |  |
| 0023  | School Leadership                            | 10,921,917         | 11,067,002         | 10,518,782         |    | 548,220          |  |  |
|   | Total Instructional & School Leadership      | <u>12,969,622</u>  | <u>13,173,246</u>  | <u>12,397,670</u>  |    | <u>775,576</u>   |  |  |
| Support Services - Student (Pupil):           |  |                    |                    |                    |    |                  |  |  |
| 0031  | Guidance, Counseling and Evaluation Services | 7,243,865          | 7,323,477          | 7,008,273          |    | 315,204          |  |  |
| 0032  | Social Work Services                         | 759,320            | 813,531            | 785,588            |    | 27,943           |  |  |
| 0033  | Health Services                              | 2,122,688          | 2,263,823          | 2,114,577          |    | 149,246          |  |  |
| 0034  | Student (Pupil) Transportation               | 4,203,296          | 4,010,437          | 3,470,772          |    | 539,665          |  |  |
| 0035  | Food Services                                | 12,270,967         | 13,321,458         | 12,920,771         |    | 400,687          |  |  |
| 0036  | Cocurricular/Extracurricular Activities      | 6,188,641          | 6,195,863          | 6,049,720          |    | 146,143          |  |  |
|   | Total Support Services - Student (Pupil)     | <u>32,788,777</u>  | <u>33,928,589</u>  | <u>32,349,701</u>  |    | <u>1,578,888</u> |  |  |
| Administrative Support Services:              |  |                    |                    |                    |    |                  |  |  |
| 0041  | General Administration                       | 5,009,907          | 5,069,893          | 4,854,330          |    | 215,563          |  |  |
|   | Total Administrative Support Services        | <u>5,009,907</u>   | <u>5,069,893</u>   | <u>4,854,330</u>   |    | <u>215,563</u>   |  |  |
| Support Services - Nonstudent Based:          |  |                    |                    |                    |    |                  |  |  |
| 0051  | Plant Maintenance and Operations             | 19,671,495         | 19,519,193         | 18,901,281         |    | 617,912          |  |  |
| 0052  | Security and Monitoring Services             | 2,221,353          | 2,457,546          | 2,151,987          |    | 305,559          |  |  |
| 0053  | Data Processing Services                     | 2,450,737          | 3,003,114          | 2,852,206          |    | 150,908          |  |  |
|   | Total Support Services - Nonstudent Based    | <u>24,343,585</u>  | <u>24,979,853</u>  | <u>23,905,474</u>  |    | <u>1,074,379</u> |  |  |
| Ancillary Services:                           |  |                    |                    |                    |    |                  |  |  |
| 0061  | Community Services                           | 68,084             | 59,669             | 28,488             |    | 31,181           |  |  |
|   | Total Ancillary Services                     | <u>68,084</u>      | <u>59,669</u>      | <u>28,488</u>      |    | <u>31,181</u>    |  |  |
| Debt Service:                                 |  |                    |                    |                    |    |                  |  |  |
| 0071  | Principal on Long-Term Debt                  | 273,262            | 298,236            | 298,130            |    | 106              |  |  |
| 0072  | Interest and fees on Long-Term Debt          | 16,463             | 16,463             | 16,457             |    | 6                |  |  |
|   | Total Debt Service                           | <u>289,725</u>     | <u>314,699</u>     | <u>314,587</u>     |    | <u>112</u>       |  |  |
| Capital Outlay:                               |  |                    |                    |                    |    |                  |  |  |
| 0081  | Capital Outlay                               | 1,000,000          | 538,830            | 504,987            |    | 33,843           |  |  |
|   | Total Capital Outlay                         | <u>1,000,000</u>   | <u>538,830</u>     | <u>504,987</u>     |    | <u>33,843</u>    |  |  |
| Intergovernmental Charges:                    |  |                    |                    |                    |    |                  |  |  |
| 0095  | Payments to Juvenile Justice Alternative     |                    |                    |                    |    |                  |  |  |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT G-1

Page 2 of 2

| Data<br>Control<br>Codes |  | 1                    | 2                    | 3                    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------|--|----------------------|----------------------|----------------------|---|
|                          |  | Budgeted Amounts     |                      |                      |   |
|                          |  | Original             | Final                | Actual               |   |
| 0095                     | Education Programs                           | 20,000               | 13,200               | 8,769                | 4,431   |
| 0099                     | Other Intergovernmental Charges              | 658,215              | 600,301              | 599,650              | 651   |
|                          | Total Intergovernmental Charges              | <u>678,215</u>       | <u>613,501</u>       | <u>608,419</u>       | <u>5,082</u>  |
| 6030                     | Total Expenditures                           | <u>177,203,966</u>   | <u>176,906,113</u>   | <u>169,473,487</u>   | <u>7,432,626</u>  |
| 1100                     | Excess (Deficiency) of Revenues Over (Under) |                      |                      |                      |   |
| 1100                     | Expenditures                                 | <u>(200,000)</u>     | <u>4,874,701</u>     | <u>12,979,630</u>    | <u>8,104,929</u>  |
|                          | Other Financing Sources (Uses):              |                      |                      |                      |   |
| 7912                     | Sale of Real or Personal Property            | 200,000              | 25,760               | 28,892               | 3,132   |
| 7913                     | Proceeds from Capital Leases                 | --                   | 74,620               | 74,620               | --  |
| 7915                     | Transfers In                                 | --                   | 149,048              | 156,998              | 7,950   |
| 8911                     | Transfers Out                                | --                   | (30,000)             | (24,506)             | 5,494   |
| 7080                     | Total Other Financing Sources and (Uses)     | <u>200,000</u>       | <u>219,428</u>       | <u>236,004</u>       | <u>16,576</u>   |
| 1200                     | Net Change in Fund Balance                   | --                   | 5,094,129            | 13,215,634           | 8,121,505   |
| 0100                     | Fund Balance - Beginning                     | 28,381,818           | 28,381,818           | 28,381,819           | --  |
| 3000                     | Fund Balance - Ending                        | <u>\$ 28,381,818</u> | <u>\$ 33,475,947</u> | <u>\$ 41,597,453</u> | <u>\$ 8,121,505</u>                                     |





MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2011

A. *Budgets*

The official school original budget was prepared for adoption for required Governmental Fund Types by June 21, 2010. The budget was formally adopted by the Board of School Trustees at a duly advertised public meeting prior to the expenditure of funds. The Board also approved amendments throughout the year and the final amended budget by June 20, 2011. Expenditures may not legally exceed budgeted appropriations at the function level. Annual budgets were adopted for the General Fund and the Debt Service Fund on a basis consistent with generally accepted accounting principles. The Debt Service Fund budget comparison schedule is presented in the Other Schedules section of the financial statements.

B. *Encumbrances*

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at the time are to be either cancelled or appropriately provided for in the subsequent year's budget.



**COMBINING FUND STATEMENTS  
AND OTHER STATEMENTS**



**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

| Data<br>Control<br>Codes  | Special<br>Revenue<br>Funds            | Debt<br>Service<br>Fund | Capital<br>Projects<br>Fund<br><br>Capital<br>Projects | Total<br>Nonmajor<br>Governmental<br>Funds (See<br>Exhibit C-1) |                      |
|---------------------------|--|-------------------------|--|---|----------------------|
| <b>ASSETS:</b>            |  |                         |  |   |                      |
| 1110                      | Cash and Cash Equivalents              | \$ 796,901              | \$ 4,458,536   | \$ 409,279  | \$ 5,664,716         |
| 1225                      | Taxes Receivable, Net                  | --                      | 732,299  | --  | 732,299              |
| 1240                      | Due from Other Governments             | 11,832,138              | 53,501   | --  | 11,885,639           |
| 1260                      | Due from Other Funds                   | 3,420,090               | --   | --  | 3,420,090            |
| 1290                      | Other Receivables                      | 8,833                   | --   | --  | 8,833                |
| 1000                      | Total Assets                           | <u>\$ 16,057,962</u>    | <u>\$ 5,244,336</u>                                    | <u>\$ 409,279</u>   | <u>\$ 21,711,577</u> |
| <b>LIABILITIES:</b>       |  |                         |  |   |                      |
| Current Liabilities:      |  |                         |  |   |                      |
| 2110                      | Accounts Payable                       | \$ 1,812,497            | \$ --  | \$ 39,069   | \$ 1,851,566         |
| 2160                      | Accrued Wages Payable                  | 5,782,333               | --   | --  | 5,782,333            |
| 2170                      | Due to Other Funds                     | 4,541,674               | --   | --  | 4,541,674            |
| 2180                      | Due to Other Governments               | 12,798                  | --   | --  | 12,798               |
| 2200                      | Accrued Expenditures                   | --                      | --   | 23,536  | 23,536               |
| 2300                      | Deferred Revenue                       | 69,348                  | 817,434  | --  | 886,782              |
| 2000                      | Total Liabilities                      | <u>12,218,650</u>       | <u>817,434</u>   | <u>62,605</u>   | <u>13,098,689</u>    |
| <b>FUND BALANCES:</b>     |  |                         |  |   |                      |
| Restricted Fund Balances: |  |                         |  |   |                      |
| 3450                      | Federal/State Funds Grant Restrictions | 3,100,538               | --   | --  | 3,100,538            |
| 3480                      | Retirement of Long-Term Debt           | --                      | 4,426,902  | --  | 4,426,902            |
| 3490                      | Other Restrictions of Fund Balance     | --                      | --   | 346,674   | 346,674              |
| Committed Fund Balances:  |  |                         |  |   |                      |
| 3545                      | Other Committed Fund Balance           | 738,776                 | --   | --  | 738,776              |
| 3000                      | Total Fund Balances                    | <u>3,839,314</u>        | <u>4,426,902</u>                                       | <u>346,674</u>  | <u>8,612,890</u>     |
| 4000                      | Total Liabilities and Fund Balances    | <u>\$ 16,057,964</u>    | <u>\$ 5,244,336</u>                                    | <u>\$ 409,279</u>   | <u>\$ 21,711,579</u> |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

| Data Control Codes                                | Special Revenue Funds | Debt Service Fund   | Capital Projects Fund | Total Nonmajor Governmental Funds (See Exhibit C-2) |
|---|-----------------------|---------------------|-----------------------|---|
| <b>REVENUES:</b>                                  |                       |                     |                       |   |
| 5700 Local and Intermediate Sources               | \$ 3,699,992          | \$ 7,627,821        | \$ 78,653             | \$ 11,406,466                                       |
| 5800 State Program Revenues                       | 6,483,598             | 2,418,148           | --                    | 8,901,746   |
| 5900 Federal Program Revenues                     | 40,947,796            | --                  | --                    | 40,947,796  |
| 5020 Total Revenues                               | <u>51,131,386</u>     | <u>10,045,969</u>   | <u>78,653</u>         | <u>61,256,008</u>                                   |
| <b>EXPENDITURES:</b>                              |                       |                     |                       |   |
| Current:  |                       |                     |                       |   |
| 0011 Instruction                                  | 35,958,477            | --                  | --                    | 35,958,477  |
| 0012 Instructional Resources and Media Services   | 1,298,647             | --                  | --                    | 1,298,647   |
| 0013 Curriculum and Staff Development             | 4,187,584             | --                  | --                    | 4,187,584   |
| 0021 Instructional Leadership                     | 1,111,634             | --                  | --                    | 1,111,634   |
| 0023 School Leadership                            | 1,019,455             | --                  | --                    | 1,019,455   |
| 0031 Guidance, Counseling, & Evaluation Services  | 1,996,285             | --                  | --                    | 1,996,285   |
| 0032 Social Work Services                         | 783,363               | --                  | --                    | 783,363   |
| 0033 Health Services                              | 817,853               | --                  | --                    | 817,853   |
| 0034 Student Transportation                       | 883,105               | --                  | --                    | 883,105   |
| 0035 Food Service                                 | 59,664                | --                  | --                    | 59,664  |
| 0036 Cocurricular/Extracurricular Activities      | 276,843               | --                  | 49,000                | 325,843   |
| 0041 General Administration                       | 2,085                 | --                  | --                    | 2,085   |
| 0051 Plant Maintenance and Operations             | 45,819                | --                  | 52,573                | 98,392  |
| 0052 Security and Monitoring Services             | 220,841               | --                  | --                    | 220,841   |
| 0053 Data Processing Services                     | 5,283                 | --                  | --                    | 5,283   |
| 0061 Community Services                           | 1,742,477             | --                  | --                    | 1,742,477   |
| Debt Service:                                     |                       |                     |                       |   |
| 0071 Principal on Long-term Debt                  | 180,157               | 4,615,000           | --                    | 4,795,157   |
| 0072 Interest and fees on Long-term Debt          | 7,298                 | 5,348,648           | --                    | 5,355,946   |
| Capital Outlay:                                   |                       |                     |                       |   |
| 0081 Facilities Acquisition and Construction      | --                    | --                  | 235,888               | 235,888   |
| 6030 Total Expenditures                           | <u>50,596,870</u>     | <u>9,963,648</u>    | <u>337,461</u>        | <u>60,897,979</u>                                   |
| 1100 Excess (Deficiency) of Revenues Over (Under) |                       |                     |                       |   |
| 1100 Expenditures                                 | <u>534,516</u>        | <u>82,321</u>       | <u>(258,808)</u>      | <u>358,029</u>                                      |
| Other Financing Sources and (Uses):               |                       |                     |                       |   |
| 7912 Sale of Real or Personal Property            | 5,220                 | --                  | --                    | 5,220   |
| 7080 Total Other Financing Sources and (Uses)     | <u>5,220</u>          | <u>--</u>           | <u>--</u>             | <u>5,220</u>  |
| 1200 Net Change in Fund Balances                  | 539,736               | 82,321              | (258,808)             | 363,249   |
| 0100 Fund Balances - Beginning                    | 3,299,578             | 4,344,581           | 605,482               | 8,249,641   |
| 3000 Fund Balances - Ending                       | <u>\$ 3,839,314</u>   | <u>\$ 4,426,902</u> | <u>\$ 346,674</u>     | <u>\$ 8,612,890</u>                                 |

## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for resources restricted to specific purposes by a grantor or for purposes committed by the Board of Trustees. Federal financial assistance often is accounted for in a Special Revenue Fund. In most Special Revenue funds, unused balances are recorded as deferred revenue and carried forward to the succeeding fiscal year, provided the amount carried forward is within the limits established by the grantor. In some cases, the unused balances are returned to the grantor at the close of specified project periods. The District budgets for Special Revenue Funds as grants are awarded by the various grantors. The District uses project accounting for them in order to maintain integrity for the various sources of funds. These funds utilize the modified accrual basis of accounting and budgeting. Included in the District's Special Revenue Funds are:

**204 ESEA, Title IV, Part A, Safe and Drug-Free Schools and Communities Act** - This fund classification is to be used to account, on a project basis, for funds granted as a result of the NCLB Act of 2001. These funds are to be used to develop age-appropriate comprehensive violence and drug/alcohol education prevention programs.

**211 ESEA, Title I, Part A, Improving Basic Programs** - This fund classification is to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

**212 ESEA, Title I, Part C, Education of Migratory Children** - This fund classification is to be used to account, on a project basis, for funds granted for programs benefiting children of migrant agriculture or agriculture-related workers and children of migrant fishermen.

**224 IDEA - Part B, Formula** - This fund classification is to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This fund classification includes capacity building and improvement (sliver) sub grants.

**225 IDEA - Part B, Preschool** - This fund classification is to be used to account, on a project basis, for funds granted for preschool children with disabilities.

**244 Career and Technical Basic Grant** - This fund classification is to be used to account, on a project basis, for funds granted to provide Career and Technical education to develop new and/or improve Career and Technical education programs for paid and unpaid employment. Full participation in the basic grant is from individuals who are members of special populations, at 1) a limited number of campuses (sites) or 2) a limited number of program areas.

**255 ESEA, Title II, Part A, Teacher/Principal Training and Recruiting-** This fund classification is to be used to provide financial assistance to LEAs to (1) Increase student academic achievement through improving teacher and principal quality and increasing the number of highly qualified teachers in classrooms and highly qualified principals and assistant principals in schools, and (2) hold local education agencies and schools accountable for improving student academic achievement.

**262 Title II, Part D, Subpart 1 - Enhancing Education Through Technology** - This fund classification is to be used to account, on a project basis, for funds granted for the implementation and support of a comprehensive system that effectively uses technology in elementary and secondary schools to improve student academic achievement.

**263 Title III, Part A, English Language Acquisition and Language Enhancement LEP** - This fund classification is to be used to account, on a project basis, for funds granted to improve the education of limited English proficient children, by assisting the children to learn English and meet challenging State academic content and student academic achievement standards.

**265 Title IV, Part B – 21<sup>st</sup> Century Community Learning Centers** – This fund classification is to be used to account, on a project basis, for funds granted to provide opportunities for communities to establish or expand activities in community learning centers that provide opportunities for academic enrichment and additional services to students and literary and related educational development for families of students.

**266 ARRA of 2009, Title XIV, State Fiscal Stabilization Fund (Effective fiscal year 2008/2009)** – This fund classification is to be used to account, on a project basis, for funds granted to improve basic programs authorized by the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001; the Individuals with Disabilities Education Act (IDEA); the Adult and Family Literacy Act; the Carl D. Perkins and Technical Education Act of 2006, or for the modernization, renovation, or repair of public school facilities, including modernization, renovation, or repair of public school facilities, including modernization, renovation, and repairs that are consistent with a recognized green building rating system.

**272 Medicaid Administrative Claiming Program – MAC (Effective September 1, 2005)** – This fund classification is to be used to account, on a project basis, for funds allocated to local education agencies for reimbursement of eligible administrative costs for activities attributed to the implementation of the Medicaid state plan. Expenditures attributed to the required matching amount are recorded in the General Fund and are to be accounted for with use of a local option account code, as needed, for local monitoring of compliance with federal matching requirements.

**274 GEAR UP (Effective fiscal year 2008/09)** - This fund classification is to be used to account, on a project basis, for funds granted to provide services and support to low-income minority school districts to ensure that students are academically prepared for higher education, graduate from high school, and have access to higher education opportunities.

**276 Title I SIP Academy Grant (Effective fiscal year 2008/09)** - Section 1003(g) of Title I of the NCLB Act authorizes funds to help TEA and LEAs address the needs of campuses in improvement, corrective action, and restructuring in order to improve student achievement. In conjunction with the Title I School Improvement Program funds under section 1003(a), SIP Academy grants are to be used to leverage change and improve and improve technical assistance under sections 1116 and 1117 of Title I, Part A through TEA's and LEA's targeting activities towards measurable outcomes as required by USDE. Expected results from the use of these grants include improving student proficiency, increasing the number of campuses that make adequate yearly progress, and using data to inform decisions and create a system of continuous feedback and improvement. The School Improvement Fund, appropriated by Congress for the first time for 2007-08, is authorized under Title I Section 1003(g) of the No Child Left Behind Act, P.L. 107-110.



**279 Title II, Part D, Subpart 1 – Enhancing Education through Technology – ARRA (Stimulus) (Effective fiscal year 2008/2009)** – This fund classification is to be used to account, on a project basis, for funds granted for the implementation and support of a comprehensive system that effectively uses technology in elementary and secondary schools to improve student academic achievement.

**283 IDEA – Part B, Formula – ARRA (Stimulus) (Effective fiscal year 2008/2009)** – This fund classification is to be used to account, on a project basis, for funds granted to operate educational programs for children with disabilities.

**284 IDEA – Part B, Preschool – ARRA (Stimulus) (Effective fiscal year 2008/2009)** – This fund classification is to be used to account, on a project basis, for funds for preschool children with disabilities.

**285 American Recovery and Reinvestment Act of 2009 (ARRA) Title I, Part A Funds** – This fund classification is to be used to account, on a project basis, for funds allocated to local educational agencies to enable schools to provide opportunities for children served to acquire the knowledge and skills contained in the challenging State content standards and to meet the challenging State performance standards developed for all children.

**289 Federally Funded Special Revenue Funds** – This fund classification is to be used to account, on a project basis, for federally funded special revenue funds that have not been specified above. The following locally defined grants are to be converted to Fund 289 for PEIMS reporting:

- 282 – Teaching American History
- 286 – Art Scope
- 287 – McAllen SAFE
- 288 – Summer School LEP Students in K1
- 289 – REMS 2010

**315 Shared Services Arrangements – IDEA – Part B, Discretionary** – This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds used to support an education service center basic special education component and also:

- Targeted support to LEAs
- Regional Day School Programs for the Deaf
- Private residential placements
- Priority projects
- Other emerging needs

**316 Shared Services Arrangements – IDEA – Part B, Deaf** – This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This fund classification includes capacity building and improvement (sliver) deaf sub grants.

**317 Shared Services Arrangements IDEA – Part B, Preschool Deaf** – This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds granted for preschool children with disabilities by P.L.

**394 Life Skills Program** – This fund classification is to be used to account, on a project basis, for funds granted to provide pregnant and parenting students the services needed to keep them in school until completion.

**397 Advanced Placement Incentives** – This fund classification is to be used to account, on a project basis, for funds awarded to school districts under the Texas Advanced Placement Award Incentive Program, Chapter 28, Subchapter C, TEC.

**401 State-Funded Optional Extended-Year Program** – This fund classification is to be used to account, on a project basis, for Fund received for extended-year programs funded under §29.082 TEC.

**404 Student Success Initiative** – This fund classification is to be used to account, on a project basis, for fund granted for teacher training and allocations to schools to implement scientific, research-based programs for students who have been identified as unlikely to achieve the third grade TAKS reading standard by the end of the third grade.

**409 High School Completion and Success/Texas High School Project** – This fund classification is to be used to account, on a project basis, for funds granted for schools to implement programs to support the improvement of high school graduation rates and post-secondary readiness.

**411 Technology Allotment** – This fund classification is to be used to account, on a project basis, for funds awarded to school districts to purchase technological software or equipment that contributes to student learning, or to pay for training for educational personnel involved in the use of these materials.

**415 Kindergarten and Prekindergarten Grants** - This fund classification is to be used to account, on a project basis, for funds granted to implement or expand kindergarten or prekindergarten programs not required under TEC 29.153.

**429 – State Funded Special Revenue Funds** – State funded special revenue funds not listed above are to be accounted for in this fund. The following locally defined grants are to be converted to Fund 429 for PEIMS reporting:

- 427-G – Children Health Insurance Program
- 427-M – TX Fitness Now
- 427-0 – Tobacco Compliance Grant
- 429-M – Dist Awards Teacher Excellence
- 429-P – Mathematics Inst Coaches Pilot
- 429-Z – TX Pre-K (LEP)

**435 Shared Services Arrangements – Regional Day School for the Deaf** – This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis for funds allocated for staff and activities of the Regional Day School Program for the Deaf (RDSPD). These funds are not to be used to pay salaries of teachers with a teaching assignment other than deaf students in the RDSPD. State deaf funds should not be used to pay the salary of teachers of American Sign Language as a foreign at the junior high or high school level, as this is a course for regular education credit.

**461 Campus Activity Funds** – This fund classification is to be used to account for transactions related to a principal’s activity fund if the monies generated are not subject to recall by the school district’s board of trustees into the General Fund.

