

# McAllen<sup>+</sup> ISD

*Fulfilling Our Promise*

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



## Comprehensive Annual Financial Report for Year Ended June 30, 2010





**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

**FOR THE**

**FISCAL YEAR ENDED JUNE 30, 2010**

**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, 2010

**TABLE OF CONTENTS**

	<u>EXHIBIT</u>	<u>PAGE</u> <u>NO.</u>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal .....		1
List of Principal Officers.....		5
Organizational Chart.....		7
Certificate of Board.....		8
<b>FINANCIAL SECTION</b>		
Independent Auditor’s Report.....		11
Management’s Discussion and Analysis.....		13
<b>Basic Financial Statements:</b>		
Government-wide Financial Statements:		
Statement of Net Assets .....	A-1	25
Statement of Activities.....	B-1	26
Fund Financial Statements:		
Balance Sheet – Governmental Funds.....	C-1	28
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets .....	C-1R	29
Statement of Revenues, Expenditures, and Changes in		
Fund Balances – Governmental Funds .....	C-2	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	C-3	31
Statement of Net Assets – Proprietary Funds.....	D-1	32
Statement of Revenues, Expenses and Changes in		
Fund Net Assets – Proprietary Funds.....	D-2	33
Statement of Cash Flows – Proprietary Funds .....	D-3	34
Statement of Fiduciary Net Assets – Fiduciary Funds.....	E-1	35
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	E-2	36
Notes to Financial Statements .....		37
<b>Required Supplementary Information:</b>		
General Fund – Budgetary Comparison Schedule .....	G-1	61
Notes to Required Supplementary Information.....		63

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 Comprehensive Annual Financial Report  
 For the Year Ended June 30, 2010

**TABLE OF CONTENTS (Continued)**

	<u>EXHIBIT</u>	<u>PAGE</u> <u>NO.</u>
<b>Combining Fund Statements &amp; Other Schedules:</b>		
Combining Balance Sheet - Nonmajor Governmental Funds .....	H-1	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds .....	H-2	67
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	H-3	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	H-4	86
Combining Statement of Net Assets – Internal Service Funds .....	H-5	98
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets – Internal Service Funds .....	H-6	100
Combining Statement of Cash Flows – All Internal Service Funds .....	H-7	102
Combining Statement of Fiduciary Assets and Liabilities – Agency Funds .....	H-8	106
Combining Statement of Changes in Assets and Liabilities – All Agency Funds .....	H-9	107
 <b>Other Supplementary Information:</b>		
Schedule of Delinquent Taxes Receivable .....	J-1	110
Schedule of Expenditures for Computation of Indirect Cost for 2011-2012 General and Special Revenue Funds .....	J-2	112
Fund Balance and Cash Flow Calculation Worksheet (Unaudited) General Fund .....	J-3	113
Debt Service Fund – Budgetary Comparison Schedule .....	J-4	114
 <b>STATISTICAL SECTION</b>		
 <b>Financial Trends Information:</b>		
Net Assets By Component – Last Eight Years – (Accrual Basis of Accounting) .....	L-1	120
Governmental Activities Expenses and Program Revenues – Last Eight Years – (Accrual Basis of Accounting) .....	L-2	122
General Revenue and Changes in Net Assets – Last Eight Years – (Accrual Basis of Accounting) .....	L-3	124
Fund Balances of Governmental Funds – Last Eight Years – (Modified Accrual Basis of Accounting) .....	L-4	126
Governmental Fund Revenue By Source – Last Ten Years – (Modified Accrual Basis of Accounting) .....	L-5	129

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 Comprehensive Annual Financial Report  
 For the Year Ended June 30, 2010

**TABLE OF CONTENTS (Continued)**

	<u>EXHIBIT</u>	<u>PAGE</u> <u>NO.</u>
<b>STATISTICAL SECTION (Continued)</b>		
Governmental Fund Expenditures By Function – Last Ten Years – (Modified Accrual Basis of Accounting).....	L-6	130
Governmental Funds Other Sources, Uses and Changes in Fund Balances – Last Ten Years – (Modified Accrual Basis of Accounting).....	L-7	132
Governmental Fund Expenditures By Function Per Average Daily Attendance – Last Ten Years.....	L-8	134
<b>Revenue Capacity Information:</b>		
Assessed and Estimated Actual Value Property – Last Ten Years.....	L-9	138
Property Levies and Collections – Last Ten Years.....	L-10	140
Allocation of Property Tax Rates and Levies – Last Ten Years.....	L-11	141
Property Tax Rates-Direct and Overlapping Governments (Per \$100 Assessed Valuation) – Last Ten Years.....	L-12	143
Principal Property Taxpayers 2010 and 2011.....	L-13	144
<b>Debt Capacity Information:</b>		
Outstanding Debt By Type – Last Ten Years.....	L-14	148
Direct and Overlapping Debt – General Obligation Bonds.....	L-15	151
Computation of Legal Debt Margin – Last Ten Years.....	L-16	152
Ratio of Net General Obligation Bonded Debt to Estimate Actual Value and Per Average Daily Membership – Last Ten Years.....	L-17	154
Ratio of Annual Debt Service for General Bonded Debt Total General Fund Expenditures - Last Ten Years.....	L-18	155
<b>Demographic &amp; Economic Information:</b>		
Principal Employers – Current Year 2010.....	L-19	158
Demographic and Economic Statistics – Last Ten Years.....	L-20	159
<b>Operating Information:</b>		
Workforce Composition By Employee Classification – Last Ten Years.....	L-21	162
Schedule of Teacher Information – Last Ten Years.....	L-22	164
Schedule of Attendance and Membership – Last Ten Years.....	L-23	166
Operating Statistics – Last Ten Years.....	L-24	167
Schedule of Student Information – Last Ten Years.....	L-25	168
Schedule of School Buildings – Last Ten Years.....	L-26	169

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 Comprehensive Annual Financial Report  
 For the Year Ended June 30, 2010

**TABLE OF CONTENTS** *(Continued)*

	<u>EXHIBIT</u>	<u>PAGE</u> <u>NO.</u>
<b>SINGLE AUDIT SECTION</b>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....		173
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....		175
Schedule of Findings and Questioned Costs.....		177
Corrective Action Plan .....		184
Status of Prior Year Findings.....		192
Schedule of Expenditures of Federal Awards.....K-1		193
Notes to Schedule of Expenditures of Federal Awards.....		195
Schedule of Required Responses to Selected School FIRST Indicators.....K-2		196

# **INTRODUCTORY SECTION**





November 8, 2010

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, 2010. 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, 2010, 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 two years. The first McAllen school opened its doors in 1908 to welcome twenty children of all ages throughout the young community. It has had a stellar reputation.

*Reaching Beyond Excellence*

The District is made up of 21 elementaries, 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 2009-10 McAllen Independent School District educated over 25,101 students. 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 2010 was 10% White, 1% Black or African American, 3% Asian Pacific Islander, and 86% of the population was Hispanic or Latino of any race. The District expects enrollment to stay relatively stable in the next few years. Projected enrollment is expected to increase by 1% in 2010-2011.

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**

From the Associated Press, Texas is facing a shortfall that budget officials say could reach \$21 billion. The recession has pushed state tax receipts down, but the state is also on the hook to fill a hole of about \$11 billion left by federal stimulus money and other state savings that were used last year but are no longer available. Because the Texas Constitution tightly restricts government borrowing, lawmakers will have to make up for the shortfall by cutting governmental programs and services, raising taxes and fees, or other account maneuvers.

Texas Legislators are warning superintendents that they should prepare two budget cuts for the 2011-2012 school year; one based on a 10% funding cut and one for 5% cut, just in case such cuts become necessary.

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

### **Local Economy**

The McAllen MSA is outpacing the rest of the nation in population and job growth. A very large, young, trainable labor force and extraordinary business opportunities created by the city's growth are just a few of the reasons McAllen/Reynosa has become the primary sites for companies setting up operations on the United States/Mexico border. The impact of the North American Free Trade Agreement (NAFTA), as it continues to develop, has also played a major role in increased trade with Mexico for the City as well as the State of Texas

The McAllen area has also been successful in attracting a number of call centers as a result of a young and trainable workforce. A few of the call centers are Convergys, T-Mobile, Merkafon, Hotel.com and Ticketmaster.

As a result of the job growth created by this transforming economy, the City's unemployment rate declined by 19% over the last nine years. McAllen's unemployment rate, which in September 2000 was 9.2%, declined to 7.3% as of September 2009 as provided by the Texas Workforce Commission. Although job growth has continued, the unemployment rate in 2009 increased to 7.3%, up from 5.3% the prior year. Property values have continued to increase as a whole.

Following the significant growth trending in the City's economy over the last 13 years, last fiscal year began to show some signs of a slowing down. This is to some degree reflective of the emergence of the national economic crisis, resulting, to a large degree, from a meltdown of the subprime residential mortgage market, which had a domino effect on many other aspects of the

economy. Texas, however, seems to have been less effected than the nation as a whole, as has been the City.

As per the City of McAllen, sales tax declined for the first time since fiscal year 1994-95. The value of permits issued for residential and commercial construction has declined significantly. Another useful source of information for assessing the City's economy is the *McAllen Area Economic Pulse* report, published by the McAllen Chamber of Commerce. This year's report indicates that there has been a reversal in the substantial economic growth rate trend. According to the latest report available, August 2009 Report, the economic index for the McAllen area decreased from 183.6 in August 2008 to 166.7 in August 2009. This index reflects, for the McAllen area economy, a decline in retail sales, decline in motor vehicle tax receipts, airline boarding's, construction permit values, new home permits, home sales, and average home sales price.

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

McAllen Independent School District has a 5-year projection plan starting in the 2010-2011 fiscal year to improve instructional programs which include IB Expansion, MET at Early College High School, Bilingual Program, Dyslexia Program and Avid. This plan also includes the purchase of transportation buses, upgrading the Science Labs and HVACs, and the replacement of roofs.

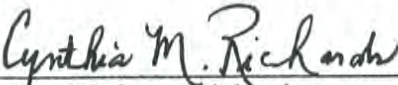
### **Awards**

**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 an "Above Standard Achievement" for 2008-2009. Previously, McAllen Independent School District had received "Superior Achievement" from 2001 through 2008.

### **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 and in preparation in this report.

  
\_\_\_\_\_  
Cynthia Medrano Richards  
Chief Financial Officer

  
\_\_\_\_\_  
Dr. James Ponce  
Superintendent

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**MCALLEN, TEXAS**  
**YEAR ENDED JUNE 30, 2010**

**LIST OF PRINCIPAL OFFICERS**

**TRUSTEES**

Mr. Daniel D. Vela – President  
Dr. Joseph M. Caporusso – Vice-President  
Mr. Sam Saldivar, R. – Secretary  
Mrs. Myrna G. Garcia – Assistant Secretary  
Mr. Mark Kent – Parliamentarian  
Mr. Richard Moore – Member  
Mr. Javier Farias – Member

**SUPERINTENDENT**

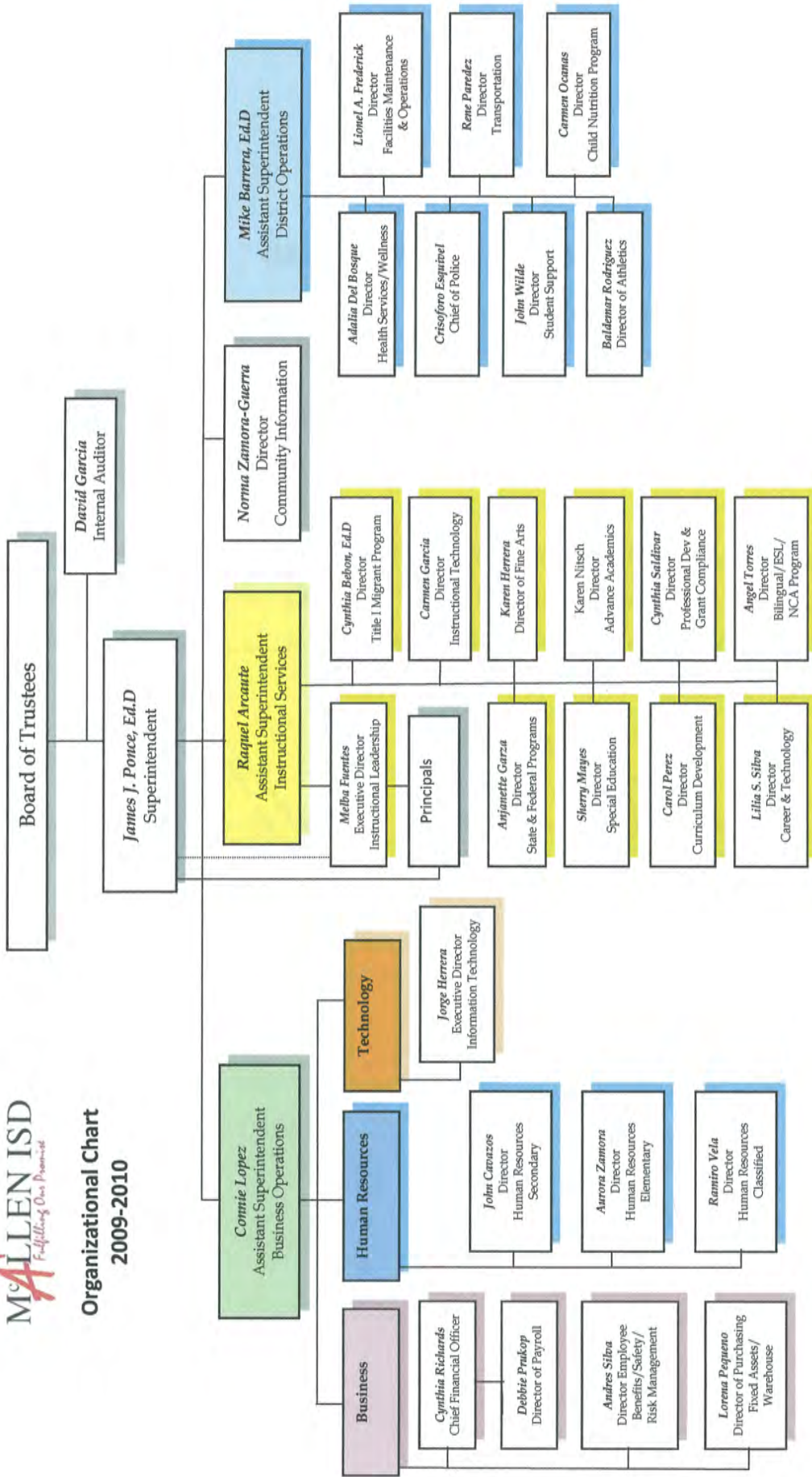
Dr. James J. Ponce, Ed.D

**ASSISTANT SUPERINTENDENT  
BUSINESS OPERATIONS**

Ms. Connie Lopez, CPA



**Organizational Chart  
 2009-2010**



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, 2010 was reviewed and ✓ approved \_\_\_\_\_ disapproved at a meeting of the Board of such local education agency on the 22<sup>nd</sup> day of November, 2010.

  
Secretary, Board of Trustees

  
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 ten-month period ended June 30, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the ten-month period 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 November 8, 2010 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 13 through 22 and 61 through 62 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 in accordance with requirements of the Texas Education Agency and for purposes of additional analysis as required by 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  
November 8, 2010

## 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, 2010. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The Board of Trustees approved a change to the District's fiscal year from August 31<sup>st</sup> to June 30<sup>th</sup>. Therefore, fiscal year 2009-10 reflects a 10-month period from September 1, 2009 to June 30, 2010. All subsequent years, beginning 2010-11, will reflect a 12-month fiscal year.
- The District's total combined net assets were \$132,183,114 at June 30, 2010. This amounted to an increase of \$21,676,971 from last year's total of \$110,506,143.
- During the year, the District's expenses were \$21,676,972 less than the revenues generated in taxes and other revenues for governmental and business-type activities. The prior year expenses were \$4,485,699 greater than the revenues.
- The costs of the District's programs decreased by 11.92% from the prior year while the District's average daily attendance increased by 0.97%.
- The general fund reported a fund balance this year of \$28,381,818 with \$26,760,456 of this amount unreserved.

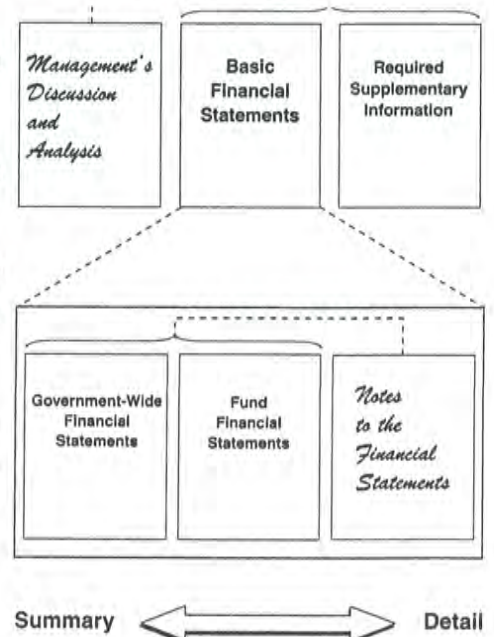
### OVERVIEW OF THE FINANCIAL STATEMENTS

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.

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



- *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.

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.

**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	♦ Statement of changes in fiduciary net assets
			♦ Statement of cash flows	
<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

Net assets—the difference between the District's assets and liabilities is one way to measure the District's financial health or position.

- 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.



## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net assets.** The District's *combined* net assets increased by \$21,676,972 between fiscal years 2009 and 2010 to \$132,183,114 at June 30, 2010. (See Table A-1).

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

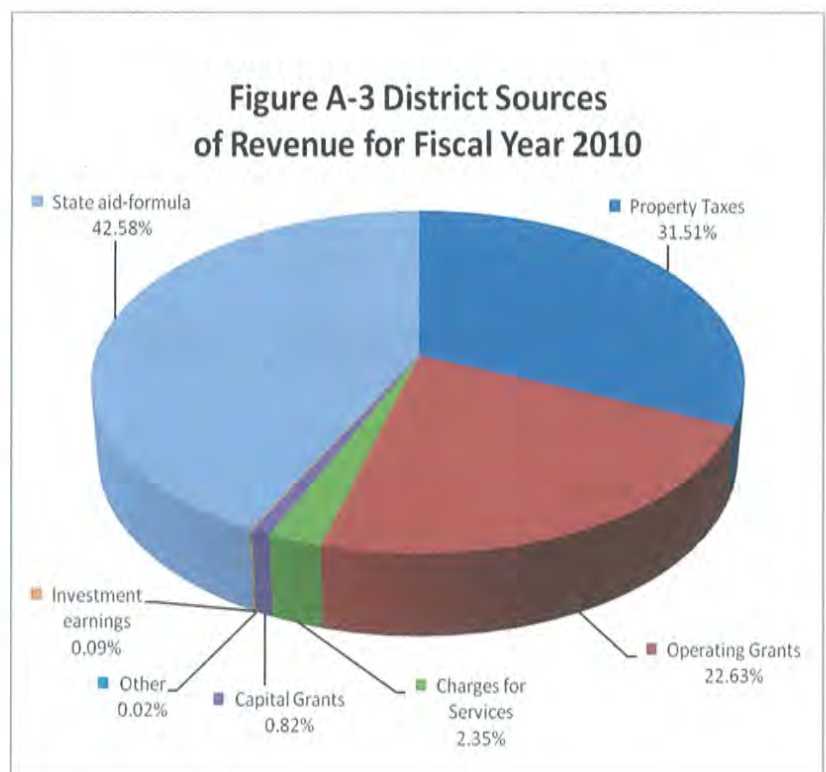
	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2010-09
	2010	2009	2010	2009	2010	2009	
Current and Other Assets	\$ 84,159,752	\$ 55,427,217	\$ 615,158	\$ 548,455	\$ 84,774,910	\$ 55,975,672	51.45%
Capital and Non-Current Assets	204,437,983	206,225,720	13,243	18,451	204,451,226	206,244,171	-0.87%
<b>Total Assets</b>	<b>288,597,735</b>	<b>261,652,937</b>	<b>628,401</b>	<b>566,906</b>	<b>289,226,136</b>	<b>262,219,843</b>	<b>10.30%</b>
Current Liabilities	36,392,540	25,530,128	12,025	9,939	36,404,565	25,540,067	42.54%
Long Term Liabilities	120,638,457	126,173,633	-	-	120,638,457	126,173,633	-4.39%
<b>Total Liabilities</b>	<b>157,030,997</b>	<b>151,703,761</b>	<b>12,025</b>	<b>9,939</b>	<b>157,043,022</b>	<b>151,713,700</b>	<b>3.51%</b>
<b>Net Assets:</b>							
Invested in Capital Assets net of related debt	97,728,940	95,601,055	13,243	18,451	97,742,183	95,619,506	2.22%
Restricted	7,343,745	5,062,595	-	-	7,343,745	5,062,595	45.06%
Unrestricted	26,494,053	9,285,526	603,133	538,516	27,097,186	9,824,042	175.83%
<b>Total Net Assets</b>	<b>\$ 131,566,738</b>	<b>\$ 109,949,176</b>	<b>\$ 616,376</b>	<b>\$ 556,967</b>	<b>\$ 132,183,114</b>	<b>\$ 110,506,143</b>	<b>19.62%</b>

Net assets of the District's governmental activities increased 19.66 percent to \$131,566,738. However, most of those net assets are either restricted as to the purposes they can be used for or they are invested in capital assets. Unrestricted net assets amounted to \$26,494,053 at the end of this year. The unrestricted balance (surplus) increased by 185.33 percent from the prior year.

The net assets of our business-type activities increased by 10.67 percent to \$616,376, 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 decreased by .71 percent to \$227,107,789. (See Table A-2.). Local sources include property taxes and make up 31.51 percent. (See Figure A-3). State Program revenues represent 42.58 percent, Operating Grants represent 22.63 percent while only 2.35 percent comes from charges for services.

The total cost of all programs and services was \$205,430,816; 84.09 percent of these costs are for instructional and student services.



## Governmental Activities

- The property tax rate was 1.165 in 2009-10 and will remain the same for the 2010-11 fiscal year. The 2009-10 Maintenance and Operations tax rate was 1.04 and will remain the same in 2010-11. The Debt Service rate was .1250 in 2009-10 and will remain the same for the 2010-11 fiscal year.

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2010-2009
	2010	2009	2010	2009	2010	2009	
<b>Program Revenues:</b>							
Charges for Services	\$ 4,906,643	\$ 5,750,332	\$ 438,094	\$ 487,853	\$ 5,344,737	\$ 6,238,185	-14.32%
Operating Grants & Contributions	51,394,562	54,421,053	-	-	51,394,562	54,421,053	-5.56%
Capital Grants & Contributions	1,860,328	113,348	-	-	1,860,328	113,348	1541.25%
<b>General Revenues:</b>							
Property Taxes	71,566,122	70,681,239	-	-	71,566,122	70,681,239	1.25%
State Aid-Formula	96,701,115	96,248,309	-	-	96,701,115	96,248,309	0.47%
Investment Earnings	209,436	938,272	-	-	209,436	938,272	-77.68%
Other	28,991	90,147	2,498	3,299	31,489	93,446	-66.30%
<b>Total Revenues</b>	<b>\$ 226,667,197</b>	<b>\$ 228,242,700</b>	<b>\$ 440,592</b>	<b>\$ 491,152</b>	<b>\$ 227,107,789</b>	<b>\$ 228,733,852</b>	<b>-0.71%</b>
<b>Expenses</b>							
Instruction	\$118,572,144	\$131,973,437	\$ -	\$ -	\$ 118,572,144	\$ 131,973,437	-10.15%
Instructional Resources and Media Services	4,346,560	4,448,101	-	-	4,346,560	4,448,101	-2.28%
Curriculum Dev. And Instructional Staff Dev.	3,773,606	4,156,696	-	-	3,773,606	4,156,696	-9.22%
Instructional Leadership	2,821,109	3,535,241	-	-	2,821,109	3,535,241	-20.20%
School Leadership	10,554,377	11,853,184	-	-	10,554,377	11,853,184	-10.96%
Guidance, Counseling and Evaluation	8,437,399	10,079,681	-	-	8,437,399	10,079,681	-16.29%
Social Work Services	1,648,379	1,703,876	-	-	1,648,379	1,703,876	-3.26%
Health Services	2,615,950	2,973,683	-	-	2,615,950	2,973,683	-12.03%
Student (Pupil) Transportation	2,913,580	3,291,024	-	-	2,913,580	3,291,024	-11.47%
Food Services	11,274,619	12,012,365	-	-	11,274,619	12,012,365	-6.14%
Curricular/Extracurricular Activities	5,795,094	6,849,204	-	-	5,795,094	6,849,204	-15.39%
General Administration	4,271,650	5,103,477	-	-	4,271,650	5,103,477	-16.30%
Plant Maintenance & Oper.	17,165,751	21,471,197	-	-	17,165,751	21,471,197	-20.05%
Security & Monitoring Svcs.	2,243,358	3,053,185	-	-	2,243,358	3,053,185	-26.52%
Data Processing Services	2,164,531	2,414,951	-	-	2,164,531	2,414,951	-10.37%
Community Services	1,378,880	1,532,876	336,887	398,998	1,715,767	1,931,874	-11.19%
Debt Service	4,641,965	5,769,253	-	-	4,641,965	5,769,253	-19.54%
Alternative Ed. Program	9,559	9,954	-	-	9,559	9,954	-3.97%
Other Intergovernmental Charges	465,418	589,168	-	-	465,418	589,168	-21.00%
<b>Total Expenses</b>	<b>\$ 205,093,929</b>	<b>\$ 232,820,553</b>	<b>\$ 336,887</b>	<b>\$ 398,998</b>	<b>\$ 205,430,816</b>	<b>\$ 233,219,551</b>	<b>-11.92%</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 21,573,268</b>	<b>\$ (4,577,853)</b>	<b>\$ 103,705</b>	<b>\$ 92,154</b>	<b>\$ 21,676,973</b>	<b>\$ (4,485,699)</b>	<b>-583.25%</b>
<b>Transfers</b>	<b>44,295</b>	<b>56,102</b>	<b>(44,295)</b>	<b>(56,102)</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Total Increase(Decrease)</b>	<b>21,617,563</b>	<b>(4,521,751)</b>	<b>59,410</b>	<b>36,052</b>	<b>21,676,973</b>	<b>(4,485,699)</b>	<b>-583.25%</b>
<b>Beginning Net Assets</b>	<b>109,949,176</b>	<b>114,470,927</b>	<b>556,966</b>	<b>520,915</b>	<b>110,506,143</b>	<b>114,991,842</b>	<b>-3.90%</b>
<b>Ending Net Assets</b>	<b>\$ 131,566,739</b>	<b>\$ 109,949,176</b>	<b>\$ 616,376</b>	<b>\$ 556,967</b>	<b>\$ 132,183,116</b>	<b>\$ 110,506,143</b>	<b>19.62%</b>

- The cost of all *governmental* activities this year was \$205,093,929.
- However, the amount that our taxpayers paid for these activities through property taxes was \$71,566,122.
- Some of the cost was paid by those who directly benefited from the programs in the amount of \$4,906,643, and
- By grants and contributions of \$53,254,890.

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 activities and intergovernmental aid). 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
	2010	2009		2010	2009	
Instruction	\$ 118,572,144	\$ 131,973,437	-10.15%	\$ 89,376,248	\$ 99,568,277	-10.24%
School Leadership	10,554,377	11,853,184	-10.96%	9,192,932	10,400,876	-11.61%
Guidance, Counseling and Evaluation	8,437,399	10,079,681	-16.29%	6,279,314	7,683,657	-18.28%
Food Services	11,274,619	12,012,365	-6.14%	(601,425)	260,117	-331.21%
Plant Maintenance & Operations	17,165,751	21,471,197	-20.05%	16,572,206	20,977,358	-21.00%

### Business-Type Activities

Revenues of the District's business-type activities decreased 10.29 percent to \$440,592 and expenses decreased 15.57 percent to \$336,887. (Refer to Table A-2) Factors contributing to these results were primarily due to decreased 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 \$226,294,774. The District experience an increase in Federal Program Revenues as a result of several new grants awarded to the District.

As of June 30, 2010, the District's governmental funds reported ending fund balances of \$36,631,459. The unreserved fund balance of \$26,760,456 or 73.05 percent of this total amount is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed as follows: 1) Inventory (788,164), 2) Debt Service (\$4,344,581), 3) Outstanding Encumbrances (\$118,013), 4) Reserved for Food Service (\$715,185), 5) Other Reserves (\$3,905,060).

**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 \$28,381,818. The unreserved fund balance of \$26,760,456 or 94.29 percent of this total amount is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed as follows:

1) Inventory (\$788,164), 2) Outstanding Encumbrances (\$118,013), 3) Reserve for Food Service (\$715,185).

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget on a monthly basis. At year-end, actual expenditures were \$9,363,077 below final budget amounts.

Resources available were \$1,222,762 more than the final budgeted amount.

- 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 revenues.

Following is a summary of amendments made to appropriations:

- The General Fund was decreased from a 12-month budget to a 10-month budget as a result of the District changing its Fiscal Year from August 31<sup>st</sup> to June 30<sup>th</sup> during 2009-10. Fiscal year 2009-10 will be the only year to reflect a 10-month budget. Subsequent years will reflect a 12-month budget.
- The General Fund budget was decreased due to State Fiscal Stabilization Funds (SFSF). The SFSF were originally budgeted in the General Fund. In 2009-10 the SFSF budget was transferred from the General Fund to a TEA defined Special Revenue Fund.
- The General Fund was increased due to a Food Service ARRA Grant which was awarded to the District

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2010, the District had invested \$204,437,981 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (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 2010-2009
	2010	2009	2010	2009	2010	2009	
Land	\$ 15,052,157	\$ 15,052,157	\$ -	\$ -	\$ 15,052,157	\$ 15,052,157	0.00%
Buildings and improvements	241,178,416	237,299,718	-	-	241,178,416	237,299,718	1.63%
Construction in progress	-	3,491,870	-	-	-	3,491,870	-100.00%
Vehicles	6,937,992	6,973,696	-	-	6,937,992	6,973,696	-0.51%
Equipment	11,537,939	9,195,339	82,206	82,206	11,620,145	9,277,545	25.25%
Capital lease-vehicles	-	29,099	-	-	-	29,099	-100.00%
Totals at historical cost	\$ 274,706,504	\$ 272,041,879	\$ 82,206	\$ 82,206	\$ 274,788,710	\$ 272,124,085	0.98%
Totals accumulated depreciation	70,268,523	65,816,159	68,963	63,755	70,337,486	65,879,914	6.77%
Net Capital Assets	\$ 204,437,981	\$ 206,225,720	\$ 13,243	\$ 18,451	\$ 204,451,224	\$ 206,244,171	-0.87%

The District's capital projects fund has a remaining available balance of \$605,482 for the final payment on the completion of construction projects and the replacement of a chiller. More detailed information about the District's capital assets is presented in the Notes to the Financial Statements.

### Long Term Debt

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

	Governmental Activities		Percentage Change 2010-2009
	2010	2009	
Leases Payable	\$ 303,723	\$ 1,355,504	-77.59%
Compensated Balances	474,095	399,881	18.56%
Bonds and Notes Payable:			
General Obligation Debt	119,672,573	123,879,931	-3.40%
Equipment Note	188,065	538,317	-65.06%
Total Bonds and Notes Payable	119,860,638	124,418,248	-3.66%
Total Long-Term Debt Payable	\$ 120,638,456	\$ 126,173,633	-4.39%

At year-end the District had \$120,638,456 in long-term debt outstanding. This represents a decrease of 4.39 percent over last year, as a result of the bond, capital leases, loans payables and compensated absences payments. More detailed information about the District's debt is presented in the Notes to the Financial Statements.

#### Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings from Moody's Investor Services "A<sub>3</sub>", Standard & Poor's "A" and Fitch "AA-".

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

- The freeze adjusted taxable value used for the 2011 budget decreased by \$93,112,447, or 1.63% from \$5,728,897,608 to \$5,635,785,161.

- General operating fund revenue per student decreased in the 2011 budget from \$8,231 to \$7,648.
- The District's 2011 budget was planned on 23,170 refined average daily attendance, down 89 from the near final 2009-10 budget, a 0.39% decrease.

These indicators were taken into account when adopting the general fund budget for 2011. Amounts available for appropriation in the general fund budget are \$177,203,966, an increase of 4.23 percent over the final 2010 budget of \$170,012,679.

Expenditures budgeted increased by 7.38 percent to \$177,203,966 as compared to the 2010 final budget of \$165,028,710.

The 2010-11 original budget for the General Fund approved by the Board of Trustees was a balanced budget.

The District has increased the 2011 fiscal year budget to reflect a 12-month period as opposed to the 2010 fiscal year budget which reflects a 10-month period. The District elected to change the fiscal year from August 31<sup>st</sup> to June 30<sup>th</sup> during 2009-10. Fiscal year 2009-10 will be the only year to reflect a 10-month budget. Subsequent years, beginning in 2010-11, will reflect a 12-month budget.

## **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, 2010

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110	\$ 40,158,581	\$ 594,629	\$ 40,753,210
1225	8,384,628	-	8,384,628
1240	32,579,015	-	32,579,015
1260	224	(224)	-
1267	5,087	-	5,087
1290	1,098,128	10	1,098,138
1300	1,035,867	-	1,035,867
1410	144,268	20,743	165,011
1420	753,958	-	753,958
Capital Assets:			
1510	15,052,157	-	15,052,157
1520	182,714,296	-	182,714,296
1530	6,671,530	13,243	6,684,773
1000	<u>288,597,735</u>	<u>628,401</u>	<u>289,226,136</u>
<b>LIABILITIES:</b>			
2110	5,053,374	8,385	5,061,759
2140	2,019,087	-	2,019,087
2165	28,441,669	2,105	28,443,774
2180	262,479	-	262,479
2300	615,931	1,535	617,466
Noncurrent Liabilities:			
2501	5,128,415	-	5,128,415
2502	115,510,042	-	115,510,042
2000	<u>157,030,997</u>	<u>12,025</u>	<u>157,043,022</u>
<b>NET ASSETS</b>			
3200	97,728,940	13,243	97,742,183
Restricted For:			
3820	3,572,658	-	3,572,658
3850	3,010,504	-	3,010,504
3870	760,583	-	760,583
3900	26,494,053	603,133	27,097,186
3000	<u>\$ 131,566,738</u>	<u>\$ 616,376</u>	<u>\$ 132,183,114</u>

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

Data Control Code Functions/Programs	Program Revenues			
	1 Expenses	3 Charges for Services	4 Operating Grants and Contributions	5 Capital Grants and Contributions
<b>Governmental Activities:</b>				
11 Instruction	\$ 118,572,144	\$ 2,806,644	\$ 24,774,853	\$ 1,614,399
12 Instructional Resources and Media Services	4,348,560	14,822	1,868,460	-
13 Curriculum and Staff Development	3,773,606	2,969	2,553,838	-
21 Instructional Leadership	2,821,109	155,747	994,371	-
23 School Leadership	10,554,377	63,639	1,297,806	-
31 Guidance, Counseling, & Evaluation Services	8,437,399	98,917	2,059,168	-
32 Social Work Services	1,648,379	-	1,010,413	-
33 Health Services	2,615,950	9,263	796,841	-
34 Student Transportation	2,913,580	14	215,828	-
35 Food Service	11,274,619	1,241,115	10,389,000	245,929
36 Cocurricular/Extracurricular Activities	5,795,094	510,151	240,171	-
41 General Administration	4,271,650	-	520,545	-
51 Plant Maintenance and Operations	17,165,751	316	593,229	-
52 Security and Monitoring Services	2,243,358	-	203,857	-
53 Data Processing Services	2,164,531	-	75,493	-
61 Community Services	1,378,880	3,246	1,357,993	-
72 Interest and Fees on Long-term Debt	4,641,965	-	2,442,696	-
95 Payments to Juvenile Justice Alternative Ed. Programs	9,559	-	-	-
99 Appraisal of Property	465,418	-	-	-
TG Total Governmental Activities	<u>205,093,929</u>	<u>4,906,643</u>	<u>51,394,562</u>	<u>1,860,328</u>
<b>Business-type Activities:</b>				
01 Project Safe and Secure	336,887	438,094	-	-
TP Total Primary Government	\$ <u>205,430,816</u>	\$ <u>5,344,737</u>	\$ <u>51,394,562</u>	\$ <u>1,860,328</u>
MT	<b>General Revenues:</b>			
DT	Property Taxes, Levied for General Purposes			
IE	Property Taxes, Levied for Debt Service			
GC	Investment Earnings			
MI	Grants and Contributions Not Restricted to Specific Programs			
FR	Miscellaneous			
TR	Transfers			
CN	Total General Revenues			
NB	Change in Net Assets			
NE	Net Assets - Beginning			
	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 Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$	(89,376,248)		\$ (89,376,248)
	(2,463,478)		(2,463,478)
	(1,216,799)		(1,216,799)
	(1,670,991)		(1,670,991)
	(9,192,932)		(9,192,932)
	(6,279,314)		(6,279,314)
	(637,966)		(637,966)
	(1,809,846)		(1,809,846)
	(2,697,738)		(2,697,738)
	601,425		601,425
	(5,044,772)		(5,044,772)
	(3,751,105)		(3,751,105)
	(16,572,206)		(16,572,206)
	(2,039,501)		(2,039,501)
	(2,089,038)		(2,089,038)
	(17,641)		(17,641)
	(2,199,269)		(2,199,269)
	(9,559)		(9,559)
	(465,418)		(465,418)
	<u>(146,932,396)</u>		<u>(146,932,396)</u>
	-	\$ <u>101,207</u>	<u>101,207</u>
	<u>(146,932,396)</u>	<u>101,207</u>	<u>(146,831,189)</u>
	63,815,348	-	63,815,348
	7,750,774	-	7,750,774
	209,436	-	209,436
	96,701,115	-	96,701,115
	28,991	2,498	31,489
	44,294	(44,294)	-
	<u>168,549,958</u>	<u>(41,797)</u>	<u>168,508,161</u>
	21,617,562	59,410	21,676,972
	109,949,176	556,966	110,506,142
\$	<u>131,566,738</u>	\$ <u>616,376</u>	\$ <u>132,183,114</u>

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

JUNE 30, 2010

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 23,241,118	\$ 7,561,464	\$ 30,802,582
1225	Taxes Receivable, Net	7,585,090	799,536	8,384,626
1240	Due from Other Governments	22,446,668	10,132,347	32,579,015
1260	Due from Other Funds	583,077	3,839,316	4,422,393
1290	Other Receivables	153	103,085	103,238
1300	Inventories	1,035,871	—	1,035,871
1410	Prepaid Items	—	13,083	13,083
1000	Total Assets	<u>\$ 54,891,977</u>	<u>\$ 22,448,831</u>	<u>\$ 77,340,808</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 1,887,913	\$ 2,803,143	\$ 4,691,056
2150	Payroll Deductions & Withholdings	5,196	—	5,196
2160	Accrued Wages Payable	14,481,235	5,971,239	20,452,474
2170	Due to Other Funds	3,140,811	3,363,806	6,504,617
2180	Due to Other Governments	254,668	7,811	262,479
2200	Accrued Expenditures	—	1,066,832	1,066,832
2300	Deferred Revenues	6,740,336	986,359	7,726,695
2000	Total Liabilities	<u>26,510,159</u>	<u>14,199,190</u>	<u>40,709,349</u>
<b>FUND BALANCES:</b>				
Reserved Fund Balances:				
3410	Investments in Inventory	788,164	—	788,164
3420	Debt Service	—	4,344,581	4,344,581
3440	Outstanding Encumbrances	118,013	—	118,013
3450	Reserve for Food Service	715,185	—	715,185
3490	Other Reserves of Fund Balance	—	3,905,060	3,905,060
3600	Unreserved	26,760,456	—	26,760,456
3000	Total Fund Balances	<u>28,381,818</u>	<u>8,249,641</u>	<u>36,631,459</u>
4000	Total Liabilities and Fund Balances	<u>\$ 54,891,977</u>	<u>\$ 22,448,831</u>	<u>\$ 77,340,808</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, 2010**

Total fund balances - governmental funds balance sheet	\$ 36,831,459
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.	204,405,358
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	7,110,764
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	5,322,746
Payables for notes payable and bond principal and related accounts which are not due in the current period are not reported in the funds.	(119,860,638)
Payables for capital leases which are not due in the current period are not reported in the funds.	(303,723)
Payables for debt interest which are not due in the current period are not reported in the funds.	(2,019,087)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(474,095)
Bond issuance costs are amortized for SOA but not in the funds.	753,958
Rounding difference	(2)
	<u>131,566,738</u>
Net assets of governmental activities - Statement of Net Assets	\$ <u>131,566,738</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 65,741,988	\$ 11,225,043	\$ 76,967,031
5800 State Program Revenues	93,239,108	8,691,940	101,931,048
5900 Federal Program Revenues	11,956,922	35,439,773	47,396,695
5020 Total Revenues	<u>170,938,018</u>	<u>55,356,756</u>	<u>226,294,774</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	85,747,827	33,296,193	119,044,020
0012 Instructional Resources and Media Services	2,430,334	1,807,257	4,237,591
0013 Curriculum and Staff Development	1,247,207	2,524,306	3,771,513
0021 Instructional Leadership	1,885,827	937,886	2,823,713
0023 School Leadership	9,697,665	840,060	10,537,725
0031 Guidance, Counseling, & Evaluation Services	6,815,039	1,617,139	8,432,178
0032 Social Work Services	719,535	929,827	1,649,362
0033 Health Services	1,916,479	702,598	2,619,077
0034 Student Transportation	2,662,807	11,261	2,674,068
0035 Food Service	11,043,602	156,485	11,200,087
0036 Cocurricular/Extracurricular Activities	5,175,300	249,057	5,424,357
0041 General Administration	4,246,584	-	4,246,584
0051 Plant Maintenance and Operations	15,921,353	164,005	16,085,358
0052 Security and Monitoring Services	2,057,491	101,896	2,159,387
0053 Data Processing Services	1,852,789	1,520	1,854,309
0061 Community Services	25,454	1,358,077	1,383,531
Debt Service:			
0071 Principal on Long-term Debt	1,339,029	4,468,222	5,807,251
0072 Interest and Fees on Long-term Debt	43,318	2,738,782	2,782,100
Capital Outlay:			
0081 Facilities Acquisition and Construction	363,016	312,669	675,685
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Education Programs	9,559	-	9,559
0099 Appraisal of Property	465,418	-	465,418
6030 Total Expenditures	<u>155,665,633</u>	<u>52,217,240</u>	<u>207,882,873</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>15,272,385</u>	<u>3,139,516</u>	<u>18,411,901</u>
Other Financing Sources and (Uses):			
7912 Sale of Real or Personal Property	24,585	3,029	27,614
7913 Proceeds from Capital Leases	115,220	-	115,220
7915 Transfers In	157,618	-	157,618
8911 Transfers Out	(57,341)	(113,323)	(170,664)
7080 Total Other Financing Sources and (Uses)	<u>240,082</u>	<u>(110,294)</u>	<u>129,788</u>
1200 Net Change in Fund Balances	<u>15,512,467</u>	<u>3,029,222</u>	<u>18,541,689</u>
0100 Fund Balances - Beginning	12,869,351	5,220,419	18,089,770
3000 Fund Balances - Ending	<u>\$ 28,381,818</u>	<u>\$ 8,249,641</u>	<u>\$ 36,631,459</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 TEN MONTHS ENDED JUNE 30, 2010**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 18,541,889</b>
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,745,967
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,529,871)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	314,823
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	(115,220)
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.	4,290,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	1,167,001
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	350,251
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.	(290,160)
(Increase) decrease in accrued interest from beginning of period to end of period.	(1,728,106)
The net revenue (expense) of internal service funds is reported with governmental activities.	788,998
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(74,214)
Refunding gain amortized in SOA not in the funds.	3,600
Rounding difference	1
	<hr/>
<b>Change in net assets of governmental activities - Statement of Activities</b>	<b>\$ <u>21,617,561</u></b>

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2010**

Data Control Codes	Nonmajor Enterprise Fund <u>Project Safe and Secure</u>	Governmental Activities - Internal Service Funds <u>                    </u>
<b>ASSETS:</b>		
Current Assets:		
1110	\$ 594,629	\$ 9,355,998
Receivables:		
1260	-	2,088,702
1290	10	994,888
1410	20,743	131,185
	<u>615,382</u>	<u>12,570,773</u>
Noncurrent Assets:		
Capital Assets:		
1530	82,206	53,859
1570	(68,963)	(21,233)
	<u>13,243</u>	<u>32,626</u>
1000	<u>\$ 628,625</u>	<u>\$ 12,603,399</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	\$ 8,385	\$ 362,317
2160	2,105	6,714
2170	224	1,168
2200	-	8,910,453
2300	1,535	-
	<u>12,249</u>	<u>7,280,652</u>
2000	<u>12,249</u>	<u>7,280,652</u>
<b>NET ASSETS:</b>		
3200	13,243	32,626
3900	603,133	5,290,121
3000	<u>\$ 616,376</u>	<u>\$ 5,322,747</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 TEN MONTHS ENDED JUNE 30, 2010**

Data Control Codes	Nonmajor Enterprise Fund Project Safe and Secure	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 436,099	\$ 20,664,141
5800 <i>State Program Revenues</i>	4,493	-
5020 <b>Total Revenues</b>	<u>440,592</u>	<u>20,664,141</u>
<b>OPERATING EXPENSES:</b>		
6100 <i>Payroll Costs</i>	297,122	19,852,996
6200 <i>Professional and Contracted Services</i>	825	74,519
6300 <i>Supplies and Materials</i>	30,597	33,120
6400 <i>Other Operating Costs</i>	8,343	3,834
6030 <b>Total Expenses</b>	<u>336,887</u>	<u>19,964,469</u>
Operating Income (Loss)	<u>103,705</u>	<u>699,672</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
7955 <i>Earnings from Temp. Deposits and Investments</i>	-	29,985
8030 <b>Total Non-operating Revenues (Expenses)</b>	<u>-</u>	<u>29,985</u>
Income (Loss) before Contributions and Transfers	103,705	729,657
7915 <i>Transfers In</i>	-	57,341
8911 <i>Transfers Out</i>	(44,295)	-
1300 <b>Change in Net Assets</b>	<u>59,410</u>	<u>786,998</u>
0100 <b>Total Net Assets - Beginning</b>	556,966	4,535,749
3300 <b>Total Net Assets - Ending</b>	<u>\$ 616,376</u>	<u>\$ 5,322,747</u>

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

	Nonmajor Enterprise Fund <u>Project Safe and Secure Fund</u>	Governmental Activities - Internal Service Funds <u>                    </u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 456,402	\$ --
Cash Received from Grants	4,493	--
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	(54,648)	19,839,002
Cash Payments to Employees for Services	(297,611)	(95,664)
Cash Payments to Other Suppliers for Goods and Services	(72,365)	(131,440)
Cash Payments for Grants to Other Organizations		
Cash Payments for Claims	--	(19,895,403)
Net Cash Provided (Used) by Operating Activities	<u>36,271</u>	<u>(283,505)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>		
Transfers From (To) Other Funds	(44,295)	57,342
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(44,295)</u>	<u>57,342</u>
<b>Cash Flows from Investing Activities:</b>		
Interest and Dividends on Investments	--	29,985
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>29,985</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(8,024)	(196,178)
Cash and Cash Equivalents at Beginning of Year	602,653	9,552,176
Cash and Cash Equivalents at End of Year	<u>\$ 594,629</u>	<u>\$ 9,355,998</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 103,705	\$ 699,672
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	5,208	3,834
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables	440	1,084,425
Decrease (Increase) in Prepaid Expenses	(20,743)	(23,801)
Increase (Decrease) in Accounts Payable	6,823	165,949
Increase (Decrease) in Accrued Wages Payable	(489)	6,714
Increase (Decrease) in Interfund Payables	(54,425)	(1,954,180)
Increase (Decrease) in Accrued Expenses	(4,248)	(266,118)
Total Adjustments	<u>(67,434)</u>	<u>(983,177)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 36,271</u>	<u>\$ (283,505)</u>

The accompanying notes are an integral part of this statement.