**499 Locally Funded Special Revenue Funds** – Locally funded special revenue funds not listed above are to be accounted for in this fund (effective September 1, 2001, this fund classification is also to be used for transactions that were accounted for as expendable trust funds prior to implementation of GASB Statement 34 reporting standards). The following locally defined grants are to be converted to Fund 499 for PEIMS reporting:

- 481 – Texas High School Project
- 482 – After School Enrichment
- 483 – Laura Bush Foundation
- 484 – AVID

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

| Data Control Codes        | 204<br>ESEA<br>Title IV<br>SDFSC       | 211<br>ESEA Title I<br>Improving<br>Basic Programs | 212<br>ESEA<br>Title I, Part C<br>Migrant Children | 224<br>IDEA-B<br>Formula |            |
|---------------------------|--|--|--|--------------------------|------------|
| <b>ASSETS:</b>            |  |  |  |                          |            |
| 1110                      | Cash and Cash Equivalents              | \$ --  | \$ --  | \$ --                    | \$ --      |
| 1240                      | Due from Other Governments             | --   | 2,854,442  | 188,984                  | 858,456    |
| 1260                      | Due from Other Funds                   | --   | --   | --                       | --         |
| 1290                      | Other Receivables                      | --   | --   | 8,833                    | --         |
| 1000                      | Total Assets                           | \$ --  | \$ 2,854,442                                       | \$ 197,817               | \$ 858,456 |
| <b>LIABILITIES:</b>       |  |  |  |                          |            |
| Current Liabilities:      |  |  |  |                          |            |
| 2110                      | Accounts Payable                       | \$ --  | \$ 805,007   | \$ 2,250                 | \$ 383     |
| 2160                      | Accrued Wages Payable                  | --   | 971,416  | 107,493                  | 391,628    |
| 2170                      | Due to Other Funds                     | --   | 1,078,019  | 88,074                   | 466,445    |
| 2180                      | Due to Other Governments               | --   | --   | --                       | --         |
| 2300                      | Deferred Revenue                       | --   | --   | --                       | --         |
| 2000                      | Total Liabilities                      | --   | 2,854,442  | 197,817                  | 858,456    |
| <b>FUND BALANCES:</b>     |  |  |  |                          |            |
| Restricted Fund Balances: |  |  |  |                          |            |
| 3450                      | Federal/State Funds Grant Restrictions | --   | --   | --                       | --         |
| Committed Fund Balances:  |  |  |  |                          |            |
| 3545                      | Other Committed Fund Balance           | --   | --   | --                       | --         |
| 3000                      | Total Fund Balances                    | --   | --   | --                       | --         |
| 4000                      | Total Liabilities and Fund Balances    | \$ --  | \$ 2,854,442                                       | \$ 197,817               | \$ 858,456 |

| 225<br>IDEA-B<br>Preschool Grant | 244<br>Career and Tech<br>Basic<br>Grant | 255<br>ESEA Title II<br>Training &<br>Recruiting | 261<br>Reading<br>First | 262<br>Enhancing<br>Education through<br>Technology |
|----------------------------------|--|--|-------------------------|---|
| \$ --                            | \$ --                                    | \$ --  | \$ --                   | \$ --   |
| 13,001                           | 49,479                                   | 220,023  | --                      | --  |
| --                               | --                                       | --   | --                      | --  |
| --                               | --                                       | --   | --                      | --  |
| <u>\$ 13,001</u>                 | <u>\$ 49,479</u>                         | <u>\$ 220,023</u>                                | <u>\$ --</u>            | <u>\$ --</u>  |
| \$ 116                           | \$ 13,300                                | \$ 39,539  | \$ --                   | \$ --   |
| --                               | 530                                      | 160,333  | --                      | --  |
| 12,885                           | 35,649                                   | 20,151   | --                      | --  |
| --                               | --                                       | --   | --                      | --  |
| --                               | --                                       | --   | --                      | --  |
| <u>13,001</u>                    | <u>49,479</u>                            | <u>220,023</u>                                   | <u>--</u>               | <u>--</u>   |
| --                               | --                                       | --   | --                      | --  |
| --                               | --                                       | --   | --                      | --  |
| <u>\$ 13,001</u>                 | <u>\$ 49,479</u>                         | <u>\$ 220,023</u>                                | <u>\$ --</u>            | <u>\$ --</u>  |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

| Data Control Codes        | 263<br>English Language Acquisition and Enhancement | 265<br>21st Century Community Learning Centers | 266<br>ARRA of 2009 Title XIV State Fiscal Stabilization | 272<br>MAC Program |
|---------------------------|---|--|--|--------------------|
| <b>ASSETS:</b>            |   |  |  |                    |
| 1110                      | Cash and Cash Equivalents                           | \$ --  | \$ --  | \$ 6,014           |
| 1240                      | Due from Other Governments                          | 280,771  | 2,878,749  | --                 |
| 1260                      | Due from Other Funds                                | --   | --   | 31,063             |
| 1290                      | Other Receivables                                   | --   | --   | --                 |
| 1000                      | Total Assets  | <u>\$ 280,771</u>                              | <u>\$ 2,878,749</u>                                      | <u>\$ 37,077</u>   |
| <b>LIABILITIES:</b>       |   |  |  |                    |
| Current Liabilities:      |   |  |  |                    |
| 2110                      | Accounts Payable                                    | \$ 103,694                                     | \$ 10,533  | \$ 820             |
| 2160                      | Accrued Wages Payable                               | 86,106   | 43,688   | --                 |
| 2170                      | Due to Other Funds                                  | 90,971   | 1,177,430  | --                 |
| 2180                      | Due to Other Governments                            | --   | --   | --                 |
| 2300                      | Deferred Revenue                                    | --   | --   | 36,257             |
| 2000                      | Total Liabilities                                   | <u>280,771</u>                                 | <u>79,609</u>  | <u>37,077</u>      |
| <b>FUND BALANCES:</b>     |   |  |  |                    |
| Restricted Fund Balances: |   |  |  |                    |
| 3450                      | Federal/State Funds Grant Restrictions              | --   | --   | --                 |
| Committed Fund Balances:  |   |  |  |                    |
| 3545                      | Other Committed Fund Balance                        | --   | --   | --                 |
| 3000                      | Total Fund Balances                                 | <u>--</u>                                      | <u>--</u>  | <u>--</u>          |
| 4000                      | Total Liabilities and Fund Balances                 | <u>\$ 280,771</u>                              | <u>\$ 79,609</u>   | <u>\$ 37,077</u>   |

| 274               | 276                             | 279   | 280                            | 283                             |
|-------------------|---------------------------------|---|--------------------------------|---------------------------------|
| GEAR UP           | Title I SIP<br>Academy<br>Grant | Enhancing<br>Education through<br>Technology-ARRA | FIE Earmark<br>Grant<br>Awards | IDEA - Part B<br>Formula - ARRA |
| \$ --             | \$ --                           | \$ 1,026  | \$ --                          | \$ --                           |
| 159,180           | --                              | 4,202   | 174,128                        | 737,624                         |
| --                | --                              | --  | --                             | --                              |
| --                | --                              | --  | --                             | --                              |
| <u>\$ 159,180</u> | <u>\$ --</u>                    | <u>\$ 5,228</u>                                   | <u>\$ 174,128</u>              | <u>\$ 737,624</u>               |
| <br>              |                                 |   |                                |                                 |
| \$ 1,798          | \$ --                           | \$ --   | \$ 5,818                       | \$ 181,990                      |
| 37,828            | --                              | 5,211   | 12,022                         | 29,271                          |
| 119,555           | --                              | 17  | 156,288                        | 526,363                         |
| --                | --                              | --  | --                             | --                              |
| --                | --                              | --  | --                             | --                              |
| <u>159,181</u>    | <u>--</u>                       | <u>5,228</u>                                      | <u>174,128</u>                 | <u>737,624</u>                  |
| <br>              |                                 |   |                                |                                 |
| --                | --                              | --  | --                             | --                              |
| --                | --                              | --  | --                             | --                              |
| <u>--</u>         | <u>--</u>                       | <u>--</u>   | <u>--</u>                      | <u>--</u>                       |
| <u>\$ 159,181</u> | <u>\$ --</u>                    | <u>\$ 5,228</u>                                   | <u>\$ 174,128</u>              | <u>\$ 737,624</u>               |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

| Data Control Codes        | 284<br>IDEA - Part B<br>Preschool - ARRA | 285<br>ESEA Title 1 Part A<br>Improving Basic<br>Programs - ARRA | 286<br>Project<br>ARTScope | 287<br>McAllen<br>SAFE |
|---------------------------|--|--|----------------------------|------------------------|
| <b>ASSETS:</b>            |  |  |                            |                        |
| 1110                      | Cash and Cash Equivalents                | \$ --  | \$ --                      | \$ --                  |
| 1240                      | Due from Other Governments               | 2,324  | 122,166                    | 109,606                |
| 1260                      | Due from Other Funds                     | --   | --                         | --                     |
| 1290                      | Other Receivables                        | --   | --                         | --                     |
| 1000                      | Total Assets                             | <u>\$ 2,324</u>  | <u>\$ 122,166</u>          | <u>\$ 109,606</u>      |
| <b>LIABILITIES:</b>       |  |  |                            |                        |
| Current Liabilities:      |  |  |                            |                        |
| 2110                      | Accounts Payable                         | \$ 485   | \$ 12,735                  | \$ 91,533              |
| 2160                      | Accrued Wages Payable                    | --   | 6,990                      | 14,826                 |
| 2170                      | Due to Other Funds                       | 1,839  | 102,441                    | 3,247                  |
| 2180                      | Due to Other Governments                 | --   | --                         | --                     |
| 2300                      | Deferred Revenue                         | --   | --                         | --                     |
| 2000                      | Total Liabilities                        | <u>2,324</u>   | <u>122,166</u>             | <u>109,606</u>         |
| <b>FUND BALANCES:</b>     |  |  |                            |                        |
| Restricted Fund Balances: |  |  |                            |                        |
| 3450                      | Federal/State Funds Grant Restrictions   | --   | --                         | --                     |
| Committed Fund Balances:  |  |  |                            |                        |
| 3545                      | Other Committed Fund Balance             | --   | --                         | --                     |
| 3000                      | Total Fund Balances                      | <u>--</u>  | <u>--</u>                  | <u>--</u>              |
| 4000                      | Total Liabilities and Fund Balances      | <u>\$ 2,324</u>  | <u>\$ 122,166</u>          | <u>\$ 109,606</u>      |



| 288<br>Summer School<br>Program for LEP<br>Students in K-1 | 289<br>Readiness and<br>Emergency Management<br>for Schools | 315<br>IDEA-B<br>Discretionary | 316<br>IDEA-B<br>Deaf | 317<br>IDEA-B<br>Preschool<br>Deaf |
|--|---|--------------------------------|-----------------------|------------------------------------|
| \$ 4,834   | \$ --   | \$ --                          | \$ --                 | \$ --                              |
| 12,514   | --  | 25,050                         | 12,699                | 1,104                              |
| --   | --  | --                             | --                    | --                                 |
| --   | --  | --                             | --                    | --                                 |
| <u>\$ 17,348</u>   | <u>\$ --</u>  | <u>\$ 25,050</u>               | <u>\$ 12,699</u>      | <u>\$ 1,104</u>                    |
| \$ --  | \$ --   | \$ 110                         | \$ --                 | \$ --                              |
| 17,294   | --  | 19,219                         | 10,061                | --                                 |
| 55   | --  | 5,721                          | 2,638                 | 1,104                              |
| --   | --  | --                             | --                    | --                                 |
| --   | --  | --                             | --                    | --                                 |
| <u>17,349</u>  | <u>--</u>   | <u>25,050</u>                  | <u>12,699</u>         | <u>1,104</u>                       |
| --   | --  | --                             | --                    | --                                 |
| --   | --  | --                             | --                    | --                                 |
| <u>\$ 17,349</u>   | <u>\$ --</u>  | <u>\$ 25,050</u>               | <u>\$ 12,699</u>      | <u>\$ 1,104</u>                    |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

| Data Control Codes                          | 340<br>IDEA-C<br>Deaf | 385<br>Supplemental<br>Visually<br>Impaired | 394<br>Life<br>Skills<br>Program | 397<br>Advanced<br>Placement<br>Incentives |
|---|-----------------------|---|----------------------------------|--|
| <b>ASSETS:</b>                              |                       |   |                                  |  |
| 1110 Cash and Cash Equivalents              | \$ --                 | \$ --                                       | \$ --                            | \$ 14,262                                  |
| 1240 Due from Other Governments             | --                    | --  | 7,379                            | --   |
| 1260 Due from Other Funds                   | --                    | --  | --                               | --   |
| 1290 Other Receivables                      | --                    | --  | --                               | --   |
| 1000 Total Assets                           | <u>\$ --</u>          | <u>\$ --</u>                                | <u>\$ 7,379</u>                  | <u>\$ 14,262</u>                           |
| <b>LIABILITIES:</b>                         |                       |   |                                  |  |
| Current Liabilities:                        |                       |   |                                  |  |
| 2110 Accounts Payable                       | \$ --                 | \$ --                                       | \$ --                            | \$ 1,482                                   |
| 2160 Accrued Wages Payable                  | --                    | --  | 2,296                            | --   |
| 2170 Due to Other Funds                     | --                    | --  | 5,083                            | --   |
| 2180 Due to Other Governments               | --                    | --  | --                               | --   |
| 2300 Deferred Revenue                       | --                    | --  | --                               | 12,780                                     |
| 2000 Total Liabilities                      | <u>--</u>             | <u>--</u>                                   | <u>7,379</u>                     | <u>14,262</u>                              |
| <b>FUND BALANCES:</b>                       |                       |   |                                  |  |
| Restricted Fund Balances:                   |                       |   |                                  |  |
| 3450 Federal/State Funds Grant Restrictions | --                    | --  | --                               | --   |
| Committed Fund Balances:                    |                       |   |                                  |  |
| 3545 Other Committed Fund Balance           | --                    | --  | --                               | --   |
| 3000 Total Fund Balances                    | <u>--</u>             | <u>--</u>                                   | <u>--</u>                        | <u>--</u>                                  |
| 4000 Total Liabilities and Fund Balances    | <u>\$ --</u>          | <u>\$ --</u>                                | <u>\$ 7,379</u>                  | <u>\$ 14,262</u>                           |

| 399<br>Campus<br>Deregulation and<br>Restructuring | 401<br>Optional<br>Extended Year<br>Program | 404<br>Student<br>Success<br>Initiative | 409<br>Texas High<br>School<br>Project | 411<br>Technology<br>Allotment |
|--|---|---|--|--------------------------------|
| \$ --  | \$ --                                       | \$ --                                   | \$ --                                  | \$ --                          |
| --   | --  | 73,656                                  | 20,458                                 | --                             |
| --   | --  | --                                      | --                                     | 63,108                         |
| --   | --  | --                                      | --                                     | --                             |
| <u>\$ --</u>                                       | <u>\$ --</u>                                | <u>\$ 73,656</u>                        | <u>\$ 20,458</u>                       | <u>\$ 63,108</u>               |
| \$ --  | \$ --                                       | \$ 1,874                                | \$ --                                  | \$ 274                         |
| --   | --  | 65,787                                  | 11,430                                 | 27,683                         |
| --   | --  | 5,995                                   | 9,028                                  | 2,405                          |
| --   | --  | --                                      | --                                     | 12,798                         |
| --   | --  | --                                      | --                                     | --                             |
| <u>--</u>  | <u>--</u>                                   | <u>73,656</u>                           | <u>20,458</u>                          | <u>43,160</u>                  |
| --   | --  | --                                      | --                                     | 19,948                         |
| --   | --  | --                                      | --                                     | --                             |
| <u>--</u>  | <u>--</u>                                   | <u>--</u>                               | <u>--</u>                              | <u>19,948</u>                  |
| <u>\$ --</u>                                       | <u>\$ --</u>                                | <u>\$ 73,656</u>                        | <u>\$ 20,458</u>                       | <u>\$ 63,108</u>               |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**NONMAJOR SPECIAL REVENUE FUNDS**

**JUNE 30, 2011**

| Data Control Codes        | 414<br>Reading, Math and Science Initiative | 415<br>Kindergarten and Prekindergarten Grants | 425<br>2011 Teacher Induction and Mentoring Program | 426<br>Texas Educator Excellence Award Program |
|---------------------------|---|--|---|--|
| <b>ASSETS:</b>            |   |  |   |  |
| 1110                      | Cash and Cash Equivalents                   | \$ --  | \$ 13,097   | \$ --  |
| 1240                      | Due from Other Governments                  | --   | 238,495   | --   |
| 1260                      | Due from Other Funds                        | --   | --  | --   |
| 1290                      | Other Receivables                           | --   | --  | --   |
| 1000                      | Total Assets                                | <u>\$ --</u>                                   | <u>\$ 251,592</u>                                   | <u>\$ --</u>                                   |
| <b>LIABILITIES:</b>       |   |  |   |  |
| Current Liabilities:      |   |  |   |  |
| 2110                      | Accounts Payable                            | \$ --  | \$ 3,334  | \$ --  |
| 2160                      | Accrued Wages Payable                       | --   | 155,070   | --   |
| 2170                      | Due to Other Funds                          | --   | 93,188  | --   |
| 2180                      | Due to Other Governments                    | --   | --  | --   |
| 2300                      | Deferred Revenue                            | --   | --  | --   |
| 2000                      | Total Liabilities                           | <u>--</u>                                      | <u>251,592</u>                                      | <u>--</u>                                      |
| <b>FUND BALANCES:</b>     |   |  |   |  |
| Restricted Fund Balances: |   |  |   |  |
| 3450                      | Federal/State Funds Grant Restrictions      | --   | --  | --   |
| Committed Fund Balances:  |   |  |   |  |
| 3545                      | Other Committed Fund Balance                | --   | --  | --   |
| 3000                      | Total Fund Balances                         | <u>--</u>                                      | <u>--</u>   | <u>--</u>                                      |
| 4000                      | Total Liabilities and Fund Balances         | <u>\$ --</u>                                   | <u>\$ 251,592</u>                                   | <u>\$ --</u>                                   |

| 427<br>State Funded<br>Special Revenue<br>Fund | 428<br>High<br>School<br>Allotment | 429<br>State Funded<br>Special Revenue<br>Fund | 435<br>Regional<br>Day School<br>for the Deaf | 461<br>Campus<br>Activity<br>Funds |
|--|------------------------------------|--|---|------------------------------------|
| \$ --  | \$ --                              | \$ --  | \$ --   | \$ 738,776                         |
| 37,801   | --                                 | 1,739,050                                      | 282,628                                       | --                                 |
| --   | --                                 | --   | 3,325,919                                     | --                                 |
| --   | --                                 | --   | --  | --                                 |
| <u>\$ 37,801</u>                               | <u>\$ --</u>                       | <u>\$ 1,739,050</u>                            | <u>\$ 3,608,547</u>                           | <u>\$ 738,776</u>                  |
| \$ 11,964                                      | \$ --                              | \$ --  | \$ 3,934                                      | \$ --                              |
| --   | --                                 | 1,591,580                                      | 310,119                                       | --                                 |
| 24,506   | --                                 | 147,470  | 212,854                                       | --                                 |
| --   | --                                 | --   | --  | --                                 |
| 1,331  | --                                 | --   | 1,050   | --                                 |
| <u>37,801</u>                                  | <u>--</u>                          | <u>1,739,050</u>                               | <u>527,957</u>                                | <u>--</u>                          |
| --   | --                                 | --   | 3,080,590                                     | --                                 |
| --   | --                                 | --   | --  | 738,776                            |
| --   | --                                 | --   | <u>3,080,590</u>                              | <u>738,776</u>                     |
| <u>\$ 37,801</u>                               | <u>\$ --</u>                       | <u>\$ 1,739,050</u>                            | <u>\$ 3,608,547</u>                           | <u>\$ 738,776</u>                  |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2011

| Data<br>Control<br>Codes                    | 481<br>Texas<br>High School<br>Project | 482<br>After School<br>Enrichment<br>Program |
|---|--|--|
| <b>ASSETS:</b>                              |  |  |
| 1110 Cash and Cash Equivalents              | \$ 18,892                              | \$ --  |
| 1240 Due from Other Governments             | --                                     | 79,571                                       |
| 1260 Due from Other Funds                   | --                                     | --   |
| 1290 Other Receivables                      | --                                     | --   |
| 1000 Total Assets                           | <u>\$ 18,892</u>                       | <u>\$ 79,571</u>                             |
| <b>LIABILITIES:</b>                         |  |  |
| Current Liabilities:                        |  |  |
| 2110 Accounts Payable                       | \$ 962                                 | \$ 15  |
| 2160 Accrued Wages Payable                  | --                                     | 3,133  |
| 2170 Due to Other Funds                     | --                                     | 76,423                                       |
| 2180 Due to Other Governments               | --                                     | --   |
| 2300 Deferred Revenue                       | 17,930                                 | --   |
| 2000 Total Liabilities                      | <u>18,892</u>                          | <u>79,571</u>                                |
| <b>FUND BALANCES:</b>                       |  |  |
| Restricted Fund Balances:                   |  |  |
| 3450 Federal/State Funds Grant Restrictions | --                                     | --   |
| Committed Fund Balances:                    |  |  |
| 3545 Other Committed Fund Balance           | --                                     | --   |
| 3000 Total Fund Balances                    | <u>--</u>                              | <u>--</u>                                    |
| 4000 Total Liabilities and Fund Balances    | <u>\$ 18,892</u>                       | <u>\$ 79,571</u>                             |

| 483<br>Laura Bush<br>Foundation<br>Library | 484<br>AVID<br>Program | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit H-1) |
|--|------------------------|---|
| \$ --                                      | \$ --                  | \$ 796,901  |
| --   | --                     | 11,832,138  |
| --   | --                     | 3,420,090   |
| --   | --                     | 8,833   |
| <u>\$ --</u>                               | <u>\$ --</u>           | <u>\$ 16,057,962</u>  |
| \$ --                                      | \$ --                  | \$ 1,812,497  |
| --   | --                     | 5,782,333   |
| --   | --                     | 4,541,674   |
| --   | --                     | 12,798  |
| --   | --                     | 69,348  |
| <u>--</u>                                  | <u>--</u>              | <u>12,218,650</u>   |
| --   | --                     | 3,100,538   |
| --   | --                     | 738,776   |
| <u>--</u>                                  | <u>--</u>              | <u>3,839,314</u>  |
| <u>\$ --</u>                               | <u>\$ --</u>           | <u>\$ 16,057,964</u>  |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

| Data<br>Control<br>Codes                                    | 204<br>ESEA<br>Title IV<br>SDFSC | 211<br>ESEA Title I<br>Improving<br>Basic Programs | 212<br>ESEA<br>Title I, Part C<br>Migrant Children | 224<br>IDEA-B<br>Formula |
|---|----------------------------------|--|--|--------------------------|
| <b>REVENUES:</b>  |                                  |  |  |                          |
| 5700 <i>Local and Intermediate Sources</i>                  | \$ --                            | \$ --  | \$ --  | \$ --                    |
| 5800 <i>State Program Revenues</i>                          | --                               | --   | --   | --                       |
| 5900 <i>Federal Program Revenues</i>                        | (715)                            | 11,682,695   | 643,305  | 3,055,040                |
| 5020 <b>Total Revenues</b>                                  | <u>(715)</u>                     | <u>11,682,695</u>                                  | <u>643,305</u>                                     | <u>3,055,040</u>         |
| <b>EXPENDITURES:</b>  |                                  |  |  |                          |
| Current:  |                                  |  |  |                          |
| 0011 <i>Instruction</i>                                     | --                               | 6,181,837  | 108,642  | 2,291,578                |
| 0012 <i>Instructional Resources and Media Services</i>      | --                               | 739,510  | --   | --                       |
| 0013 <i>Curriculum and Staff Development</i>                | --                               | 1,758,199  | 1,961  | 5,547                    |
| 0021 <i>Instructional Leadership</i>                        | --                               | 246,636  | 173,865  | 58,168                   |
| 0023 <i>School Leadership</i>                               | --                               | 602,390  | --   | --                       |
| 0031 <i>Guidance, Counseling, &amp; Evaluation Services</i> | (715)                            | 1,979  | 146,507  | 498,021                  |
| 0032 <i>Social Work Services</i>                            | --                               | 3,980  | 51,156   | 196,401                  |
| 0033 <i>Health Services</i>                                 | --                               | 691,752  | --   | 982                      |
| 0034 <i>Student Transportation</i>                          | --                               | 11,230   | --   | --                       |
| 0035 <i>Food Service</i>                                    | --                               | --   | --   | --                       |
| 0036 <i>Cocurricular/Extracurricular Activities</i>         | --                               | --   | --   | 3,439                    |
| 0041 <i>General Administration</i>                          | --                               | --   | --   | --                       |
| 0051 <i>Plant Maintenance and Operations</i>                | --                               | 15,116   | 1,865  | --                       |
| 0052 <i>Security and Monitoring Services</i>                | --                               | 15,377   | --   | --                       |
| 0053 <i>Data Processing Services</i>                        | --                               | --   | --   | --                       |
| 0061 <i>Community Services</i>                              | --                               | 1,419,909  | 159,309  | 904                      |
| <i>Debt Service:</i>  |                                  |  |  |                          |
| 0071 <i>Principal on Long-term Debt</i>                     | --                               | --   | --   | --                       |
| 0072 <i>Interest and fees on Long-term Debt</i>             | --                               | --   | --   | --                       |
| 6030 <b>Total Expenditures</b>                              | <u>(715)</u>                     | <u>11,687,915</u>                                  | <u>643,305</u>                                     | <u>3,055,040</u>         |
| 1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>    |                                  |  |  |                          |
| 1100 <b>Expenditures</b>                                    | --                               | (5,220)  | --   | --                       |
| <b>Other Financing Sources and (Uses):</b>                  |                                  |  |  |                          |
| 7912 <i>Sale of Real or Personal Property</i>               | --                               | 5,220  | --   | --                       |
| 7080 <b>Total Other Financing Sources and (Uses)</b>        | --                               | <u>5,220</u>                                       | --   | --                       |
| 1200 <b>Net Change in Fund Balances</b>                     | --                               | --   | --   | --                       |
| 0100 <b>Fund Balances - Beginning</b>                       | --                               | --   | --   | --                       |
| 3000 <b>Fund Balances - Ending</b>                          | <u>\$ --</u>                     | <u>\$ --</u>                                       | <u>\$ --</u>                                       | <u>\$ --</u>             |



| 225<br>IDEA-B<br>Preschool Grant | 244<br>Career and Tech<br>Basic<br>Grant | 255<br>ESEA Title II<br>Training &<br>Recruiting | 262<br>Enhancing<br>Education through<br>Technology | 263<br>English Language<br>Acquisition and<br>Enhancement |
|----------------------------------|--|--|---|---|
| \$ --                            | \$ --                                    | \$ --  | \$ --   | \$ --   |
| --                               | --                                       | --   | --  | --  |
| 27,756                           | 497,891                                  | 1,609,139  | 9,402   | 1,444,702   |
| <u>27,756</u>                    | <u>497,891</u>                           | <u>1,609,139</u>                                 | <u>9,402</u>  | <u>1,444,702</u>  |
| 27,756                           | 346,009                                  | 1,365,338  | 6,860   | 879,068   |
| --                               | --                                       | --   | --  | 423,572   |
| --                               | 29,189                                   | 233,449  | 2,542   | 11,870  |
| --                               | 32,673                                   | --   | --  | 119,010   |
| --                               | --                                       | 10,352   | --  | 170   |
| --                               | 1,379                                    | --   | --  | 8,943   |
| --                               | --                                       | --   | --  | --  |
| --                               | --                                       | --   | --  | --  |
| --                               | --                                       | --   | --  | --  |
| --                               | 3,525                                    | --   | --  | --  |
| --                               | --                                       | --   | --  | --  |
| --                               | --                                       | --   | --  | 95  |
| --                               | --                                       | --   | --  | --  |
| --                               | --                                       | --   | --  | 1,974   |
| --                               | 81,294                                   | --   | --  | --  |
| --                               | 3,822                                    | --   | --  | --  |
| <u>27,756</u>                    | <u>497,891</u>                           | <u>1,609,139</u>                                 | <u>9,402</u>  | <u>1,444,702</u>  |
| --                               | --                                       | --   | --  | --  |
| --                               | --                                       | --   | --  | --  |
| --                               | --                                       | --   | --  | --  |
| --                               | --                                       | --   | --  | --  |
| \$ --                            | \$ --                                    | \$ --  | \$ --   | \$ --   |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