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2010**

Data Control Codes	457 Plan	Agency Funds
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ —	\$ 808,261
1120 <i>Current Investments</i>	366,733	—
1000 <b>Total Assets</b>	<u>\$ 366,733</u>	<u>\$ 808,261</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2170 <i>Due to Other Funds</i>	\$ —	\$ 5,087
2190 <i>Due to Student Groups</i>	—	803,174
2000 <b>Total Liabilities</b>	<u>—</u>	<u>808,261</u>
<b>NET ASSETS</b>		
3800 <i>Held in Trust for 457 Benefits</i>	366,733	—
3000 <b>Total Net Assets</b>	<u>\$ 366,733</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 TEN MONTHS ENDED JUNE 30, 2010*

	<u>457</u> <u>Plan</u>
<b>Additions:</b>	
Investment Income	\$ 1,229
Total Additions	<u>1,229</u>
<b>Deductions:</b>	
Benefits	<u>91,483</u>
Total Deductions	<u>91,483</u>
<b>Change in Net Assets</b>	(90,254)
Net Assets-Beginning of the Year	456,987
Net Assets-End of the Year	<u>\$ 366,733</u>

The accompanying notes are an integral part of this statement.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

## 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.

#### *Fiscal Year Change*

House Bill 98 enacted by the seventy-sixth legislature of the State of Texas allowed Texas School Districts to change their fiscal year from August 31<sup>st</sup> to June 30<sup>th</sup> beginning with 2001/2002 school year. The district changed its fiscal year from September 1<sup>st</sup> through August 31<sup>st</sup> to July 1<sup>st</sup> through June 30<sup>th</sup>, thereby capturing ten months of activity for the ten-month period ended June 30, 2010. The change was made to better align the fiscal year with the school year.

### 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. 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.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

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

*A. Basis of Presentation (continued)*

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.

**Fund Financial Statements:**

The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The fiduciary fund statements are excluded from the government-wide financial statements. 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.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

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

*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.

**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.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

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

*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.

*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.



MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For the Ten Months Ended June 30, 2010

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

*G. Receivables and Payables (Continued)*

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.

*I. Other Current Assets*

Other current assets are prepaid expenses that will benefit periods beyond June 30, 2010. This amount includes prepaid expenses for unexpired insurance policy premiums paid by June 30, 2010 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

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

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

*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.

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. Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

*O. 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.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For the Ten Months Ended June 30, 2010

**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, 2010 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 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 Ten Months Ended June 30, 2010

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

The District's 2009 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 \$6,108,789,802 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, 2010, was as follows:

	Total Receivable	Less: Allowance for Uncollectible	Net Receivable
General Fund	\$ 9,123,389	\$ 1,538,299	\$ 7,585,090
Debt Service Fund	972,879	173,343	799,536
	\$ 10,096,268	\$ 1,711,642	\$ 8,384,626

**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 \$366,733) was \$41,823,522 and the bank balance of \$42,557,172.

*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, 2010 and during the year ended June 30, 2010 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.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

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

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

- a. Name of Bank: BBVA Compass Bank
- b. The amount of letters of credit as of the date of the highest combined balance on deposit was \$96,000,000.
- c. The largest combined balances of cash and savings accounts amounted to \$67,395,522 and occurred during the month of February.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

*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, 2010. During the year the District had investments in certificate of deposits with the highest balance being \$24,800,000.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

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

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

Deposits		\$ 41,823,522	
Petty Cash		4,682	
Cash with Paying Agent		100,000	
	Total	<u>\$ 41,928,204</u>	
Exhibit A-1			
Cash and cash equivalents		\$ 40,753,210	
	Total Exhibit A-1	40,753,210	
Fiduciary cash and cash equivalents		808,261	
Fiduciary current investments		366,733	
	Total	<u>\$ 41,928,204</u>	

**NOTE 6 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2010, was as follows:

Governmental Activities	Balance 9/1/09	Increases	Reclassification Decreases	Balance 6/30/10
Capital assets, not being depreciated:				
Land	\$ 15,052,157	\$ -	\$ -	\$ 15,052,157
Construction in Progress	3,491,870	91,523	(3,583,393)	-
	<u>18,544,027</u>	<u>91,523</u>	<u>(3,583,393)</u>	<u>15,052,157</u>
Capital assets being depreciated:				
Buildings and Improvements	237,299,718	295,305	3,583,393	241,178,416
Furniture and Equipment	9,195,339	2,329,058	13,542	11,537,939
Vehicles	6,973,696	30,080	(65,784)	6,937,992
Property Under Capital Lease	29,099	-	(29,099)	-
	<u>253,497,852</u>	<u>2,654,443</u>	<u>3,502,052</u>	<u>259,654,347</u>
Less accumulated depreciation for:				
Buildings and Improvements	55,102,795	3,361,327	-	58,464,122
Furniture and Equipment	5,712,006	853,058	(7,282)	6,557,782
Vehicles	4,993,083	319,320	(65,784)	5,246,619
Property Under Capital Lease	8,275	-	(8,275)	-
Total Accumulated Depreciation	<u>65,816,159</u>	<u>4,533,705</u>	<u>(81,341)</u>	<u>70,268,523</u>
Total Capital Assets being Depreciated (Net)	<u>187,681,693</u>	<u>(1,879,262)</u>	<u>3,583,393</u>	<u>189,385,824</u>
Governmental Activities Capital Assets (Net)	<u>\$ 206,225,720</u>	<u>\$ (1,787,739)</u>	<u>\$ -</u>	<u>\$ 204,437,981</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 Fund
Machinery and Equipment	\$ 53,859
Accumulated Depreciation	<u>(21,233)</u>
Net Capital Assets	<u>\$ 32,626</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

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

Business-Type Activities Nonmajor Enterprise Fund	Balance 9/1/09	Increases	Decrease	Balance 6/30/10
Capital assets being depreciated:				
Furniture and Equipment	\$ 82,206	\$ -	\$ -	\$ 82,206
	<u>82,206</u>	<u>-</u>	<u>-</u>	<u>82,206</u>
Less accumulated depreciation for:				
Furniture and Equipment	63,755	5,208	-	68,963
Total Accumulated Depreciation	<u>63,755</u>	<u>5,208</u>	<u>-</u>	<u>68,963</u>
Total Capital Assets being Depreciated (Net)	18,451	(5,208)	-	13,243
Business-Type Activities Capital Assets (Net)	<u>\$ 18,451</u>	<u>\$ (5,208)</u>	<u>\$ -</u>	<u>\$ 13,243</u>

Depreciation was charged to the following functions:

Governmental Activities:

11 – Instruction	\$ 1,621,102
12 – Instruction and Instructional Related Services	124,012
13 – Curriculum & Instructional Staff Development	22,427
21 – Instructional Leadership	9,422
23 – School Leadership	59,370
31 – Guidance, Counseling, & Evaluation Service	32,624
32 – Social Work Services	5,310
33 – Health Services	9,417
34 – Student Transportation	282,992
35 – Food Services	219,361
36 – Cocurricular/Extracurricular	383,785
41 – General Administration	59,419
51 – Plant Maintenance and Operations	1,128,601
52 – Security and Monitoring Services	78,093
53 – Data Processing Services	491,414
61 – Community Services	2,521
	<u>4,529,870</u>
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets.	3,834
Total depreciation expense-governmental activities	<u>\$ 4,533,704</u>

Business – Type Activities:

Nonmajor funds – Project Safe and Secure Depreciation	<u>\$ 5,208</u>
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MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

**NOTE 7 - INTERFUND RECEIVABLES/PAYABLES**

Interfund receivable and payable balances at June 30, 2010 were:

<u>Due to</u>	<u>Due From</u>		
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$	2,548,538
General Fund	Nonmajor Governmental Funds		577,990
Nonmajor Governmental Funds	General Fund		1,290,778
General Fund	Fiduciary Fund		<u>5,087</u>
	Due From Other Funds		4,422,393
Internal Service Fund	General Fund		1,850,032
Internal Service Fund	Nonmajor Governmental Funds		<u>237,278</u>
	Sub-Total		6,509,702
Internal Service Fund	Fiduciary Fund		<u>(5,087)</u>
	Due To Other Funds	\$	<u>6,504,617</u>

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.

Transfers between funds – The project safe and secure fund provided funds of \$44,295 to the General Fund. High School Allotment Funds of \$113,323 were transferred to the General Fund from a nonmajor governmental fund as per the Texas Education Agency and the General Fund provided funds of \$57,341 to the Internal Service Fund Print Shop for current operations.

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

Receivables and payables as of June 30, 2010 for the District's individual major, nonmajor, and internal service funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>
Property Taxes	\$ 7,585,090	\$ 799,536	\$ -	\$ 8,384,626	\$ -
Other Receivables:					
Miscellaneous	\$ 153	\$ 3,351	\$ -	\$ 3,504	\$ 10
UT-Pan American	-	99,734	-	99,734	-
Stop Loss Receivables	-	-	994,888	994,888	-
Total	<u>\$ 153</u>	<u>\$ 103,085</u>	<u>\$ 994,888</u>	<u>\$ 1,098,126</u>	<u>\$ 10</u>
Accrued Liabilities:					
Accrued Wages Payable	\$ 14,481,235	\$ 5,971,239	\$ 6,714	\$ 20,459,188	\$ 2,105
Payroll Related Payables	5,196	-	-	5,196	-
Claims Payable	-	-	6,910,453	6,910,453	-
Contracts Payable	-	200,227	-	200,227	-
Arbitrage Payable	-	866,605	-	866,605	-
Total	<u>\$ 14,486,431</u>	<u>\$ 7,038,071</u>	<u>\$ 6,917,167</u>	<u>\$ 28,441,669</u>	<u>\$ 2,105</u>



MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For the Ten Months Ended June 30, 2010

**NOTE 8 – DISAGGREGATION OF RECEIVABLES AND PAYABLES (Continued)**

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:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Due From Other Governments:</u>			
<u>Federal /State Funding:</u>			
Texas Education Agency	\$21,051,481	\$ 9,938,847	\$30,990,328
Texas Department of Agriculture:			
National School Lunch/Breakfast	314,990	-	314,990
ARRA	23,089	-	23,089
Others	10,234	114,581	124,815
SHARS	351,682	-	351,682
County of Hidalgo Tax Collections	695,192	78,919	774,111
	<u>\$22,446,668</u>	<u>\$ 10,132,347</u>	<u>\$32,579,015</u>
<u>Due To Other Governments:</u>			
Due to Texas Education Agency	\$ 254,668	\$ 7,811	\$ 262,479
	<u>\$ 254,668</u>	<u>\$ 7,811</u>	<u>\$ 262,479</u>

**NOTE 10 –DEFERRED REVENUES**

Governmental funds report deferred 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, 2010 the various components of deferred revenues reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned (Ex. A-1)</u>
Property Taxes	\$ 7,110,764	\$ -
Food Service Commodities	-	247,708
Summary of Finances	-	196,053
Receipts in Excess of Expenditures - Grants	-	172,170
Total Deferred Revenues (Ex. C-1)	<u>\$ 7,110,764</u>	<u>\$ 615,931</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For the Ten Months Ended June 30, 2010

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

The following summarizes general fund federal program revenues:

	CFDA Number	Amount
National School Lunch/Breakfast	10.555	9,348,228
Commodity Supplemental Food Program	10.565	641,373
NSLP Equipment Assistance ARRA	10.579	245,929
R.O.T.C. Program	12.000	180,160
Medicaid	Not Applicable	1,165,375
Indirect Cost Revenue:		
Title I, Part A-Improvement Basic Programs	84.010A	139,281
Title I, Part A-ARRA/STIMULUS	84.389A	62,614
ESEA Title I Part C-Education of Migratory Children	84.011A	12,237
IDEA-B Formula	84.027A	55,528
IDEA-B Preschool	84.173A	1,363
ARRA-IDEA-B Formula	84.391A	22,929
ESEA Title IV Part A-Safe & Drug-Free Schools & Communities Act	84.186A	2,250
Title III Part A Limited English Proficient Program	84.365A	10,115
Title III Part A Immigrant	84.365A	2,537
Title II Part D Engancing Education through Technology	84.318X	1,249
Title II Part D Vision 2020	84.318X	1,628
ARRA-TTL II, D Technology	84.391A	1,007
SSA IDEA-B Discretionary	84.027A	590
SSA IDEA-B Deaf	84.027A	1,007
SSA IDEA-B Preschool Deaf	84.173A	20
ESEA Title II Part A Teacher & Principal Training & Recruiting	84.367A	27,598
Career and Technical-Basic Grant	84.048A	6,393
Reading First Title I-Part B-Subpart 1	84.357A	3,626
Gear Up	84.334A	2,377
FIE Earmark Grant Awards	84.215K	211
Teaching American History Grants	84.215X	2,746
Project ARTScope	84.351C	1,832
McAllen SAFE (Student Are First in Education)	84.184L	16,719
Total For General Fund		<u>\$ 11,956,922</u>

**NOTE 12 - LONG-TERM OBLIGATIONS**

**Governmental Activities.**

*Long-Term Debt.*

Changes in debt long-term obligations for the year ended June 30, 2010 are as follows:

Governmental Activities	Beginning Balance 9/1/2009	Increase	Decrease	Ending Balance 6/30/2010	Due within One Year
General Obligation					
Bonds Payable	\$ 118,954,961	\$ -	\$ 3,993,970	\$ 114,960,991	\$ 4,208,299
Gain on Refunding	72,000	-	3,600	68,400	-
Premium on Bonds	3,639,081	-	203,918	3,435,163	-
Accretion of Bonds	1,213,889	290,160	296,030	1,208,019	406,702
Sub-Total Bonds	123,879,931	290,160	4,497,518	119,672,573	4,615,001
Loans Payable	538,317	-	350,251	188,066	188,066
Compensated Absences	399,881	176,682	102,468	474,095	60,000
Capital Leases	1,355,504	115,220	1,167,001	303,723	265,348
Total Governmental Activities	<u>\$ 126,173,633</u>	<u>\$ 582,062</u>	<u>\$ 6,117,238</u>	<u>\$ 120,638,457</u>	<u>\$ 5,128,415</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

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

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, 2010:

Contractual obligation payable in annual installments, interest at 4.34% through 2011. Code Section 271	\$ 188,066
--	------------

Loan requirements to term are as follows:

Year Ending June 30,	Loans Payable		Total
2011	Principal	Interest	Requirements
	\$ 188,066	\$ 8,326	\$ 196,392
	\$ 188,066	\$ 8,326	\$ 196,392

Bonds Payable

Bonds payable at June 30, 2010 are comprised of the following:

Unlimited Tax School Building and Refunding Bonds:

\$118,066,357 Series 2005 due in varying installments through 2030, interest at 3.00% to 5.00%.	\$ 109,060,991
\$5,900,000 Series 2008 due in varying installments through 2018, interest at 3.16% to 3.50%.	5,900,000
Accretion on 2005 Capital Appreciation Bonds	1,208,020
	\$ 116,169,011

Debt service requirements are as follows:

Year Ending June 30,	Bonds Payable		Total
	Principal	Interest	Requirements
2011	\$ 4,615,000	\$ 5,344,238	\$ 9,959,238
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
2016-2020	30,285,000	18,782,688	49,067,688
2021-2025	26,085,000	12,038,938	38,123,938
2026-2030	33,350,000	4,918,538	38,268,538
	116,580,000	\$ 61,024,850	\$ 177,604,850
Less: Amounts Not Accreted	(410,989)		
	\$ 116,169,011		

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For the Ten Months Ended June 30, 2010

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

Capital Leases Payable – Governmental Funds

Capital leases payable at June 30, 2010 are as follows:

Capital lease payable for computers in three annual payments of \$85,116 including interest at 4.47% through 2011. Code Sec. 61.003	\$ 81,293
Capital lease payable for police radios in three annual payments of \$74,587 including interest at 4.49% through 2011. Code Sec. 61.003	71,329
Capital lease payable for computers in two annual payments of \$80,796 including interest at 6.01% through 2010. Code Sec. 61.003	76,214
Capital lease payable for sophos endpoint in one annual payments of \$40,333 including interest at 5.10% through 2013. Code Sec. 61.003	74,887
	\$ 303,723

Capital lease requirements to term are as follows:

Year Ending June 30,	Leases Payable		Total
	Principal	Interest	Requirements
2011	\$ 265,348	\$ 15,428	\$ 280,776
2012	38,375	1,958	40,333
	\$ 303,723	\$ 17,386	\$ 321,109

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, 2010, \$18,610,000 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 50 days. Payment to professional employees is limited to \$5,000 or 50 days at \$100 a day. Payment to paraprofessionals and auxiliary personnel is limited to a maximum of \$1,750 or 50 days at \$35 a day.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

**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 2010, 2009, and 2008, a state contribution rate of 6.58% for 2009-2010 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, 2010, and August 31, 2009, and 2008, \$7,467,691, \$9,029,241, and \$8,897,497 respectively, equal to the required contributions for each year.

State matching for the years ended June 30, 2010 and August 31, 2009, and 2008 were \$7,721,548, \$9,283,188, and \$9,147,739 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, 2010, and August 31, 2009, and 2008 were \$1,891,066, \$2,242,541, and \$2,166,119 respectively, equal to the required contributions for each year.

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.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

**NOTE 14 - RISK MANAGEMENT**

*A. General*

During the period September 1, 2009 through June 30, 2010, 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 \$509,875,914. 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, 2010, 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.

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 \$100,000. Minimum aggregate retention was \$21,602,107 with a maximum aggregate benefit of \$1,000,000. Management believes that adequate funding plans have been made for all incurred and anticipated claims at June 30, 2010.

*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 \$2,811,693 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, 2010.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For the Ten Months Ended June 30, 2010

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

*D. Accrued Liabilities*

The claims for worker's compensation insurance and health and dental insurance liability of \$6,910,453 reported in the Internal Service Fund at June 30, 2010 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 2010 and 2009 were:

	2010		2009	
	Health and Dental	Worker's Compensation	Health and Dental	Worker's Compensation
Beginning of Fiscal Year Claims Liability	\$ 2,205,131	\$ 4,971,440	\$ 1,943,795	\$ 5,225,249
Current Year Claims and Changes in Estimates	18,273,114	1,245,395	22,800,340	826,987
Claim payments, net of stop loss	<u>(18,670,165)</u>	<u>(1,114,462)</u>	<u>(22,539,004)</u>	<u>(1,080,796)</u>
End of Fiscal Year Claims Liability	<u>\$ 1,808,080</u>	<u>\$ 5,102,373</u>	<u>\$ 2,205,131</u>	<u>\$ 4,971,440</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.

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 Fund	Nonmajor Governmental Funds	Internal Service Fund	Nonmajor Enterprise Fund
Other Sources:				
Sale of Real or Personal Property	\$ 24,585	\$ 3,029	\$ -	\$ -
Proceeds from Capital Leases	115,220	-	-	-
Transfers In	157,618	-	57,341	-
Transfers Out	<u>(57,341)</u>	<u>(113,323)</u>	<u>-</u>	<u>(44,294)</u>
	<u>\$ 240,082</u>	<u>\$ (110,294)</u>	<u>\$ 57,341</u>	<u>\$ (44,294)</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

**NOTE 17 – OPERATING LEASE COMMITMENTS**

The District has operating leases for computer and office equipment. Rental expenditures during 2010 totaled \$482,496 for governmental activities and \$72,040 for business-type activities. Commitments under lease agreements as of June 30, 2010 provide for future minimum lease obligations as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2011	\$ 32,844	\$ 252,286
2012	32,844	252,286
2013	32,844	252,286
2014	-	213,728
	<u>\$ 98,532</u>	<u>\$ 970,585</u>

**NOTE 18 - LOCAL AND INTERMEDIATE SOURCES**

Local and intermediate revenues in Governmental Fund Types consist of 93% of property taxes, penalties & interest, 2% of SSA-Local Revenue from Districts served and 2% of Co-Curricular Student Activities.