| Data Control Codes                                | 265<br>21st Century<br>Community<br>Learning Centers | 266<br>ARRA of 2009<br>Title XIV State<br>Fiscal Stabilization | 272<br>MAC<br>Program | 274<br>GEAR UP |
|---|--|--|-----------------------|----------------|
| <b>REVENUES:</b>                                  |  |  |                       |                |
| 5700 Local and Intermediate Sources               | \$ --  | \$ --  | \$ --                 | \$ --          |
| 5800 State Program Revenues                       | --   | --   | --                    | --             |
| 5900 Federal Program Revenues                     | 1,097,466  | 12,798,956   | 101,932               | 345,869        |
| 5020 Total Revenues                               | <u>1,097,466</u>                                     | <u>12,798,956</u>  | <u>101,932</u>        | <u>345,869</u> |
| <b>EXPENDITURES:</b>                              |  |  |                       |                |
| Current:  |  |  |                       |                |
| 0011 Instruction                                  | 512,060  | 12,797,759   | --                    | 120,292        |
| 0012 Instructional Resources and Media Services   | --   | --   | --                    | --             |
| 0013 Curriculum and Staff Development             | 503,556  | --   | --                    | 6,353          |
| 0021 Instructional Leadership                     | 81,850   | --   | --                    | --             |
| 0023 School Leadership                            | --   | --   | --                    | 3,840          |
| 0031 Guidance, Counseling, & Evaluation Services  | --   | --   | 1,615                 | 164,595        |
| 0032 Social Work Services                         | --   | --   | --                    | --             |
| 0033 Health Services                              | --   | --   | 100,317               | --             |
| 0034 Student Transportation                       | --   | --   | --                    | --             |
| 0035 Food Service                                 | --   | --   | --                    | --             |
| 0036 Cocurricular/Extracurricular Activities      | --   | 1,197  | --                    | --             |
| 0041 General Administration                       | --   | --   | --                    | 723            |
| 0051 Plant Maintenance and Operations             | --   | --   | --                    | --             |
| 0052 Security and Monitoring Services             | --   | --   | --                    | --             |
| 0053 Data Processing Services                     | --   | --   | --                    | --             |
| 0061 Community Services                           | --   | --   | --                    | 50,066         |
| Debt Service:                                     |  |  |                       |                |
| 0071 Principal on Long-term Debt                  | --   | --   | --                    | --             |
| 0072 Interest and fees on Long-term Debt          | --   | --   | --                    | --             |
| 6030 Total Expenditures                           | <u>1,097,466</u>                                     | <u>12,798,956</u>  | <u>101,932</u>        | <u>345,869</u> |
| 1100 Excess (Deficiency) of Revenues Over (Under) | --   | --   | --                    | --             |
| 1100 Expenditures                                 | --   | --   | --                    | --             |
| Other Financing Sources and (Uses):               |  |  |                       |                |
| 7912 Sale of Real or Personal Property            | --   | --   | --                    | --             |
| 7080 Total Other Financing Sources and (Uses)     | --   | --   | --                    | --             |
| 1200 Net Change in Fund Balances                  | --   | --   | --                    | --             |
| 0100 Fund Balances - Beginning                    | --   | --   | --                    | --             |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>   | <u>\$ --</u>   | <u>\$ --</u>          | <u>\$ --</u>   |

| 276<br>Title I SIP<br>Academy<br>Grant | 279<br>Enhancing<br>Education through<br>Technology-ARRA | 282<br>Teaching<br>American<br>History | 283<br>IDEA - Part B<br>Formula - ARRA | 284<br>IDEA - Part B<br>Preschool - ARRA |
|--|--|--|--|--|
| \$ --                                  | \$ --  | \$ --                                  | \$ --                                  | \$ --                                    |
| --                                     | --   | --                                     | --                                     | --                                       |
| 13,236                                 | 154,870  | 284,694                                | 3,047,246                              | 129,105                                  |
| <u>13,236</u>                          | <u>154,870</u>   | <u>284,694</u>                         | <u>3,047,246</u>                       | <u>129,105</u>                           |
| --                                     | 94,549   | 24,133                                 | 1,689,923                              | 129,105                                  |
| --                                     | 4,113  | --                                     | --                                     | --                                       |
| --                                     | 56,208   | 260,561                                | 45,498                                 | --                                       |
| --                                     | --   | --                                     | 7,301                                  | --                                       |
| 13,236                                 | --   | --                                     | --                                     | --                                       |
| --                                     | --   | --                                     | 435,275                                | --                                       |
| --                                     | --   | --                                     | 2,773                                  | --                                       |
| --                                     | --   | --                                     | 1,462                                  | --                                       |
| --                                     | --   | --                                     | 863,984                                | --                                       |
| --                                     | --   | --                                     | --                                     | --                                       |
| --                                     | --   | --                                     | --                                     | --                                       |
| --                                     | --   | --                                     | --                                     | --                                       |
| --                                     | --   | --                                     | --                                     | --                                       |
| --                                     | --   | --                                     | 1,030                                  | --                                       |
| --                                     | --   | --                                     | --                                     | --                                       |
| --                                     | --   | --                                     | --                                     | --                                       |
| <u>13,236</u>                          | <u>154,870</u>   | <u>284,694</u>                         | <u>3,047,246</u>                       | <u>129,105</u>                           |
| --                                     | --   | --                                     | --                                     | --                                       |
| --                                     | --   | --                                     | --                                     | --                                       |
| --                                     | --   | --                                     | --                                     | --                                       |
| --                                     | --   | --                                     | --                                     | --                                       |
| \$ --                                  | \$ --  | \$ --                                  | \$ --                                  | \$ --                                    |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

| Data Control Codes                                | 285<br>ESEA Title 1 Part A<br>Improving Basic<br>Programs - ARRA | 286<br>Project<br>ARTScope | 287<br>McAllen<br>SAFE | 288<br>Summer School<br>Program for LEF<br>Students in K-1 |
|---|--|----------------------------|------------------------|--|
| <b>REVENUES:</b>                                  |  |                            |                        |  |
| 5700 Local and Intermediate Sources               | \$ --  | \$ --                      | \$ --                  | \$ --  |
| 5800 State Program Revenues                       | --   | --                         | --                     | --   |
| 5900 Federal Program Revenues                     | 2,321,039  | 273,868                    | 1,098,667              | 17,349   |
| 5020 Total Revenues                               | <u>2,321,039</u>   | <u>273,868</u>             | <u>1,098,667</u>       | <u>17,349</u>  |
| <b>EXPENDITURES:</b>                              |  |                            |                        |  |
| Current:  |  |                            |                        |  |
| 0011 Instruction                                  | 1,819,692  | 58,783                     | 2,156                  | 17,349   |
| 0012 Instructional Resources and Media Services   | 40,549   | --                         | --                     | --   |
| 0013 Curriculum and Staff Development             | 265,736  | 203,927                    | 806                    | --   |
| 0021 Instructional Leadership                     | 63,446   | 11,158                     | --                     | --   |
| 0023 School Leadership                            | 22,416   | --                         | --                     | --   |
| 0031 Guidance, Counseling, & Evaluation Services  | 31,016   | --                         | 372,206                | --   |
| 0032 Social Work Services                         | --   | --                         | 529,053                | --   |
| 0033 Health Services                              | --   | --                         | --                     | --   |
| 0034 Student Transportation                       | --   | --                         | --                     | --   |
| 0035 Food Service                                 | --   | --                         | 158                    | --   |
| 0036 Cocurricular/Extracurricular Activities      | --   | --                         | --                     | --   |
| 0041 General Administration                       | --   | --                         | 1,362                  | --   |
| 0051 Plant Maintenance and Operations             | --   | --                         | 7,604                  | --   |
| 0052 Security and Monitoring Services             | --   | --                         | 109,508                | --   |
| 0053 Data Processing Services                     | --   | --                         | --                     | --   |
| 0061 Community Services                           | 78,184   | --                         | 1,283                  | --   |
| Debt Service:                                     |  |                            |                        |  |
| 0071 Principal on Long-term Debt                  | --   | --                         | 71,328                 | --   |
| 0072 Interest and fees on Long-term Debt          | --   | --                         | 3,203                  | --   |
| 6030 Total Expenditures                           | <u>2,321,039</u>   | <u>273,868</u>             | <u>1,098,667</u>       | <u>17,349</u>  |
| 1100 Excess (Deficiency) of Revenues Over (Under) | --   | --                         | --                     | --   |
| 1100 Expenditures                                 | --   | --                         | --                     | --   |
| Other Financing Sources and (Uses):               |  |                            |                        |  |
| 7912 Sale of Real or Personal Property            | --   | --                         | --                     | --   |
| 7080 Total Other Financing Sources and (Uses)     | --   | --                         | --                     | --   |
| 1200 Net Change in Fund Balances                  | --   | --                         | --                     | --   |
| 0100 Fund Balances - Beginning                    | --   | --                         | --                     | --   |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>   | <u>\$ --</u>               | <u>\$ --</u>           | <u>\$ --</u>   |

| 289<br>Readiness and<br>Emergency Management<br>for Schools | 315<br>IDEA-B<br>Discretionary | 316<br>IDEA-B<br>Deaf | 317<br>IDEA-B<br>Preschool<br>Deaf | 394<br>Life<br>Skills<br>Program |
|---|--------------------------------|-----------------------|------------------------------------|----------------------------------|
| \$ --   | \$ --                          | \$ --                 | \$ --                              | \$ --                            |
| --  | --                             | --                    | --                                 | 21,846                           |
| 91,297  | 133,378                        | 66,211                | 3,398                              | --                               |
| <u>91,297</u>   | <u>133,378</u>                 | <u>66,211</u>         | <u>3,398</u>                       | <u>21,846</u>                    |
| --  | 54,475                         | 58,926                | 2,353                              | --                               |
| --  | 407                            | 7,112                 | 1,045                              | --                               |
| --  | --                             | --                    | --                                 | 1,016                            |
| --  | 78,214                         | --                    | --                                 | --                               |
| --  | 282                            | 173                   | --                                 | --                               |
| --  | --                             | --                    | --                                 | --                               |
| --  | --                             | --                    | --                                 | --                               |
| --  | --                             | --                    | --                                 | --                               |
| 91,297  | --                             | --                    | --                                 | --                               |
| --  | --                             | --                    | --                                 | 20,830                           |
| --  | --                             | --                    | --                                 | --                               |
| <u>91,297</u>   | <u>133,378</u>                 | <u>66,211</u>         | <u>3,398</u>                       | <u>21,846</u>                    |
| --  | --                             | --                    | --                                 | --                               |
| --  | --                             | --                    | --                                 | --                               |
| --  | --                             | --                    | --                                 | --                               |
| --  | --                             | --                    | --                                 | --                               |
| \$ --   | \$ --                          | \$ --                 | \$ --                              | \$ --                            |

# MCALLEN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

| Data Control Codes                                | 397<br>Advanced Placement Incentives | 401<br>Optional Extended Year Program | 404<br>Student Success Initiative | 409<br>Texas High School Project |
|---|--------------------------------------|---------------------------------------|-----------------------------------|----------------------------------|
| <b>REVENUES:</b>                                  |                                      |                                       |                                   |                                  |
| 5700 Local and Intermediate Sources               | \$ --                                | \$ --                                 | \$ --                             | \$ --                            |
| 5800 State Program Revenues                       | 45,714                               | 17,760                                | 147,187                           | 510,671                          |
| 5900 Federal Program Revenues                     | --                                   | --                                    | --                                | --                               |
| 5020 Total Revenues                               | <u>45,714</u>                        | <u>17,760</u>                         | <u>147,187</u>                    | <u>510,671</u>                   |
| <b>EXPENDITURES:</b>                              |                                      |                                       |                                   |                                  |
| Current:  |                                      |                                       |                                   |                                  |
| 0011 Instruction                                  | 17,513                               | 17,760                                | 124,971                           | 352,904                          |
| 0012 Instructional Resources and Media Services   | --                                   | --                                    | --                                | --                               |
| 0013 Curriculum and Staff Development             | 28,201                               | --                                    | 13,525                            | 98,288                           |
| 0021 Instructional Leadership                     | --                                   | --                                    | --                                | --                               |
| 0023 School Leadership                            | --                                   | --                                    | 800                               | 133                              |
| 0031 Guidance, Counseling, & Evaluation Services  | --                                   | --                                    | --                                | 59,249                           |
| 0032 Social Work Services                         | --                                   | --                                    | --                                | --                               |
| 0033 Health Services                              | --                                   | --                                    | --                                | --                               |
| 0034 Student Transportation                       | --                                   | --                                    | 7,891                             | --                               |
| 0035 Food Service                                 | --                                   | --                                    | --                                | --                               |
| 0036 Cocurricular/Extracurricular Activities      | --                                   | --                                    | --                                | --                               |
| 0041 General Administration                       | --                                   | --                                    | --                                | --                               |
| 0051 Plant Maintenance and Operations             | --                                   | --                                    | --                                | --                               |
| 0052 Security and Monitoring Services             | --                                   | --                                    | --                                | --                               |
| 0053 Data Processing Services                     | --                                   | --                                    | --                                | --                               |
| 0061 Community Services                           | --                                   | --                                    | --                                | 97                               |
| Debt Service:                                     |                                      |                                       |                                   |                                  |
| 0071 Principal on Long-term Debt                  | --                                   | --                                    | --                                | --                               |
| 0072 Interest and fees on Long-term Debt          | --                                   | --                                    | --                                | --                               |
| 6030 Total Expenditures                           | <u>45,714</u>                        | <u>17,760</u>                         | <u>147,187</u>                    | <u>510,671</u>                   |
| 1100 Excess (Deficiency) of Revenues Over (Under) | --                                   | --                                    | --                                | --                               |
| 1100 Expenditures                                 | --                                   | --                                    | --                                | --                               |
| Other Financing Sources and (Uses):               |                                      |                                       |                                   |                                  |
| 7912 Sale of Real or Personal Property            | --                                   | --                                    | --                                | --                               |
| 7080 Total Other Financing Sources and (Uses)     | --                                   | --                                    | --                                | --                               |
| 1200 Net Change in Fund Balances                  | --                                   | --                                    | --                                | --                               |
| 0100 Fund Balances - Beginning                    | --                                   | --                                    | --                                | --                               |
| 3000 Fund Balances - Ending                       | <u>\$ --</u>                         | <u>\$ --</u>                          | <u>\$ --</u>                      | <u>\$ --</u>                     |

| 411<br>Technology<br>Allotment | 415<br>Kindergarten and<br>Prekindergarten<br>Grants | 427<br>State Funded<br>Special Revenue<br>Fund | 429<br>State Funded<br>Special Revenue<br>Fund | 435<br>Regional<br>Day School<br>for the Deaf |
|--------------------------------|--|--|--|---|
| \$ --                          | \$ --  | \$ --  | \$ --  | \$ 1,642,967                                  |
| 693,369                        | 1,355,009  | 73,572   | 2,017,733                                      | 1,600,737                                     |
| --                             | --   | --   | --   | --  |
| <u>693,369</u>                 | <u>1,355,009</u>                                     | <u>73,572</u>                                  | <u>2,017,733</u>                               | <u>3,243,704</u>                              |
| 168,097                        | 1,253,014  | 64,062   | 1,382,951                                      | 2,253,750                                     |
| 66,541                         | --   | --   | 18,362   | --  |
| 364,989                        | 101,995  | --   | 177,466  | 9,154   |
| 58,817                         | --   | --   | --   | 256,651                                       |
| 4,279                          | --   | --   | 293,544  | --  |
| --                             | --   | --   | 57,008   | 140,993                                       |
| --                             | --   | --   | --   | --  |
| --                             | --   | --   | 8,350  | 14,535  |
| --                             | --   | --   | --   | --  |
| --                             | --   | --   | 59,506   | --  |
| --                             | --   | --   | --   | --  |
| --                             | --   | --   | --   | --  |
| 594                            | --   | --   | 20,545   | --  |
| --                             | --   | 4,659  | --   | --  |
| 5,283                          | --   | --   | --   | --  |
| 3,620                          | --   | 4,851  | 1  | 419   |
| 27,535                         | --   | --   | --   | --  |
| 273                            | --   | --   | --   | --  |
| <u>700,028</u>                 | <u>1,355,009</u>                                     | <u>73,572</u>                                  | <u>2,017,733</u>                               | <u>2,675,502</u>                              |
| (6,659)                        | --   | --   | --   | 568,202                                       |
| --                             | --   | --   | --   | --  |
| --                             | --   | --   | --   | --  |
| <u>(6,659)</u>                 | --   | --   | --   | <u>568,202</u>                                |
| 26,607                         | --   | --   | --   | 2,512,388                                     |
| <u>\$ 19,948</u>               | <u>\$ --</u>   | <u>\$ --</u>                                   | <u>\$ --</u>                                   | <u>\$ 3,080,590</u>                           |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

| Data<br>Control<br>Codes                                    | 461<br>Campus<br>Activity<br>Funds | 481<br>Texas<br>High School<br>Project |
|---|------------------------------------|--|
| <b>REVENUES:</b>  |                                    |  |
| 5700 <i>Local and Intermediate Sources</i>                  | \$ 1,545,140                       | \$ 2,059                               |
| 5800 <i>State Program Revenues</i>                          | --                                 | --                                     |
| 5900 <i>Federal Program Revenues</i>                        | --                                 | --                                     |
| 5020 <b>Total Revenues</b>                                  | <u>1,545,140</u>                   | <u>2,059</u>                           |
| <b>EXPENDITURES:</b>  |                                    |  |
| Current:  |                                    |  |
| 0011 <i>Instruction</i>                                     | 1,230,986                          | --                                     |
| 0012 <i>Instructional Resources and Media Services</i>      | --                                 | --                                     |
| 0013 <i>Curriculum and Staff Development</i>                | --                                 | --                                     |
| 0021 <i>Instructional Leadership</i>                        | --                                 | 2,059                                  |
| 0023 <i>School Leadership</i>                               | 67,279                             | --                                     |
| 0031 <i>Guidance, Counseling, &amp; Evaluation Services</i> | --                                 | --                                     |
| 0032 <i>Social Work Services</i>                            | --                                 | --                                     |
| 0033 <i>Health Services</i>                                 | --                                 | --                                     |
| 0034 <i>Student Transportation</i>                          | --                                 | --                                     |
| 0035 <i>Food Service</i>                                    | --                                 | --                                     |
| 0036 <i>Cocurricular/Extracurricular Activities</i>         | 268,682                            | --                                     |
| 0041 <i>General Administration</i>                          | --                                 | --                                     |
| 0051 <i>Plant Maintenance and Operations</i>                | --                                 | --                                     |
| 0052 <i>Security and Monitoring Services</i>                | --                                 | --                                     |
| 0053 <i>Data Processing Services</i>                        | --                                 | --                                     |
| 0061 <i>Community Services</i>                              | --                                 | --                                     |
| <i>Debt Service:</i>  |                                    |  |
| 0071 <i>Principal on Long-term Debt</i>                     | --                                 | --                                     |
| 0072 <i>Interest and fees on Long-term Debt</i>             | --                                 | --                                     |
| 6030 <b>Total Expenditures</b>                              | <u>1,566,947</u>                   | <u>2,059</u>                           |
| 1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>    |                                    |  |
| 1100 <b>Expenditures</b>                                    | <u>(21,807)</u>                    | <u>--</u>                              |
| <b>Other Financing Sources and (Uses):</b>                  |                                    |  |
| 7912 <i>Sale of Real or Personal Property</i>               | --                                 | --                                     |
| 7080 <b>Total Other Financing Sources and (Uses)</b>        | <u>--</u>                          | <u>--</u>                              |
| 1200 <b>Net Change in Fund Balances</b>                     | <u>(21,807)</u>                    | <u>--</u>                              |
| 0100 <b>Fund Balances - Beginning</b>                       | <u>760,583</u>                     | <u>--</u>                              |
| 3000 <b>Fund Balances - Ending</b>                          | <u>\$ 738,776</u>                  | <u>\$ --</u>                           |



| 482<br>After School<br>Enrichment<br>Program | 483<br>Laura Bush<br>Foundation<br>Library | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds (See<br>Exhibit H-2) |
|--|--|---|
| \$ 503,826                                   | \$ 6,000                                   | \$ 3,699,992  |
| --   | --   | 6,483,598   |
| --   | --   | 40,947,796  |
| <u>503,826</u>                               | <u>6,000</u>                               | <u>51,131,386</u>   |
| 503,826                                      | --   | 35,958,477  |
| --   | 6,000                                      | 1,298,647   |
| --   | --   | 4,187,584   |
| --   | --   | 1,111,634   |
| --   | --   | 1,019,455   |
| --   | --   | 1,996,285   |
| --   | --   | 783,363   |
| --   | --   | 817,853   |
| --   | --   | 883,105   |
| --   | --   | 59,664  |
| --   | --   | 276,843   |
| --   | --   | 2,085   |
| --   | --   | 45,819  |
| --   | --   | 220,841   |
| --   | --   | 5,283   |
| --   | --   | 1,742,477   |
| --   | --   | 180,157   |
| <u>503,826</u>                               | <u>6,000</u>                               | 7,298   |
| --   | --   | <u>50,596,870</u>   |
| --   | --   | 534,516   |
| --   | --   | 5,220   |
| --   | --   | 5,220   |
| --   | --   | 539,736   |
| --   | --   | 3,299,578   |
| <u>\$ --</u>                                 | <u>\$ --</u>                               | <u>\$ 3,839,314</u>   |



## **INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing of goods or services provided by one organizational unit of the District to other organizational units of the District on a cost reimbursement basis. Internal service funds, also, are used to account for the operations of self-funded health and worker's compensation and self-administered unemployment claims. Internal Service Funds maintained by the District are the following:

**Print Shop Fund** - To provide print shop services to other organizational units of the District.

**Health Insurance Fund** - To account for health and dental benefits under a self-funded plan.

**Unemployment Fund** - To account for benefits to pay unemployment requirements.

**Worker's Compensation Fund** - To account for worker's compensation benefits under a self-administered plan.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

**COMBINING STATEMENT OF NET ASSETS**

**INTERNAL SERVICE FUNDS**

**JUNE 30, 2011**

| Data<br>Control<br>Codes                               | 752<br>Print<br>Shop<br>Fund | 753<br>Insurance<br>Fund |
|--|------------------------------|--------------------------|
| <b>ASSETS:</b>   |                              |                          |
| Current Assets:  |                              |                          |
| 1110 Cash and Cash Equivalents                         | \$ 6,217                     | \$ 3,715,790             |
| Receivables:   |                              |                          |
| 1260 Due from Other Funds                              | --                           | 1,560,620                |
| 1290 Other Receivables (net)                           | --                           | 351,439                  |
| 1410 Deferred Expenditures                             | --                           | --                       |
| Total Current Assets                                   | <u>6,217</u>                 | <u>5,627,849</u>         |
| Noncurrent Assets:                                     |                              |                          |
| Capital Assets:  |                              |                          |
| 1530 Furniture and Equipment                           | 53,859                       | --                       |
| 1570 Accumulated Depreciation                          | (31,849)                     | --                       |
| Total Noncurrent Assets                                | <u>22,010</u>                | <u>--</u>                |
| 1000 Total Assets                                      | <u>\$ 28,227</u>             | <u>\$ 5,627,849</u>      |
| <b>LIABILITIES:</b>                                    |                              |                          |
| Current Liabilities:                                   |                              |                          |
| 2110 Accounts Payable                                  | \$ 6,217                     | \$ 665,032               |
| 2200 Accrued Expenditures/Expenses                     | --                           | 851,626                  |
| Total Current Liabilities                              | <u>6,217</u>                 | <u>1,516,658</u>         |
| 2000 Total Liabilities                                 | <u>6,217</u>                 | <u>1,516,658</u>         |
| <b>NET ASSETS:</b>                                     |                              |                          |
| 3200 Investment in Capital Assets, Net of Related Debt | 22,010                       | --                       |
| 3900 Unrestricted Net Assets                           | --                           | 4,111,191                |
| 3000 Total Net Assets                                  | <u>\$ 22,010</u>             | <u>\$ 4,111,191</u>      |

| 771<br>TWC<br>Unemployment Fund | 772<br>Workers'<br>Compensation | Total<br>Internal<br>Service<br>Funds (See<br>Exhibit D-1) |
|---------------------------------|---------------------------------|--|
| \$ 203,177                      | \$ 7,026,708                    | \$ 10,951,892  |
| 68,198                          | 78,211                          | 1,707,029  |
| --                              | 65,271                          | 416,710  |
| --                              | 124,436                         | 124,436  |
| <u>271,375</u>                  | <u>7,294,626</u>                | <u>13,200,067</u>  |
| --                              | --                              | 53,859   |
| --                              | --                              | (31,849)   |
| --                              | --                              | 22,010   |
| <u>\$ 271,375</u>               | <u>\$ 7,294,626</u>             | <u>\$ 13,222,077</u>                                       |
| \$ 58,002                       | \$ 67,475                       | \$ 796,726   |
| --                              | 5,106,647                       | 5,958,273  |
| <u>58,002</u>                   | <u>5,174,122</u>                | <u>6,754,999</u>   |
| <u>58,002</u>                   | <u>5,174,122</u>                | <u>6,754,999</u>   |
| --                              | --                              | 22,010   |
| 213,373                         | 2,120,504                       | 6,445,068  |
| <u>\$ 213,373</u>               | <u>\$ 2,120,504</u>             | <u>\$ 6,467,078</u>  |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES,