**NOTE 19 – OTHER RESERVES OF FUND BALANCE**

Other reserves of fund balance at June 30, 2010 in the nonmajor governmental funds totaling \$3,905,060 includes: \$605,482 in the Capital Projects Fund for construction, \$26,607 for Technology Allotment, \$2,512,388 for the Regional School for the Deaf, and \$760,583 for campus activities.

**NOTE 20 – 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.

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, Update 13.0.



MCALLEN INDEPENDENT SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 For the Ten Months Ended June 30, 2010

**NOTE 20 – SHARED SERVICE ARRANGEMENT (Continued)**

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, 2010 are summarized below:

Member District	Fund					Total
	315	316	317	340	435	
Donna	\$ 4,763	\$ 4,666	\$ 77	\$ 170	\$ 156,293	\$ 165,969
Edcouch-Elsa	1,002	982	77	170	44,655	46,886
Edinburg	5,766	5,649	155	-	186,055	197,625
Hidalgo	751	737	-	170	29,763	31,421
IDEA	752	737	-	-	22,328	23,817
IRRA	-	-	-	-	-	-
La Feria	250	245	-	-	7,435	7,930
La Joya	11,029	10,805	464	-	372,133	394,431
La Villa	250	245	-	-	7,435	7,930
McAllen	12,786	12,527	155	170	401,963	427,601
Mercedes	2,005	1,965	77	-	66,983	71,030
Mission	4,261	4,175	-	340	141,400	150,176
Monte Alto	-	-	-	-	-	-
Progreso	250	245	-	-	7,435	7,930
PSJA	9,024	8,841	155	680	312,586	331,286
RGC	3,259	3,193	-	-	96,745	103,197
Roma	2,757	2,701	155	-	96,745	102,358
Santa Maria	250	245	-	-	7,435	7,930
Sharyland	250	245	77	-	14,892	15,464
Valley View	752	737	77	-	29,763	31,329
Weslaco	7,520	7,367	77	-	230,710	245,674
Total Allocated	<u>\$ 67,677</u>	<u>\$ 66,307</u>	<u>\$ 1,546</u>	<u>\$ 1,700</u>	<u>\$ 2,232,754</u>	<u>\$ 2,369,984</u>

**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, 2010.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
For the Ten Months Ended June 30, 2010

**NOTE 21 - CONTINGENT LIABILITIES (Continued)**

- 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 2009-2010 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 2009-2010 school year is estimated to be \$599,594.
- 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, 2010, August 31, 2009 and 2008. 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, 2010, and August 31, 2009 and 2008, the State's contributions to TRS-Care were \$1,166,827, \$1,410,819, and \$1,390,234 respectively, the active member contributions were \$758,437, \$917,032, and \$903,633 respectively, and the District's contributions were \$641,755, \$775,950, and \$764,628 respectively, which equaled the required contributions each year.

*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, 2010, and August 31, 2009 and 2008, was estimated at \$308,099, \$356,867, and \$359,616, respectively.

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**MCALLEN INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE TEN MONTHS ENDED JUNE 30, 2010

EXHIBIT G-1  
 Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 68,668,768	\$ 66,239,932	\$ 65,741,988	\$ (497,944)
5800	State Program Revenues	110,702,081	92,414,357	93,239,108	824,751
5900	Federal Program Revenues	10,914,840	11,159,116	11,956,922	797,806
5020	Total Revenues	<u>188,285,687</u>	<u>169,813,405</u>	<u>170,938,018</u>	<u>1,124,613</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	106,360,258	88,436,649	85,747,827	2,688,822
0012	Instructional Resources and Media Services	2,700,548	2,502,402	2,430,334	72,068
0013	Curriculum and Staff Development	1,931,547	1,669,475	1,247,207	422,268
	Total Instruction & Instr. Related Services	<u>110,992,351</u>	<u>92,608,526</u>	<u>89,425,368</u>	<u>3,183,158</u>
Instructional and School Leadership:					
0021	Instructional Leadership	3,328,855	2,042,360	1,885,827	156,533
0023	School Leadership	10,815,432	10,059,749	9,697,665	362,084
	Total Instructional & School Leadership	<u>14,144,287</u>	<u>12,102,109</u>	<u>11,583,492</u>	<u>518,617</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	7,624,207	7,010,330	6,815,039	195,291
0032	Social Work Services	864,413	783,013	719,535	63,478
0033	Health Services	2,142,728	1,989,038	1,916,479	72,559
0034	Student (Pupil) Transportation	3,903,398	3,404,533	2,662,807	741,726
0035	Food Services	11,778,711	11,640,607	11,043,602	597,005
0036	Cocurricular/Extracurricular Activities	5,531,467	5,660,347	5,175,300	485,047
	Total Support Services - Student (Pupil)	<u>31,844,924</u>	<u>30,487,868</u>	<u>28,332,762</u>	<u>2,155,106</u>
Administrative Support Services:					
0041	General Administration	4,923,235	4,495,817	4,246,584	249,233
	Total Administrative Support Services	<u>4,923,235</u>	<u>4,495,817</u>	<u>4,246,584</u>	<u>249,233</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	21,517,983	18,753,608	15,921,353	2,832,255
0052	Security and Monitoring Services	2,352,086	2,150,078	2,057,491	92,587
0053	Data Processing Services	1,832,356	1,932,182	1,852,789	79,393
	Total Support Services - Nonstudent Based	<u>25,702,425</u>	<u>22,835,868</u>	<u>19,831,633</u>	<u>3,004,235</u>
Ancillary Services:					
0061	Community Services	64,627	48,492	25,454	23,038
	Total Ancillary Services	<u>64,627</u>	<u>48,492</u>	<u>25,454</u>	<u>23,038</u>
Debt Service:					
0071	Principal on Long-Term Debt	1,254,619	1,340,774	1,339,029	1,745
0072	Interest and Fees on Long-Term Debt	45,489	44,478	43,318	1,160
	Total Debt Service	<u>1,300,108</u>	<u>1,385,252</u>	<u>1,382,347</u>	<u>2,905</u>
Capital Outlay:					
0081	Facilities Acquisition and Construction	176,995	516,373	363,016	153,357
	Total Capital Outlay	<u>176,995</u>	<u>516,373</u>	<u>363,016</u>	<u>153,357</u>

Continued

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE TEN MONTHS ENDED JUNE 30, 2010

EXHIBIT G-1

Page 2 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>Intergovernmental Charges:</b>					
0095	<i>Payments to Juvenile Justice Alternative Education Programs</i>	\$ 20,000	\$ 18,650	\$ 9,559	\$ 9,091
0099	<i>Appraisal of Property</i>	616,735	529,755	465,418	64,337
	<b>Total Intergovernmental Charges</b>	<u>636,735</u>	<u>548,405</u>	<u>474,977</u>	<u>73,428</u>
6030	<b>Total Expenditures</b>	<u>189,785,687</u>	<u>165,028,710</u>	<u>155,665,633</u>	<u>9,363,077</u>
1100	<b>Excess (Deficiency) of Revenues Over (Under)</b>				
1100	<b>Expenditures</b>	<u>(1,500,000)</u>	<u>4,784,695</u>	<u>15,272,385</u>	<u>10,487,690</u>
<b>Other Financing Sources (Uses):</b>					
7912	<i>Sale of Real or Personal Property</i>	1,500,000	21,955	24,585	2,630
7913	<i>Proceeds from Capital Leases</i>	--	115,221	115,220	(1)
7915	<i>Transfers In</i>	--	62,098	157,618	95,520
8911	<i>Transfers Out</i>	--	--	(57,341)	(57,341)
7080	<b>Total Other Financing Sources and (Uses)</b>	<u>1,500,000</u>	<u>199,274</u>	<u>240,082</u>	<u>40,808</u>
1200	<b>Net Change in Fund Balance</b>	<u>--</u>	<u>4,983,969</u>	<u>15,512,467</u>	<u>10,528,498</u>
0100	<b>Fund Balance - Beginning</b>	<u>12,869,351</u>	<u>12,869,351</u>	<u>12,869,351</u>	<u>--</u>
3000	<b>Fund Balance - Ending</b>	<u>\$ 12,869,351</u>	<u>\$ 17,853,320</u>	<u>\$ 28,381,818</u>	<u>\$ 10,528,498</u>

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Ten Months Ended June 30, 2010

A. *Budgets*

The official school original budget was prepared for adoption for required Governmental Fund Types by August 24, 2009. 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 21, 2010. 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, 2010**

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ 1,595,878	\$ 4,284,335	\$ 1,681,251	\$ 7,561,464
1225	Taxes Receivable, Net	-	799,536	-	799,536
1240	Due from Other Governments	10,053,428	78,919	-	10,132,347
1260	Due from Other Funds	3,839,316	-	-	3,839,316
1290	Other Receivables	101,274	1,811	-	103,085
1410	Prepaid Items	13,083	-	-	13,083
1000	Total Assets	<u>\$ 15,602,979</u>	<u>\$ 5,164,601</u>	<u>\$ 1,681,251</u>	<u>\$ 22,448,831</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 2,794,206	\$ -	\$ 8,937	\$ 2,803,143
2160	Accrued Wages Payable	5,971,239	-	-	5,971,239
2170	Due to Other Funds	3,363,806	-	-	3,363,806
2180	Due to Other Governments	7,811	-	-	7,811
2200	Accrued Expenditures	-	-	1,066,832	1,066,832
2300	Deferred Revenues	166,339	820,020	-	986,359
2000	Total Liabilities	<u>12,303,401</u>	<u>820,020</u>	<u>1,075,769</u>	<u>14,199,190</u>
<b>FUND BALANCES:</b>					
Reserved Fund Balances:					
3420	Debt Service	-	4,344,581	-	4,344,581
3490	Other Reserves of Fund Balance	3,299,578	-	605,482	3,905,060
3000	Total Fund Balances	<u>3,299,578</u>	<u>4,344,581</u>	<u>605,482</u>	<u>8,249,641</u>
4000	Total Liabilities and Fund Balances	<u>\$ 15,602,979</u>	<u>\$ 5,164,601</u>	<u>\$ 1,681,251</u>	<u>\$ 22,448,831</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

Data Control Codes	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 3,557,393	\$ 7,589,595	\$ 78,055	\$ 11,225,043
5800 <i>State Program Revenues</i>	6,281,342	2,410,598	-	8,691,940
5900 <i>Federal Program Revenues</i>	35,439,773	-	-	35,439,773
5020 <b>Total Revenues</b>	<u>45,278,508</u>	<u>10,000,193</u>	<u>78,055</u>	<u>55,356,756</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 <i>Instruction</i>	33,296,193	-	-	33,296,193
0012 <i>Instructional Resources and Media Services</i>	1,807,257	-	-	1,807,257
0013 <i>Curriculum and Staff Development</i>	2,524,306	-	-	2,524,306
0021 <i>Instructional Leadership</i>	937,886	-	-	937,886
0023 <i>School Leadership</i>	840,060	-	-	840,060
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	1,617,139	-	-	1,617,139
0032 <i>Social Work Services</i>	929,827	-	-	929,827
0033 <i>Health Services</i>	702,598	-	-	702,598
0034 <i>Student Transportation</i>	11,261	-	-	11,261
0035 <i>Food Service</i>	120,513	-	35,972	156,485
0036 <i>Cocurricular/Extracurricular Activities</i>	249,057	-	-	249,057
0051 <i>Plant Maintenance and Operations</i>	107,330	-	56,675	164,005
0052 <i>Security and Monitoring Services</i>	101,896	-	-	101,896
0053 <i>Data Processing Services</i>	1,520	-	-	1,520
0061 <i>Community Services</i>	1,358,077	-	-	1,358,077
<b>Debt Service:</b>				
0071 <i>Principal on Long-term Debt</i>	178,222	4,290,000	-	4,468,222
0072 <i>Interest and Fees on Long-term Debt</i>	13,855	2,724,927	-	2,738,782
<b>Capital Outlay:</b>				
0081 <i>Facilities Acquisition and Construction</i>	-	-	312,669	312,669
6030 <b>Total Expenditures</b>	<u>44,796,997</u>	<u>7,014,927</u>	<u>405,316</u>	<u>52,217,240</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>				
1100 <b>Expenditures</b>	<u>481,511</u>	<u>2,985,266</u>	<u>(327,261)</u>	<u>3,139,516</u>
<b>Other Financing Sources and (Uses):</b>				
7912 <i>Sale of Real or Personal Property</i>	3,029	-	-	3,029
8911 <i>Transfers Out</i>	(113,323)	-	-	(113,323)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>(110,294)</u>	<u>-</u>	<u>-</u>	<u>(110,294)</u>
1200 <b>Net Change in Fund Balances</b>	<u>371,217</u>	<u>2,985,266</u>	<u>(327,261)</u>	<u>3,029,222</u>
0100 <b>Fund Balances - Beginning</b>	<u>2,928,361</u>	<u>1,359,315</u>	<u>932,743</u>	<u>5,220,419</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 3,299,578</u>	<u>\$ 4,344,581</u>	<u>\$ 605,482</u>	<u>\$ 8,249,641</u>



## **SPECIAL REVENUE FUNDS**

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. 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 grantees. 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 Migrant 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 - 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 - Preschool Grant**- This fund classification is to be used to account, on a project basis, for funds granted for preschool children with disabilities.

**244 Career and Tech 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, Teacher and 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.

**261 Reading First** - This fund classification is to be used to account, on a project basis, for funds granted to establish reading programs for students in kindergarten through grade 3 that are based on

scientifically based reading research, to ensure that every student can read at grade level or above not later than the end of grade 3.

**262 Title II, Part D,- 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 Enhancement** - 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.

**285 ESEA Title 1 Part A Improving Basic Programs - ARRA** – 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:

- 281 – FIE Earmark Grant Awards
- 282 – Teaching American History
- 286 – Project Art Scope
- 287 – McAllen SAFE
- 288 – Summer School LEF Students in K1

**315 Shared Services Arrangements – IDEA – 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 – 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 – 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.

**340 Shared Services Arrangements – IDEA, Early Intervention (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 assist local Regional Day School for the Deaf programs and the Texas School for the Deaf in providing direct services to hearing impaired infants to toddlers, ages birth through two years of age. The program provides supplemental and appropriate services to eligible students that are provided by a certified and trained teacher.

**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.

**399 Investment Capital Funds/Campus Deregulation and Restructuring to Improve Student Achievement** – This fund classification is to be used to account, on a project basis, for funds to help individual public school campuses implement practices and procedures consistent with school deregulation and school restructuring to improve student achievement and increase parental involvement in the schools through staff development and training under the Investment Capital Funds.

**401 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 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.

**425 Teacher Induction and Mentoring Program** - This fund classification is to be used to account, on a project basis, for funds granted to schools that assign mentor teachers to classroom teachers who have less than two years of teaching experience.

**426 Texas Educator Excellence Award Grant Program** - This fund classification is to be used to account, on a project basis, for funds granted to schools which have an approved campus incentive plan to award teachers and other school staff for improving student achievement.



**428 High School Allotment** - This fund classification is to be used to account for the \$275 per high school student to prepare students to go on a higher education, encourage students to take advanced academic course work, increase the rigor of academic course work, align secondary and postsecondary curriculum and support promising high school completion and success initiatives in grades 6 through 12. If the district meets certain college readiness and completion rate standards, there are less restrictions on how the funds are spent.

This fund may be used through fiscal year 2009/10 to record any remaining fund balance at the end of fiscal year 2008/09; however, after the point it should be coded to fund 199 and program intent code 31 to align with the movement to Tier I funding beginning with fiscal year 2009-10.

**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-O – 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.

**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 Program
- 483 – Laura Bush Foundation Library
- 484 – Avid Programs
- 485 – Communities Foundation of Texas

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2010**

<u>Data Control Codes</u>	<u>204 ESEA Title IV SDFSC</u>	<u>211 ESEA Title I Improving Basic Programs</u>	<u>212 ESEA Title I, Part C Migrant Children</u>	<u>224 IDEA-B Formula</u>	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 80,372
1240	Due from Other Governments	16,319	2,259,601	136,552	341,351
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1410	Prepaid Items	-	-	-	-
1000	Total Assets	<u>\$ 16,319</u>	<u>\$ 2,259,601</u>	<u>\$ 136,552</u>	<u>\$ 421,723</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
2110	Accounts Payable	\$ 2,271	\$ 1,048,485	\$ 3,658	\$ -
2160	Accrued Wages Payable	663	936,062	90,679	395,905
2170	Due to Other Funds	13,385	275,054	42,215	25,818
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>16,319</u>	<u>2,259,601</u>	<u>136,552</u>	<u>421,723</u>
<b>FUND BALANCES:</b>					
<b>Reserved Fund Balances:</b>					
3490	Other Reserves of Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 16,319</u>	<u>\$ 2,259,601</u>	<u>\$ 136,552</u>	<u>\$ 421,723</u>

225 IDEA-B Preschool Grant	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	261 Reading First	262 Enhancing Education through Technology
\$ 3,201 8,083 -- -- <u>\$ 11,284</u>	\$ -- 32,475 -- 13,083 <u>\$ 45,558</u>	\$ -- 412,171 -- -- <u>\$ 412,171</u>	\$ -- -- -- -- <u>\$ --</u>	\$ -- 57,983 -- -- <u>\$ 57,983</u>
\$ -- 10,908 378 -- -- <u>11,284</u>	\$ 8,249 -- 37,309 -- -- <u>45,558</u>	\$ 31,944 242,228 138,001 -- -- <u>412,171</u>	\$ -- -- -- -- -- <u>--</u>	\$ 9,208 19,128 21,838 7,811 -- <u>57,983</u>
-- -- <u>\$ 11,284</u>	-- -- <u>\$ 45,558</u>	-- -- <u>\$ 412,171</u>	-- -- <u>\$ --</u>	-- -- <u>\$ 57,983</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2010**

<b>Data Control Codes</b>	<b>263 English Language Acquisition and Enhancement</b>	<b>265 21st Century Community Learning Centers</b>	<b>266 ARRA of 2009 Title XIV State Fiscal Stabilization</b>	<b>272 MAC Program</b>	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ 452,522	\$ 97,334
1240	Due from Other Governments	348,280	434,445	158,457	-
1260	Due from Other Funds	-	-	1,068,078	-
1290	Other Receivables	-	-	-	-
1410	Prepaid Items	-	-	-	-
1000	<b>Total Assets</b>	<b>\$ 348,280</b>	<b>\$ 434,445</b>	<b>\$ 1,679,057</b>	<b>\$ 97,334</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
2110	Accounts Payable	\$ 29,425	\$ 71,929	\$ -	\$ 2,242
2160	Accrued Wages Payable	72,719	138,580	1,609,425	-
2170	Due to Other Funds	246,136	223,936	69,632	-
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	95,092
2000	<b>Total Liabilities</b>	<b>348,280</b>	<b>434,445</b>	<b>1,679,057</b>	<b>97,334</b>
<b>FUND BALANCES:</b>					
<b>Reserved Fund Balances:</b>					
3490	Other Reserves of Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 348,280</b>	<b>\$ 434,445</b>	<b>\$ 1,679,057</b>	<b>\$ 97,334</b>

274	276	279	280	283
GEAR UP	Title I SIP Academy Grant	Enhancing Education through Technology-ARRA	FIE Earmark Grant Awards	IDEA - Part B Formula - ARRA
\$ -	\$ -	\$ -	\$ -	\$ -
114,581	50,593	32,569	205,009	117,193
-	-	-	-	-
-	-	-	-	-
<u>\$ 114,581</u>	<u>\$ 50,593</u>	<u>\$ 32,569</u>	<u>\$ 205,009</u>	<u>\$ 117,193</u>
\$ 5,544	\$ -	\$ 31,373	\$ 85,647	\$ 59,209
40,866	22,381	1,100	12,641	4,482
68,171	12,566	98	106,721	53,502
-	-	-	-	-
-	15,646	-	-	-
<u>114,581</u>	<u>50,593</u>	<u>32,569</u>	<u>205,009</u>	<u>117,193</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ 114,581</u>	<u>\$ 50,593</u>	<u>\$ 32,569</u>	<u>\$ 205,009</u>	<u>\$ 117,193</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2010

Data Control Codes	284	285	286	287
	IDEA - Part B Preschool - ARRA	ESEA Title 1 Part A Improving Basic Programs - ARRA	Project ARTScope	McAllen SAFE
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --
1240	Due from Other Governments	--	1,954,628	96,246
1260	Due from Other Funds	--	--	--
1290	Other Receivables	--	--	--
1410	Prepaid Items	--	--	--
1000	Total Assets	\$ --	\$ 1,954,628	\$ 96,246
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ 1,085,905	\$ 33,652
2160	Accrued Wages Payable	--	145,162	6,924
2170	Due to Other Funds	--	723,561	55,670
2180	Due to Other Governments	--	--	--
2300	Deferred Revenues	--	--	--
2000	Total Liabilities	--	1,954,628	96,246
<b>FUND BALANCES:</b>				
Reserved Fund Balances:				
3490	Other Reserves of Fund Balance	--	--	--
3000	Total Fund Balances	--	--	--
4000	Total Liabilities and Fund Balances	\$ --	\$ 1,954,628	\$ 96,246

288 Summer School Program for LEP Students in K-1	315 IDEA-B Discretionary	316 IDEA-B Deaf	317 IDEA-B Preschool Deaf	340 IDEA-C Deaf
\$ 7,015	\$ -	\$ -	\$ -	\$ -
15,578	39,699	19,763	581	511
-	-	-	-	-
-	-	-	-	-
<u>22,593</u>	<u>39,699</u>	<u>19,763</u>	<u>581</u>	<u>511</u>
\$ -	\$ -	\$ 2,539	\$ -	\$ -
21,296	7,623	10,156	-	-
1,297	32,076	7,068	581	511
-	-	-	-	-
-	-	-	-	-
<u>22,593</u>	<u>39,699</u>	<u>19,763</u>	<u>581</u>	<u>511</u>
-	-	-	-	-
-	-	-	-	-
<u>22,593</u>	<u>39,699</u>	<u>19,763</u>	<u>581</u>	<u>511</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2010**