AND CHANGES IN FUND NET ASSETS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

| Data<br>Control<br>Codes                                 | 752<br>Print<br>Shop<br>Fund | 753<br>Insurance<br>Fund |
|--|------------------------------|--------------------------|
| <b>OPERATING REVENUES:</b>                               |                              |                          |
| 5700 <i>Local and Intermediate Sources</i>               | \$ 200,185                   | \$ 20,522,475            |
| 5020 <b>Total Revenues</b>                               | <u>200,185</u>               | <u>20,522,475</u>        |
| <b>OPERATING EXPENSES:</b>                               |                              |                          |
| 6100 <i>Payroll Costs</i>                                | 97,193                       | 19,576,860               |
| 6200 <i>Professional and Contracted Services</i>         | 89,261                       | --                       |
| 6300 <i>Supplies and Materials</i>                       | 38,053                       | --                       |
| 6400 <i>Other Operating Costs</i>                        | 11,193                       | --                       |
| 6030 <b>Total Expenses</b>                               | <u>235,700</u>               | <u>19,576,860</u>        |
| Operating Income (Loss)                                  | <u>(35,515)</u>              | <u>945,615</u>           |
| <b>NON-OPERATING REVENUES (EXPENSES):</b>                |                              |                          |
| 7951 <i>Gain in Sale of Real and Personal Property</i>   | 393                          | --                       |
| 7955 <i>Earnings from Temp. Deposits and Investments</i> | --                           | 8,554                    |
| 8030 <b>Total Non-operating Revenues (Expenses)</b>      | <u>393</u>                   | <u>8,554</u>             |
| Income (Loss) before Contributions and Transfers         | (35,122)                     | 954,169                  |
| 7915 <i>Transfers In</i>                                 | 24,506                       | --                       |
| 1300 <b>Change in Net Assets</b>                         | <u>(10,616)</u>              | <u>954,169</u>           |
| 0100 <b>Total Net Assets - Beginning</b>                 | 32,626                       | 3,157,022                |
| 3300 <b>Total Net Assets - Ending</b>                    | <u>\$ 22,010</u>             | <u>\$ 4,111,191</u>      |

| 771<br>TWC<br>Unemployment Fund | 772<br>Workers'<br>Compensation | Total<br>Internal<br>Service<br>Funds (See<br>Exhibit D-2) |
|---------------------------------|---------------------------------|--|
| \$ 454,449                      | \$ 1,334,581                    | \$ 22,511,690  |
| <u>454,449</u>                  | <u>1,334,581</u>                | <u>22,511,690</u>  |
| 361,316                         | 1,248,498                       | 21,283,867   |
| --                              | --                              | 89,261   |
| --                              | --                              | 38,053   |
| --                              | --                              | 11,193   |
| <u>361,316</u>                  | <u>1,248,498</u>                | <u>21,422,374</u>  |
| 93,133                          | 86,083                          | 1,089,316  |
| --                              | --                              | 393  |
| --                              | 21,563                          | 30,117   |
| <u>--</u>                       | <u>21,563</u>                   | <u>30,510</u>  |
| 93,133                          | 107,646                         | 1,119,826  |
| --                              | --                              | 24,506   |
| <u>93,133</u>                   | <u>107,646</u>                  | <u>1,144,332</u>   |
| 120,240                         | 2,012,858                       | 5,322,746  |
| <u>\$ 213,373</u>               | <u>\$ 2,120,504</u>             | <u>\$ 6,467,078</u>  |

# MCALLEN INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF CASH FLOWS

### ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

|  | 752<br>Print<br>Shop<br>Fund | 753<br>Insurance<br>Fund | 771<br>TWC<br>Unemployment Fund |
|--|------------------------------|--------------------------|---------------------------------|
| <b>Cash Flows from Operating Activities:</b>   |                              |                          |                                 |
| <i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i> | \$ 256,359                   | \$ 21,212,417            | \$ 386,251                      |
| <i>Cash Payments to Employees</i>  | (103,908)                    | --                       | --                              |
| <i>Cash Payments to Suppliers for Goods and Services</i>                                   | (128,739)                    | --                       | --                              |
| <i>Cash Payments for Claims</i>  | --                           | (20,087,890)             | (356,433)                       |
| Net Cash Provided (Used) by Operating Activities   | <u>23,712</u>                | <u>1,124,527</u>         | <u>29,818</u>                   |
| <b>Cash Flows from Non-capital Financing Activities:</b>                                   |                              |                          |                                 |
| <i>Transfers From (To) Other Funds</i>   | 24,506                       | --                       | --                              |
| Net Cash Provided (Used) by Non-capital Financing Activities                               | <u>24,506</u>                | <u>--</u>                | <u>--</u>                       |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                           |                              |                          |                                 |
| <i>Proceeds from Sale of Capital Assets</i>  | 393                          | --                       | --                              |
| Net Cash Provided (Used) for Capital and Related Financing Activities                      | <u>393</u>                   | <u>--</u>                | <u>--</u>                       |
| <b>Cash Flows from Investing Activities:</b>   |                              |                          |                                 |
| <i>Interest and Dividends on Investments</i>   | --                           | 8,554                    | --                              |
| Net Cash Provided (Used) for Investing Activities  | <u>--</u>                    | <u>8,554</u>             | <u>--</u>                       |
| Net Increase (Decrease) in Cash and Cash Equivalents                                       | 48,611                       | 1,133,081                | 29,818                          |
| Cash and Cash Equivalents at Beginning of Year   | (42,393)                     | 2,582,709                | 173,358                         |
| Cash and Cash Equivalents at End of Year   | <u>\$ 6,218</u>              | <u>\$ 3,715,790</u>      | <u>\$ 203,176</u>               |
| <b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>    |                              |                          |                                 |
| Operating Income (Loss)  | \$ (35,515)                  | \$ 945,615               | \$ 93,133                       |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities     |                              |                          |                                 |
| <i>Depreciation</i>  | 10,616                       | --                       | --                              |
| Change in Assets and Liabilities:  |                              |                          |                                 |
| <i>Decrease (Increase) in Receivables</i>  | 57,341                       | 689,942                  | (68,199)                        |
| <i>Decrease (Increase) in Prepaid Expenses</i>   | --                           | --                       | --                              |
| <i>Increase (Decrease) in Accounts Payable</i>   | (848)                        | 445,424                  | 4,884                           |
| <i>Increase (Decrease) in Accrued Wages Payable</i>  | (6,714)                      | --                       | --                              |
| <i>Increase (Decrease) in Interfund Payables</i>   | (1,168)                      | --                       | --                              |
| <i>Increase (Decrease) in Accrued Expenses</i>   | --                           | (956,454)                | --                              |
| Total Adjustments  | <u>59,227</u>                | <u>178,912</u>           | <u>(63,315)</u>                 |
| Net Cash Provided (Used) by Operating Activities   | <u>\$ 23,712</u>             | <u>\$ 1,124,527</u>      | <u>\$ 29,818</u>                |



| 772<br>Workers'<br>Compensation | Total<br>Internal<br>Service<br>Funds (See<br>Exhibit D-3) |
|---------------------------------|--|
| \$ 1,622,095                    | \$ 23,477,122  |
| --                              | (103,908)  |
| --                              | (128,739)  |
| (1,259,275)                     | (21,703,598)   |
| <u>362,820</u>                  | <u>1,540,877</u>   |
| --                              | 24,506   |
| <u>--</u>                       | <u>24,506</u>  |
| --                              | 393  |
| <u>--</u>                       | <u>393</u>   |
| 21,563                          | 30,117   |
| <u>21,563</u>                   | <u>30,117</u>  |
| 384,383                         | 1,595,893  |
| 6,642,325                       | 9,355,999  |
| <u>\$ 7,026,708</u>             | <u>\$ 10,951,892</u>                                       |
|                                 |  |
| \$ 86,083                       | \$ 1,089,316   |
| --                              | 10,616   |
| 280,765                         | 959,849  |
| 6,749                           | 6,749  |
| (15,051)                        | 434,409  |
| --                              | (6,714)  |
| --                              | (1,168)  |
| 4,274                           | (952,180)  |
| <u>276,737</u>                  | <u>451,561</u>   |
| <u>\$ 362,820</u>               | <u>\$ 1,540,877</u>  |



## **AGENCY FUNDS**

### **Agency Funds:**

To account for funds which are custodial in nature and for which the District is acting as an agent. The District has established the following agency funds:

**Student Activity** – To account for student activity funds held for various clubs on the campuses.

**Retiree's Insurance** – To account for payments for retiree's premiums.



**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2011**

**EXHIBIT H-9**

| Data<br>Control<br>Codes          | 97<br>Balance<br>July 1,<br>2010 | 5030<br>Additions   | 6050<br>Deductions  | 98<br>Balance<br>June 30,<br>2011 |
|-----------------------------------|----------------------------------|---------------------|---------------------|-----------------------------------|
| <b>STUDENT ACTIVITIES:</b>        |                                  |                     |                     |                                   |
| <b>ASSETS</b>                     |                                  |                     |                     |                                   |
| Cash & Temporary Investments      | \$ 803,174                       | \$ 2,193,415        | \$ 2,219,298        | \$ 777,291                        |
| <b>Total Assets</b>               | <b>\$ 803,174</b>                | <b>\$ 2,193,415</b> | <b>\$ 2,219,298</b> | <b>\$ 777,291</b>                 |
| <b>LIABILITIES</b>                |                                  |                     |                     |                                   |
| Due to Student Groups             | \$ 803,174                       | \$ 2,193,415        | \$ 2,219,298        | \$ 777,291                        |
| <b>Total Liabilities</b>          | <b>\$ 803,174</b>                | <b>\$ 2,193,415</b> | <b>\$ 2,219,298</b> | <b>\$ 777,291</b>                 |
| <b>RETIREE'S INSURANCE:</b>       |                                  |                     |                     |                                   |
| <b>ASSETS</b>                     |                                  |                     |                     |                                   |
| Cash                              | \$ 5,087                         | \$ 19,327           | \$ 18,844           | \$ 5,570                          |
| <b>Total Assets</b>               | <b>\$ 5,087</b>                  | <b>\$ 19,327</b>    | <b>\$ 18,844</b>    | <b>\$ 5,570</b>                   |
| <b>LIABILITIES</b>                |                                  |                     |                     |                                   |
| Due to Other Funds                | \$ 5,087                         | \$ 19,327           | \$ 18,844           | \$ 5,570                          |
| <b>Total Liabilities</b>          | <b>\$ 5,087</b>                  | <b>\$ 19,327</b>    | <b>\$ 18,844</b>    | <b>\$ 5,570</b>                   |
| <b>TOTAL AGENCY FUNDS:</b>        |                                  |                     |                     |                                   |
| <b>ASSETS</b>                     |                                  |                     |                     |                                   |
| 1110 Cash & Temporary Investments | \$ 808,261                       | \$ 2,212,742        | \$ 2,238,142        | \$ 782,861                        |
| 1000 <b>Total Assets</b>          | <b>\$ 808,261</b>                | <b>\$ 2,212,742</b> | <b>\$ 2,238,142</b> | <b>\$ 782,861</b>                 |
| <b>LIABILITIES</b>                |                                  |                     |                     |                                   |
| 2170 Due to Other Funds           | 5,087                            | 19,327              | 18,844              | 5,570                             |
| 2190 Due to Student Groups        | 803,174                          | 2,193,415           | 2,219,298           | 777,291                           |
| 2000 <b>Total Liabilities</b>     | <b>\$ 808,261</b>                | <b>\$ 2,212,742</b> | <b>\$ 2,238,142</b> | <b>\$ 782,861</b>                 |



## **OTHER SUPPLEMENTARY INFORMATION**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

| Fiscal Year *                  | 1           |         | 2            |         | 3  |               |
|--------------------------------|-------------|---------|--------------|---------|--|---------------|
|                                | Tax Rates   |         |              |         | Assessed/Appraised<br>Value For School<br>Tax Purposes |               |
|                                | Maintenance |         | Debt Service |         |  |               |
|                                | \$          | Various | \$           | Various | \$   | Various       |
| 2002 and Prior Years           |             |         |              |         |  |               |
| 2003                           |             | 1.50    |              | .0425   |  | 4,145,663,438 |
| 2004                           |             | 1.50    |              | .04     |  | 4,411,021,970 |
| 2005                           |             | 1.50    |              | .04     |  | 4,845,250,550 |
| 2006                           |             | 1.50    |              | .1155   |  | 4,696,015,217 |
| 2007                           |             | 1.37    |              | .108    |  | 4,900,959,095 |
| 2008                           |             | 1.04    |              | .105    |  | 5,715,239,430 |
| 2009                           |             | 1.04    |              | .105    |  | 5,831,870,139 |
| 2010                           |             | 1.04    |              | .125    |  | 6,108,789,802 |
| 2011 (School Year Under Audit) |             | 1.04    |              | .125    |  | 6,035,806,428 |
| 1000 Totals                    |             |         |              |         |  |               |

\* Fiscal year ends prior to 2010 are August 31



| 10<br>Beginning<br>Balance<br>7/1/10 | 20<br>Current<br>Year's<br>Total Levy | 31<br>Maintenance<br>Collections | 32<br>Debt Service<br>Collections | 40<br>Entire<br>Year's<br>Adjustments | 50<br>Ending<br>Balance<br>6/30/11 |
|--------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|---------------------------------------|------------------------------------|
| \$ 1,133,287                         | \$ --                                 | \$ 44,322                        | \$ 6,562                          | \$ (83,938)                           | \$ 998,465                         |
| 147,958                              | --                                    | 11,899                           | 337                               | (11,509)                              | 124,213                            |
| 191,963                              | --                                    | 19,957                           | 532                               | (7,158)                               | 164,315                            |
| 318,225                              | --                                    | 44,612                           | 1,190                             | (12,526)                              | 259,897                            |
| 516,730                              | --                                    | 84,335                           | 6,494                             | (42,611)                              | 383,290                            |
| 636,885                              | --                                    | 143,685                          | 11,327                            | (13,949)                              | 467,924                            |
| 974,386                              | --                                    | 219,301                          | 22,141                            | (57,687)                              | 675,256                            |
| 1,698,014                            | --                                    | 653,182                          | 65,946                            | (66,643)                              | 912,242                            |
| 4,478,820                            | --                                    | 2,521,727                        | 303,092                           | (192,060)                             | 1,461,942                          |
| --                                   | 68,893,743                            | 58,395,837                       | 7,018,732                         | 229,462                               | 3,708,636                          |
| <u>\$ 10,096,268</u>                 | <u>\$ 68,893,743</u>                  | <u>\$ 62,138,858</u>             | <u>\$ 7,436,354</u>               | <u>\$ (258,619)</u>                   | <u>\$ 9,156,181</u>                |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2012-2013  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011*

**FUNCTION 41 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST**

| Account Number | Account Name   | 1<br>(702)<br>School Board | 2<br>(703)<br>Tax Collection | 3<br>(701)<br>Supt's Office | 4<br>(750)<br>Indirect Cost | 5<br>(720)<br>Direct Cost | 6<br>(Other)<br>Misc. | 7<br>Total   |
|----------------|--|----------------------------|------------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------|--------------|
| 611X-6146      | Payroll Costs  | \$ 47,348                  | \$ --                        | \$ 319,246                  | \$ 2,885,411                | \$ 649,665                | \$ --                 | \$ 3,901,670 |
| 6149           | Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)                      | --                         | --                           | --                          | 8,465                       | --                        | --                    | 8,465        |
| 6149           | Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53) | --                         | --                           | --                          | 111,630                     | --                        | --                    | 111,630      |
| 6211           | Legal Services   | --                         | --                           | 304,989                     | --                          | --                        | --                    | 304,989      |
| 6212           | Audit Services   | --                         | --                           | --                          | 69,278                      | --                        | --                    | 69,278       |
| 6213           | Tax Appraisal and Collection   | --                         | 742,134                      | --                          | --                          | --                        | --                    | 742,134      |
| 621X           | Other Prof. Services   | --                         | --                           | 1,831                       | 51,849                      | 3,605                     | --                    | 57,285       |
| 6220           | Tuition and Transfer Payments  | --                         | --                           | --                          | --                          | --                        | --                    | --           |
| 6230           | Education Service Centers  | 600                        | --                           | --                          | 7,590                       | --                        | --                    | 8,190        |
| 6240           | Contr. Maint. and Repair   | --                         | --                           | --                          | --                          | 9,271                     | --                    | 9,271        |
| 6250           | Utilities  | --                         | --                           | --                          | --                          | --                        | --                    | --           |
| 6260           | Rentals  | --                         | --                           | --                          | 14,565                      | 4,392                     | --                    | 18,957       |
| 6290           | Miscellaneous Contr.   | 593                        | --                           | 3,377                       | 65,925                      | 5,044                     | --                    | 74,939       |
| 6310           | Operational Supplies, Materials  | --                         | --                           | --                          | 193                         | 8,626                     | --                    | 8,819        |
| 6320           | Textbooks and Reading  | --                         | --                           | 2,318                       | 104                         | 559                       | --                    | 2,981        |
| 6330           | Testing Materials  | --                         | --                           | --                          | --                          | --                        | --                    | --           |
| 63XX           | Other Supplies, Materials  | 9,446                      | --                           | 5,477                       | 44,141                      | 39,801                    | --                    | 98,865       |
| 6410           | Travel, Subsistence, Stipends  | 5,226                      | --                           | 9,415                       | 9,884                       | 5,909                     | --                    | 30,434       |
| 6420           | Ins. and Bonding Costs   | --                         | --                           | --                          | 175,121                     | 4,527                     | --                    | 179,648      |
| 6430           | Election Costs   | 26,330                     | --                           | --                          | --                          | --                        | --                    | 26,330       |
| 6490           | Miscellaneous Operating  | 19,228                     | --                           | 12,562                      | 49,997                      | 57,615                    | --                    | 139,402      |
| 6500           | Debt Service   | --                         | --                           | --                          | --                          | --                        | --                    | --           |
| 6600           | Capital Outlay   | --                         | --                           | --                          | --                          | --                        | 36,874                | 36,874       |

Total \$ 108,771 \$ 742,134 \$ 659,215 \$ 3,494,154 \$ 789,014 \$ 36,874 \$ 5,830,161

Total Expenditures for General and Special Revenue Funds (9) \$ 220,070,357

LESS: Deductions of Unallowable Costs

FISCAL YEAR

|  |      |               |
|--|------|---------------|
| Total Capital Outlay (6600)                | (10) | \$ 5,112,037  |
| Total Debt & Lease (6500)                  | (11) | \$ 502,042    |
| Plant Maintenance (Function 51, 6100-6400) | (12) | \$ 18,694,028 |
| Food (Function 35, 6341 and 6499)          | (13) | \$ 5,344,158  |
| Stipends (6413)                            | (14) | \$ --         |
| Column 4 (above) - Total Indirect Cost     |      | \$ 3,494,154  |

Subtotal 33,146,419

Net Allowed Direct Cost \$ 186,923,938

CUMULATIVE

|   |      |                |
|---|------|----------------|
| Total Cost of Buildings Before Depreciation (1520)                    | (15) | \$ 241,944,835 |
| Historical Cost of Buildings over 50 years old                        | (16) | 20,948,306     |
| Amount of Federal Money in Building Cost (Net of #16)                 | (17) | 162,783        |
| Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540) | (18) | 22,825,969     |
| Historical Cost of Furniture & Equipment over 16 years old            | (19) | 6,136,444      |
| Amount of Federal Money in Furniture & Equipment (Net of #19)         | (20) | \$ 892,983     |

(8) Note A - \$262,467 Function 53 expenditures and \$599,650 in Function 99 expenditures are included in this report on administrative costs.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET**  
**GENERAL FUND**  
**AS OF JUNE 30, 2011**

| Data<br>Control<br>Codes | Explanation  | Amount                     |
|--------------------------|--|----------------------------|
| 1                        | Total General Fund Fund Balance as of June 30, 2011 (Exhibit C-1 object 3000 for the General Fund only)  | \$ <u>41,597,453</u>       |
| 2                        | Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)  | <u>749,500</u>             |
| 3                        | Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)  | <u>7,062,009</u>           |
| 4                        | Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)   | <u>--</u>                  |
| 5                        | Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)  | <u>--</u>                  |
| 6                        | Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)  | <u>--</u>                  |
| 7                        | Estimate of two months' average cash disbursements during the fiscal year  | <u>30,123,930</u>          |
| 8                        | Estimate of delayed payments from state sources (58XX)   | <u>--</u>                  |
| 9                        | 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 | <u>--</u>                  |
| 10                       | Estimate of delayed payments from federal sources (59XX)   | <u>--</u>                  |
| 11                       | 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)                          | <u>--</u>                  |
| 12                       | General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)  | <u>37,935,439</u>          |
| 13                       | Excess (Deficit) Unassigned General Fund Fund Balance (1-12)   | <u>\$ <u>3,662,014</u></u> |

**Unassigned General Fund Fund Balance:**

The District will be utilizing the available fund balance for facility maintenance and instructional needs. The District will repair facilities to the extent possible while maintaining a fund balance as close as possible to the optimum amount.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-4**

*DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011*

| Data<br>Control<br>Codes |  | 1                   | 2                   | 3                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--------------------------|--|---------------------|---------------------|---------------------|---|
|                          |  | Budgeted Amounts    |                     |                     |   |
|                          |  | Original            | Final               | Actual              |   |
| <b>REVENUES:</b>         |  |                     |                     |                     |   |
| 5700                     | <i>Local and Intermediate Sources</i>        | \$ 7,687,165        | \$ 7,671,916        | \$ 7,627,821        | \$ (44,095)   |
| 5800                     | <i>State Program Revenues</i>                | 2,267,437           | 2,425,833           | 2,418,148           | (7,685)   |
| 5020                     | <b>Total Revenues</b>                        | <u>9,954,602</u>    | <u>10,097,749</u>   | <u>10,045,969</u>   | <u>(51,780)</u>   |
| <b>EXPENDITURES:</b>     |  |                     |                     |                     |   |
| Debt Service:            |  |                     |                     |                     |   |
| 0071                     | <i>Principal on Long-Term Debt</i>           | 4,615,000           | 4,615,000           | 4,615,000           | --  |
| 0072                     | <i>Interest and fees on Long-Term Debt</i>   | 5,359,238           | 5,359,238           | 5,348,648           | 10,590  |
|                          | <b>Total Debt Service</b>                    | <u>9,974,238</u>    | <u>9,974,238</u>    | <u>9,963,648</u>    | <u>10,590</u>   |
| 6030                     | <b>Total Expenditures</b>                    | <u>9,974,238</u>    | <u>9,974,238</u>    | <u>9,963,648</u>    | <u>10,590</u>   |
| 1100                     | Excess (Deficiency) of Revenues Over (Under) |                     |                     |                     |   |
| 1100                     | Expenditures                                 | (19,636)            | 123,511             | 82,321              | (41,190)  |
| 1200                     | Net Change in Fund Balance                   | <u>(19,636)</u>     | <u>123,511</u>      | <u>82,321</u>       | <u>(41,190)</u>   |
| 0100                     | Fund Balance - Beginning                     | 4,344,581           | 4,344,581           | 4,344,581           | --  |
| 3000                     | Fund Balance - Ending                        | <u>\$ 4,324,945</u> | <u>\$ 4,468,092</u> | <u>\$ 4,426,902</u> | <u>\$ (41,190)</u>                                      |

## **STATISTICAL SECTION**



## MCALLEN INDEPENDENT SCHOOL DISTRICT

### STATISTICAL SECTION OVERVIEW (Unaudited)

*This part of the District's Comprehensive Annual Financial Report presents detailed information to provide the reader's of the District's financial information with a background for a better understanding of the information in the financial statements, note disclosures and required supplementary information.*

The statistical section is organized in the following sections:

**Financial Trends Information** – These schedules contain trend information to help the reader understand how the District's financial performance well-being have changed over time.

**Revenue Capacity Information** – This section contains schedules that provide information about the District's most significant major own-source revenue, which is property taxes, and the factors that impact the District's ability to generate such revenue.

**Debt Capacity Information** – This section contains schedules that provide information on the District's current levels of outstanding debt, the District's ability to repay debt, and to issue additional debt in the future.

**Demographic and Economical Information** – This section contains schedules that provide an understanding of the environment within which the District's financial activities take place.

**Operating Information** – This section contains schedules that provide information about services the District provides and the activities it performs, such as employee and facilities of the District.





## **FINANCIAL TRENDS INFORMATION**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**NET ASSETS BY COMPONENT**  
**LAST TEN YEARS**

|                                     | <u>2002</u>          | <u>2003</u>          | <u>2004</u>           | <u>2005</u>           |
|-------------------------------------|----------------------|----------------------|-----------------------|-----------------------|
| <b>Governmental Activities</b>      |                      |                      |                       |                       |
| <i>Invested in Capital Assets</i>   |                      |                      |                       |                       |
| <i>Net of Related Debt</i>          | \$ 81,779,608        | \$ 81,360,841        | \$ 81,657,969         | \$ 79,552,971         |
| <i>Restricted</i>                   | 845,040              | 1,596,643            | 960,215               | 1,928,048             |
| <i>Unrestricted</i>                 | <u>2,863,540</u>     | <u>10,473,495</u>    | <u>18,693,510</u>     | <u>23,836,653</u>     |
| <i>Total Net Assets</i>             | <u>\$ 85,488,188</u> | <u>\$ 93,430,979</u> | <u>\$ 101,311,694</u> | <u>\$ 105,317,672</u> |
| <br><b>Business-Type Activities</b> |                      |                      |                       |                       |
| <i>Invested in Capital Assets</i>   |                      |                      |                       |                       |
| <i>Net of Related Debt</i>          | \$ -                 | \$ -                 | \$ -                  | \$ 43,255             |
| <i>Restricted</i>                   |                      |                      |                       |                       |
| <i>Unrestricted</i>                 | <u>201,897</u>       | <u>230,239</u>       | <u>299,328</u>        | <u>289,717</u>        |
| <i>Total Net Assets</i>             | <u>\$ 201,897</u>    | <u>\$ 230,239</u>    | <u>\$ 299,328</u>     | <u>\$ 332,972</u>     |

Source: Financial Statements and Independent Auditor's Report  
Statement of Net Assets (Exhibit A-1)  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

TABLE L-1

| <u>2006</u>           | <u>2007</u>           | <u>2008</u>           | <u>2009</u>           | <u>2010</u>           | <u>2011</u>           |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 84,963,305         | \$ 89,709,311         | \$ 92,213,434         | \$ 95,601,055         | \$ 97,728,940         | \$ 100,869,922        |
| 3,544,120             | 3,914,240             | 6,845,130             | 5,062,595             | 7,343,745             | 9,745,848             |
| <u>24,340,911</u>     | <u>21,988,947</u>     | <u>15,412,363</u>     | <u>9,285,526</u>      | <u>26,494,053</u>     | <u>39,312,699</u>     |
| <u>\$ 112,848,336</u> | <u>\$ 115,612,498</u> | <u>\$ 114,470,927</u> | <u>\$ 109,949,176</u> | <u>\$ 131,566,738</u> | <u>\$ 149,928,469</u> |
| <br>                  |                       |                       |                       |                       |                       |
| \$ 41,251             | \$ -                  | \$ 25,974             | \$ 18,451             | \$ 13,243             | \$ 9,695              |
| <u>401,928</u>        | <u>531,790</u>        | <u>494,941</u>        | <u>538,516</u>        | <u>\$ 603,133</u>     | <u>\$ 589,649</u>     |
| <br>                  |                       |                       |                       |                       |                       |
| <u>\$ 443,179</u>     | <u>\$ 531,790</u>     | <u>\$ 520,915</u>     | <u>\$ 556,967</u>     | <u>\$ 616,376</u>     | <u>\$ 599,344</u>     |

**MCALLEN INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL / BUSINESS TYPE ACTIVITIES EXPENSES AND PROGRAM REVENUES  
LAST TEN YEARS**

| <b>Expenses</b>   | <b>2002</b>             | <b>2003</b>             | <b>2004</b>             |
|---|-------------------------|-------------------------|-------------------------|
| <b>Governmental Activities:</b>                         |                         |                         |                         |
| <i>Instruction</i>                                      | \$ 86,465,809           | \$ 92,904,156           | \$ 99,529,669           |
| <i>Instructional Resource and Media Services</i>        | 5,187,972               | 4,516,811               | 4,015,133               |
| <i>Curriculum and Staff Development</i>                 | 3,223,667               | 4,736,022               | 4,250,094               |
| <i>Instructional Leadership</i>                         | 2,472,485               | 2,495,111               | 2,847,043               |
| <i>School Leadership</i>                                | 8,608,913               | 9,498,437               | 9,671,409               |
| <i>Guidance, Counseling and Evaluation Services</i>     | 7,956,076               | 8,706,323               | 9,365,555               |
| <i>Social Work Services</i>                             | 880,793                 | 910,879                 | 1,016,926               |
| <i>Health Services</i>                                  | 2,076,224               | 2,160,382               | 2,184,715               |
| <i>Student Transportation</i>                           | 2,664,568               | 2,867,551               | 3,096,003               |
| <i>Food Service</i>                                     | 8,911,297               | 9,464,531               | 10,377,284              |
| <i>Cocurricular/Extracurricular Activities</i>          | 6,063,580               | 5,470,934               | 5,377,937               |
| <i>General Administration</i>                           | 4,594,996               | 4,916,112               | 4,875,689               |
| <i>Plant Maintenance and Operations</i>                 | 14,326,142              | 16,012,017              | 16,134,943              |
| <i>Security and Monitoring Services</i>                 | 1,695,957               | 1,946,146               | 1,985,880               |
| <i>Data Processing Services</i>                         | 1,354,767               | 1,431,827               | 1,318,550               |
| <i>Community Services</i>                               | 1,747,249               | 1,892,238               | 2,001,379               |
| <i>Debt Service-Interest and Fees on Long Term Debt</i> | 2,341,490               | 2,145,642               | 2,010,977               |
| <i>Facilities Acquisition and Construction</i>          | 60,262                  | -                       | -                       |
| <i>Payments Related to Shared Services Arrangement</i>  | 305,746                 | 181,720                 | -                       |
| <i>Payment to Juvenile Justice Alternative Ed. Prg</i>  | 22,774                  | 22,774                  | 27,789                  |
| <i>Appraisal of Property</i>                            | -                       | -                       | -                       |
| <b>Total Governmental Activities Expenses</b>           | <b>160,960,767</b>      | <b>172,279,613</b>      | <b>180,084,975</b>      |
| <b>Program Revenues</b>                                 |                         |                         |                         |
| <i>Charges for Services:</i>                            |                         |                         |                         |
| <i>Instruction</i>                                      | \$ 783,666              | \$ 1,052,531            | \$ 1,821,834            |
| <i>Instructional Resource and Media Services</i>        | 15,043                  | 17,206                  | 10,136                  |
| <i>Curriculum and Staff Development</i>                 | 9,501                   | 3,455                   | 5,213                   |
| <i>Instructional Leadership</i>                         | 62,784                  | 61,514                  | 58,059                  |
| <i>School Leadership</i>                                | 33,902                  | -                       | 49,413                  |
| <i>Guidance, Counseling and Evaluation Services</i>     | 59,236                  | 78,322                  | 79,522                  |
| <i>Social Work Services</i>                             | 2,058                   | -                       | -                       |
| <i>Health Services</i>                                  | 10,221                  | 4,868                   | 3,225                   |
| <i>Student Transportation</i>                           | 6,921                   | 6,162                   | 14,791                  |
| <i>Food Service</i>                                     | 1,219,165               | 1,197,683               | 1,445,382               |
| <i>Cocurricular/Extracurricular Activities</i>          | 1,472,896               | 237,739                 | 415,359                 |
| <i>General Administration</i>                           | 20,770                  | 25,935                  | 269,655                 |
| <i>Plant Maintenance and Operations</i>                 | 75,029                  | 9,455                   | 11,355                  |
| <i>Security and Monitoring Services</i>                 | 18,929                  | 12,070                  | 10,871                  |
| <i>Data Processing Services</i>                         | 5,412                   | -                       | -                       |
| <i>Community Services</i>                               | -                       | 10,306                  | 15,083                  |
| <i>Operating Grants/Capital and Contributions</i>       | 28,547,488              | 36,709,559              | 42,800,397              |
| <b>Total Governmental Activities Program Revenues</b>   | <b>32,343,021</b>       | <b>39,426,805</b>       | <b>47,010,095</b>       |
| <b>Net Government Activities Revenue/(Expenses)</b>     | <b>\$ (128,617,746)</b> | <b>\$ (132,852,808)</b> | <b>\$ (133,074,880)</b> |
| <b>Expenses</b>   |                         |                         |                         |
| <b>Business-Type Activities:</b>                        |                         |                         |                         |
| <i>MISD Day Care Center</i>                             | \$ -                    | \$ -                    | \$ -                    |
| <i>Project Safe and Secure</i>                          | 234,563                 | 284,745                 | 307,363                 |
| <b>Total Business-Type Activities Expenses</b>          | <b>234,563</b>          | <b>284,745</b>          | <b>307,363</b>          |
| <b>Program Revenues</b>                                 |                         |                         |                         |
| <i>Charges for Services:</i>                            |                         |                         |                         |
| <i>MISD Day Care Center</i>                             | -                       | -                       | -                       |
| <i>Project Safe and Secure</i>                          | 259,420                 | 301,294                 | 370,453                 |
| <i>Capital Grants and Contributions</i>                 | -                       | 11,792                  | 6,000                   |
| <b>Total Business-Type Activities Program Revenues</b>  | <b>259,420</b>          | <b>313,086</b>          | <b>376,453</b>          |
| <b>Net Business Activities Revenue/(Expenses)</b>       | <b>\$ 24,857</b>        | <b>\$ 28,341</b>        | <b>\$ 69,090</b>        |

Source: Financial Statement and Independent Auditor's Report  
Statement of Activities (Exhibit B-1)  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

TABLE L-2

| 2005             | 2006             | 2007             | 2008             | 2009             | 2010             | 2011             |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 103,397,189   | \$ 113,243,500   | \$ 116,330,371   | \$ 126,659,684   | \$ 131,973,437   | \$ 118,572,144   | \$ 125,724,629   |
| 3,882,767        | 4,073,786        | 4,403,814        | 4,695,275        | 4,448,101        | 4,346,580        | 5,036,507        |
| 3,433,258        | 4,676,136        | 4,411,435        | 4,107,015        | 4,156,696        | 3,773,606        | 5,578,542        |
| 2,799,165        | 3,369,089        | 3,495,960        | 3,379,287        | 3,535,241        | 2,821,109        | 2,941,162        |
| 9,581,850        | 9,768,913        | 10,568,493       | 11,465,411       | 11,853,184       | 10,554,377       | 11,545,112       |
| 8,737,368        | 9,473,043        | 9,675,932        | 10,178,823       | 10,079,681       | 8,437,399        | 9,007,006        |
| 1,010,935        | 1,118,242        | 1,158,140        | 1,399,420        | 1,703,876        | 1,648,379        | 1,568,169        |
| 2,165,238        | 2,542,520        | 2,566,077        | 2,783,813        | 2,973,683        | 2,615,950        | 2,927,008        |
| 2,877,175        | 3,281,103        | 3,391,277        | 3,621,630        | 3,291,024        | 2,913,580        | 3,269,087        |
| 10,551,167       | 10,938,627       | 10,864,062       | 11,981,228       | 12,012,365       | 11,274,619       | 12,797,946       |
| 5,639,278        | 5,822,500        | 5,895,657        | 6,298,705        | 6,849,204        | 5,795,094        | 6,784,642        |
| 5,205,673        | 5,286,828        | 5,884,429        | 5,717,276        | 5,103,477        | 4,271,650        | 4,848,020        |
| 16,455,414       | 17,493,155       | 19,116,480       | 20,822,582       | 21,471,197       | 17,165,751       | 20,277,382       |
| 2,108,787        | 2,276,900        | 2,541,298        | 2,806,969        | 3,053,185        | 2,243,358        | 2,436,261        |
| 1,408,199        | 1,685,116        | 1,942,353        | 2,066,984        | 2,414,951        | 2,164,531        | 2,410,753        |
| 1,941,117        | 1,960,377        | 1,761,383        | 1,626,865        | 1,532,876        | 1,378,880        | 1,759,695        |
| 1,476,894        | 6,104,783        | 6,050,906        | 5,914,324        | 5,769,253        | 4,641,965        | 5,378,100        |
| -                | -                | -                | -                | -                | -                | -                |
| -                | -                | -                | -                | -                | -                | -                |
| 21,535           | 44,014           | 37,503           | 60,273           | 9,954            | 9,559            | 8,769            |
| -                | -                | -                | -                | 589,168          | 465,418          | 599,650          |
| 182,693,009      | 203,158,632      | 210,095,570      | 225,585,564      | 232,820,553      | 205,093,929      | 224,898,440      |
| \$ 2,416,385     | \$ 2,560,693     | \$ 2,528,439     | \$ 2,884,027     | \$ 3,295,371     | \$ 2,806,644     | \$ 3,153,934     |
| 18,308           | 10,341           | 32,683           | 15,798           | 21,508           | 14,622           | 19,291           |
| 1,838            | 933              | 4,830            | -                | 5,341            | 2,969            | 5,764            |
| 42,642           | 97,499           | 116,585          | -                | 158,793          | 155,747          | 157,740          |
| 72,331           | 61,714           | 64,413           | 71,710           | 72,543           | 63,639           | 66,343           |
| 74,745           | 144,801          | 127,471          | -                | 91,584           | 98,917           | 86,603           |
| -                | -                | -                | -                | -                | -                | -                |
| 4,087            | 8,643            | 9,125            | -                | 7,893            | 9,263            | 8,929            |
| 34,698           | -                | -                | -                | 17               | 14               | -                |
| 1,298,959        | 1,349,179        | 1,289,477        | 1,352,811        | 1,500,957        | 1,241,115        | 1,353,395        |
| 499,995          | 451,404          | 224,627          | 586,403          | 593,696          | 510,151          | 673,711          |
| 239,826          | 30,263           | 31,359           | 239,867          | 5                | -                | -                |
| 12,725           | 6,959            | 512              | 695              | 810              | 316              | 107              |
| 11,206           | 8,761            | 403,908          | -                | -                | -                | 111              |
| -                | -                | -                | -                | -                | -                | -                |
| 8,289            | 1,691            | 3,905            | 914              | 1,814            | 3,246            | 2,347            |
| 41,537,477       | 47,890,300       | 45,925,194       | 51,152,571       | 54,534,401       | 53,254,890       | 60,608,731       |
| 46,273,511       | 52,623,181       | 50,762,528       | 56,304,796       | 60,284,733       | 58,161,533       | 66,137,006       |
| \$ (136,419,498) | \$ (150,535,451) | \$ (159,333,042) | \$ (169,280,768) | \$ (172,535,820) | \$ (146,932,396) | \$ (158,761,434) |
| \$ 27,765        | \$ 60,783        | \$ 57,902        | \$ -             | \$ -             | \$ -             | \$ -             |
| 318,080          | 290,947          | 319,946          | 440,381          | 398,998          | 336,887          | 369,132          |
| 345,845          | 351,730          | 377,848          | 440,381          | 398,998          | 336,887          | 369,132          |
| 16,624           | 60,783           | 57,902           | -                | -                | -                | -                |
| 351,723          | 401,144          | 408,527          | 462,208          | 487,853          | 438,094          | 509,077          |
| -                | -                | -                | -                | -                | -                | -                |
| 368,347          | 461,927          | 466,429          | 462,208          | 487,853          | 438,094          | 509,077          |
| \$ 22,502        | \$ 110,197       | \$ 88,581        | \$ 21,827        | \$ 88,855        | \$ 101,207       | \$ 139,945       |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**GENERAL/BUSINESS REVENUE AND CHANGES IN NET ASSETS**  
**LAST TEN YEARS**

|   | <u>2002</u>         | <u>2003</u>         | <u>2004</u>         | <u>2005</u>         |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Net Government Activities Revenue/(Expenses)</b>     | \$ (128,617,746)    | \$ (132,852,808)    | \$ (133,074,880)    | \$ (136,419,498)    |
| <b>General Revenue and Changes in Net Assets:</b>       |                     |                     |                     |                     |
| <i>Governmental Activities:</i>                         |                     |                     |                     |                     |
| Property Taxes-General                                  | 54,521,873          | 57,194,478          | 61,505,548          | 66,970,275          |
| Property Taxes-Debt Services                            | 1,603,698           | 1,707,401           | 1,709,265           | 1,838,391           |
| Investment Earnings                                     | 377,827             | 313,801             | 468,818             | 1,054,818           |
| Grants & Contributions Not Restricted                   | 77,226,956          | 81,327,367          | 77,000,934          | 74,170,836          |
| Extraordinary Item - Resource                           | -                   | -                   | -                   | (92,500)            |
| Miscellaneous   | 533,805             | 252,552             | 271,030             | 221,844             |
| Transfers   | -                   | -                   | -                   | (11,141)            |
| <b>Total Governmental Activities</b>                    | <u>134,264,159</u>  | <u>140,795,599</u>  | <u>140,955,595</u>  | <u>144,152,523</u>  |
| <b>Changes in Net Assets</b>                            | <u>\$ 5,646,413</u> | <u>\$ 7,942,791</u> | <u>\$ 7,880,715</u> | <u>\$ 7,733,025</u> |
| <br>  |                     |                     |                     |                     |
| <b>Business Type-Activities Revenue/(Expenses)</b>      | \$ 24,857           | \$ 28,341           | \$ 69,090           | \$ 22,502           |
| <b>Business-Type Revenue and Changes in Net Assets:</b> |                     |                     |                     |                     |
| <i>Business-Type Activities:</i>                        |                     |                     |                     |                     |
| Miscellaneous   | 10                  | -                   | -                   | -                   |
| Transfers   | -                   | -                   | -                   | 11,141              |
| <b>Total Business Type-Activities</b>                   | <u>10</u>           | <u>-</u>            | <u>-</u>            | <u>11,141</u>       |
| <b>Changes in Net Assets</b>                            | <u>\$ 24,867</u>    | <u>\$ 28,341</u>    | <u>\$ 69,090</u>    | <u>\$ 33,643</u>    |

Source: Financial Statements and Independent Auditor's Report  
Statement of Activities( Exhibit B-1)  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

TABLE L-3

| <u>2006</u>         | <u>2007</u>         | <u>2008</u>           | <u>2009</u>           | <u>2010</u>          | <u>2011</u>          |
|---------------------|---------------------|-----------------------|-----------------------|----------------------|----------------------|
| \$ (150,535,451)    | \$ (159,333,042)    | \$ (169,280,768)      | \$ (172,535,820)      | \$ (146,932,396)     | \$ (158,761,434)     |
| 72,481,547          | 69,304,049          | 61,424,288            | 64,179,747            | 63,815,348           | 62,855,940           |
| 5,441,365           | 5,453,629           | 6,126,991             | 6,501,492             | 7,750,774            | 7,554,595            |
| 6,499,486           | 6,203,239           | 3,452,276             | 938,272               | 209,436              | 244,242              |
| 73,539,909          | 81,678,007          | 96,937,767            | 96,248,309            | 96,701,115           | 105,860,651          |
| -                   | -                   | -                     | -                     | -                    | -                    |
| 103,808             | 159,602             | 162,478               | 90,147                | 28,991               | 450,739              |
| -                   | -                   | 35,397                | 56,102                | 44,294               | 156,998              |
| <u>158,066,115</u>  | <u>162,798,526</u>  | <u>168,139,197</u>    | <u>168,014,069</u>    | <u>168,549,958</u>   | <u>177,123,165</u>   |
| <u>\$ 7,530,664</u> | <u>\$ 3,465,484</u> | <u>\$ (1,141,571)</u> | <u>\$ (4,521,751)</u> | <u>\$ 21,617,562</u> | <u>\$ 18,361,731</u> |
| \$ 110,197          | \$ 88,581           | \$ 21,827             | \$ 88,855             | \$ 101,207           | \$ 139,945           |
| 10                  | 30                  | 2,695                 | 3,299                 | 2,498                | 20                   |
| -                   | -                   | (35,397)              | (56,102)              | (44,294)             | (156,998)            |
| <u>10</u>           | <u>30</u>           | <u>(32,702)</u>       | <u>(52,803)</u>       | <u>(41,796)</u>      | <u>(156,978)</u>     |
| <u>\$ 110,207</u>   | <u>\$ 88,611</u>    | <u>\$ (10,875)</u>    | <u>\$ 36,052</u>      | <u>\$ 59,411</u>     | <u>\$ (17,033)</u>   |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN YEARS**

|   | 2002                | 2003                 | 2004                 | 2005                  |
|---|---------------------|----------------------|----------------------|-----------------------|
| <b>General Fund</b>                               |                     |                      |                      |                       |
| <b>PRE GASB 54</b>                                |                     |                      |                      |                       |
| <i>Reserved Fund Balances:</i>                    |                     |                      |                      |                       |
| <i>Investment in Inventory</i>                    | \$ 824,725          | \$ 736,494           | \$ 727,023           | \$ 908,270            |
| <i>Prepaid Items</i>                              | 649,110             | 783,938              | 863,622              | 902,760               |
| <i>Outstanding Encumbrances</i>                   | 412,839             | -                    | 555,556              | 989,692               |
| <i>Reserve for Food Service</i>                   | -                   | 86,103               | 195,774              | 3,118                 |
| <i>Other Reserves for Fund Balance</i>            | 51,230              | -                    | -                    | -                     |
| <i>Other Designated of Fund Balance</i>           | -                   | 246,000              | -                    | 1,000,000             |
| <i>Unreserved and Undesignated:</i>               |                     |                      |                      |                       |
| <i>Reported in General Fund</i>                   | 4,889,290           | 10,658,958           | 15,206,873           | 19,053,776            |
| <b>POST GASB 54</b>                               |                     |                      |                      |                       |
| <i>Non-spendable:</i>                             |                     |                      |                      |                       |
| <i>Inventories</i>                                | -                   | -                    | -                    | -                     |
| <i>Restricted:</i>                                |                     |                      |                      |                       |
| <i>Federal/State Funds Grant Restrictions</i>     | -                   | -                    | -                    | -                     |
| <i>Unassigned:</i>                                | -                   | -                    | -                    | -                     |
| <b>Total General Fund Balance</b>                 | <u>\$ 6,827,194</u> | <u>\$ 12,511,493</u> | <u>\$ 17,548,848</u> | <u>\$ 22,857,616</u>  |
| <b>All Other Governmental Funds</b>               |                     |                      |                      |                       |
| <b>PRE GASB 54</b>                                |                     |                      |                      |                       |
| <i>Reserved, Reported In:</i>                     |                     |                      |                      |                       |
| <i>Special Revenue</i>                            |                     |                      |                      |                       |
| <i>Prepaid Items</i>                              | 980                 | -                    | -                    | -                     |
| <i>Other Reserves</i>                             | -                   | 512,641              | 322,269              | 824,731               |
| <i>Debt Service</i>                               |                     |                      |                      |                       |
| <i>Retirement of Long Term Debt</i>               | 497,851             | 740,328              | 887,447              | 1,152,950             |
| <i>Capital Projects</i>                           |                     |                      |                      |                       |
| <i>Outstanding Encumbrances</i>                   | -                   | -                    | -                    | -                     |
| <i>Construction</i>                               | 1,767,594           | 1,857,430            | 1,785,494            | 99,685,147            |
| <i>Other Reserves</i>                             | -                   | -                    | -                    | -                     |
| <i>Unreserved and Undesignated:</i>               |                     |                      |                      |                       |
| <i>Reported in Special Revenue Funds</i>          | 449,525             | -                    | -                    | -                     |
| <b>POST GASB 54</b>                               |                     |                      |                      |                       |
| <i>Restricted:</i>                                |                     |                      |                      |                       |
| <i>Federal/State Funds Grant Restrictions</i>     | -                   | -                    | -                    | -                     |
| <i>Retirement of Long Term Debt</i>               | -                   | -                    | -                    | -                     |
| <i>Other Restrictions of Fund Balance</i>         | -                   | -                    | -                    | -                     |
| <i>Committed:</i>                                 |                     |                      |                      |                       |
| <i>Other Committed Fund Balance</i>               | -                   | -                    | -                    | -                     |
| <b>Total All Other Governmental Fund Balances</b> | <u>2,715,950</u>    | <u>3,110,399</u>     | <u>2,995,210</u>     | <u>101,662,828</u>    |
| <b>Total Governmental Funds- Fund Balance</b>     | <u>\$ 9,543,144</u> | <u>\$ 15,621,892</u> | <u>\$ 20,544,058</u> | <u>\$ 124,520,444</u> |
| <b>Governmental Funds</b>                         |                     |                      |                      |                       |
| <i>Beginning Fund Balance</i>                     | 6,139,535           | 9,543,142            | 15,621,891           | 20,544,058            |
| <i>Net Change in Fund Balance</i>                 | 3,403,609           | 6,078,750            | 4,922,167            | 103,976,386           |
| <b>Ending Fund Balance</b>                        | <u>\$ 9,543,144</u> | <u>\$ 15,621,892</u> | <u>\$ 20,544,058</u> | <u>\$ 124,520,444</u> |

Source: Financial Statement and Independent Auditor's Report  
Balance Sheet-Governmental Funds (Exhibit C-1) 2002-2011  
Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-2) 2002-2011  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30  
Per GASB 54 (Note 23) 2011



TABLE L-4

| 2006                  | 2007                 | 2008                 | 2009                 | 2010                 | 2011                 |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 765,110            | \$ 706,221           | \$ 817,879           | \$ 787,008           | \$ 788,164           | \$ -                 |
| 1,033,658             | 1,130,240            | 1,410,406            | 1,210,278            | -                    | -                    |
| 723,601               | 325,249              | -                    | 411,441              | 118,013              | -                    |
| 160,937               | -                    | -                    | 277,606              | 715,185              | -                    |
| -                     | -                    | -                    | -                    | -                    | -                    |
| 1,000,000             | 1,000,000            | 1,000,000            | 1,000,000            | -                    | -                    |
| 16,863,722            | 17,397,721           | 15,277,240           | 9,183,018            | 26,760,456           | -                    |
| -                     | -                    | -                    | -                    | -                    | 749,500              |
| -                     | -                    | -                    | -                    | -                    | 7,062,009            |
| -                     | -                    | -                    | -                    | -                    | 33,785,944           |
| <u>\$ 20,547,028</u>  | <u>\$ 20,559,431</u> | <u>\$ 18,505,525</u> | <u>\$ 12,869,351</u> | <u>\$ 28,381,818</u> | <u>\$ 41,597,453</u> |
| -                     | -                    | -                    | -                    | -                    | -                    |
| 1,435,542             | 2,184,534            | 2,768,020            | 3,861,102            | 3,905,060            | -                    |
| 1,621,659             | 1,918,471            | 2,048,887            | 1,359,315            | 4,344,581            | -                    |
| 34,883,224            | 16,718,166           | -                    | -                    | -                    | -                    |
| -                     | -                    | -                    | -                    | -                    | -                    |
| 64,778,028            | 26,549,728           | 13,677,082           | -                    | -                    | -                    |
| -                     | -                    | -                    | -                    | -                    | -                    |
| -                     | -                    | -                    | -                    | -                    | 3,100,538            |
| -                     | -                    | -                    | -                    | -                    | 4,426,902            |
| -                     | -                    | -                    | -                    | -                    | 346,674              |
| -                     | -                    | -                    | -                    | -                    | 738,776              |
| <u>102,718,453</u>    | <u>47,370,899</u>    | <u>18,493,989</u>    | <u>5,220,417</u>     | <u>8,249,641</u>     | <u>8,612,890</u>     |
| <u>\$ 123,265,481</u> | <u>\$ 67,930,330</u> | <u>\$ 36,999,514</u> | <u>\$ 18,089,768</u> | <u>\$ 36,631,459</u> | <u>\$ 50,210,343</u> |
| 124,520,444           | 122,564,162          | 67,930,328           | 36,999,516           | 18,089,770           | 36,631,460           |
| (1,254,963)           | (54,633,832)         | (30,930,814)         | (18,909,748)         | 18,541,689           | 13,578,883           |
| <u>\$ 123,265,481</u> | <u>\$ 67,930,330</u> | <u>\$ 36,999,514</u> | <u>\$ 18,089,768</u> | <u>\$ 36,631,459</u> | <u>\$ 50,210,343</u> |