<u>Data Control Codes</u>	<u>385 Supplemental Visually Impaired</u>	<u>394 Life Skills Program</u>	<u>397 Advanced Placement Incentives</u>	<u>399 Campus Deregulation and Restructuring</u>	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 14,398	\$ --
1240	Due from Other Governments	--	9,250	--	14,451
1260	Due from Other Funds	--	--	--	--
1290	Other Receivables	--	--	1,540	--
1410	Prepaid Items	--	--	--	--
1000	<b>Total Assets</b>	<u>\$ --</u>	<u>\$ 9,250</u>	<u>\$ 15,938</u>	<u>\$ 14,451</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
2110	Accounts Payable	\$ --	\$ --	\$ 200	\$ --
2160	Accrued Wages Payable	--	1,187	--	--
2170	Due to Other Funds	--	8,063	--	14,451
2180	Due to Other Governments	--	--	--	--
2300	Deferred Revenues	--	--	15,738	--
2000	<b>Total Liabilities</b>	<u>--</u>	<u>9,250</u>	<u>15,938</u>	<u>14,451</u>
<b>FUND BALANCES:</b>					
<b>Reserved Fund Balances:</b>					
3490	Other Reserves of Fund Balance	--	--	--	--
3000	<b>Total Fund Balances</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ --</u>	<u>\$ 9,250</u>	<u>\$ 15,938</u>	<u>\$ 14,451</u>



	401 Optional Extended Year Program	404 Student Success Initiative	409 Texas High School Project	411 Technology Allotment	414 Reading, Math and Science Initiative
\$	-	\$ -	\$ -	\$ 126,633	\$ -
	45,373	129,533	37,158	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>45,373</u>	<u>129,533</u>	<u>37,158</u>	<u>126,633</u>	<u>-</u>
\$	-	\$ 21,159	\$ 269	\$ 58,195	\$ -
	29,923	80,399	10,079	27,478	-
	15,450	27,975	26,810	2,693	-
	-	-	-	-	-
	-	-	-	11,660	-
	<u>45,373</u>	<u>129,533</u>	<u>37,158</u>	<u>100,026</u>	<u>-</u>
	-	-	-	26,607	-
	-	-	-	26,607	-
\$	<u>45,373</u>	<u>129,533</u>	<u>37,158</u>	<u>126,633</u>	<u>-</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2010**

Data Control Codes	415 Kindergarten and Prekindergarten Grants	425 Teacher Induction and Mentoring Program	426 Texas Educator Excellence Award Program	427 Texas Fitness Now Grant
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --
1240	Due from Other Governments	558,808	--	19,056
1260	Due from Other Funds	--	--	--
1290	Other Receivables	--	--	--
1410	Prepaid Items	--	--	--
1000	Total Assets	<u>\$ 558,808</u>	<u>\$ --</u>	<u>\$ 19,056</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 58,233	\$ --	\$ 1,820
2160	Accrued Wages Payable	116,668	--	--
2170	Due to Other Funds	383,907	--	15,022
2180	Due to Other Governments	--	--	--
2300	Deferred Revenues	--	--	2,214
2000	Total Liabilities	<u>558,808</u>	<u>--</u>	<u>19,056</u>
<b>FUND BALANCES:</b>				
Reserved Fund Balances:				
3490	Other Reserves of Fund Balance	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 558,808</u>	<u>\$ --</u>	<u>\$ 19,056</u>

428 High School Allotment	429 District Awards Teacher Excellence	435 Regional Day School for the Deaf	461 Campus Activity Funds	481 Texas High School Project
\$ -	\$ -	\$ 27,831	\$ 760,583	\$ 19,989
-	1,663,606	231,984	-	-
-	-	2,771,238	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,663,606</u>	<u>\$ 3,031,053</u>	<u>\$ 760,583</u>	<u>\$ 19,989</u>
\$ -	\$ 4,302	\$ 12,302	\$ -	\$ -
-	1,575,791	304,471	-	-
-	83,513	201,892	-	-
-	-	-	-	-
-	-	-	-	19,989
<u>-</u>	<u>1,663,606</u>	<u>518,665</u>	<u>-</u>	<u>19,989</u>
-	-	2,512,388	760,583	-
-	-	2,512,388	760,583	-
<u>\$ -</u>	<u>\$ 1,663,606</u>	<u>\$ 3,031,053</u>	<u>\$ 760,583</u>	<u>\$ 19,989</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2010**

Data Control Codes	482 After School Enrichment Program	483 Laura Bush Foundation Library
<b>ASSETS:</b>		
1110	\$ --	\$ 6,000
1240	27,806	--
1260	--	--
1290	--	--
1410	--	--
1000	<u>\$ 27,806</u>	<u>\$ 6,000</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	\$ 105	\$ --
2160	979	--
2170	26,722	--
2180	--	--
2300	--	6,000
2000	<u>27,806</u>	<u>6,000</u>
<b>FUND BALANCES:</b>		
Reserved Fund Balances:		
3490	--	--
3000	<u>--</u>	<u>--</u>
4000	<u>\$ 27,806</u>	<u>\$ 6,000</u>

484 AVID Program	485 Communities Foundation of TX	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ -	\$ -	\$ 1,595,878
-	-	10,053,428
-	-	3,839,316
99,734	-	101,274
-	-	13,083
<u>\$ 99,734</u>	<u>\$ -</u>	<u>\$ 15,602,979</u>
\$ 49,476	\$ -	\$ 2,794,206
-	-	5,971,239
50,258	-	3,363,806
-	-	7,811
-	-	166,339
<u>99,734</u>	<u>-</u>	<u>12,303,401</u>
<u>-</u>	<u>-</u>	<u>3,299,578</u>
<u>-</u>	<u>-</u>	<u>3,299,578</u>
<u>\$ 99,734</u>	<u>\$ -</u>	<u>\$ 15,602,979</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

Data Control Codes	204 ESEA Title IV SDFSC	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	122,349	8,458,332	635,703	2,783,604
5020 Total Revenues	<u>122,349</u>	<u>8,458,332</u>	<u>635,703</u>	<u>2,783,604</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	71,781	5,554,723	33,785	2,073,874
0012 Instructional Resources and Media Services	-	370,661	-	-
0013 Curriculum and Staff Development	(262)	192,981	71	663
0021 Instructional Leadership	-	234,484	187,814	92,987
0023 School Leadership	-	415,385	-	-
0031 Guidance, Counseling, & Evaluation Services	36,926	3,940	187,856	432,302
0032 Social Work Services	-	3,436	40,753	179,785
0033 Health Services	-	638,322	-	-
0034 Student Transportation	-	8,536	-	-
0035 Food Service	-	-	-	-
0036 Cocurricular/Extracurricular Activities	2,100	-	-	3,091
0051 Plant Maintenance and Operations	-	10,187	4,901	-
0052 Security and Monitoring Services	11,804	9,887	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	1,018,819	180,523	902
Debt Service:				
0071 Principal on Long-term Debt	-	-	-	-
0072 Interest and Fees on Long-term Debt	-	-	-	-
6030 Total Expenditures	<u>122,349</u>	<u>8,461,361</u>	<u>635,703</u>	<u>2,783,604</u>
1100 Excess (Deficiency) of Revenues Over (Under)	-	(3,029)	-	-
1100 Expenditures	-	-	-	-
Other Financing Sources and (Uses):				
7912 Sale of Real or Personal Property	-	3,029	-	-
8911 Transfers Out	-	-	-	-
7080 Total Other Financing Sources and (Uses)	-	<u>3,029</u>	-	-
1200 Net Change in Fund Balances	-	-	-	-
0100 Fund Balances - Beginning	-	-	-	-
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA-B Preschool Grant	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	261 Reading First	262 Enhancing Education through Technology
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
68,436	445,810	1,629,354	100,791	156,777
<u>68,436</u>	<u>445,810</u>	<u>1,629,354</u>	<u>100,791</u>	<u>156,777</u>
68,436	338,972	1,448,850	96,411	72,754
-	-	-	-	19,395
-	5,400	180,364	1,899	54,348
-	928	-	336	371
-	-	140	2,145	1,440
-	2,159	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	13,235	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	8,469
-	77,643	-	-	-
-	7,473	-	-	-
<u>68,436</u>	<u>445,810</u>	<u>1,629,354</u>	<u>100,791</u>	<u>156,777</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

Data Control Codes	263 English Language Acquisition and Enhancement	265 21st Century Community Learning Centers	266 ARRA of 2009 Title XIV State Fiscal Stabilization	272 MAC Program
<b>REVENUES:</b>				
5700	\$ -	\$ -	\$ -	\$ -
5800	-	-	-	-
5900	906,989	1,006,830	10,688,830	37,703
5020	<u>906,989</u>	<u>1,006,830</u>	<u>10,688,830</u>	<u>37,703</u>
<b>EXPENDITURES:</b>				
Current:				
0011	902,421	497,806	10,688,830	-
0012	-	-	-	-
0013	2,927	507,235	-	-
0021	1,641	-	-	-
0023	-	1,789	-	-
0031	-	-	-	2,607
0032	-	-	-	-
0033	-	-	-	35,098
0034	-	-	-	-
0035	-	-	-	-
0036	-	-	-	-
0051	-	-	-	-
0052	-	-	-	-
0053	-	-	-	-
0061	-	-	-	-
Debt Service:				
0071	-	-	-	-
0072	-	-	-	-
6030	<u>906,989</u>	<u>1,006,830</u>	<u>10,688,830</u>	<u>37,703</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	-	-	-	-
Other Financing Sources and (Uses):				
7912	-	-	-	-
8911	-	-	-	-
7080	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	-	-	-	-
0100	Fund Balances - Beginning			
3000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



274	276 Title I SIP Academy Grant	279 Enhancing Education through Technology-ARRA	280 FIE Earmark Grant Awards	283
GEAR UP				IDEA - Part B Formula - ARRA
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
371,586	66,285	80,332	345,285	1,082,586
<u>371,586</u>	<u>66,285</u>	<u>80,332</u>	<u>345,285</u>	<u>1,082,586</u>
146,303	-	79,135	121,106	857,560
-	2,175	-	-	-
4,049	4,556	1,197	222,148	47,370
-	12	-	-	8,291
651	59,542	-	-	-
174,832	-	-	-	160,302
-	-	-	-	4,158
-	-	-	-	590
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
154	-	-	-	-
-	-	-	-	-
45,597	-	-	2,031	4,315
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

# MCALLEN INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2010

Data Control Codes	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	286 Project ARTScope	287 McAllen SAFE	288 Summer School Program for LEF Students in K-1
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	4,949,632	198,764	1,152,385	14,175
5020 <b>Total Revenues</b>	<u>4,949,632</u>	<u>198,764</u>	<u>1,152,385</u>	<u>14,175</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	3,405,234	25,198	31,598	13,292
0012 <i>Instructional Resources and Media Services</i>	1,076,968	--	--	--
0013 <i>Curriculum and Staff Development</i>	231,551	163,411	--	--
0021 <i>Instructional Leadership</i>	142,326	9,138	--	--
0023 <i>School Leadership</i>	3,206	1,017	--	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	19,039	--	299,068	--
0032 <i>Social Work Services</i>	--	--	676,187	--
0033 <i>Health Services</i>	--	--	759	883
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0051 <i>Plant Maintenance and Operations</i>	--	--	(141)	--
0052 <i>Security and Monitoring Services</i>	--	--	70,383	--
0053 <i>Data Processing Services</i>	--	--	--	--
0061 <i>Community Services</i>	71,308	--	--	--
Debt Service:				
0071 <i>Principal on Long-term Debt</i>	--	--	68,263	--
0072 <i>Interest and Fees on Long-term Debt</i>	--	--	6,268	--
6030 <b>Total Expenditures</b>	<u>4,949,632</u>	<u>198,764</u>	<u>1,152,385</u>	<u>14,175</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>	--	--	--	--
1100 <b>Expenditures</b>	--	--	--	--
Other Financing Sources and (Uses):				
7912 <i>Sale of Real or Personal Property</i>	--	--	--	--
8911 <i>Transfers Out</i>	--	--	--	--
7080 <b>Total Other Financing Sources and (Uses)</b>	--	--	--	--
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>

315 IDEA-B Discretionary	316 IDEA-B Deaf	317 IDEA-B Preschool Deaf	340 IDEA-C Deaf	394 Life Skills Program
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	17,014
67,682	66,306	1,547	1,700	-
<u>67,682</u>	<u>66,306</u>	<u>1,547</u>	<u>1,700</u>	<u>17,014</u>
850	62,111	123	511	-
-	-	-	-	-
-	4,195	1,424	1,189	-
-	-	-	-	-
66,832	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	17,014
-	-	-	-	-
<u>67,682</u>	<u>66,306</u>	<u>1,547</u>	<u>1,700</u>	<u>17,014</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

Data Control Codes	397 Advanced Placement Incentives	399 Campus Deregulation and Restructuring	401 Optional Extended Year Program	404 Student Success Initiative
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	49,027	40,486	114,195	146,720
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>49,027</u>	<u>40,486</u>	<u>114,195</u>	<u>146,720</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	15,919	21,717	113,718	137,169
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Staff Development	33,108	18,000	477	5,254
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	1,572
0031 Guidance, Counseling, & Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student Transportation	-	-	-	2,725
0035 Food Service	-	-	-	-
0036 Cocurricular/Extracurricular Activities	-	-	-	-
0051 Plant Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	769	-	-
Debt Service:				
0071 Principal on Long-term Debt	-	-	-	-
0072 Interest and Fees on Long-term Debt	-	-	-	-
6030 Total Expenditures	<u>49,027</u>	<u>40,486</u>	<u>114,195</u>	<u>146,720</u>
1100 Excess (Deficiency) of Revenues Over (Under)	-	-	-	-
1100 Expenditures	-	-	-	-
Other Financing Sources and (Uses):				
7912 Sale of Real or Personal Property	-	-	-	-
8911 Transfers Out	-	-	-	-
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>

409 Texas High School Project	411 Technology Allotment	415 Kindergarten and Prekindergarten Grants	425 Teacher Induction and Mentoring Program	426 Texas Educator Excellence Award Program
\$ --	\$ --	\$ --	\$ --	\$ --
105,695	689,885	1,309,500	249,750	67,039
<u>105,695</u>	<u>689,885</u>	<u>1,309,500</u>	<u>249,750</u>	<u>67,039</u>
49,234	160,783	1,213,664	26,009	11,185
--	302,168	--	--	--
3,749	315,918	95,686	223,741	6,550
--	46,647	150	--	--
52,712	--	--	--	(4)
--	--	--	--	(1)
--	--	--	--	--
--	--	--	--	--
--	--	--	--	28,795
--	1,964	--	--	19,173
--	--	--	--	1,342
--	--	--	--	(1)
--	32,316	--	--	--
--	114	--	--	--
<u>105,695</u>	<u>859,910</u>	<u>1,309,500</u>	<u>249,750</u>	<u>67,039</u>
--	(170,025)	--	--	--
--	--	--	--	--
--	--	--	--	--
--	(170,025)	--	--	--
--	196,632	--	--	--
<u>\$ --</u>	<u>\$ 26,607</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2010

Data Control Codes	427 Texas Fitness Now Grant	428 High School Allotment	429 District Awards Teacher Excellence
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	22,842	-	2,230,626
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	<u>22,842</u>	<u>-</u>	<u>2,230,626</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	8,858	-	1,537,339
0012 Instructional Resources and Media Services	-	-	18,890
0013 Curriculum and Staff Development	10,198	-	142,480
0021 Instructional Leadership	-	-	-
0023 School Leadership	-	-	282,270
0031 Guidance, Counseling, & Evaluation Services	-	-	35,564
0032 Social Work Services	-	-	25,508
0033 Health Services	-	-	14,512
0034 Student Transportation	-	-	-
0035 Food Service	-	-	91,718
0036 Cocurricular/Extracurricular Activities	-	-	-
0051 Plant Maintenance and Operations	-	-	70,850
0052 Security and Monitoring Services	3,786	-	4,540
0053 Data Processing Services	-	-	-
0061 Community Services	-	-	6,955
Debt Service:			
0071 Principal on Long-term Debt	-	-	-
0072 Interest and Fees on Long-term Debt	-	-	-
6030 Total Expenditures	<u>22,842</u>	<u>-</u>	<u>2,230,626</u>
1100 Excess (Deficiency) of Revenues Over (Under)	-	-	-
1100 Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources and (Uses):			
7912 Sale of Real or Personal Property	-	-	-
8911 Transfers Out	-	(113,323)	-
7080 Total Other Financing Sources and (Uses)	<u>-</u>	<u>(113,323)</u>	<u>-</u>
1200 Net Change in Fund Balances	-	(113,323)	-
0100 Fund Balances - Beginning	-	113,323	-
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

435 Regional Day School for the Deaf	461 Campus Activity Funds	481 Texas High School Project	482 After School Enrichment Program	483 Laura Bush Foundation Library
\$ 1,663,517	\$ 1,308,252	\$ 5,011	\$ 431,000	\$ 17,000
1,238,563	--	--	--	--
--	--	--	--	--
<u>2,902,080</u>	<u>1,308,252</u>	<u>5,011</u>	<u>431,000</u>	<u>17,000</u>
1,872,914	1,028,025	146	431,000	--
--	--	--	--	17,000
3,986	--	--	--	--
209,111	--	3,243	--	--
--	64,357	--	--	--
132,788	--	--	--	--
--	--	--	--	--
12,436	--	--	--	--
--	--	--	--	--
--	230,631	--	--	--
396	--	--	--	--
--	--	1,520	--	--
--	--	102	--	--
1,123	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>2,232,754</u>	<u>1,323,013</u>	<u>5,011</u>	<u>431,000</u>	<u>17,000</u>
669,326	(14,761)	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>669,326</u>	<u>(14,761)</u>	<u>--</u>	<u>--</u>	<u>--</u>
1,843,062	775,344	--	--	--
\$ <u>2,512,388</u>	\$ <u>760,583</u>	\$ <u>--</u>	\$ <u>--</u>	\$ <u>--</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

Data Control Codes	484 AVID Program	485 Communities Foundation of TX	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 126,613	\$ 6,000	\$ 3,557,393
5800 State Program Revenues	-	-	6,281,342
5900 Federal Program Revenues	-	-	35,439,773
5020 Total Revenues	<u>126,613</u>	<u>6,000</u>	<u>45,278,508</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	75,731	1,118	33,296,193
0012 Instructional Resources and Media Services	-	-	1,807,257
0013 Curriculum and Staff Development	35,301	3,142	2,524,306
0021 Instructional Leadership	407	-	937,886
0023 School Leadership	4,810	1,740	840,060
0031 Guidance, Counseling, & Evaluation Services	10,213	-	1,617,139
0032 Social Work Services	-	-	929,827
0033 Health Services	-	-	702,598
0034 Student Transportation	-	-	11,261
0035 Food Service	-	-	120,513
0036 Cocurricular/Extracurricular Activities	-	-	249,057
0051 Plant Maintenance and Operations	-	-	107,330
0052 Security and Monitoring Services	-	-	101,896
0053 Data Processing Services	-	-	1,520
0061 Community Services	151	-	1,358,077
Debt Service:			
0071 Principal on Long-term Debt	-	-	178,222
0072 Interest and Fees on Long-term Debt	-	-	13,855
6030 Total Expenditures	<u>126,613</u>	<u>6,000</u>	<u>44,796,997</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>481,511</u>
Other Financing Sources and (Uses):			
7912 Sale of Real or Personal Property	-	-	3,029
8911 Transfers Out	-	-	(113,323)
7080 Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>(110,294)</u>
1200 Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>371,217</u>
0100 Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>2,928,361</u>
3000 Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,299,578</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 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.

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

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

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

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2010**

Data Control Codes	752 Print Shop Fund	753 Insurance Fund
<b>ASSETS:</b>		
Current Assets:		
1110 Cash and Cash Equivalents	\$ (42,393)	\$ 2,582,709
Receivables:		
1260 Due from Other Funds	57,341	1,617,588
1290 Other Receivables (net)	-	984,413
1410 Prepaid Items	-	-
Total Current Assets	<u>14,948</u>	<u>5,184,710</u>
Noncurrent Assets:		
Capital Assets:		
1530 Furniture and Equipment	53,859	-
1570 Accumulated Depreciation	(21,233)	-
Total Noncurrent Assets	<u>32,626</u>	<u>-</u>
1000 Total Assets	<u>\$ 47,574</u>	<u>\$ 5,184,710</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	\$ 7,065	\$ 219,608
2160 Accrued Wages Payable	6,714	-
2170 Due to Other Funds	1,168	-
2200 Accrued Expenditures/Expenses	-	1,808,080
Total Current Liabilities	<u>14,947</u>	<u>2,027,688</u>
2000 Total Liabilities	<u>14,947</u>	<u>2,027,688</u>
<b>NET ASSETS:</b>		
3200 Investment in Capital Assets, Net of Related Debt	32,626	-
3900 Unrestricted Net Assets	1	3,157,022
3000 Total Net Assets	<u>\$ 32,627</u>	<u>\$ 3,157,022</u>

EXHIBIT H-6

771 TWC Unemployment Fund	772 Worker's Compensation	Total Internal Service Funds (See Exhibit D-1)
\$ 173,358	\$ 6,842,324	\$ 9,355,998
--	413,773	2,088,702
--	10,475	994,888
--	131,185	131,185
<u>173,358</u>	<u>7,197,757</u>	<u>12,570,773</u>
--	--	53,859
--	--	(21,233)
--	--	32,626
<u>\$ 173,358</u>	<u>\$ 7,197,757</u>	<u>\$ 12,603,399</u>
\$ 53,118	\$ 82,528	\$ 362,317
--	--	6,714
--	--	1,168
--	5,102,373	6,910,453
<u>53,118</u>	<u>5,184,899</u>	<u>7,280,652</u>
<u>53,118</u>	<u>5,184,899</u>	<u>7,280,652</u>
--	--	32,626
120,240	2,012,858	5,290,121
<u>\$ 120,240</u>	<u>\$ 2,012,858</u>	<u>\$ 5,322,747</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2010

Data Control Codes	752 Print Shop Fund	753 Insurance Fund
<b>OPERATING REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 172,576	\$ 19,346,838
5020 <b>Total Revenues</b>	<u>172,576</u>	<u>19,346,838</u>
<b>OPERATING EXPENSES:</b>		
6100 <i>Payroll Costs</i>	87,495	18,273,114
6200 <i>Professional and Contracted Services</i>	74,519	-
6300 <i>Supplies and Materials</i>	33,120	-
6400 <i>Other Operating Costs</i>	3,834	-
6030 <b>Total Expenses</b>	<u>198,968</u>	<u>18,273,114</u>
Operating Income (Loss)	<u>(26,392)</u>	<u>1,073,724</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>		
7955 <i>Earnings from Temp. Deposits and Investments</i>	-	11,245
8030 <b>Total Non-operating Revenues (Expenses)</b>	<u>-</u>	<u>11,245</u>
Income (Loss) before Contributions and Transfers	(26,392)	1,084,969
7915 <i>Transfers In</i>	57,341	-
1300 <b>Change in Net Assets</b>	<u>30,949</u>	<u>1,084,969</u>
0100 <b>Total Net Assets - Beginning</b>	1,678	2,072,053
3300 <b>Total Net Assets - Ending</b>	<u>\$ 32,627</u>	<u>\$ 3,157,022</u>