**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL FUND REVENUE BY SOURCE**  
**LAST TEN YEARS**

**TABLE L-5**

| Fiscal Year | Local and Intermediate Sources |            |              | State Programs            |                        |               | Federal Programs | Total          |
|-------------|--------------------------------|------------|--------------|---------------------------|------------------------|---------------|------------------|----------------|
|             | Property Tax                   | Tuition    | Other        | Per Capita and Foundation | On Behalf TRS Payments | Other         |                  |                |
| 2002        | \$ 54,164,285                  | \$ 873,541 | \$ 5,695,992 | \$ 49,254,863             | \$ 5,773,335           | \$ 28,858,573 | \$ 21,661,715    | \$ 166,282,304 |
| 2003        | 57,573,755                     | 1,111,645  | 5,384,859    | 76,241,218                | 5,757,767              | 9,755,807     | 24,807,799       | 180,632,850    |
| 2004        | 61,734,605                     | 1,168,492  | 5,987,527    | 78,403,659                | 6,358,789              | 7,012,562     | 27,627,228       | 188,292,862    |
| 2005        | 66,960,967                     | 1,095,290  | 7,374,946    | 73,980,997                | 6,133,065              | 6,676,809     | 28,458,788       | 190,680,862    |
| 2006        | 74,870,180                     | 2,306,447  | 10,945,449   | 74,862,296                | 6,588,096              | 6,928,802     | 32,600,989       | 209,102,259    |
| 2007        | 73,193,832                     | 1,725,936  | 11,448,183   | 82,788,865                | 7,347,293              | 7,142,346     | 29,871,843       | 213,518,298    |
| 2008        | 65,845,067                     | 1,747,740  | 9,076,058    | 98,661,496                | 7,421,899              | 10,788,626    | 30,551,134       | 224,092,020    |
| 2009        | 68,118,185                     | 2,024,899  | 7,269,022    | 97,629,665                | 8,678,064              | 10,382,576    | 33,285,037       | 227,387,448    |
| 2010        | 69,574,040                     | 1,951,884  | 5,441,107    | 87,382,057                | 7,081,142              | 7,467,849     | 47,396,695       | 226,294,774    |
| 2011        | 69,237,245                     | 1,934,432  | 6,686,579    | 94,702,037                | 8,432,362              | 7,450,206     | 55,266,264       | 243,709,125    |

Source: Financial Statement and Independent Auditor's Report  
Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-2)  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL FUND EXPENDITURES BY FUNCTION**  
**LAST TEN YEARS**

| <u>Fiscal Year</u> | <u>Instructional and Instructional Related Services</u> | <u>Instructional and School Leadership</u> | <u>Support Services Student Other</u> | <u>Administrative Support Services</u> | <u>Support Services Not -Student Based</u> | <u>Ancillary Services</u> |
|--------------------|---|--|---------------------------------------|--|--|---------------------------|
| 2002               | \$ 93,570,792   | \$ 11,037,003                              | \$ 27,792,978                         | \$ 4,573,503                           | \$ 17,030,069                              | \$ 1,743,252              |
| 2003               | 101,810,085   | 11,934,305                                 | 28,968,788                            | 4,881,167                              | 19,187,026                                 | 1,889,213                 |
| 2004               | 109,078,645   | 12,460,794                                 | 30,808,495                            | 4,850,540                              | 18,782,332                                 | 1,998,354                 |
| 2005               | 108,482,457   | 12,327,312                                 | 30,441,298                            | 5,160,070                              | 19,406,064                                 | 1,938,092                 |
| 2006               | 120,651,692   | 13,104,605                                 | 32,748,365                            | 5,237,883                              | 21,368,665                                 | 1,956,783                 |
| 2007               | 123,245,332   | 14,006,622                                 | 32,749,163                            | 5,818,736                              | 23,009,223                                 | 1,758,425                 |
| 2008               | 133,418,569   | 14,781,821                                 | 35,220,813                            | 5,650,582                              | 24,283,645                                 | 1,625,288                 |
| 2009               | 137,488,509   | 15,222,947                                 | 35,686,562                            | 4,981,665                              | 24,753,550                                 | 1,520,824                 |
| 2010               | 125,422,299   | 13,361,438                                 | 31,851,346                            | 4,227,915                              | 19,826,049                                 | 1,383,531                 |
| 2011               | 134,596,600   | 14,505,659                                 | 35,335,571                            | 4,819,541                              | 22,835,148                                 | 1,764,385                 |

Source: Financial Statements and Independent Auditor's Report  
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-2)  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

TABLE L-6

| <u>Debt Service Principal</u> | <u>Debt Service Interest and Other</u> | <u>Capital Outlay</u> | <u>Inter-Governmental Charges</u> | <u>Total Governmental Fund Expenditures</u> | <u>Ratio of Debt Services to Non-Capital Expenditures</u> |
|-------------------------------|--|-----------------------|-----------------------------------|---|---|
| \$ 2,436,607                  | \$ 2,311,309                           | \$ 2,962,309          | \$ 328,520                        | \$ 163,786,342                              | 3.04%   |
| 2,636,329                     | 2,197,606                              | 821,362               | 204,494                           | 174,530,375                                 | 2.86%   |
| 2,336,517                     | 2,043,238                              | 1,594,182             | 27,789                            | 183,980,886                                 | 2.46%   |
| 2,371,645                     | 2,905,543                              | 2,618,900             | 21,535                            | 185,672,916                                 | 2.97%   |
| 1,370,631                     | 5,816,483                              | 8,099,149             | 44,014                            | 210,398,270                                 | 3.68%   |
| 1,327,640                     | 5,747,320                              | 61,461,493            | 37,503                            | 269,161,457                                 | 3.53%   |
| 4,318,745                     | 5,811,321                              | 30,717,033            | 60,273                            | 255,888,090                                 | 4.71%   |
| 4,939,188                     | 5,587,734                              | 17,052,014            | 599,122                           | 247,832,115                                 | 4.78%   |
| 5,807,251                     | 2,782,100                              | 2,745,967             | 474,977                           | 207,882,873                                 | 4.37%   |
| 5,093,287                     | 5,372,403                              | 5,440,453             | 608,419                           | 230,371,466                                 | 4.88%   |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS OTHER SOURCES, USES**  
**AND CHANGES IN FUND BALANCES**  
**LAST TEN YEARS**

|  | <u>2002</u>         | <u>2003</u>         | <u>2004</u>         | <u>2005</u>           |
|--|---------------------|---------------------|---------------------|-----------------------|
| <i>Excess of Revenue Over<br/>(Under) Expenditures</i> | \$ 2,495,962        | \$ 6,102,475        | \$ 4,311,976        | \$ 5,007,946          |
| <i>Other Financing Sources (Uses)</i>                  |                     |                     |                     |                       |
| <i>Capital-Related Debt Issued</i>                     | -                   | -                   | -                   | 118,066,358           |
| <i>Sale of Real and Personal Property</i>              | 84,649              | 8,471               | 14,970              | 11,537                |
| <i>Proceeds from Sales of Fixed Assets</i>             | -                   | -                   | -                   | -                     |
| <i>Proceeds from Capital Leases</i>                    | 674,005             | -                   | 625,501             | -                     |
| <i>Loan Proceeds</i>                                   | 175,929             | -                   | -                   | 135,240               |
| <i>Transfer In</i>                                     | 32,881              | 53,583              | 18,232              | 179,142               |
| <i>Issuance of Bonds</i>                               | -                   | -                   | -                   | 5,917,593             |
| <i>Other Resources</i>                                 | -                   | -                   | -                   | -                     |
| <i>Transfer Out</i>                                    | (59,817)            | (85,779)            | (48,512)            | (190,283)             |
| <i>Other Uses</i>                                      | -                   | -                   | -                   | (25,058,647)          |
| <i>Total Other Financing Sources (Uses)</i>            | 907,647             | (23,725)            | 610,191             | 99,060,940            |
| <i>Special Items</i>                                   | -                   | -                   | -                   | (92,500)              |
| <i>Net Changes in Fund Balances</i>                    | <u>\$ 3,403,609</u> | <u>\$ 6,078,750</u> | <u>\$ 4,922,167</u> | <u>\$ 103,976,386</u> |

Source: Financial Statements and Independent Auditor's Report  
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-2)  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

TABLE L-7

| 2006                  | 2007                   | 2008                   | 2009                   | 2010                 | 2011                 |
|-----------------------|------------------------|------------------------|------------------------|----------------------|----------------------|
| \$ (1,296,011)        | \$ (55,643,159)        | \$ (31,796,070)        | \$ (20,444,667)        | \$ 18,411,901        | \$ 13,337,659        |
| -                     | -                      | 5,900,000              | 22,648                 | -                    | -                    |
| 41,048                | 35,556                 | 65,397                 | -                      | 27,614               | 34,112               |
| -                     | -                      | -                      | -                      | -                    | -                    |
| -                     | 205,593                | 611,799                | 1,310,171              | 115,220              | 74,620               |
| -                     | 768,178                | -                      | 141,012                | -                    | -                    |
| 6,290                 | -                      | 35,397                 | 56,102                 | 157,618              | 156,998              |
| -                     | -                      | 366,071                | -                      | -                    | -                    |
| -                     | -                      | -                      | 4,986                  | -                    | -                    |
| (6,290)               | -                      | -                      | -                      | (170,664)            | (24,506)             |
| -                     | -                      | (6,113,408)            | -                      | -                    | -                    |
| 41,048                | 1,009,327              | 865,256                | 1,534,919              | 129,788              | 241,224              |
| -                     | -                      | -                      | -                      | -                    | -                    |
| <u>\$ (1,254,963)</u> | <u>\$ (54,633,832)</u> | <u>\$ (30,930,814)</u> | <u>\$ (18,909,748)</u> | <u>\$ 18,541,689</u> | <u>\$ 13,578,883</u> |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL FUND EXPENDITURES BY FUNCTION**  
**PER AVERAGE DAILY ATTENDANCE**  
**LAST TEN YEARS**

| <u>Fiscal Year</u> | <u>Average Daily Attendance</u> | <u>Instructional and Instructional Related Services</u> | <u>Instructional and School Leadership</u> | <u>Support Services Student Other</u> | <u>Administrative Support Services</u> | <u>Support Services Not -Student Based</u> |
|--------------------|---------------------------------|---|--|---------------------------------------|--|--|
| 2002               | 21,517                          | \$ 4,355  | \$ 513                                     | \$ 1,311                              | \$ 214                                 | \$ 791                                     |
| 2003               | 22,273                          | 4,575   | 536  | 1,323                                 | 220                                    | 864  |
| 2004               | 22,397                          | 4,872   | 556  | 1,376                                 | 217                                    | 841  |
| 2005               | 23,106                          | 4,699   | 534  | 1,320                                 | 233                                    | 842  |
| 2006               | 23,138                          | 5,221   | 566  | 1,459                                 | 229                                    | 938  |
| 2007               | 23,344                          | 5,284   | 600  | 1,425                                 | 251                                    | 1,042                                      |
| 2008               | 23,593                          | 5,661   | 627  | 1,516                                 | 240                                    | 1,046                                      |
| 2009               | 23,618                          | 5,830   | 645  | 1,520                                 | 211                                    | 1,064                                      |
| 2010               | 23,838                          | 5,330   | 561  | 1,342                                 | 178                                    | 843  |
| 2011               | 24,199                          | 5,618   | 600  | 1,538                                 | 201                                    | 1,001                                      |

Source: Financial Statements and Independent Auditor's Report  
 PEIMS DATA + 2002-2005  
 Academic Excellence Indicator System (AEIS) 2002-2005  
 PEIMS DATA Report (PFR7D001) 2006-2011  
 Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-2)  
 2002-2009 Fiscal Year End 8/31  
 2010-2011 Fiscal Year End 6/30

Note: Average Daily Attendance-the average daily attendance of eligible enrollees, district-wide.



**TABLE L-8**

| <u>Ancillary Services</u> | <u>Debt Service Principal</u> | <u>Debt Service Interest and Other</u> | <u>Capital Outlay</u> | <u>Inter-Governmental Charges</u> | <u>Total Governmental Fund Expenditures</u> |
|---------------------------|-------------------------------|--|-----------------------|-----------------------------------|---|
| \$ 81                     | \$ 113                        | \$ 107                                 | \$ 111                | \$ 15                             | \$ 7,612                                    |
| 85                        | 118                           | 99                                     | 8                     | 9                                 | 7,836                                       |
| 89                        | 104                           | 91                                     | 66                    | 1                                 | 8,215                                       |
| 84                        | 103                           | 126                                    | 95                    | 1                                 | 8,036                                       |
| 85                        | 59                            | 251                                    | 282                   | 2                                 | 9,093                                       |
| 75                        | 57                            | 246                                    | 2,548                 | 2                                 | 11,530                                      |
| 69                        | 183                           | 246                                    | 1,255                 | 3                                 | 10,846                                      |
| 64                        | 209                           | 237                                    | 688                   | 25                                | 10,493                                      |
| 58                        | 244                           | 117                                    | 28                    | 20                                | 8,721                                       |
| 73                        | 210                           | 222                                    | 31                    | 25                                | 9,520                                       |



## **REVENUE CAPACITY INFORMATION**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**ASSESSED AND ESTIMATED ACTUAL VALUE PROPERTY**  
**LAST TEN YEARS**

| Fiscal<br>Year | Assessed Value   |                |                   |                  |
|----------------|------------------|----------------|-------------------|------------------|
|                | Real Property    | Minerals       | Personal Property | Total            |
| 2002           | \$ 3,220,516,388 | \$ 121,294,120 | \$ 581,790,596    | \$ 3,923,601,104 |
| 2003           | 3,498,351,352    | 108,697,650    | 538,614,436       | 4,145,663,438    |
| 2004           | 3,728,016,473    | 109,894,340    | 573,111,157       | 4,411,021,970    |
| 2005           | 4,032,522,789    | 129,522,126    | 683,205,635       | 4,845,250,550    |
| 2006           | 3,944,652,782    | 93,920,305     | 657,442,130       | 4,696,015,217    |
| 2007           | 4,088,111,991    | 131,559,988    | 681,287,116       | 4,900,959,095    |
| 2008           | 4,883,870,032    | 117,173,823    | 714,195,575       | 5,715,239,430    |
| 2009           | 4,983,256,986    | 111,795,400    | 736,817,753       | 5,831,870,139    |
| 2010           | 5,218,758,820    | 107,736,260    | 782,294,722       | 6,108,789,802    |
| 2011           | 5,246,015,459    | 24,144,743     | 765,646,226       | 6,035,806,428    |

Source: Financial Statements and Independent Auditor's Report  
Schedule of Delinquent Taxes Receivable (Exhibit J-1)  
Assessment Roll Grand Total Reports from Hidalgo County Appraisal District (Supplement I)  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

TABLE L-9

| <u>Estimated<br/>Actual Value</u> | <u>Ratio of Total Assessed<br/>to total Estimated<br/>Actual Value</u> | <u>Total Direct<br/>Tax Rate</u> |
|-----------------------------------|--|----------------------------------|
| \$ 4,428,614,459                  | 88.60%   | \$ 1.5425                        |
| 4,691,534,436                     | 88.36%   | 1.5425                           |
| 4,964,079,662                     | 88.86%   | 1.5400                           |
| 5,412,931,208                     | 89.51%   | 1.5400                           |
| 5,658,482,639                     | 82.99%   | 1.6155                           |
| 5,872,564,648                     | 83.46%   | 1.4780                           |
| 7,138,736,834                     | 80.06%   | 1.1450                           |
| 7,207,649,358                     | 80.91%   | 1.1450                           |
| 7,514,997,122                     | 81.29%   | 1.1650                           |
| 7,459,499,783                     | 80.91%   | 1.1650                           |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY LEVIES AND COLLECTIONS**  
**LAST TEN YEARS**

**TABLE L-10**

| Fiscal Year | Total Tax Levy | Collected within the Fiscal year of Levy |           | Collection Subsequent Years | Total Collections to Date |           |
|-------------|----------------|--|-----------|-----------------------------|---------------------------|-----------|
|             |                | Amount                                   | % of Levy |                             | Amount                    | % of Levy |
| 2002        | \$ 54,950,206  | \$ 50,968,072                            | 92.75%    | \$ 3,851,950                | \$ 54,820,022             | 99.76%    |
| 2003        | 57,632,266     | 53,776,790                               | 93.31%    | 3,731,263                   | 57,508,053                | 99.78%    |
| 2004        | 61,686,114     | 58,215,290                               | 94.37%    | 3,306,509                   | 61,521,799                | 99.73%    |
| 2005        | 66,988,967     | 63,474,918                               | 94.75%    | 3,254,151                   | 66,729,069                | 99.61%    |
| 2006        | 74,679,267     | 70,817,264                               | 94.83%    | 3,478,711                   | 74,295,975                | 99.49%    |
| 2007        | 72,497,760     | 69,247,894                               | 95.52%    | 2,781,942                   | 72,029,836                | 99.35%    |
| 2008        | 65,858,693     | 62,659,052                               | 95.14%    | 2,524,383                   | 65,183,435                | 98.97%    |
| 2009        | 68,747,666     | 64,996,077                               | 94.54%    | 2,839,346                   | 67,835,423                | 98.67%    |
| 2010        | 70,241,504     | 65,954,744                               | 93.90%    | 2,824,819                   | 68,779,563                | 97.92%    |
| 2011        | 69,123,505     | 65,414,569                               | 94.63%    | -                           | 65,414,569                | 94.63%    |

Source: Financial Statements and Independent Auditor's Report  
Schedule of Delinquent Taxes Receivable (Exhibit J-1)  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year end 6/30

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**ALLOCATION OF PROPERTY TAX RATES AND LEVIES**  
**LAST TEN YEARS**

**TABLE L-11**

| Fiscal Year | Tax Rates<br>(Per \$100 of Assessed Value) |                   |           | Tax Levies    |                   |                     |
|-------------|--|-------------------|-----------|---------------|-------------------|---------------------|
|             | General Fund                               | Debt Service Fund | Total     | General Fund  | Debt Service Fund | Original Levy Total |
| 2002        | \$ 1.5000                                  | \$ 0.0425         | \$ 1.5425 | \$ 53,991,519 | \$ 1,529,760      | \$ 55,521,279       |
| 2003        | 1.5000                                     | 0.0425            | 1.5425    | 55,803,976    | 1,581,112         | 57,385,088          |
| 2004        | 1.5000                                     | 0.0400            | 1.5400    | 59,605,372    | 1,589,476         | 61,194,848          |
| 2005        | 1.5000                                     | 0.0400            | 1.5400    | 65,450,634    | 1,745,348         | 67,195,982          |
| 2006        | 1.5000                                     | 0.1155            | 1.6155    | 69,249,137    | 5,332,192         | 74,581,329          |
| 2007        | 1.3700                                     | 0.1080            | 1.4780    | 66,196,737    | 5,218,429         | 71,415,166          |
| 2008        | 1.0400                                     | 0.1050            | 1.1450    | 58,218,727    | 5,877,852         | 64,096,579          |
| 2009        | 1.0400                                     | 0.1050            | 1.1450    | 59,490,241    | 6,006,226         | 65,496,467          |
| 2010        | 1.0400                                     | 0.1250            | 1.1650    | 62,221,264    | 7,478,517         | 69,699,781          |
| 2011        | 1.0400                                     | 0.1250            | 1.1650    | 61,501,710    | 7,392,033         | 68,893,743          |

Source: Financial Statements and Independent Auditor's Report  
Schedule of Delinquent Taxes Receivable (Exhibit J-1)  
Detail General Ledger Reports  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30





**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 ASSESSED VALUATION)**  
**LAST TEN YEARS**

**TABLE L-12**

| <u>Fiscal Year</u> | <u>Tax Year</u> | <u>Hidalgo County</u> | <u>South Texas ISD</u> | <u>District 1-4</u> | <u>McAllen ISD</u> | <u>STC</u> | <u>City of McAllen</u> | <u>Total Direct and Overlapping Tax Rate</u> | <u>Original Levy Total</u> |
|--------------------|-----------------|-----------------------|------------------------|---------------------|--------------------|------------|------------------------|--|----------------------------|
| 2002               | 2001            | \$ 0.5195             | \$ 0.0392              | \$ 0.1298           | \$ 1.5425          | \$ 0.0897  | \$ 0.4213              | \$ 2.7420                                    | \$ 55,521,279              |
| 2003               | 2002            | 0.5900                | 0.0392                 | 0.1296              | 1.5425             | 0.1776     | 0.4213                 | 2.9002                                       | 57,385,088                 |
| 2004               | 2003            | 0.5900                | 0.0392                 | 0.1259              | 1.5400             | 0.1738     | 0.4213                 | 2.8902                                       | 61,194,848                 |
| 2005               | 2004            | 0.5900                | 0.0392                 | 0.1213              | 1.5400             | 0.1647     | 0.4213                 | 2.8765                                       | 67,195,982                 |
| 2006               | 2005            | 0.5900                | 0.0392                 | 0.1220              | 1.6155             | 0.1589     | 0.4213                 | 2.9469                                       | 74,581,329                 |
| 2007               | 2006            | 0.5900                | 0.0392                 | 0.1188              | 1.4780             | 0.1548     | 0.4213                 | 2.8021                                       | 71,415,166                 |
| 2008               | 2007            | 0.5900                | 0.0492                 | 0.1233              | 1.1450             | 0.1540     | 0.4213                 | 2.4828                                       | 64,096,579                 |
| 2009               | 2008            | 0.5900                | 0.0492                 | 0.1415              | 1.1450             | 0.1498     | 0.4213                 | 2.4968                                       | 65,496,467                 |
| 2010               | 2009            | 0.5900                | 0.0492                 | 0.1461              | 1.1650             | 0.1491     | 0.4213                 | 2.5207                                       | 69,699,781                 |
| 2011               | 2010            | 0.5900                | 0.0492                 | 0.1503              | 1.1650             | 0.1497     | 0.4213                 | 2.5255                                       | 68,893,743                 |

Source: Financial Statements and Independent Auditor's Report  
Schedule of Delinquent Taxes Receivable (Exhibit J-1)  
Hidalgo County Tax Assessor-Collector Tax Rate Schedule (website)  
City of McAllen  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**2010 AND 2001**

**TABLE L-13**  
Page 1 of 2

| Taxpayer                               | Tax Year<br>2010<br>Assessed<br>Valuation | Percentage<br>Total Assessed<br>Valuation |
|--|---|---|
| 1 Rio Grande Regional Hospital         | \$ 65,585,135                             | 1.09%                                     |
| 2 Universal Health Services            | 57,122,840                                | 0.95%                                     |
| 3 Simon Property Group-McAllen No 2    | 50,708,897                                | 0.84%                                     |
| 4 Palms Crossing LP                    | 36,203,740                                | 0.60%                                     |
| 5 AEP Texas Central Co                 | 26,601,770                                | 0.44%                                     |
| 6 H E Butt Grocery Co                  | 21,898,885                                | 0.36%                                     |
| 7 Inland Western McAllen Trenton       | 20,602,095                                | 0.34%                                     |
| 7 McAllen Medical Center               | 19,980,236                                | 0.33%                                     |
| 9 Southwestern Bell Tele               | 17,652,900                                | 0.29%                                     |
| 10 Dillard's Texas OPG LTD Prtnship    | 15,874,314                                | 0.26%                                     |
| 11 Texas State Bank                    | 14,799,432                                | 0.25%                                     |
| 12 Macy's                              | 14,439,174                                | 0.24%                                     |
| 13 SP Plaza, LC                        | 13,653,670                                | 0.23%                                     |
| 14 Calmac Suites, LP                   | 13,586,061                                | 0.23%                                     |
| 15 Palms Crossing II LLC               | 12,346,004                                | 0.20%                                     |
| 16 GE Engine Svcs-McAllen LP           | 12,053,380                                | 0.20%                                     |
| 17 Dillard's Inc #727                  | 11,875,857                                | 0.20%                                     |
| 18 Macy's Tx 1 LP                      | 11,830,352                                | 0.20%                                     |
| 19 Shell Western E&P                   | 11,205,662                                | 0.19%                                     |
| 20 Wal-Mart Real Estate Business Trust | 10,667,217                                | 0.18%                                     |
| 21 Amreit River Valley LP              | 10,444,329                                | 0.17%                                     |
| 22 TWE Advance Newhouse Prntshp        | 10,410,090                                | 0.17%                                     |
| 23 Walter's Investments                | 10,311,646                                | 0.17%                                     |
| 24 BREOf Bnk Texas LP                  | 10,255,817                                | 0.17%                                     |
| 25 Inter National Bank                 | 10,222,573                                | 0.17%                                     |
|  | \$ 510,332,076                            | 8.46%                                     |

Source: Hidalgo Appraisal District  
Top Taxpayer 2010 & 2001  
MISD Approval Tax Roll