EXHIBIT H-6

771 TWC Unemployment Fund	772 Worker's Compensation	Total Internal Service Funds (See Exhibit D-2)
\$ 367,232	\$ 777,495	\$ 20,664,141
<u>367,232</u>	<u>777,495</u>	<u>20,664,141</u>
246,992	1,245,395	19,852,996
--	--	74,519
--	--	33,120
--	--	3,834
<u>246,992</u>	<u>1,245,395</u>	<u>19,964,469</u>
120,240	(467,900)	699,672
--	18,740	29,985
<u>--</u>	<u>18,740</u>	<u>29,985</u>
120,240	(449,160)	729,657
--	--	57,341
<u>120,240</u>	<u>(449,160)</u>	<u>786,998</u>
--	2,462,018	4,535,749
<u>\$ 120,240</u>	<u>\$ 2,012,858</u>	<u>\$ 5,322,747</u>

# MCALLEN INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF CASH FLOWS

### ALL INTERNAL SERVICE FUNDS

FOR THE TEN MONTHS ENDED JUNE 30, 2010

	Print Shop	Insurance Fund
<b>Cash Flows from Operating Activities:</b>		
<i>Cash Receipts (Payments) for Quasi-external     Operating Transactions with Other Funds</i>	\$ 148,184	\$ 18,780,699
<i>Cash Payments to Employees</i>	(95,664)	-
<i>Cash Payments to Suppliers for Goods and Services</i>	(122,359)	-
<i>Cash Payments for Claims</i>	-	(18,601,030)
Net Cash Provided (Used) by Operating Activities	<u>(69,839)</u>	<u>179,669</u>
<b>Cash Flows from Non-capital Financing Activities:</b>		
<i>Transfers From (To) Other Funds</i>	57,342	-
Net Cash Provided (Used) by Non-capital Financing Activities	<u>57,342</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
<i>Interest and Dividends on Investments</i>	-	11,245
Net Cash Provided (Used) for Investing Activities	<u>-</u>	<u>11,245</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(12,497)	190,914
Cash and Cash Equivalents at Beginning of Year	(29,896)	2,391,795
Cash and Cash Equivalents at End of Year	<u>\$ (42,393)</u>	<u>\$ 2,582,709</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ (26,392)	\$ 1,073,724
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	3,834	-
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Receivables</i>	-	970,054
<i>Decrease (Increase) in Prepaid Expenses</i>	-	-
<i>Increase (Decrease) in Accounts Payable</i>	(14,720)	113,588
<i>Increase (Decrease) in Accrued Wages Payable</i>	6,714	-
<i>Increase (Decrease) in Interfund Payables</i>	(39,274)	(1,580,646)
<i>Increase (Decrease) in Accrued Expenses</i>	-	(397,051)
Total Adjustments	<u>(43,446)</u>	<u>(894,055)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (69,838)</u>	<u>\$ 179,669</u>

EXHIBIT H-7

TWC Unemployment Fund	Worker's Compensation	Total Internal Service Funds (See Exhibit D-3)
\$ 398,520	\$ 511,599	\$ 19,839,002
-	-	(95,664)
-	(9,081)	(131,440)
(193,874)	(1,100,499)	(19,895,403)
<u>204,646</u>	<u>(597,982)</u>	<u>(283,505)</u>
-	-	57,342
-	-	57,342
-	18,740	29,985
-	18,740	29,985
204,646	(579,242)	(196,178)
(31,288)	7,221,565	9,552,178
<u>\$ 173,358</u>	<u>\$ 6,642,323</u>	<u>\$ 9,355,997</u>
\$ 120,240	(467,900)	699,672
-	-	3,834
-	114,371	1,084,425
-	(23,801)	(23,801)
53,118	13,963	165,949
-	-	6,714
31,288	(365,548)	(1,954,180)
-	130,933	(266,118)
<u>84,406</u>	<u>(130,082)</u>	<u>(983,177)</u>
<u>\$ 204,646</u>	<u>\$ (597,982)</u>	<u>\$ (283,505)</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 FIDUCIARY ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 JUNE 30, 2010

Data Control Codes	865 Student Activity	876 Retiree's Insurance	Total Agency Funds (See Exhibit E-1)
<b>ASSETS:</b>			
1110 <i>Cash and Cash Equivalents</i>	\$ 803,174	\$ 5,087	\$ 808,261
1000 <i>Total Assets</i>	<u>\$ 803,174</u>	<u>\$ 5,087</u>	<u>\$ 808,261</u>
<b>LIABILITIES:</b>			
<i>Current Liabilities:</i>			
2170 <i>Due to Other Funds</i>	\$ --	\$ 5,087	\$ 5,087
2190 <i>Due to Student Groups</i>	803,174	--	803,174
2000 <i>Total Liabilities</i>	<u>803,174</u>	<u>5,087</u>	<u>808,261</u>
<b>NET ASSETS</b>			
3000 <i>Total Net Assets</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**YEAR ENDED JUNE 30, 2010**

EXHIBIT H-9

Data Control Codes	97 Balance September 1, 2009	5030 Additions	6050 Deductions	98 Balance June 30, 2010
<b>STUDENT ACTIVITIES:</b>				
<b>ASSETS</b>				
Cash & Temporary Investments	\$ 792,950	\$ 1,921,058	\$ 1,910,834	\$ 803,174
Total Assets	<u>\$ 792,950</u>	<u>\$ 1,921,058</u>	<u>\$ 1,910,834</u>	<u>\$ 803,174</u>
<b>LIABILITIES</b>				
Due to Student Groups	\$ 792,950	\$ 1,921,058	\$ 1,910,834	\$ 803,174
Total Liabilities	<u>\$ 792,950</u>	<u>\$ 1,921,058</u>	<u>\$ 1,910,834</u>	<u>\$ 803,174</u>
<b>RETIREE'S INSURANCE:</b>				
<b>ASSETS</b>				
Cash	\$ 11,592	\$ 19,746	\$ 26,251	\$ 5,087
Total Assets	<u>\$ 11,592</u>	<u>\$ 19,746</u>	<u>\$ 26,251</u>	<u>\$ 5,087</u>
<b>LIABILITIES</b>				
Due to Retirees	\$ 11,227	\$ --	\$ 11,227	\$ --
Due to Other Funds	365	37,823	33,101	5,087
Total Liabilities	<u>\$ 11,592</u>	<u>\$ 37,823</u>	<u>\$ 44,328</u>	<u>\$ 5,087</u>
<b>TOTAL AGENCY FUNDS:</b>				
<b>ASSETS</b>				
1110 Cash & Temporary Investments	\$ 804,542	\$ 1,940,804	\$ 1,937,085	\$ 808,261
1000    Total Assets	<u>\$ 804,542</u>	<u>\$ 1,940,804</u>	<u>\$ 1,937,085</u>	<u>\$ 808,261</u>
<b>LIABILITIES</b>				
2110 Due to Retirees	\$ 11,227	\$ --	\$ 11,227	\$ --
2170 Due to Other Funds	365	37,823	33,101	5,087
2190 Due to Student Groups	792,950	1,921,058	1,910,834	803,174
2000    Total Liabilities	<u>\$ 804,542</u>	<u>\$ 1,958,881</u>	<u>\$ 1,955,162</u>	<u>\$ 808,261</u>



## **OTHER SUPPLEMENTARY INFORMATION**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

Fiscal Year *	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2001 and Prior Years	\$ Various	\$ Various	\$ Various
2002	1.5000	.0425	3,923,601,104
2003	1.5000	.0425	4,145,663,438
2004	1.5000	.0400	4,411,021,970
2005	1.5000	.0400	4,845,250,550
2006	1.5000	.1155	4,696,015,217
2007	1.5000	.1080	4,900,959,095
2008	1.3700	.1050	5,715,239,430
2009	1.0400	.1050	5,831,870,139
2010 (10 months) (School Year Under Audit)	1.0400	.1250	6,108,789,802
Total at June 30, 2010			
Collections July and August 31, 2010			
Totals at August 31, 2010**			

\* Fiscal year ends prior to 2010 are August 31

\*\*Although the District's fiscal year ended June 30, 2010, the information provided in this schedule for 2010 is for the twelve month period ended August 31, 2010, as required by the Texas Education Agency.

EXHIBIT J-1

10 Beginning Balance 9/1/09	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/10*
\$ 901,185	\$ --	\$ 30,517	\$ 3,959	\$ 1,571	\$ 868,281
284,796	--	19,316	547	74	265,006
169,009	--	21,260	602	811	147,958
231,687	--	28,961	772	(9,990)	191,963
410,464	--	59,853	1,596	(30,790)	318,225
660,048	--	130,065	10,015	(3,238)	516,730
883,377	--	201,290	15,868	(29,335)	636,885
1,515,868	--	437,359	44,156	(59,966)	974,386
4,088,190	--	1,925,787	194,431	(269,959)	1,698,014
--	69,699,781	58,878,054	7,076,890	733,783	4,478,820
<u>\$ 9,144,626</u>	<u>\$ 69,699,781</u>	<u>\$ 61,732,463</u>	<u>\$ 7,348,637</u>	<u>\$ 332,961</u>	<u>\$ 10,096,268</u>
--	--	1,144,338	129,524	--	(1,273,862)
<u>\$ 9,144,626</u>	<u>\$ 69,699,781</u>	<u>\$ 62,876,801</u>	<u>\$ 7,478,161</u>	<u>\$ 332,961</u>	<u>\$ 8,822,406</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

**SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2011-2012  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE TEN MONTHS ENDED JUNE 30, 2010**

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ 45,577	\$ --	\$ 268,247	\$ 2,608,238	\$ 627,486	\$ --	\$ 3,549,548
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	7,223	--	--	7,223
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	95,245	--	--	95,245
6211	Legal Services	--	--	247,029	--	--	--	247,029
6212	Audit Services	--	--	--	54,345	--	--	54,345
6213	Tax Appraisal and Collection	--	579,405	--	--	--	--	579,405
621X	Other Prof. Services	--	--	800	38,298	3,000	--	42,098
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	1,080	--	150	150	--	--	1,380
6240	Contr. Maint. and Repair	--	--	--	--	14,589	--	14,589
6250	Utilities	--	--	--	--	84	--	84
6260	Rentals	--	--	--	15,124	7,160	--	22,284
6290	Miscellaneous Contr.	504	--	1,304	26,332	5,295	--	33,435
6310	Operational Supplies, Materials	3,758	--	--	776	1,212	--	5,746
6320	Textbooks and Reading	--	--	1,195	355	391	--	1,941
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	3,993	--	2,892	57,054	14,699	--	78,638
6410	Travel, Subsistence, Stipends	6,866	--	2,456	8,490	2,839	--	20,651
6420	Ins. and Bonding Costs	--	--	71	111,771	2,518	--	114,360
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	19,379	--	9,784	97,827	38,510	--	165,500
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	18,669	18,669

Total \$ 81,157 \$ 579,405 \$ 533,928 \$ 3,121,228 \$ 717,783 \$ 18,669 \$ 5,052,170

Total Expenditures for General and Special Revenue Funds (9) \$ 200,462,630

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 2,424,218
Total Debt & Lease (6500)	(11)	\$ 1,574,424
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 15,959,697
Food (Function 35, 6341 and 6499)	(13)	\$ 4,573,643
Stipends (6413)	(14)	\$ 907
Column 4 (above) - Total Indirect Cost		\$ 3,121,228

Subtotal 27,654,117

Net Allowed Direct Cost \$ 172,808,513

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 241,178,416
Historical Cost of Buildings over 50 years old	(16)	24,081,832
Amount of Federal Money in Building Cost (Net of #16)	(17)	228,018
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	18,475,931
Historical Cost of Furniture & Equipment over 16 years old	(19)	5,485,016
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 753,077

(8) Note A - \$244,923 Function 53 expenditures and \$465,418 in Function 99 expenditures are included in this report on administrative costs.



**MCALLEN INDEPENDENT SCHOOL DISTRICT**

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)

GENERAL FUND

AS OF JUNE 30, 2010

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2010 (Exhibit C-1 object 3000 for the General Fund only)	\$ 28,381,818
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	<u>1,621,362</u>
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	<u>—</u>
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	<u>—</u>
5	Estimate of two months' average cash disbursements during the regular school session (9/1/10 - 5/31/11)	<u>29,533,994</u>
6	Estimate of delayed payments from state sources (58XX) including August payment delays	<u>—</u>
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	<u>—</u>
8	Estimate of delayed payments from federal sources (59XX)	<u>—</u>
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	<u>—</u>
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	<u>31,155,356</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	<u>\$ (2,773,538)</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE TEN MONTHS ENDED JUNE 30, 2010

EXHIBIT J-4

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		\$ 7,549,754	\$ 7,681,658	\$ 7,589,595	\$ (92,063)	
5800	State Program Revenues		2,329,589	1,786,637	2,410,598	623,961	
5020	Total Revenues		<u>9,879,343</u>	<u>9,468,295</u>	<u>10,000,193</u>	<u>531,898</u>	
<b>EXPENDITURES:</b>							
Debt Service:							
0071	Principal on Long-Term Debt		4,290,000	4,290,000	4,290,000	--	
0072	Interest and Fees on Long-Term Debt		5,405,438	2,733,320	2,724,927	8,393	
	Total Debt Service		<u>9,695,438</u>	<u>7,023,320</u>	<u>7,014,927</u>	<u>8,393</u>	
6030	Total Expenditures		<u>9,695,438</u>	<u>7,023,320</u>	<u>7,014,927</u>	<u>8,393</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures		183,905	2,444,975	2,985,266	540,291	
1200	Net Change in Fund Balance		<u>183,905</u>	<u>2,444,975</u>	<u>2,985,266</u>	<u>540,291</u>	
0100	Fund Balance - Beginning		1,359,315	1,359,315	1,359,315	--	
3000	Fund Balance - Ending		<u>\$ 1,543,220</u>	<u>\$ 3,804,290</u>	<u>\$ 4,344,581</u>	<u>\$ 540,291</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 EIGHT YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities</b>				
<i>Invested in Capital Assets</i>				
<i>Net of Related Debt</i>	\$ 81,360,841	\$ 81,657,969	\$ 79,552,971	\$ 84,963,305
<i>Restricted</i>	1,596,643	960,215	1,928,048	3,544,120
<i>Unrestricted</i>	<u>10,473,495</u>	<u>18,693,510</u>	<u>23,836,653</u>	<u>24,340,911</u>
<i>Total Net Assets</i>	<u>\$ 93,430,979</u>	<u>\$ 101,311,694</u>	<u>\$ 105,317,672</u>	<u>\$ 112,848,336</u>

Source: Financial Statements and Independent Auditor's Report  
Statement of Net Assets (Exhibit A-1)  
2003-2009 Fiscal Year End 8/31  
2010 Fiscal Year End 6/30



TABLE L-1

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 89,709,311	\$ 92,213,434	\$ 95,601,055	\$ 97,728,940
3,914,240	6,845,130	5,062,595	7,343,745
<u>21,988,947</u>	<u>15,412,363</u>	<u>9,285,526</u>	<u>26,494,053</u>
<u>\$ 115,612,498</u>	<u>\$ 114,470,927</u>	<u>\$ 109,949,176</u>	<u>\$ 131,566,738</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL ACTIVITIES EXPENSES AND PROGRAM REVENUES**  
**LAST EIGHT YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

<b>Expenses</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Governmental Activities:</b>				
<i>Instruction</i>	\$ 92,904,156	\$ 99,529,669	\$ 103,397,189	\$ 113,243,500
<i>Instructional Resource and Media Services</i>	4,516,811	4,015,133	3,882,767	4,073,786
<i>Curriculum and Staff Development</i>	4,736,022	4,250,094	3,433,258	4,676,136
<i>Instructional Leadership</i>	2,495,111	2,847,043	2,799,165	3,369,089
<i>School Leadership</i>	9,498,437	9,671,409	9,581,850	9,768,913
<i>Guidance, Counseling and Evaluation Services</i>	8,706,323	9,365,555	8,737,368	9,473,043
<i>Social Work Services</i>	910,879	1,016,926	1,010,935	1,118,242
<i>Health Services</i>	2,160,382	2,184,715	2,165,238	2,542,520
<i>Student Transportation</i>	2,867,551	3,096,003	2,877,175	3,281,103
<i>Food Service</i>	9,464,531	10,377,284	10,551,167	10,938,627
<i>Cocurricular/Extracurricular Activities</i>	5,470,934	5,377,937	5,639,278	5,822,500
<i>General Administration</i>	4,916,112	4,875,689	5,205,673	5,286,828
<i>Plant Maintenance and Operations</i>	16,012,017	16,134,943	16,455,414	17,493,155
<i>Security and Monitoring Services</i>	1,946,146	1,985,880	2,108,787	2,276,900
<i>Data Processing Services</i>	1,431,827	1,316,550	1,408,199	1,685,116
<i>Community Services</i>	1,892,238	2,001,379	1,941,117	1,960,377
<i>Debt Service-Interest and Fees on Long Term Debt</i>	2,145,642	2,010,977	1,476,894	6,104,783
<i>Payments Related to Shared Services Arrangement</i>	181,720	-	-	-
<i>Payment to Juvenile Justice Alternative Ed. Prg</i>	22,774	27,789	21,535	44,014
<i>Appraisal of Property</i>	-	-	-	-
<b>Total Governmental Activities</b>	<b>172,279,613</b>	<b>180,084,975</b>	<b>182,693,009</b>	<b>203,158,632</b>
<b>Program Revenues</b>				
<i>Charges for Services:</i>				
<i>Instruction</i>	\$ 1,052,531	\$ 1,821,834	\$ 2,416,385	\$ 2,560,693
<i>Instructional Resource and Media Services</i>	17,206	10,136	18,308	10,341
<i>Curriculum and Staff Development</i>	3,455	5,213	1,838	933
<i>Instructional Leadership</i>	61,514	58,059	42,642	97,499
<i>School Leadership</i>	-	49,413	72,331	61,714
<i>Guidance, Counseling and Evaluation Services</i>	78,322	79,522	74,745	144,801
<i>Health Services</i>	4,868	3,225	4,087	8,643
<i>Student Transportation</i>	6,162	14,791	34,698	-
<i>Food Service</i>	1,197,683	1,445,382	1,298,959	1,349,179
<i>Cocurricular/Extracurricular Activities</i>	237,739	415,359	499,995	451,404
<i>General Administration</i>	25,935	269,655	239,826	30,263
<i>Plant Maintenance and Operations</i>	9,455	11,355	12,725	6,959
<i>Security and Monitoring Services</i>	12,070	10,671	11,206	8,761
<i>Community Services</i>	10,306	15,083	8,289	1,691
<i>Operating Grants/Capital and Contributions</i>	36,709,559	42,800,397	41,537,477	47,890,300
<b>Total Governmental Activities</b>				
<b>Program Revenue</b>	<b>39,426,805</b>	<b>47,010,095</b>	<b>46,273,511</b>	<b>52,623,181</b>
<b>Net Government Activities Revenue/(Expenses)</b>	<b>\$ (132,852,808)</b>	<b>\$ (133,074,880)</b>	<b>\$ (136,419,498)</b>	<b>\$ (150,535,451)</b>

Source: Financial Statement and Independent Auditor's Report  
Statement of Activities (Exhibit B-1)  
2003-2009 Fiscal Year End 8/31  
2010 Fiscal Year End 6/30

TABLE L-2

	2007	2008	2009	2010
\$	116,330,371	\$ 126,659,684	\$ 131,973,437	\$ 118,572,144
	4,403,814	4,695,275	4,448,101	4,346,560
	4,411,435	4,107,015	4,156,696	3,773,606
	3,495,960	3,379,287	3,535,241	2,821,109
	10,568,493	11,465,411	11,853,184	10,554,377
	9,675,932	10,178,823	10,079,681	8,437,399
	1,158,140	1,399,420	1,703,876	1,648,379
	2,566,077	2,783,813	2,973,683	2,615,950
	3,391,277	3,621,630	3,291,024	2,913,580
	10,864,062	11,981,228	12,012,365	11,274,619
	5,895,657	6,298,705	6,849,204	5,795,094
	5,884,429	5,717,276	5,103,477	4,271,650
	19,116,480	20,822,582	21,471,197	17,165,751
	2,541,298	2,806,969	3,053,185	2,243,358
	1,942,353	2,066,984	2,414,951	2,164,531
	1,761,383	1,626,865	1,532,876	1,378,880
	6,050,906	5,914,324	5,769,253	4,641,965
	-	-	-	-
	37,503	60,273	9,954	9,559
	-	-	589,168	465,418
	210,095,570	225,585,564	232,820,553	205,093,929
\$	2,528,439	\$ 2,884,027	\$ 3,295,371	\$ 2,806,644
	32,683	15,798	21,508	14,622
	4,830	-	5,341	2,969
	116,585	-	158,793	155,747
	64,413	71,710	72,543	63,639
	127,471	-	91,584	98,917
	9,125	-	7,893	9,263
	-	-	17	14
	1,289,477	1,352,811	1,500,957	1,241,115
	224,627	586,403	593,696	510,151
	31,359	239,867	5	-
	512	695	810	316
	403,908	-	-	-
	3,905	914	1,814	3,246
	45,925,194	51,152,571	54,534,401	53,254,890
	50,762,528	56,304,796	60,284,733	58,161,533
\$	<u>(159,333,042)</u>	<u>(169,280,768)</u>	<u>(172,535,820)</u>	<u>(146,932,396)</u>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**GENERAL REVENUE AND CHANGES IN NET ASSETS**  
**LAST EIGHT YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Net Government Activities</b>			
<b>Revenue/(Expenses)</b>	\$ (132,852,808)	\$ (133,074,880)	\$ (136,419,498)
<b>General Revenue and Changes in Net Assets:</b>			
<i>Governmental Activities:</i>			
<i>Property Taxes-General</i>	57,194,478	61,505,548	66,970,275
<i>Property Taxes-Debt Services</i>	1,707,401	1,709,265	1,838,391
<i>Investment Earnings</i>	313,801	468,818	1,054,818
<i>Grants &amp; Contributions Not Restricted</i>	81,327,367	77,000,934	74,170,836
<i>Extraordinary Item - Resource</i>	-	-	(92,500)
<i>Miscellaneous</i>	252,552	271,030	221,844
<i>Transfers</i>	-	-	(11,141)
<i>Total Governmental Activities</i>	<u>140,795,599</u>	<u>140,955,595</u>	<u>144,152,523</u>
<b>Changes in Net Assets</b>	<u>\$ 7,942,791</u>	<u>\$ 7,880,715</u>	<u>\$ 7,733,025</u>

Source: Financial Statements and Independent Auditor's Report  
Statement of Activities( Exhibit B-1)  
2003-2009 Fiscal Year End 8/31  
2010 Fiscal Year End 6/30

TABLE L-3

2006	2007	2008	2009	2010
\$ (150,535,451)	\$ (159,333,042)	\$ (169,280,768)	\$ (172,535,820)	\$ (146,932,396)
72,481,547	69,304,049	61,424,288	64,179,747	63,815,348
5,441,365	5,453,629	6,126,991	6,501,492	7,750,774
6,499,486	6,203,239	3,452,276	938,272	209,436
73,539,909	81,678,007	96,937,767	96,248,309	96,701,115
-	-	-	-	-
103,808	159,602	162,478	90,147	28,991
-	-	35,397	56,102	44,294
158,066,115	162,798,526	168,139,197	168,014,069	168,549,958
\$ 7,530,664	\$ 3,465,484	\$ (1,141,571)	\$ (4,521,751)	\$ 21,617,562

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST EIGHT YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2001	2002	2003	2004
<b>General Fund</b>				
<i>Reserved Fund Balances:</i>				
<i>Investment in Inventory</i>	\$ 934,869	\$ 824,725	\$ 736,494	\$ 727,023
<i>Prepaid Items</i>	446,515	649,110	783,938	863,622
<i>Outstanding Encumbrances</i>	-	412,839	-	555,556
<i>Reserve for Food Service</i>	-	-	86,103	195,774
<i>Other Reserves for Fund Balance</i>	-	51,230	-	-
<i>Other Designated of Fund Balance</i>	-	-	246,000	-
<i>Unreserved and Undesignated:</i>				
<i>Reported in General Fund</i>	311,259	4,889,290	10,658,958	15,206,873
<b>Total General Fund Balance</b>	<u>\$1,692,643</u>	<u>\$6,827,194</u>	<u>\$12,511,493</u>	<u>\$17,548,848</u>
<b>All Other Governmental Funds</b>				
<i>Reserved, Reported In:</i>				
<i>Special Revenue</i>				
<i>Prepaid Items</i>	980	980	-	-
<i>Other Reserves</i>	-	-	512,641	322,269
<i>Debt Service</i>				
<i>Retirement of Long Term Debt</i>	259,179	497,851	740,328	887,447
<i>Capital Projects</i>				
<i>Outstanding Encumbrances</i>	-	-	-	-
<i>Construction</i>	3,776,093	1,767,594	1,857,430	1,785,494
<i>Other Reserves</i>	-	-	-	-
<i>Unreserved and Undesignated:</i>				
<i>Reported in Special Revenue Funds</i>	410,638	449,525	-	-
<b>Total All Other Governmental Fund Balances</b>	<u>4,446,890</u>	<u>2,715,950</u>	<u>3,110,399</u>	<u>2,995,210</u>
<b>Total Governmental Funds- Fund Balance</b>	<u>\$ 6,139,533</u>	<u>\$ 9,543,144</u>	<u>\$ 15,621,892</u>	<u>\$ 20,544,058</u>
<b>Governmental Funds</b>				
<i>Beginning Fund Balance</i>	25,607,194	6,139,535	9,543,142	15,621,891
<i>Net Change in Fund Balance</i>	(19,467,661)	3,403,609	6,078,750	4,922,167
<b>Ending Fund Balance</b>	<u>\$ 6,139,533</u>	<u>\$ 9,543,144</u>	<u>\$ 15,621,892</u>	<u>\$ 20,544,058</u>

Source: Financial Statement and Independent Auditor's Report  
 Combined Balance Sheet (Exhibit A-1) 2001  
 Balance Sheet-Governmental Funds (Exhibit C-1) 2002-2010  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit A-3) 2001  
 Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-2) 2002-2010  
 2001-2009 Fiscal Year End 8/31  
 2010 Fiscal Year End 6/30

TABLE L-4

	2005	2006	2007	2008	2009	2010
\$	908,270	\$ 765,110	\$ 706,221	\$ 817,879	\$ 787,008	\$ 788,164
	902,760	1,033,658	1,130,240	1,410,406	1,210,278	-
	989,692	723,601	325,249	-	411,441	118,013
	3,118	160,937	-	-	277,606	715,185
	-	-	-	-	-	-
	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-
	<u>19,053,776</u>	<u>16,863,722</u>	<u>17,397,721</u>	<u>15,277,240</u>	<u>9,183,018</u>	<u>26,760,456</u>
	<u>\$22,857,616</u>	<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>
	-	-	-	-	-	-
	824,731	1,435,542	2,184,534	2,768,020	3,861,102	3,905,060
	1,152,950	1,621,659	1,918,471	2,048,887	1,359,315	4,344,581
	-	34,883,224	16,718,166	-	-	-
	99,685,147	-	-	-	-	-
	-	64,778,028	26,549,728	13,677,082	-	-
	-	-	-	-	-	-
	<u>101,662,828</u>	<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>\$ 124,520,444</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>
	20,544,058	124,520,444	122,564,162	67,930,328	36,999,516	18,089,770
	103,976,386	(1,254,963)	(54,633,832)	(30,930,814)	(18,909,748)	18,541,689
	<u>\$ 124,520,444</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>





MCALLEN INDEPENDENT SCHOOL DISTRICT  
 GOVERNMENTAL FUND REVENUE BY SOURCE  
 LAST TEN YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

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		
2001	\$ 52,461,468	\$ 816,478	\$ 6,250,279	\$ 45,441,123	\$ 5,620,716	\$ 30,329,999	\$ 19,988,683	\$ 160,908,746
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

Source: Financial Statement and Independent Auditor's Report  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit A-3) 2001  
 Statement of Revenues, Expenditure and Changes in Fund Balances (Exhibit C-2) 2002-2010  
 2001-2009 Fiscal Year End 8/31  
 2010 Fiscal Year End 6/30

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL FUND EXPENDITURES BY FUNCTION**  
**LAST TEN YEARS**  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

<u>Fiscal Year</u>	<u>10 Instructional and Instructional Related Services</u>	<u>20 Instructional and School Leadership</u>	<u>30 Support Services Student Other</u>	<u>40 Administrative Support Services</u>	<u>50 Support Services Not -Student Based</u>	<u>60 Ancillary Services</u>
2001	\$ 94,690,628	\$ 10,067,139	\$ 27,585,268	\$ 4,736,333	\$ 17,333,986	\$ 1,734,311
2002	93,708,042	11,037,003	28,207,595	4,595,527	17,021,613	1,743,252
2003	101,887,848	11,934,305	29,465,918	4,890,336	19,242,622	1,889,213
2004	109,122,182	12,460,794	30,827,384	4,850,540	18,831,968	1,998,354
2005	108,565,435	12,327,312	30,489,708	5,384,950	19,462,188	1,938,092
2006	120,798,493	13,104,605	33,769,688	5,307,512	21,708,577	1,956,783
2007	123,353,951	14,006,622	33,258,847	5,861,827	24,334,412	1,758,425
2008	133,565,029	14,781,821	35,766,068	5,661,523	24,683,582	1,625,288
2009	137,696,196	15,222,947	35,890,102	4,994,665	25,133,663	1,520,824
2010	127,053,124	13,361,438	31,999,129	4,246,584	20,099,054	1,383,531

Source: Financial Statements and Independent Auditor's Report  
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit A-3) 2001  
Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-2) 2002-2010  
2001-2009 Fiscal Year End 8/31  
2010 Fiscal Year End 6/30

TABLE L-6

70 Debt Service Principal	70 Debt Service Interest and Other	80 Capital Outlay	90 Inter- Governmental Charges	Total Governmental Fund Expenditures	Ratio of Debt Services to Non-Capital Expenditures
\$ 6,081,374	\$ 2,815,259	\$ 16,687,510	\$ 188,747	\$ 181,920,555	5.69%
2,436,607	2,311,309	2,396,874	328,520	163,786,342	3.03%
2,636,329	2,197,606	181,704	204,494	174,530,375	2.85%
2,336,517	2,043,238	1,482,120	27,789	183,980,886	2.46%
2,371,645	2,905,543	2,206,508	21,535	185,672,916	2.96%
1,370,631	5,816,483	6,521,484	44,014	210,398,270	3.65%
1,327,640	5,747,320	59,474,910	37,503	269,161,457	3.49%
4,318,745	5,811,321	29,614,440	60,273	255,888,090	4.69%
4,939,188	5,587,734	16,247,674	599,122	247,832,115	4.76%
5,807,251	2,782,100	675,686	474,977	207,882,874	4.32%

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS OTHER SOURCES, USES**  
**AND CHANGES IN FUND BALANCES**  
**LAST TEN YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<i>Excess of Revenue Over (Under) Expenditures</i>	\$ (21,011,809)	\$ 2,495,962	\$ 6,102,475	\$ 4,311,978
<i>Other Financing Sources (Uses)</i>				
<i>Capital-Related Debt Issued</i>	-	-	-	-
<i>Sale of Real and Personal Property</i>	-	84,649	8,471	14,970
<i>Proceeds from Sales of Fixed Assets</i>	281,729	-	-	-
<i>Proceeds from Capital Leases</i>	1,262,419	674,005	-	625,501
<i>Loan Proceeds</i>	-	175,929	-	-
<i>Transfer In</i>	113,495	32,881	53,583	18,232
<i>Issuance of Bonds</i>	-	-	-	-
<i>Other Resources</i>	-	-	-	-
<i>Transfer Out</i>	(113,495)	(59,817)	(85,779)	(48,512)
<i>Other Uses</i>	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	1,544,148	907,647	(23,725)	610,191
<i>Special Items</i>	-	-	-	-
<i>Net Changes in Fund Balances</i>	<u>\$ (19,467,661)</u>	<u>\$ 3,403,609</u>	<u>\$ 6,078,750</u>	<u>\$ 4,922,167</u>

Source: Financial Statements and Independent Auditor's Report  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit A-3) 2001  
 Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-2) 2002-2010  
 2001-2009 Fiscal Year End 8/31  
 2010 Fiscal Year End 6/30

TABLE L-7

	2005	2006	2007	2008	2009	2010
\$	5,007,946	\$ (1,296,011)	\$ (55,643,159)	\$ (31,796,070)	\$ (20,444,667)	\$ 18,411,901
	118,066,358	-	-	5,900,000	22,648	-
	11,537	41,048	35,556	65,397	-	27,614
	-	-	-	-	-	-
	-	-	205,593	611,799	1,310,171	115,220
	135,240	-	768,178	-	141,012	-
	179,142	6,290	-	35,397	56,102	157,618
	5,917,593	-	-	366,071	-	-
	-	-	-	-	4,986	-
	(190,283)	(6,290)	-	-	-	(170,664)
	(25,058,647)	-	-	(6,113,408)	-	-
	99,060,940	41,048	1,009,327	865,256	1,534,919	129,788
	(92,500)	-	-	-	-	-
\$	<u>103,976,386</u>	<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>

**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>10 Instructional and Instructional Related Services</u>	<u>20 Instructional and School Leadership</u>	<u>30 Support Services Student Other</u>	<u>40 Administrative Support Services</u>	<u>50 Support Services Not -Student Based</u>
2001	20,814	\$ 4,549	\$ 484	\$ 1,325	\$ 228	\$ 833
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

Source: Financial Statements and Independent Auditor's Report  
PEIMS DATA + 2001-2005  
Academic Excellence Indicator System (AEIS) 2001-2005  
PEIMS DATA Report (PFR7D001) 2006-2010  
Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit A-3) 2001  
Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-2) 2002-2010  
2001-2009 Fiscal Year End 8/31  
2010 Fiscal Year End 6/30

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

TABLE L-8

60	70	70	80	90	
Ancillary Services	Debt Service Principal	Debt Service Interest and Other	Capital Outlay	Inter-Governmental Charges	Total Governmental Fund Expenditures
\$ 83	\$ 292	\$ 135	\$ 802	\$ 9	\$ 8,740
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





## **REVENUE CAPACITY INFORMATION**

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

Fiscal Year	Assessed Value			
	Real Property	Minerals	Personal Property	Total
2001	\$ 3,077,167,797	\$ 73,265,900	\$ 512,861,299	\$ 3,663,294,996
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

Source: Financial Statements and Independent Auditor's Report  
Schedule of Delinquent Taxes Receivable (Exhibit C-1) 2001  
Schedule of Delinquent Taxes Receivable (Exhibit J-1) 2002-2010  
Assessment Roll Grand Total Reports from Hidalgo County Appraisal District (Supplement I)  
2001 Actual Value (Supplemental 1 could not be found)  
2002-2009 Fiscal Year End 8/31  
2010- Fiscal Year End 6/30

TABLE L-9

Estimated Actual Value	Ratio of Total Assessed to total Estimated Actual Value	Total Direct Tax Rate
\$ N/A	N/A	\$ 1.5800
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

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

**TABLE L-10**

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collection</u>	<u>Percent of Current Taxes Collection To Total Tax Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collection</u>	<u>Ratio of Total Tax Collection To Total Tax Levy</u>
2001	\$ 52,809,704	\$ 49,338,839	93.43%	\$ 2,640,961	\$ 51,979,800	98.43%
2002	55,521,279	50,968,072	91.80%	3,102,427	54,070,499	97.39%
2003	57,385,088	53,776,790	93.71%	3,609,839	57,386,629	100.00%
2004	61,194,848	58,215,290	95.13%	3,552,895	61,768,185	100.94%
2005	67,195,982	63,474,918	94.46%	3,486,049	66,960,967	99.65%
2006	74,581,329	70,817,264	94.95%	3,634,647	74,451,911	99.83%
2007	71,415,166	69,247,984	96.97%	4,269,481	73,517,465	102.94%
2008	64,096,579	62,659,052	97.76%	3,398,449	66,057,501	103.06%
2009	65,496,467	64,996,077	99.24%	2,992,893	67,988,970	103.81%
2010	69,699,781	67,228,606	96.45%	3,128,356	70,356,962	100.94%

Source: Financial Statements and Independent Auditor's Report  
Schedule of Delinquent Taxes Receivable (Exhibit C-1) 2001  
Schedule of Delinquent Taxes Receivable (Exhibit J-1) 2002-2010  
2001-2009 Fiscal Year End 8/31  
2010 Fiscal Year end 6/30- collections as of 8/31/2010

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

**TABLE L-11**

Fiscal Year	Tax Rates (Per \$100 of Assessed Value)			Tax Levies		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Original Levy Total
2001	\$ 1.5000	\$ 0.0800	\$ 1.5800	\$ 50,135,794.80	\$ 2,673,909.06	\$ 52,809,703.86
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

Source: Financial Statements and Independent Auditor's Report  
Schedule of Delinquent Taxes Receivable (Exhibit C-1) 2001  
Schedule of Delinquent Taxes Receivable (Exhibit J-1) 2002-2010  
Detail General Ledger Reports  
2001-2009 Fiscal Year End 8/31  
2010 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**

Fiscal Year	Tax Year	Hidalgo County	South Texas ISD	District 1-5	McAllen ISD	STC	City of McAllen	Total Direct and Overlapping Tax Rate	Original Levy Total
2001	2000	\$ 0.5007	\$ 0.0372	\$ 0.1246	\$ 1.5800	\$ 0.0922	\$ 0.4213	\$ 2.7560	\$ 52,809,704
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

Source: Financial Statements and Independent Auditor's Report  
Schedule of Delinquent Taxes Receivable (Exhibit C-1) 2001  
Schedule of Delinquent Taxes Receivable (Exhibit J-1) 2002-2010  
Hidalgo County Tax Assessor-Collector Tax Rate Schedule (website)  
City of McAllen  
2001-2009 Fiscal Year End 8/31  
2010 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 2010 Assessed Valuation	Percentage Total Assessed Valuation
1 <i>Rio Grande Regional Hospital</i>	\$ 65,585,135	1.07%
2 <i>Universal Health Services</i>	57,122,840	0.94%
3 <i>Simon Property Group-McAllen No 2</i>	50,708,897	0.83%
4 <i>Palms Crossing LP</i>	36,203,740	0.59%
5 <i>AEP Texas Central Co</i>	26,601,770	0.44%
6 <i>H E Butt Grocery Co</i>	21,898,885	0.36%
7 <i>Inland Western McAllen Trenton</i>	20,602,095	0.34%
7 <i>McAllen Medical Center</i>	19,980,236	0.33%
9 <i>Southwestern Bell Tele</i>	17,652,900	0.29%
10 <i>Dillard's Texas OPG LTD Prtnship</i>	15,874,314	0.26%
11 <i>Texas State Bank</i>	14,799,432	0.24%
12 <i>Macy's</i>	14,439,174	0.24%
13 <i>SP Plaza, LC</i>	13,653,670	0.22%
14 <i>Calmac Suites, LP</i>	13,586,061	0.22%
15 <i>Palms Crossing II LLC</i>	12,346,004	0.20%
16 <i>GE Engine Svcs-McAllen LP</i>	12,053,380	0.20%
17 <i>Dillard's Inc #727</i>	11,875,857	0.19%
18 <i>Macy's Tx 1 LP</i>	11,830,352	0.19%
19 <i>Shell Western E&amp;P</i>	11,205,662	0.18%
20 <i>Wal-Mart Real Estate Business Trust</i>	10,667,217	0.17%
21 <i>Amreit River Valley LP</i>	10,444,329	0.17%
22 <i>TWE Advance Newhouse Prntshp</i>	10,410,090	0.17%
23 <i>Walter's Investments</i>	10,311,646	0.17%
24 <i>BREOf Bnk Texas LP</i>	10,255,817	0.17%
25 <i>Inter National Bank</i>	10,222,573	0.17%
	\$ 510,332,076	8.35%

Source: Hidalgo Appraisal District  
Top Taxpayer 2010  
Assessment Roll Grand Totals Report (Supplement I)



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

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

<u>Taxpayer</u>	<u>Tax Year 2001 Assessed Valuation</u>	<u>Percentage Total Assessed Valuation</u>
1 <i>Universal Health Services</i>	\$ 56,701,491	1.45%
2 <i>Simon Property Group-McAllen No 2</i>	45,458,085	1.16%
3 <i>Total FinaELF E &amp; P USA Inc</i>	33,075,090	0.84%
4 <i>Rio Grande Regional Hospital</i>	31,780,387	0.81%
5 <i>Southwestern Bell Tele</i>	30,232,746	0.77%
6 <i>Central Power &amp; Light</i>	24,841,872	0.63%
7 <i>Texas State Bank</i>	24,382,657	0.62%
8 <i>May Department Stores Co</i>	21,421,709	0.55%
9 <i>H E Butt Grocery Co</i>	18,397,730	0.47%
10 <i>Chase Bank of Texas N A</i>	17,721,825	0.45%
11 <i>Calmac Suites, LP</i>	15,681,880	0.40%
12 <i>SP Plaza, LC</i>	14,727,743	0.38%
13 <i>Valley Coca-Cola Bottling Co</i>	13,799,540	0.35%
14 <i>Sears, Roebuck &amp; Co</i>	13,593,433	0.35%
15 <i>Dillard's Texas OPG LTD Prtnship</i>	13,219,239	0.34%
16 <i>Weyerhaeuser Company</i>	12,586,098	0.32%
17 <i>Wal-Mart Stores East Inc #425</i>	11,790,275	0.30%
18 <i>Dillard's Inc #727</i>	11,290,269	0.29%
19 <i>McAllen Main Place, Ltd</i>	9,648,156	0.25%
20 <i>McAllen Public Cold Stag Co</i>	9,537,548	0.24%
21 <i>Hotel Operations Co Inc</i>	8,642,213	0.22%
22 <i>Walters, Roland Trustee</i>	8,435,882	0.22%
23 <i>Reynolds International LP</i>	8,161,788	0.21%
24 <i>Berkshire HIMCC, Ltd</i>	8,102,817	0.21%
25 <i>Cinemark USA, Inc</i>	7,470,191	0.19%
	<u>\$ 470,700,664</u>	12.00%



## **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>Refunding Bonds</u>	<u>Accretions on Bonds</u>	<u>Compensated Absences</u>
2001	\$ 40,616,963	\$ -	\$ -	\$ -	\$ -
2002	39,218,263	-	-	-	177,540
2003	37,735,939	-	-	-	178,988
2004	36,163,101	-	-	-	139,838
2005	128,935,910	4,015,467	86,400	23,159	158,140
2006	128,026,374	3,848,156	82,800	424,147	209,100
2007	126,876,357	3,680,845	79,200	840,193	271,213
2008	122,949,664	3,842,999	75,600	1,095,923	338,418
2009	118,954,961	3,639,081	72,000	1,213,889	-
2010	114,960,991	3,435,163	68,400	1,208,019	474,095

Source: Financial Statements and Independent Auditor's Report  
Notes to Financial Statements (Note 9) Long Term Debt 2001  
Notes to Financial Statements (Note 11) Long Term Debt Obligations 2002-2003  
Notes to Financial Statements (Note 12) Long Term Debt Obligations 2004-2010  
Academic Excellence Indicator System (AEIS )  
2001 Fiscal Year End 8/31  
2010 Fiscal Year End 6/30

TABLE L-14

<u>Loans Payable</u>	<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>
\$ 1,685,000	\$ 1,021,646	\$ 43,323,609	N/A	\$ 1,992
1,372,965	1,143,501	41,912,269	0.95%	1,870
865,000	497,460	39,277,387	0.84%	1,689
430,000	794,281	37,527,220	0.76%	1,610
287,620	358,011	133,864,707	2.47%	5,576
-	180,972	132,771,549	2.35%	5,444
768,178	205,593	132,721,579	2.26%	5,404
685,944	470,881	129,459,429	1.81%	5,199
538,317	1,355,504	125,773,752	1.75%	5,037
188,065	303,723	120,638,456	1.61%	4,806



**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**DIRECT AND OVERLAPPING DEBT**  
**GENERAL OBLIGATION BONDS**  
**AS OF JUNE 30, 2010**