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**2010 AND 2001**

**TABLE L-13**  
Page 2 of 2

|                                     | Tax Year<br>2001<br>Assessed<br>Valuation | Percentage<br>Total Assessed<br>Valuation |
|-------------------------------------|---|---|
| 1 Universal Health Services         | \$ 56,701,491                             | 1.45%                                     |
| 2 Simon Property Group-McAllen No 2 | 45,458,085                                | 1.16%                                     |
| 3 Total FinaELF E & P USA Inc       | 33,075,090                                | 0.84%                                     |
| 4 Rio Grande Regional Hospital      | 31,780,387                                | 0.81%                                     |
| 5 Southwestern Bell Tele            | 30,323,746                                | 0.77%                                     |
| 6 Central Power & Light             | 24,841,872                                | 0.63%                                     |
| 7 Texas State Bank                  | 24,382,657                                | 0.62%                                     |
| 8 May Department Stores Co          | 21,421,709                                | 0.55%                                     |
| 9 H E Butt Grocery Co               | 18,397,730                                | 0.47%                                     |
| 10 Chase Bank of Texas N A          | 17,721,825                                | 0.45%                                     |
| 11 Calmac Suites, LP                | 15,681,880                                | 0.40%                                     |
| 12 SP Plaza, LC                     | 14,727,743                                | 0.38%                                     |
| 13 Valley Coca-Cola Bottling Co     | 13,799,540                                | 0.35%                                     |
| 14 Sears, Roebuck & Co              | 13,593,433                                | 0.35%                                     |
| 15 Dillard's Texas OPG LTD Prtnship | 13,219,239                                | 0.34%                                     |
| 16 Weyerhaeuser Company             | 12,586,098                                | 0.32%                                     |
| 17 Wal-Mart Stores East Inc #425    | 11,790,275                                | 0.30%                                     |
| 18 Dillard's Inc #727               | 11,290,269                                | 0.29%                                     |
| 19 McAllen Main Place, Ltd          | 9,648,156                                 | 0.25%                                     |
| 20 McAllen Public Cold Stag Co      | 9,537,548                                 | 0.24%                                     |
| 21 Hotel Operations Co Inc          | 8,642,213                                 | 0.22%                                     |
| 22 Walters, Roland Trustee          | 8,435,882                                 | 0.22%                                     |
| 23 Reynolds International LP        | 8,161,788                                 | 0.21%                                     |
| 24 Berkshire HIMCC, Ltd             | 8,102,817                                 | 0.21%                                     |
| 25 Cinemark USA, Inc                | 7,470,191                                 | 0.19%                                     |
|                                     | <b>\$ 470,791,664</b>                     | <b>12.00%</b>                             |



## **DEBT CAPACITY INFORMATION**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**OUTSTANDING DEBT BY TYPE**  
**LAST TEN YEARS**

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Premium on Bonds</u> | <u>Gains on Refunding Bonds</u> | <u>Accretions on Bonds</u> | <u>Loans Payable</u> |
|--------------------|---------------------------------|-------------------------|---------------------------------|----------------------------|----------------------|
| 2002               | \$ 39,218,263                   | \$ -                    | \$ -                            | \$ -                       | \$ 1,372,965         |
| 2003               | 37,735,939                      | -                       | -                               | -                          | 865,000              |
| 2004               | 36,163,101                      | -                       | -                               | -                          | 430,000              |
| 2005               | 128,935,910                     | 4,015,467               | 86,400                          | 23,159                     | 287,620              |
| 2006               | 128,026,374                     | 3,848,156               | 82,800                          | 424,147                    | -                    |
| 2007               | 126,876,357                     | 3,680,845               | 79,200                          | 840,193                    | 768,178              |
| 2008               | 122,949,664                     | 3,842,999               | 75,600                          | 1,095,923                  | 685,944              |
| 2009               | 118,954,961                     | 3,639,081               | 72,000                          | 1,213,889                  | 538,317              |
| 2010               | 114,960,991                     | 3,435,163               | 68,400                          | 1,208,019                  | 188,065              |
| 2011               | 110,752,692                     | 3,231,245               | 64,800                          | 1,024,767                  | 38,375               |

Source: Financial Statements and Independent Auditor's Report  
Notes to Financial Statements (Note 11) Long Term Debt Obligations 2002-2003  
Notes to Financial Statements (Note 12) Long Term Debt Obligations 2004-2011  
Academic Excellence Indicator System (AEIS)  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

**TABLE L-14**

| <u>Capital Leases</u> | <u>Total Debt</u> | <u>Ratio of Total Debt to Estimated Actual Property Value</u> | <u>Total Debt Per Average Daily Membership</u> |
|-----------------------|-------------------|---|--|
| \$ 1,143,501          | \$ 41,734,729     | 0.94%   | \$ 1,862                                       |
| 497,460               | 39,098,399        | 0.83%   | 1,681  |
| 794,281               | 37,387,382        | 0.75%   | 1,604  |
| 358,011               | 133,706,567       | 2.47%   | 5,569  |
| 180,972               | 132,562,449       | 2.34%   | 5,435  |
| 205,593               | 132,450,366       | 2.26%   | 5,393  |
| 470,881               | 129,121,011       | 1.81%   | 5,185  |
| 1,355,504             | 125,773,752       | 1.75%   | 5,037  |
| 303,723               | 120,164,361       | 1.60%   | 4,787  |
| 49,747                | 115,161,626       | 1.54%   | 4,518  |





**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING DEBT**  
**GENERAL OBLIGATION BONDS**

**TABLE L-15**

| <u>Political Subdivision</u>              | <u>Net Debt<br/>Amounts</u> | <u>As of</u> | <u>Percentage<br/>Applicable<br/>to MISD</u> | <u>MISD's Share<br/>of Debt</u> |
|---|-----------------------------|--------------|--|---------------------------------|
| <b><u>DIRECT DEBT</u></b>                 |                             |              |  |                                 |
| <i>McAllen ISD</i>                        | \$ 106,325,790              | 6/30/2011    | 100.00%                                      | <u>\$ 106,325,790</u>           |
| <b><u>OVERLAPPING DEBT</u></b>            |                             |              |  |                                 |
| <i>Edinburg City Of</i>                   | \$ 45,025,000 *             | 8/31/2011    | 0.76%  | \$ 342,190                      |
| <i>Hidalgo Co.</i>                        | 185,405,000                 | 8/31/2011    | 23.56%                                       | 43,681,418                      |
| <i>Hidalgo Co DD #1</i>                   | 96,675,000                  | 8/31/2011    | 23.29%                                       | 22,515,608                      |
| <i>McAllen, City Of</i>                   | 29,495,000 *                | 8/31/2011    | 81.87%                                       | 24,147,557                      |
| <i>South Texas College</i>                | 61,389,287 *                | 8/31/2011    | 19.43%                                       | <u>11,927,938</u>               |
| <i>Total Net Overlapping Debt</i>         |                             |              |  | <u>102,614,710</u>              |
| <i>Total Direct and Overlapping Debt:</i> |                             |              |  | <u><u>\$ 208,940,500</u></u>    |

\*Gross Debt

Source: Municipal Advisory Council of Texas

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and the businesses of the District. This process recognizes that, when considering the district's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**LAST TEN YEARS**

|  | <u>2002</u>             | <u>2003</u>             | <u>2004</u>             | <u>2005</u>             |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| <i>Assessed Valuation</i>                            | <u>\$ 3,921,274,890</u> | <u>\$ 3,944,153,542</u> | <u>\$ 4,145,663,438</u> | <u>\$ 4,411,021,970</u> |
| <i>Debt Limit-10% of Assessed Valuation</i>          | \$ 392,127,489          | \$ 394,415,354          | \$ 414,566,343          | \$ 441,102,197          |
| <i>General Obligation Bonds</i>                      | 39,218,263              | 37,735,939              | 36,163,101              | 128,935,910             |
| <i>Deduct Amount Available in Debt Services Fund</i> | <u>(497,851)</u>        | <u>(544,210)</u>        | <u>(637,946)</u>        | <u>(1,152,950)</u>      |
| <i>Less : Applicable Debt Margin</i>                 | <u>38,720,412</u>       | <u>37,191,729</u>       | <u>35,525,155</u>       | <u>127,782,960</u>      |
| <i>Legal Debt Margin</i>                             | <u>\$ 353,407,077</u>   | <u>\$ 357,223,625</u>   | <u>\$ 379,041,188</u>   | <u>\$ 313,319,237</u>   |
| <i>Debt Margin as a Percentage of the Debt Limit</i> | 90.13%                  | 90.57%                  | 91.43%                  | 71.03%                  |

Source: Financial Statements and Auditor's Independent Report  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

TABLE L-16

| 2006                    | 2007                    | 2008                    | 2009                    | 2010                    | 2011                    |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>\$ 5,053,566,220</u> | <u>\$ 5,230,340,000</u> | <u>\$ 5,715,239,430</u> | <u>\$ 5,831,870,139</u> | <u>\$ 6,108,789,802</u> | <u>\$ 6,035,806,428</u> |
| \$ 505,356,622          | \$ 523,034,000          | \$ 571,523,943          | \$ 583,187,014          | \$ 610,878,980          | \$ 603,580,643          |
| 128,026,374             | 126,876,357             | 124,045,588             | 120,168,851             | 116,169,011             | 111,777,460             |
| <u>(1,621,659)</u>      | <u>(1,918,471)</u>      | <u>(2,082,630)</u>      | <u>(1,359,315)</u>      | <u>(4,344,581)</u>      | <u>(4,426,902)</u>      |
| <u>126,404,715</u>      | <u>124,957,886</u>      | <u>121,962,958</u>      | <u>118,809,536</u>      | <u>111,824,430</u>      | <u>107,350,558</u>      |
| <u>\$ 378,951,907</u>   | <u>\$ 398,076,114</u>   | <u>\$ 449,560,985</u>   | <u>\$ 464,377,478</u>   | <u>\$ 499,054,550</u>   | <u>\$ 496,230,085</u>   |
| 74.99%                  | 76.11%                  | 78.66%                  | 79.63%                  | 81.69%                  | 82.21%                  |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT**  
**TO ESTIMATE ACTUAL VALUE AND**  
**PER AVERAGE DAILY MEMBERSHIP**  
**LAST TEN YEAR**

**TABLE L-17**

| <u>Fiscal Year</u> | <u>Average Daily Membership</u> | <u>Estimated Actual Value</u> | <u>Net Bonded Debt</u> | <u>Bonded Debt to Estimated Actual Value</u> | <u>Total Debt Per Average Daily Membership</u> |
|--------------------|---------------------------------|-------------------------------|------------------------|--|--|
| 2002               | 22,409                          | \$ 4,428,614,459              | \$ 39,218,263          | 0.89%  | 1,750  |
| 2003               | 23,259                          | 4,691,534,436                 | 37,735,939             | 0.80%  | 1,622  |
| 2004               | 23,314                          | 4,964,079,662                 | 36,163,101             | 0.73%  | 1,551  |
| 2005               | 24,009                          | 5,412,931,208                 | 128,935,910            | 2.38%  | 5,370  |
| 2006               | 24,389                          | 5,658,482,639                 | 128,026,374            | 2.26%  | 5,249  |
| 2007               | 24,558                          | 5,872,564,648                 | 126,876,357            | 2.16%  | 5,166  |
| 2008               | 24,902                          | 7,138,736,834                 | 122,949,664            | 1.72%  | 4,937  |
| 2009               | 24,970                          | 7,207,649,358                 | 118,954,961            | 1.65%  | 4,764  |
| 2010               | 25,101                          | 7,514,997,122                 | 114,960,991            | 1.53%  | 4,580  |
| 2011               | 25,490                          | 7,459,499,783                 | 110,752,692            | 1.48%  | 4,345  |

Source: Financial Statements and Auditor's Independent Report  
Notes to Financial Statements (Note 11) Long-Term Obligations 2002-2003  
Notes to Financial Statements (Note 12) Long-Term Obligations 2002-2011  
Assessment Roll Grand Totals Reports Hidalgo County Tax Assessor  
2002-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT**  
**TOTAL GENERAL FUND EXPENDITURES**  
**LAST TEN YEARS**

**TABLE L-18**

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest*</u> | <u>Total Debt Service</u> | <u>Total General Fund Expenditures</u> | <u>Ratio of Debt Services To General Fund Expenditures</u> |
|--------------------|------------------|------------------|---------------------------|--|--|
| 2002               | \$ 1,398,700     | \$ 2,166,739     | \$ 3,565,439              | \$ 136,244,214                         | 2.62%  |
| 2003               | 1,482,324        | 2,073,030        | 3,555,354                 | 142,929,853                            | 2.49%  |
| 2004               | 1,572,837        | 1,977,215        | 3,550,052                 | 152,724,578                            | 2.32%  |
| 2005               | 1,657,756        | 2,154,287        | 3,812,043                 | 153,011,335                            | 2.49%  |
| 2006               | 906,312          | 5,796,019        | 6,702,331                 | 169,007,407                            | 3.97%  |
| 2007               | 1,146,668        | 5,735,919        | 6,882,587                 | 173,908,763                            | 3.96%  |
| 2008               | 3,890,000        | 5,642,425        | 9,532,425                 | 184,253,788                            | 5.17%  |
| 2009               | 4,225,000        | 5,527,950        | 9,752,950                 | 190,438,196                            | 5.12%  |
| 2010               | 4,290,000        | 2,718,319        | 7,008,319                 | 155,665,633                            | 4.50%  |
| 2011               | 4,615,000        | 5,344,238        | 9,959,238                 | 169,473,487                            | 5.88%  |

Note: \*excludes other fees

Source: Financial Statements and Auditor's Independent Report  
 Budgetary Comparison Schedule (Exhibit J-4)  
 Budgetary Comparison Schedule (Exhibit G-1)  
 2002-2009 Fiscal Year End 8/31  
 2010-2011 Fiscal Year End 6/30



**DEMOGRAPHIC AND ECONOMICAL  
INFORMATION**

**MCALLEN INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR**

**TABLE L-19**

| <u>Employer</u>                            | 2011             |             | <u>Percentage<br/>of Total City<br/>Employment</u> |
|--|------------------|-------------|--|
|  | <u>Employees</u> | <u>Rank</u> |  |
| <i>Doctor's Hospital @ Renaissance</i>     | 3,400            | 1           | 16.27%   |
| <i>McAllen Independent School District</i> | 3,286            | 2           | 15.73%   |
| <i>South Texas College</i>                 | 2,145            | 3           | 10.27%   |
| <i>McAllen Medical Center</i>              | 2,058            | 4           | 9.85%  |
| <i>City Of McAllen</i>                     | 2,000            | 5           | 9.57%  |
| <i>Rio Grande Regional Hospital</i>        | 1,065            | 6           | 5.10%  |
| <i>International Bank of Commerce</i>      | 525              | 7           | 2.51%  |
| <i>BBVA Compass</i>                        | 400              | 8           | 1.91%  |
| <i>Wal-Mart</i>                            | 357              | 9           | 1.71%  |
| <i>Wal-Mart</i>                            | 350              | 10          | 1.67%  |
| <i>Total Top Ten</i>                       | 15,586           |             | 74.59%   |
| <i>Other Employers</i>                     | 5,310            |             | 25.41%   |
| <i>Total Employers</i>                     | 20,896           |             | 100.00%  |

***Employer Information for nine years prior was unavailable***

Source: Chamber of Commerce  
South Texas College  
TEA Staff Salaries and FTE Counts



**MCALLEN INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS**

**TABLE L-20**

| <u>Fiscal Year</u> | <u>Population</u> | <u>*Personal Income</u> | <u>*Per Capita Personal Income</u> | <u>Unemployment Rate</u> | <u>Average Daily Attendance</u> | <u>Percentage Economically Disadvantaged Students</u> |
|--------------------|-------------------|-------------------------|------------------------------------|--------------------------|---------------------------------|---|
| 2002               | 112,614           | \$ 9,252,936            | \$ 15,232                          | 7.50                     | 21,517                          | 66.3%   |
| 2003               | 114,980           | 9,814,769               | 15,649                             | 7.45                     | 22,273                          | 69.4%   |
| 2004               | 118,452           | 10,634,400              | 16,449                             | 6.51                     | 22,397                          | 69.5%   |
| 2005               | 121,076           | 11,668,018              | 17,533                             | 5.35                     | 23,106                          | 71.9%   |
| 2006               | 123,086           | 12,333,428              | 18,039                             | 5.17                     | 23,138                          | 71.6%   |
| 2007               | 125,486           | 13,464,065              | 19,183                             | 4.65                     | 23,344                          | 70.2%   |
| 2008               | 128,542           | 14,667,835              | 20,336                             | 5.00                     | 23,593                          | 69.1%   |
| 2009               | 132,225           | 15,199,996              | 20,509                             | 7.10                     | 23,618                          | 65.3%   |
| 2010               | 132,250           | 16,131,000              | 20,678                             | 7.40                     | 23,838                          | 67.1%   |
| 2011               | 133,431           | N/A                     | N/A                                | 7.80                     | 24,199                          | 64.5%   |

Source: U.S. Census Bureau 2002-2009  
 Sperling's Best Place website 2010  
 Economagic.com  
 PEIMS DATA +  
 PEIMS Edit + Report (PRF7D001)  
 Academic Excellence Indicator System Report (AEIS)  
 2002-2009 Fiscal Year End 8/31  
 2010-2011 Fiscal Year End 6/30  
 \* MSA statistics (McAllen-Mission-Edinburg)



## **OPERATING INFORMATION**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**WORKFORCE COMPOSITION BY EMPLOYEE CLASSIFICATION**  
**LAST TEN YEARS**

| <b>Classification</b>         | <b>2002</b>    | <b>2003</b>    | <b>2004</b>    | <b>2005</b>    | <b>2006</b>    |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Number of Employees</b>    |                |                |                |                |                |
| <i>Teachers</i>               | 1,530          | 1,530          | 1,540          | 1,577          | 1,643          |
| <i>Professional Support</i>   | 330            | 316            | 353            | 328            | 342            |
| <i>Campus Administration</i>  | 77             | 74             | 98             | 80             | 72             |
| <i>Central Administration</i> | 35             | 34             | 35             | 32             | 34             |
| <i>Educational Aides</i>      | 287            | 266            | 308            | 312            | 299            |
| <i>Auxiliary Staff</i>        | 1,109          | 1,150          | 1,086          | 960            | 967            |
| <b>Total Employees</b>        | <b>3,368</b>   | <b>3,370</b>   | <b>3,420</b>   | <b>3,289</b>   | <b>3,357</b>   |
| <b>Percent of Total</b>       |                |                |                |                |                |
| <i>Teachers</i>               | 45.42%         | 45.40%         | 45.03%         | 47.96%         | 48.94%         |
| <i>Professional Support</i>   | 9.80%          | 9.38%          | 10.32%         | 9.97%          | 10.19%         |
| <i>Campus Administration</i>  | 2.29%          | 2.20%          | 2.87%          | 2.43%          | 2.14%          |
| <i>Central Administration</i> | 1.04%          | 1.01%          | 1.02%          | 0.97%          | 1.01%          |
| <i>Educational Aides</i>      | 8.52%          | 7.89%          | 9.01%          | 9.49%          | 8.91%          |
| <i>Auxiliary Staff</i>        | 32.93%         | 34.12%         | 31.75%         | 29.18%         | 28.81%         |
|                               | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> | <b>100.00%</b> |

Source: Academic Excellence Indicator System (AEIS Report)  
 PEIMS Edit + Reports (PRF4D004)  
 2002-2009 Fiscal Year End 8/31  
 2010-2011 Fiscal Year End 6/30

TABLE L-21

| <u>2007</u>    | <u>2008</u>    | <u>2009</u>    | <u>2010</u>    | <u>2011</u>    |
|----------------|----------------|----------------|----------------|----------------|
| 1,720          | 1,740          | 1,763          | 1,681          | 1,623          |
| 306            | 322            | 316            | 331            | 314            |
| 76             | 84             | 81             | 82             | 79             |
| 43             | 53             | 60             | 39             | 37             |
| 326            | 324            | 326            | 298            | 275            |
| <u>983</u>     | <u>975</u>     | <u>957</u>     | <u>947</u>     | <u>958</u>     |
| <u>3,454</u>   | <u>3,498</u>   | <u>3,503</u>   | <u>3,378</u>   | <u>3,286</u>   |
| 49.80%         | 49.74%         | 50.33%         | 49.77%         | 49.41%         |
| 8.86%          | 9.21%          | 9.02%          | 9.80%          | 9.56%          |
| 2.20%          | 2.40%          | 2.31%          | 2.43%          | 2.40%          |
| 1.25%          | 1.52%          | 1.71%          | 1.15%          | 1.13%          |
| 9.44%          | 9.26%          | 9.31%          | 8.82%          | 8.36%          |
| <u>28.45%</u>  | <u>27.87%</u>  | <u>27.32%</u>  | <u>28.03%</u>  | <u>29.15%</u>  |
| <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF TEACHER INFORMATION**  
**LAST TEN YEARS**

| Fiscal Year | Bachelor's Degree |           | Master's Degree |           | Doctorate      |         | Average Teacher Salary |
|-------------|-------------------|-----------|-----------------|-----------|----------------|---------|------------------------|
|             | Minimum           | Maximum   | Minimum         | Maximum   | Minimum        | Maximum |                        |
| 2002        | \$ 31,000         | \$ 45,329 | \$ 32,000       | \$ 46,329 | Non Applicable |         | \$ 40,048              |
| 2003        | 32,500            | 47,078    | 34,500          | 49,078    | Non Applicable |         | 41,363                 |
| 2004        | 34,000            | 49,372    | 36,000          | 51,372    | Non Applicable |         | 43,394                 |
| 2005        | 34,000            | 50,220    | 36,000          | 52,220    | Non Applicable |         | 43,902                 |
| 2006        | 34,000            | 51,549    | 36,000          | 53,549    | Non Applicable |         | 45,005                 |
| 2007        | 37,500            | 54,344    | 39,500          | 56,344    | Non Applicable |         | 48,122                 |
| 2008        | 38,000            | 54,631    | 40,000          | 56,631    | Non Applicable |         | 48,949                 |
| 2009        | 38,500            | 54,390    | 40,500          | 56,390    | Non Applicable |         | 49,051                 |
| 2010        | 39,000            | 54,397    | 41,000          | 56,397    | Non Applicable |         | 49,847                 |
| 2011        | 39,400            | 54,674    | 41,400          | 56,674    | Non Applicable |         | 50,228                 |

Source: District's Human Resource Department  
 Academic Excellence Indicator System (AEIS Report)  
 PEIMS Edit + Reports Data Review PRF4D004  
 2002-2009 Fiscal Year End 8/31  
 2010-2011 Fiscal Year End 6/30

**TABLE L-22**

| <u>Average<br/>Years of<br/>Experience</u> | <u>Bachelor's<br/>Education</u> | <u>Master's<br/>Education</u> |
|--|---------------------------------|-------------------------------|
| 12.5                                       | 80.9%                           | 17.6%                         |
| 12.7                                       | 80.6%                           | 17.3%                         |
| 12.5                                       | 82.1%                           | 16.5%                         |
| 12.8                                       | 81.3%                           | 16.9%                         |
| 12.9                                       | 81.4%                           | 17.2%                         |
| 13.0                                       | 80.9%                           | 17.5%                         |
| 13.0                                       | 80.6%                           | 17.9%                         |
| 13.1                                       | 80.8%                           | 18.0%                         |
| 13.5                                       | 77.9%                           | 20.7%                         |
| 13.6                                       | 78.0%                           | 20.7%                         |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF ATTENDANCE AND MEMBERSHIP**  
**LAST TEN YEARS**

**TABLE L-23**

| <u>Fiscal Year</u> | <u>Average Daily Attendance</u> | <u>Average Daily Membership</u> | <u>Percent of Attendance</u> |
|--------------------|---------------------------------|---------------------------------|------------------------------|
| 2002               | 21,517                          | 22,409                          | 96.02%                       |
| 2003               | 22,273                          | 23,259                          | 95.76%                       |
| 2004               | 22,397                          | 23,314                          | 96.07%                       |
| 2005               | 23,106                          | 24,009                          | 96.24%                       |
| 2006               | 23,138                          | 24,389                          | 94.87%                       |
| 2007               | 23,344                          | 24,558                          | 95.06%                       |
| 2008               | 23,593                          | 24,902                          | 94.74%                       |
| 2009               | 23,618                          | 24,970                          | 94.59%                       |
| 2010               | 23,838                          | 25,101                          | 94.97%                       |
| 2011               | 24,199                          | 25,490                          | 94.94%                       |

Source: PEIMS Data + Student Attendance by ADA (2002-2005)  
 Academic Excellence Indicator System (AEIS Report)  
 PEIMS Edit + Reports Data Review (PRF7D001)  
 TEA Budgeted Financial Data  
 2002-2009 Fiscal Year End 8/31  
 2010-2011 Fiscal Year End 6/30



**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**OPERATING STATISTICS**  
**LAST TEN YEARS**

**TABLE L-24**

| <u>Fiscal Year</u> | <u>Average Daily Attendance</u> | <u>General Fund Operating Expenditures*</u> | <u>Cost Per Pupil</u> | <u>Per Pupil Change</u> | <u>Governmental Operating Expenditures*</u> | <u>Cost Per Pupil</u> | <u>Per Pupil Change</u> |
|--------------------|---------------------------------|---|-----------------------|-------------------------|---|-----------------------|-------------------------|
| 2002               | 21,517                          | \$ 135,023,603                              | \$ 6,275              | N/A                     | \$ 156,641,552                              | 7,280                 | N/A                     |
| 2003               | 22,273                          | 141,589,914                                 | 6,357                 | 1.30%                   | 169,514,736                                 | 7,611                 | 4.55%                   |
| 2004               | 22,397                          | 150,565,506                                 | 6,723                 | 5.75%                   | 178,119,011                                 | 7,953                 | 4.49%                   |
| 2005               | 23,106                          | 150,163,420                                 | 6,499                 | -3.33%                  | 178,189,220                                 | 7,712                 | -3.03%                  |
| 2006               | 23,138                          | 166,494,403                                 | 7,196                 | 10.72%                  | 196,689,672                                 | 8,501                 | 10.23%                  |
| 2007               | 23,344                          | 171,471,196                                 | 7,345                 | 2.08%                   | 202,611,587                                 | 8,679                 | 2.10%                   |
| 2008               | 23,593                          | 183,472,249                                 | 7,777                 | 5.87%                   | 216,143,584                                 | 9,161                 | 5.55%                   |
| 2009               | 23,618                          | 186,100,308                                 | 7,880                 | 1.32%                   | 221,057,519                                 | 9,360                 | 2.16%                   |
| 2010               | 23,838                          | 153,920,270                                 | 6,457                 | -18.05%                 | 198,617,837                                 | 8,332                 | -10.98%                 |
| 2011               | 24,199                          | 168,653,913                                 | 6,970                 | 7.94%                   | 219,164,901                                 | 9,057                 | 8.70%                   |

\*General Fund and Governmental operating expenditures less debt service and capital projects (Function 70 and 80)

Source: PEIMS Data + Student Attendance by ADA (2002-2005)  
PEIMS Edit + Reports Data Review (PRF7D001)  
Financial Statements and Auditor's Independent Report  
Statement of Activities (Exhibit C-2)  
Budgetary Comparison Schedule (Exhibit G-1)  
200-2009 Fiscal Year End 8/31  
2010-2011 Fiscal Year End 6/30

N/A = No data available

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF STUDENT INFORMATION**  
**LAST TEN YEARS**

**TABLE L-25**

| <u>Fiscal Year</u> | <u>Teacher/ Student Ratio</u> | <u>Percentage of Free and Reduced Lunch</u> | <u>Number of Economically Disadvantaged Students</u> | <u>Percentage of Economically Disadvantaged Students</u> |
|--------------------|-------------------------------|---|--|--|
| 2002               | 14.6                          | 70.0%                                       | 14,852   | 66.3%  |
| 2003               | 15.2                          | 70.0%                                       | 16,132   | 69.4%  |
| 2004               | 15.1                          | 70.0%                                       | 16,206   | 69.5%  |
| 2005               | 15.2                          | 70.0%                                       | 17,266   | 71.9%  |
| 2006               | 14.8                          | 70.0%                                       | 17,452   | 71.6%  |
| 2007               | 14.3                          | 70.0%                                       | 17,241   | 70.2%  |
| 2008               | 14.3                          | 69.0%                                       | 17,206   | 69.1%  |
| 2009               | 14.2                          | 69.0%                                       | 16,297   | 65.3%  |
| 2010               | 15.0                          | 69.0%                                       | 16,888   | 67.1%  |
| 2011               | 15.8                          | 65.2%                                       | 16,518   | 64.5%  |

Source: Academic Excellence Indicator System (AEIS)  
 Child Nutrition Program  
 2002-2009 Fiscal Year End 8/31  
 2010-2011 Fiscal Year End 6/30

**MCALLEN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF SCHOOL BUILDINGS  
LAST TEN YEARS**

**TABLE L-26**

|   | <u>Estimated<br/>Square Footage</u> | <u>Building<br/>Capacity</u> |
|---|-------------------------------------|------------------------------|
| <b><u>High Schools</u></b>                |                                     |                              |
| <i>McAllen High School</i>                | 296,062                             | 2,200                        |
| <i>Memorial High School</i>               | 302,587                             | 2,200                        |
| <i>Rowe High School</i>                   | 328,938                             | 2,300                        |
| Sub-Total                                 | <u>927,587</u>                      | <u>6,700</u>                 |
| <b><u>Middle Schools</u></b>              |                                     |                              |
| <i>Brown Middle School</i>                | 97,074                              | 900                          |
| <i>Cathey Middle School</i>               | 118,082                             | 1,000                        |
| <i>De Leon Middle School</i>              | 151,302                             | 1,500                        |
| <i>Lincoln Middle School</i>              | 101,406                             | 1,000                        |
| <i>Fossum Middle School</i>               | 119,893                             | 900                          |
| <i>Morris Middle School</i>               | 96,292                              | 900                          |
| <i>Travis Middle School</i>               | 116,050                             | 1,000                        |
| Sub-Total                                 | <u>800,099</u>                      | <u>7,200</u>                 |
| <b><u>Elementary Schools</u></b>          |                                     |                              |
| <i>Alvarez Elementary</i>                 | 54,305                              | 500                          |
| <i>Bonham Elementary</i>                  | 47,118                              | 430                          |
| <i>Castaneda Elementary</i>               | 64,579                              | 600                          |
| <i>Crockett Elementary</i>                | 44,449                              | 400 Closed June 2, 2011      |
| <i>Escandon Elementary</i>                | 60,904                              | 500                          |
| <i>Fields Elementary</i>                  | 70,899                              | 600                          |
| <i>Garza Elementary</i>                   | 67,154                              | 600                          |
| <i>Gonzalez Elementary</i>                | 56,809                              | 500                          |
| <i>Hendricks Elementary</i>               | 65,815                              | 600                          |
| <i>Houston Elementary</i>                 | 55,432                              | 500                          |
| <i>Jackson Elementary</i>                 | 73,882                              | 700                          |
| <i>McAuliffe Elementary</i>               | 65,174                              | 600                          |
| <i>Milam Elementary</i>                   | 65,819                              | 600                          |
| <i>Navarro Elementary</i>                 | 47,194                              | 400                          |
| <i>Perez Elementary</i>                   | 66,000                              | 600                          |
| <i>Rayburn Elementary</i>                 | 64,220                              | 600                          |
| <i>Roosevelt Elementary</i>               | 72,009                              | 650                          |
| <i>Sanchez Elementary</i>                 | 66,000                              | 600                          |
| <i>Seguin Elementary</i>                  | 70,748                              | 600                          |
| <i>Thigpen/Zavala Elementary</i>          | 70,899                              | 600                          |
| <i>Thigpen Elementary</i>                 | 41,220                              | 400 Closed June 1, 2007      |
| <i>Wilson Elementary</i>                  | 52,882                              | 500                          |
| <i>Zavala Elementary</i>                  | 44,415                              | 400 Closed June 1, 2007      |
| Sub-Total                                 | <u>1,387,926</u>                    | <u>12,480</u>                |
| <b><u>Other</u></b>                       |                                     |                              |
| <i>Early Childhood Development Center</i> | 15,742                              | 150                          |
| <i>Instruction &amp; Guidance Center</i>  | 16,079                              | 200                          |
| <i>Lamar Academy</i>                      | 82,712                              | 700                          |
| Sub-Total                                 | <u>114,533</u>                      | <u>1,050</u>                 |
| Total                                     | <u><u>3,230,145</u></u>             | <u><u>27,430</u></u>         |

Source: McAllen ISD Facilities M & O Department



## **SINGLE AUDIT SECTION**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees  
McAllen Independent School District  
McAllen, Texas 78501

Members of the Board:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of McAllen Independent School District, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 25, 2011. 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 the District's internal control over financial reporting as 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 the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

We noted certain other matters that we reported to management of the McAllen Independent School District in a separate letter dated October 25, 2011.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs Corrective Action Plan. We did not audit the District's response and, accordingly, we express no opinion on it.

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

  
LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
October 25, 2011



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

To the Board of Trustees  
McAllen Independent School District  
McAllen, Texas 78501

Members of the Board:

Compliance

We have audited the compliance of the McAllen 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 could have a direct and material effect on each of District's major federal programs as of and for the year ended June 30, 2011. 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 the District's management. 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 the 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 the District's compliance with those requirements.

In our opinion, McAllen Independent School District complied, in all material respects, with the compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

Management of the 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 the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB A-133, but not for the purpose of expressing an opinion on 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

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

  
LONG CHILTON, LLP  
Certified Public Accountants

McAllen, Texas  
October 25, 2011

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2011

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness (es) identified? \_\_\_\_\_yes  X  no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? \_\_\_\_\_yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_yes  X  no

**Federal Awards**

Internal control over major programs:

- Material weakness (es) identified? \_\_\_\_\_yes  X  no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? \_\_\_\_\_yes  X  no

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_yes  X  no

Type of auditor's report issued on compliance for major programs: Unqualified

Identification of major programs:

| <u>CFDA Number(s)</u>    | <u>Name of Federal Program or Cluster</u>   |
|--------------------------|---|
| 84.010A/84.389A          | Title I, Part A Cluster<br>Title I, Part A-Improving Basic Programs<br>ARRA Title I, Part A-ARRA/STIMULUS   |
| 84.027A/84.173A/84.391A  | Title I, Part A-School Improvement Program<br>Title I, Part A-SIP-ARRA/STIMULUS<br>Special Education Cluster (IDEA)<br>IDEA-B Formula<br>SSA IDEA-B Discretionary<br>SSA IDEA-B Deaf<br>IDEA B-Preschool<br>SSA IDEA-B Preschool Deaf<br>ARRA-IDEA-Part B Formula |
| 84.318X/84.386A          | Title II Part D Cluster<br>Title II Part D-Enhancing Education Through Technology<br>Title II Part D Vision 2020<br>ARRA-TTL II, D Technology   |
| 84.394A<br>10.553/10.555 | ARRA of 2009 Title XIV State Fiscal Stabilization Fund<br>Child Nutrition Cluster: School Breakfast Program (SBP); National School Lunch Program (NSLP); Commodities (Non-cash Assistance)  |

MCALLEN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended June 30, 2011

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**Section I - Summary of Auditor's Results (continued)**

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Dollar threshold used to distinguish  
between type A and type B programs:

\$ 1,604,794

Auditee qualified as low-risk auditee?

yes     no

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)  
 For the Year Ended June 30, 2011

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**Section II - Financial Statement Findings**

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|                       | <u>DESCRIPTION</u>  |
|-----------------------|---|
| Reference No.: 2011-1 | Foundation School Program (FSP) Program Allotments  |
| Criteria:             | The District should spend 55%/60% of the FSP allotments for direct costs of the programs.   |
| Condition Found:      | The District expended less than the 55% amount for Compensatory Education for the year with a shortfall of about \$2.2M and, also, had remaining amounts of about \$1.7M from the prior year for a total of unspent funds of \$3.9M at June 30, 2011. |
| Effect:               | The District may not be in compliance with the State regulations.   |
| Recommendation:       | We recommend that the District ensure that expenditures are made to the levels required by the State.   |

MCALLEN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)  
For the Year Ended June 30, 2011

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**Section III - Federal Award Findings and Questioned Costs**

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None.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CORRECTIVE ACTION PLAN**  
**For the Year Ended June 30, 2011**

**Financial Statement Findings:**

|                       | <b><u>CORRECTIVE ACTION PLAN</u></b>  |
|-----------------------|---|
| Reference No.: 2011-1 | State Compensatory Allotment  |
|                       | <p>The State and Federal Programs office staff will continue to attend local, state and federal trainings, workshops, institutes and seminars to assure that the 55% allotment supplements the regular education program for students identified as at risk of dropping out of school.</p> <p>The Director for State and Federal Funds is to be communicated with so that he/she can be made aware of campus and/or district initiatives and determine non-allowable or allowable activities. Guidance will be researched to assure compliance but also to retrieve supporting documentation (i.e. comprehensive needs assessment, district and/or campus improvement plans) necessary to comply with federal law. On a monthly basis the Director for State and Federal Programs will continue to monitor funds to assure that all positions and/or activities are in accordance to budget and are within State Compensatory Ed. Program guidelines. The Director for State and Federal Programs will work collaboratively with the Business Office and/or other budget meetings to be part of the communication and dialogue to assure that district/campus initiatives to be funded through state and federal funds are allowable and that all supporting documentation is provided. The Director for State and Federal Programs through meetings, monitoring, etc. that are attended will provide written documentation to individual parties if there are documents that are lacking and needed to be in compliance. Multiple memorandums will be sent to assure that there is supporting documentation to assure that the Director for State and Federal Programs is a good steward of abiding by state and federal law and to assure that the district is in compliance.</p> <p>The State and Federal Programs Office will utilize the resources below for guidance:</p> <ul style="list-style-type: none"> <li>• Texas Education Agency Summary of Finances web link</li> <li>• Financial Accountability System Resource Guide Version 13.0</li> <li>• Texas Education Code</li> <li>• Chapter 37 Discipline/Law and Order</li> <li>• SCE Presentation and Q&amp;A via Texas Education Agency link</li> </ul> |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CORRECTIVE ACTION PLAN (CONTINUED)**  
 For the Year Ended June 30, 2011

**Financial Statement Findings:**

|  | <b><u>CORRECTIVE ACTION PLAN</u></b>   |
|--|--|
| Reference No.: 2011-1 ( <i>continued</i> ) | State Compensatory Allotment   |
|  | <p>Rebuttal:</p> <p>State Compensatory Ed. Program guidelines allow the LEA to roll forward to the next fiscal year if there is a budget balance. The 55% allotment is to be utilized for direct instruction.</p> <p>If the oversight agency has questions regarding this plan, please contact:</p> <p>Anjanette Gonzalez, Director for State and Federal Programs at (956) 632-3232</p> |



**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**STATUS OF PRIOR YEAR FINDINGS**  
**For the Year Ended June 30, 2011**

**Financial Statement Findings:**

| <b><u>PROGRAM</u></b>        | <b><u>STATUS OF PRIOR YEAR'S FINDING/COMPLIANCE</u></b> |
|------------------------------|---|
| <b>Reference No.: 2010-1</b> | State Compensatory Allotment                            |
|                              | See similar finding on current year allocation 2011-1.  |

**Federal Award Findings:**

| <b><u>PROGRAM</u></b>   | <b><u>STATUS OF PRIOR YEAR'S FINDING/COMPLIANCE</u></b>    |
|---|--|
| U.S. Department of Education –<br>Passed Through State Department of<br>Education:<br>Title I, Part A-Improving Basic Programs<br>Title I, Part A-ARRA/stimulus<br>Title I-School Improvement Program<br>Title I-SIP-ARRA/STIMULUS<br>Grant No.:<br>10610101108906/10551001108906/<br>10610104108906006/10551004108906006<br>CFDA#84.010A/84.389A |  |
| <b>Reference No.: 2010-2</b>  | Allowable Costs/Cost Principles and Level of Effort        |
|   | The positions were not funded by the grant in 2010-2011. . |

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COST  
 STATUS OF PRIOR YEAR FINDINGS (*CONTINUED*)  
 For the Year Ended June 30, 2011

**Federal Award Findings (*continued*):**

| <u>PROGRAM</u>  | <u>STATUS OF PRIOR YEAR'S FINDING/COMPLIANCE</u> |
|---|--|
| U.S. Department of Education –<br>Passed Through State Department of<br>Education:<br>Special Education Cluster (IDEA)<br>Grant No.:<br>106600011089066600/106600021089066673/<br>106600011089066601/106610011089066610/<br>106610011089066611/10554001108906<br>CFDA#84.027A/84.173A/84.391A |  |
| <b>Reference No.: 2010-3</b>  | Semi-Annual Certifications                       |
|   | Semi-Annual Certifications are being prepared.   |

| <u>PROGRAM</u>  | <u>STATUS OF PRIOR YEAR'S FINDING/COMPLIANCE</u> |
|---|--|
| U.S. Department of Education –<br>Passed Through State Department of<br>Education:<br>Special Education Cluster (IDEA)<br>Grant No.:<br>106600011089066600/106600021089066673/<br>106600011089066601/106610011089066610/<br>106610011089066611/10554001108906<br>CFDA#84.027A/84.173A/84.391A |  |
| <b>Reference No.: 2010-4</b>  | Maintenance of Effort                            |
|   | No similar finding in 2010-11.                   |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**STATUS OF PRIOR YEAR FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2011**

**Federal Award Findings (continued):**

| <b><u>PROGRAM</u></b>   | <b><u>STATUS OF PRIOR YEAR'S FINDING/COMPLIANCE</u></b> |
|---|---|
| U.S. Department of Education --<br>Passed Through State Department of<br>Education:<br>Title I, Part A Cluster:<br>Title I Part A-ARRA/STIMULUS<br>Special Education Cluster (IDEA):<br>IDEA B-Formulea-ARRA-LEA<br>Grant No.: 10551001108906<br>10554001108906<br>CFDA# 84.010A/84.389A<br>84.027A/84.173A/84.391A |   |
| <b>Reference No.: 2010-5</b>  | 1512 ARRA Reporting                                     |
|   | The District is amending reports for ARRA as needed.    |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**EXHIBIT K-1**  
**Page 1 of 2**

| (1)  | (2)                       | (2A)   | (3)                     |
|--|---------------------------|--|-------------------------|
| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title                     | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
| <b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                           |                           |  |                         |
| Direct Program:  |                           |  |                         |
| <i>Medicaid Administrative Claiming Program - MAC *</i>                        | 93.778                    | 108-906                                      | \$ 101,932              |
| Total U. S. Department of Health and Human Services                            |                           |  | <u>101,932</u>          |
| <b>U. S. DEPARTMENT OF EDUCATION</b>   |                           |  |                         |
| Direct Programs:   |                           |  |                         |
| Impact Aid - P.L. 81.874 *   | 84.041                    | 108-906                                      | 3,096                   |
| <i>FIE Earmark Grant Awards</i>  | 84.215K                   | U215K090092                                  | (211)                   |
| <i>Teaching American History Grants</i>  | 84.215X                   | U215X090601                                  | 289,245                 |
| <i>Project ARTScope</i>  | 84.351C                   | U351C080004-10                               | 276,854                 |
| <i>McAllen SAFE</i>  | 84.184L                   | Q184L080005-10                               | 1,109,832               |
| <i>Readiness and Emergency Management for Schools</i>                          | 84.184E                   | Q184E100205                                  | 91,872                  |
| Total Direct Programs  |                           |  | <u>1,770,688</u>        |
| Passed Through The Univ. of Tx-Pan American:                                   |                           |  |                         |
| Gear Up  | 84.334A                   | P334A050122                                  | 16,841                  |
| Gear Up  | 84.334A                   | P334A050122-10                               | 219,915                 |
| Total CFDA Number 84.334A  |                           |  | <u>236,756</u>          |
| Total Passed Through The Univ. of Tx-Pan American                              |                           |  | <u>236,756</u>          |
| Passed Through State Department of Education:                                  |                           |  |                         |
| Title I, Part A-Improving Basic Programs *                                     | 84.010A                   | 10610101108906                               | 1,540,779               |
| Title I-School Improvement Program *   | 84.010A                   | 10610104108906006                            | 13,506                  |
| Title I, Part A-Improving Basic Programs *                                     | 84.010A                   | 11610101108906                               | 10,318,811              |
| Total CFDA Number 84.010A  |                           |  | <u>11,873,095</u>       |
| <i>ESEA Title I Part C - Education of Migratory Children</i>                   | 84.011A                   | 10615001108906                               | 12,148                  |
| <i>ESEA Title I Part C - Education of Migratory Children</i>                   | 84.011A                   | 11615001108906                               | 642,778                 |
| Total CFDA Number 84.011A  |                           |  | <u>654,926</u>          |
| <i>IDEA-B Formula *</i>  | 84.027A                   | 106600011089066600                           | 72,526                  |
| <i>IDEA-B Formula *</i>  | 84.027A                   | 116600011089066600                           | 3,032,148               |
| <i>SSA IDEA-B Discretionary *</i>  | 84.027A                   | 106600021089066673                           | 10,044                  |
| <i>SSA IDEA-B Discretionary *</i>  | 84.027A                   | 116600021089066673                           | 124,345                 |
| <i>SSA IDEA-B Deaf *</i>   | 84.027A                   | 106600011089066601                           | 16,300                  |
| <i>SSA IDEA-B Deaf *</i>   | 84.027A                   | 116600011089066601                           | 51,161                  |
| Total CFDA Number 84.027A  |                           |  | <u>3,306,525</u>        |
| <i>Career and Technical - Basic Grant</i>                                      | 84.048A                   | 11420006108906                               | 503,430                 |
| <i>IDEA-B Preschool *</i>  | 84.173A                   | 106610011089066610                           | 1,067                   |
| <i>IDEA-B Preschool *</i>  | 84.173A                   | 116610011089066610                           | 27,144                  |
| <i>SSA IDEA-B Preschool Deaf *</i>   | 84.173A                   | 106610011089066611                           | 248                     |
| <i>SSA IDEA-B Preschool Deaf *</i>   | 84.173A                   | 116610011089066611                           | 3,207                   |
| Total CFDA Number 84.173A  |                           |  | <u>31,666</u>           |
| <i>ESEA Title IV Part A-Safe &amp; Drug-Free Schools &amp; Communities Act</i> | 84.186A                   | 10691001108906                               | (665)                   |
| <i>Title IV Part B21st Century Community Learning Centers</i>                  | 84.287C                   | 096950127110021                              | 5,685                   |
| <i>Title IV Part B21st Century Community Learning Centers</i>                  | 84.287C                   | 106950127110021                              | 1,091,781               |
| Total CFDA Number 84.287C  |                           |  | <u>1,097,466</u>        |
| <i>Title II Part D Enhancing Education Through Technology *</i>                | 84.318X                   | 10630001108906                               | \$ 10,033               |

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**EXHIBIT K-1**  
**Page 2 of 2**

| (1)   | (2)                       | (2A)   | (3)                         |
|---|---------------------------|--|-----------------------------|
| Federal Grantor/<br>Pass-Through Grantor/<br>Program Title                      | Federal<br>CFDA<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures     |
| Title III Part A - LEP  | 84.365A                   | 10671001108906                               | \$ 8,869                    |
| Title III Part A - Immigrant  | 84.365A                   | 10671003108906                               | 66,842                      |
| Title III Part A - LEP  | 84.365A                   | 11671001108906                               | 938,171                     |
| Title III Part A - Immigrant  | 84.365A                   | 11671003108906                               | 459,823                     |
| Total CFDA Number 84.365A   |                           |  | <u>1,473,705</u>            |
| <i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i> | 84.367A                   | 10694501108906                               | 32,178                      |
| <i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i> | 84.367A                   | 11694501108906                               | 1,612,488                   |
| Total CFDA Number 84.367A   |                           |  | <u>1,644,665</u>            |
| <i>Summer School Program for LEP Students in K-1</i>                            | 84.369A                   | 69551002                                     | 17,349                      |
| <i>Title I SIP Academy Grant *</i>  | 84.377A                   | 10610701108906006                            | 13,236                      |
| <i>ARRA-TTL II, D Technology *</i>  | 84.386A                   | 10553001108906                               | 158,467                     |
| Title I, Part A-ARRA/STIMULUS *   | 84.389A                   | 10551001108906                               | 2,275,851                   |
| Title I-SIP-ARRA/STIMULUS *   | 84.389A                   | 10551004108906006                            | 95,286                      |
| Total CFDA Number 84.389A   |                           |  | <u>2,371,137</u>            |
| <i>ARRA - IDEA-Part B Formula *</i>   | 84.391A                   | 10554001108906                               | 3,081,776                   |
| <i>ARRA - IDEA Part B, Preschool *</i>  | 84.392A                   | 10555001108906                               | 131,535                     |
| <i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>                 | 84.394A                   | 10557001108906                               | 1,233,512                   |
| <i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>                 | 84.394A                   | 11557001108906                               | 11,757,039                  |
| Total CFDA Number 84.394A   |                           |  | <u>12,990,551</u>           |
| Total Passed Through State Department of Education                              |                           |  | <u>39,358,898</u>           |
| Passed Through Region One ESC:  |                           |  |                             |
| Gear Up   | 84.334A                   | P334A050083-07                               | 111,142                     |
| Total U. S. Department of Education   |                           |  | <u>41,477,483</u>           |
| <b>U. S. DEPARTMENT OF DEFENSE</b>  |                           |  |                             |
| Direct Program:   |                           |  |                             |
| R.O.T.C.  | 12.000                    | 108-906                                      | 183,330                     |
| Total U. S. Department of Defense   |                           |  | <u>183,330</u>              |
| <b>U. S. DEPARTMENT OF AGRICULTURE</b>  |                           |  |                             |
| Passed Through Texas Department of Agriculture:                                 |                           |  |                             |
| School Breakfast Program *  | 10.553                    | 108-906                                      | 3,592,274                   |
| Commodities (Non-cash) *  | 10.555                    | 108-906                                      | 864,045                     |
| National School Lunch Program *   | 10.555                    | 108-906                                      | 7,235,144                   |
| NSLP Equipment Assistance ARRA  | 10.579                    | 6TX340332                                    | 38,921                      |
| Total Passed Through Texas Department of Agriculture                            |                           |  | <u>11,730,384</u>           |
| Total U. S. Department of Agriculture   |                           |  | <u>11,730,384</u>           |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                                     |                           |  | <b>\$ <u>53,493,129</u></b> |
| Total Federal Awards Expended   |                           |  | <b>\$ 53,493,130</b>        |
| Medicaid  |                           |  | 1,773,136                   |
| Exhibit C-2   |                           |  | <b>\$ <u>55,266,266</u></b> |



MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2011

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of McAllen Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF JUNE 30, 2011*

| <u>Data<br/>Control<br/>Codes</u> |  | <u>Responses</u> |
|-----------------------------------|--|------------------|
| SF2                               | Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations? | No               |
| SF4                               | Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?   | Yes              |
| SF5                               | Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?  | No               |
| SF9                               | Was there any disclosure in the Annual Financial Report of material noncompliance?   | No               |
| SF10                              | What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?      | \$ 1,024,767     |