**TABLE L-15**

<u>Political Subdivision</u>	<u>Net Debt Amounts</u>	<u>As of</u>	<u>Percentage Applicable to MISD</u>	<u>MISD's Share of Debt</u>
<b><u>DIRECT DEBT</u></b>				
<i>McAllen ISD</i>	\$ 111,950,487	6/30/2010	100.00%	<u>\$ 111,950,487</u>
<b><u>OVERLAPPING DEBT</u></b>				
<i>Edinburg City Of</i>	\$ 47,845,000 *	10/31/2010	0.69%	\$ 330,131
<i>Hidalgo Co.</i>	205,942,550	12/31/2009	22.77%	46,893,119
<i>Hidalgo Co DD #1</i>	98,687,315	12/31/2009	22.27%	21,977,665
<i>McAllen, City Of</i>	32,130,000 *	10/31/2010	76.13%	24,460,569
<i>South Texas College</i>	69,779,991 *	10/31/2010	19.43%	<u>13,558,252</u>
<i>Total Net Overlapping Debt</i>				<u>107,219,735</u>
<i>Total Direct and Overlapping Debt:</i>				<u><u>\$ 219,170,222</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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<i>Assessed Valuation</i>	<u>\$ 3,663,294,998</u>	<u>\$ 3,921,274,890</u>	<u>\$ 3,944,153,542</u>	<u>\$ 4,145,663,438</u>
<i>Debt Limit-10% of Assessed Valuation</i>	\$ 366,329,500	\$ 392,127,489	\$ 394,415,354	\$ 414,566,343
<i>General Obligation Bonds</i>	40,616,963	39,218,263	37,735,939	36,163,101
<i>Deduct Amount Available in Debt Services Fund</i>	<u>(259,179)</u>	<u>(497,851)</u>	<u>(544,210)</u>	<u>(637,946)</u>
<i>Less : Applicable Debt Margin</i>	<u>40,357,784</u>	<u>38,720,412</u>	<u>37,191,729</u>	<u>35,525,155</u>
<i>Legal Debt Margin</i>	<u>\$ 325,971,716</u>	<u>\$ 353,407,077</u>	<u>\$ 357,223,625</u>	<u>\$ 379,041,188</u>
<i>Debt Margin as a Percentage of the Debt Limit</i>	88.98%	90.13%	90.57%	91.43%

Source: Financial Statements and Auditor's Independent Report  
 Notes to Financial Statements (Note 21) Computation of MISD'S Legal Debt Margin  
 2001-2009 Fiscal Year End 8/31  
 2010 Fiscal Year End 6/30



TABLE L-16

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>\$ 4,411,021,970</u>	<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>
\$ 441,102,197	\$ 505,356,622	\$ 523,034,000	\$ 571,523,943	\$ 583,187,014	\$ 610,878,980
128,935,910	128,026,374	126,876,357	124,045,588	120,168,851	116,169,011
<u>(1,152,950)</u>	<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>127,782,960</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>\$ 313,319,237</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>
71.03%	74.99%	76.11%	78.66%	79.63%	81.69%

**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>Debt Per Average Daily Membership</u>
2001	21,747	\$ N/A	\$ 40,616,963	N/A	1,868
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

Source: Financial Statements and Auditor's Independent Report  
 Notes to Financial Statements (Note 9) Long-Term Debt 2000-2001  
 Notes to Financial Statements (Note 11) Long-Term Obligations 2002-2003  
 Notes to Financial Statements (Note 12) Long-Term Obligations 2002-2010  
 Assessment Roll Grand Totals Reports Hidalgo County Tax Assessor  
 2001 Not able to locate  
 2001-2009 Fiscal Year End 8/31  
 2010 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>
2001	\$ 5,159,014	\$ 2,705,017	\$ 7,864,031	\$ 136,643,431	5.76%
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%

Note: \*excludes other fees

Source: Financial Statements and Auditor's Independent Report  
Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit B-4) 2001  
Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit B-1) 2001  
Budgetary Comparison Schedule (Exhibit J-4) 2002-2010  
Budgetary Comparison Schedule (Exhibit G-1) 2002-2010  
2001-2009 Fiscal Year End 8/31  
2010 Fiscal Year End 6/30



**DEMOGRAPHIC AND ECONOMICAL  
INFORMATION**

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR 2010**

**TABLE L-19**

<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
<i>McAllen ISD</i>	3,378	1	18.56%
<i>McAllen Medical Center</i>	2,268	2	12.46%
<i>South Texas College</i>	2,098	3	11.53%
<i>City Of McAllen</i>	2,000	4	10.99%
<i>Rio Grande Regional Hospital</i>	1,100	5	6.04%
<i>International Bank of Commerce</i>	550	6	3.02%
<i>Wal-Mart</i>	540	7	2.97%
<i>BBVA Compass</i>	400	8	2.20%
<i>Dillard's</i>	354	9	1.94%
<i>J C Penney Company</i>	350	10	1.92%
<i>Total Top Ten</i>	13,038		71.62%
<i>Other Employers</i>	5,166		28.38%
<i>Total Employers</i>	18,204		100.00%

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

Employer Information from nine years prior was unavailable

**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>
2001	108,758	\$ 8,743,677	\$ 14,857	6.92	20,814	62.3%
2002	112,614	9,252,965	15,232	7.50	21,517	66.3%
2003	114,980	9,814,764	15,649	7.45	22,273	69.4%
2004	118,452	10,634,433	16,449	6.51	22,397	69.5%
2005	121,076	11,668,046	17,533	5.35	23,106	71.9%
2006	123,086	12,333,426	18,039	5.17	23,138	71.6%
2007	125,486	13,320,353	18,979	4.65	23,344	70.2%
2008	128,542	14,223,948	19,721	5.00	23,593	69.1%
2009	132,225	14,615,000	19,720	7.10	23,618	65.3%
2010	132,250	N/A	N/A	7.40	23,838	67.1%

Source: U.S. Census Bureau 2001-2009  
 Sperling's Best Place website 2010  
 Economagic.com  
 PEIMS DATA +  
 PEIMS Edit + Report (PRF7D001)  
 Academic Excellence Indicator System Report (AEIS)  
 2001-2009 Fiscal Year End 8/31  
 2010 Fiscal Year End 6/30  
 \* MSA statistics (McAllen-Mission-Edinburg)





## **OPERATING INFORMATION**

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

<u>Classification</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<i>Number of Employees</i>					
<i>Teachers</i>	1,495	1,530	1,530	1,540	1,577
<i>Professional Support</i>	367	330	316	353	328
<i>Campus Administration</i>	63	77	74	98	80
<i>Central Administration</i>	8	35	34	35	32
<i>Educational Aides</i>	290	287	266	308	312
<i>Auxiliary Staff</i>	<u>1,036</u>	<u>1,109</u>	<u>1,150</u>	<u>1,086</u>	<u>960</u>
<i>Total Employees</i>	<u>3,259</u>	<u>3,368</u>	<u>3,370</u>	<u>3,420</u>	<u>3,289</u>
<b>Percent of Total</b>					
<i>Teachers</i>	45.87%	45.42%	45.40%	45.03%	47.96%
<i>Professional Support</i>	11.26%	9.80%	9.38%	10.32%	9.97%
<i>Campus Administration</i>	1.93%	2.29%	2.20%	2.87%	2.43%
<i>Central Administration</i>	0.25%	1.04%	1.01%	1.02%	0.97%
<i>Educational Aides</i>	8.90%	8.52%	7.89%	9.01%	9.49%
<i>Auxiliary Staff</i>	<u>31.79%</u>	<u>32.93%</u>	<u>34.12%</u>	<u>31.75%</u>	<u>29.18%</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Academic Excellence Indicator System (AEIS Report)  
 PEIMS Edit + Reports (PRF4D004)  
 2001-2009 Fiscal Year End 8/31  
 2010 Fiscal Year End 6/30

TABLE L-21

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
1,643	1,720	1,740	1,763	1,681
342	306	322	316	331
72	76	84	81	82
34	43	53	60	39
299	326	324	326	298
<u>967</u>	<u>983</u>	<u>975</u>	<u>957</u>	<u>947</u>
<u>3,357</u>	<u>3,454</u>	<u>3,498</u>	<u>3,503</u>	<u>3,378</u>
48.94%	49.80%	49.74%	50.33%	49.77%
10.19%	8.86%	9.21%	9.02%	9.80%
2.14%	2.20%	2.40%	2.31%	2.43%
1.01%	1.25%	1.52%	1.71%	1.15%
8.91%	9.44%	9.26%	9.31%	8.82%
<u>28.81%</u>	<u>28.45%</u>	<u>27.87%</u>	<u>27.32%</u>	<u>28.03%</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	
2001	\$ 30,000	\$ 44,015	\$ 31,000	\$ 45,015	Non Applicable		\$ 38,970
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

Source: District's Human Resource Department  
 Academic Excellence Indicator System (AEIS Report)  
 2001-2009 Fiscal Year End 8/31  
 2010 Fiscal Year End 6/30

**TABLE L-22**

<u>Average Years of Experience</u>	<u>Bachelor's Education</u>	<u>Master's Education</u>
12.0	79.9%	17.6%
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%

**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>
2001	20,814	21,747	95.71%
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%

Source: PEIMS Data + Student Attendance by ADA (2001-2005)  
 Academic Excellence Indicator System (AEIS Report)  
 PEIMS Edit + Reports Data Review (PRF7D001)  
 TEA Budgeted Financial Data  
 2001-2009 Fiscal Year End 8/31  
 2010 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>Percent Change</u>	<u>Governmental Operating Expenses</u>	<u>Cost Per Pupil</u>	<u>Percent Average</u>
2001	20,814	\$ 135,264,425	\$ 6,499	N/A	\$ N/A	N/A	N/A
2002	21,517	135,023,603	6,275	-3.44%	158,559,015	7,369	N/A
2003	22,273	141,589,914	6,357	1.30%	170,133,971	7,639	3.66%
2004	22,397	150,565,508	6,723	5.75%	178,073,998	7,951	4.09%
2005	23,106	150,163,420	6,499	-3.33%	181,216,115	7,843	-1.36%
2006	23,138	166,494,403	7,196	10.72%	197,053,849	8,516	8.59%
2007	23,344	171,471,196	7,345	2.08%	204,044,664	8,741	2.63%
2008	23,593	183,472,249	7,777	5.87%	219,671,240	9,311	6.52%
2009	23,618	186,100,308	7,880	1.32%	227,051,300	9,613	3.25%
2010	23,838	153,920,270	6,457	-18.05%	200,451,964	8,409	-12.53%

Source: PEIMS Data + Student Attendance by ADA (2001-2005)  
 PEIMS Edit + Reports Data Review (PRF7D001)  
 Financial Statements and Auditor's Independent Report  
 Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit B-1) 2001  
 Statement of Activities (Exhibit B-1) 2002-2010  
 Budgetary Comparison Schedule (Exhibit G-1) 2002-2010  
 2001-2009 Fiscal Year End 8/31  
 2010 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>
2001	14.5	70.0%	13,542	62.3%
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%

Source: Academic Excellence Indicator System (AEIS)  
 Child Nutrition Program  
 2001-2009 Fiscal Year End 8/31  
 2010 Fiscal Year End 6/30



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

**TABLE L-26**

	<u>Estimated Square Footage</u>	<u>Building 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
<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
<i>Wilson Elementary</i>	52,882	500
<i>Zavala Elementary</i>	44,415	400
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>3,230,145</u>	<u>27,430</u>

Source: McAllen ISD Facilities M & O Department



## **SINGLE AUDIT SECTION**



**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 ten-month period ended June 30, 2010, and have issued our report thereon dated November 8, 2010. 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 2010-1.

We noted certain other matters that we reported to management of the McAllen Independent School District in a separate letter dated November 8, 2010.

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  
November 8, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO 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 ten-month period ended June 30, 2010. 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.

As described in item 2010-2 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Allowable Costs/Cost Principles and Level of Effort that are applicable to its Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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 ten-month period ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-3, 2010-4, and 2010-5.

#### 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.

The District's responses to the findings identified in our audit are 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 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.

  
LONGCHILTON, LLP  
Certified Public Accountants



MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Ten Months Ended June 30, 2010

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

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***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

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

**Qualified:**

- Title I, Part A Cluster
  - Title I, Part A-Improving Basic Programs
  - Title I, Part A-ARRA/STIMULUS
  - Title I, Part A-School Improvement Program
  - Title I, Part A-SIP-ARRA/STIMULUS

**Unqualified:**

- ESEA Title II, Part A-Teacher & Principal Training & Recruiting
- Special Education Cluster (IDEA)
  - IDEA-B Formula
  - SSA IDEA-B Discretionary
  - SSA IDEA-B Deaf
  - IDEA B-Preschool
  - SSA IDEA-B Preschool Deaf
  - ARRA-IDEA-Part B Formula
- Title II Part D Cluster
  - Title II Part D-Enhancing Education Through Technology
  - Title II Part D Vision 2020
  - ARRA-TTL II, D Technology
- ARRA of 2009 Title XIV State Fiscal Stabilization Fund
- NSLP Equipment Assistance Grant ARRA

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 For the Ten Months Ended June 30, 2010

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

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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

  X   yes       no

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 Title I, Part A-Improving Basic Programs Title I, Part A-ARRA/STIMULUS Title I, Part A-School Improvement Program Title I, Part A-SIP-ARRA/STIMULUS
84.367A	ESEA Title II, Part A-Teacher & Principal Training & Recruiting
84.027A/84.173A/84.391A	Special Education Cluster (IDEA) IDEA-B Formula SSA IDEA-B Discretionary SSA IDEA-B Deaf IDEA B-Preschool SSA IDEA-B Preschool Deaf ARRA-IDEA-Part B Formula
84.318X/84.386A	Title II Part D Cluster Title II Part D-Enhancing Education Through Technology Title II Part D Vision 2020 ARRA-TTL II, D Technology
84.394A 10.579	ARRA of 2009 Title XIV, State Fiscal Stabilization Fund NSLP Equipment Assistance Grant ARRA

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

\$ 1,386,940

Auditee qualified as low-risk auditee?

  X   yes       no

MCALEEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 For the Ten Months Ended June 30, 2010

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**Section II - Financial Statement Findings**

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	<u>DESCRIPTION</u>
Reference No.: 2010-1	State Compensatory Allotment
Criteria:	The District should spend 55% of the FSP allotment for Compensatory Education.
Condition Found:	The District expended less than 55% for Compensatory Education approximating about a \$2.3M shortfall.
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 Ten Months Ended June 30, 2010

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

<u>PROGRAM</u>	<u>DESCRIPTION</u>
U.S. Department of Education – Passed Through State Department of Education: Title I, Part A Cluster Title I, Part A-Improving Basic Programs Title I, Part A-ARRA/STIMULUS Title I-School Improvement Program Title I-SIP-ARRA/STIMULUS Grant No.: 10610101108906/10551001108906/ 10610104108906006/10551004108906006 CFDA # 84.010A/84.389A	
Reference No.: 2010-2	Allowable Costs/Cost Principles and Level of Effort
Criteria:	The Department of Education guidance for The American Recovery and Reinvestment Act of 2009 Using Title I, Part A ARRA Funds indicates that ARRA funds are to be used to work on Title I allowable activities and that the funds are to be spent in compliance with all Title I requirements. Time and effort records are required for positions funded partly with federal funds and also from other revenue sources. The compliance supplement for this grant indicates that it is presumed that supplanting has occurred when the Local Education Agency (LEA) used federal funds to provide services that the LEA provided with non-Federal funds in the prior year.
Condition Found:	During our audit, we noted that the District moved 50% of the salary of 16 librarians into the ARRA portion of this grant which had previously been funded with local funds. We were unable to determine that these positions were performing work on Title I allowable activities from the campus plans, the jobs descriptions, and the underlying data provided for support to the time and effort monthly activity reports.
Effect:	The District may not be in compliance with grant provisions.
Questioned Cost:	\$1,076,968
Recommendation:	We recommend that the District closely review new grant provisions to ensure that planned expenditures are in compliance with grant provisions, as applicable.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 For the Ten Months Ended June 30, 2010

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

<b>PROGRAM</b>	<b>DESCRIPTION</b>
U.S. Department of Education – Passed Through State Department of Education: Special Education Cluster (IDEA) Grant No.: 106600011089066600/106600021089066673/ 106600011089066601/106610011089066610/ 106610011089066611/10554001108906 CFDA # 84.027A/84.173A/84.391A	
Reference No.: 2010-3	Semi-Annual Certifications
Criteria:	OMB A-87 Costs Principles states that “where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.”
Condition Found:	These program personnel prepared only one certification during the year instead of the required semi-annual certifications.
Effect:	The District may not be in compliance with this grant requirement.
Questioned Cost:	None.
Recommendation:	We recommend that semi-annual certifications be prepared.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 For the Ten Months Ended June 30, 2010

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

<u>PROGRAM</u>	<u>DESCRIPTION</u>
U.S. Department of Education – Passed Through State Department of Education: Special Education Cluster (IDEA) 106600011089066600/106600021089066673/ 106600011089066601/106610011089066610/ 106610011089066611/10554001108906 CFDA # 84.027A/84.173A/84.391A	
Reference No.: 2010-4	Maintenance of Effort
Criteria:	The District must expend, in any particular fiscal year, an amount of local funds, or combination of State and local funds, for the education of children with disabilities that is at least equal, on either an aggregate or per capita basis, to the amount of local funds, or a combination of State and local funds, expended for this purpose by the District in the prior fiscal year.
Condition Found:	Local and state funding was not maintained by the District.
Effect:	The District may not be in compliance with grant provisions.
Questioned Cost:	None.
Recommendation:	We recommend that the District review all major grant provisions and document how it is in compliance with grant provisions.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 For the Ten Months Ended June 30, 2010

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

<u>PROGRAM</u>	<u>DESCRIPTION</u>
U.S. Department of Education – Passed Through State Department of Education: Title I, Part A Cluster: Title I Part A – ARRA/STIMULUS Special Education Cluster (IDEA): IDEA B-Formula – ARRA – LEA Grant No.: 10551001108906 10554001108906 CFDA # 84.010A/84.389A 84.027A/84.173A/84.391A	
Reference No.: 2010-5	1512 ARRA Reporting
Criteria:	The District must calculate and report the number of jobs created/retained and funded by each ARRA grant award received. The calculation of the number of jobs funded by the Recovery Act should be expressed as “full-time equivalents” (FTE). Such calculations should include the hours associated with the payments for extra duty and substitutes.
Condition Found:	During the review of the quarterly reports for Title I, Part A-ARRA and Idea B-Formula-ARRA funds, the District didn’t include in the calculation of FTEs the hours associated with extra duty pay and substitute pay. Also, there was an error in the number of full-time employees funded with Title I Part A-ARRA and reported as FTE’s in the quarterly reports.
Effect:	The District may not be in compliance with the reporting requirements of these grants.
Questioned Cost:	None.
Recommendation:	We recommend that the District ensure that the calculation of the number of jobs created/retained and funded by the ARRA grant include the hours associated with extra duty pay and substitutes pay. We recommend that the District properly includes all jobs created/retained and funded by each ARRA grant award.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 CORRECTIVE ACTION PLAN  
 For the Ten Months Ended June 30, 2010

**Financial Statement Findings:**

	<u>CORRECTIVE ACTION PLAN</u>
Reference No.: 2010-1	<p style="text-align: center;">State Compensatory Allotment</p> <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 Ten Months Ended June 30, 2010

**Financial Statement Findings:**

	<u>CORRECTIVE ACTION PLAN</u>
Reference No.: 2010-1 <i>(continued)</i>	State Compensatory Allotment
	<p>Rebuttal:            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.            If the oversight agency has questions regarding this plan, please contact:             Anjanette Gonzalez, Director for State and Federal Programs at (956) 632-3232</p>

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 CORRECTIVE ACTION PLAN (CONTINUED)  
 For the Ten Months Ended June 30, 2010

**Federal Award Findings:**

<u>PROGRAM</u>	<u>CORRECTIVE ACTION PLAN</u>
U.S. Department of Education -- Passed Through State Department of Education: Title I, Part A Cluster Title I, Part A-Improving Basic Programs Title I, Part A-ARRA/STIMULUS Title I-School Improvement Program Title I-SIP-ARRA/STIMULUS Grant No.: 10610101108906/10551001108906/ 10610104108906006/10551004108906006 CFDA # 84.010A/84.389A	
Reference No.: 2010-2	Allowable Activities and Level of Effort
	<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 activities funded through state and federal program funds are in accordance to law. The State and Federal Programs Office will work collaboratively with the Business Office and Curriculum &amp; Instruction staff to assure that campus and/or district initiatives are reviewed thoroughly and to determine non-allowable or allowable activities. Guidance will be researched to assure compliance but also request supporting documentation (i.e. comprehensive needs assessment, district and/or campus improvement plans) necessary to comply with federal law.</p> <p>On a monthly basis the State and Federal Programs will monitor funds to assure that all positions and/or activities are in accordance to budget.</p> <p>The State and Federal Programs Office 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.</p> <p>The State and Federal Programs Office 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 State and Federal Programs Office is a good steward of abiding by state and federal law.</p>

MCALEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 CORRECTIVE ACTION PLAN (CONTINUED)  
 For the Ten Months Ended June 30, 2010

Federal Award Findings. (Continued)

<u>PROGRAM</u>	<u>CORRECTIVE ACTION PLAN</u>
U.S. Department of Education – Passed Through State Department of Education: Title I, Part A Cluster Title I, Part A-Improving Basic Programs Title I, Part A-ARRA/STIMULUS Title I-School Improvement Program Title I-SIP-ARRA/STIMULUS Grant No.: 10610101108906/10551001108906/ 10610104108906006/10551004108906006 CFDA # 84.010A/84.389A	
Reference No.: 2010-2 (continued)	Allowable Activities and Level of Effort
	<p>Time and effort logs and semi-annual certifications will be executed every fiscal year for all staff and the State and Federal Programs Office will make sure that work schedules abide by the supplemental rule. Job descriptions will also be executed, according to law, and will be provided to each federally funded staff to comply. Documents will be retained for 5 years.</p> <p>The State and Federal Programs Office will utilize the resources below for guidance:</p> <ul style="list-style-type: none"> <li>• CFDA No. 84.010 Title I Grants to Local Educational Agencies (LEAs)</li> <li>• CFDA No. 84.389 Title I Grants to Local Education Agencies (LEAs), Recovery Act</li> <li>• Title I Fiscal Issues: Maintenance of Effort; Comparability; Supplement, not Supplant; Carryover; Consolidated Funds in Schoolwide Programs; and Grantback Requirements, February 2008)</li> <li>• Designing Schoolwide Programs (March 2006)</li> <li>• American Recovery &amp; Reinvestment Act of 2009: State Fiscal Stabilization Fund (March 7, 2009)</li> <li>• McAllen ISD State and Federal Programs Procedures Manual</li> </ul> <p>Rebuttal:            Title I Part A ARRA guidance provided LEAs with the opportunity to save and retain jobs under the Supplement not Supplant rule due to budget shortfall. It is with this clause that the LEA is rebutting this finding. The LEA was experiencing budget shortfalls and the 16 FTEs were going to be cut but due to ARRA these positions were saved, therefore the LEA is requesting a dismissal on this finding. Upon request the LEA will provide Board workshop agendas and minutes on the continual discussion of the budget shortfall.</p>

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 CORRECTIVE ACTION PLAN (CONTINUED)  
 For the Ten Months Ended June 30, 2010

**Federal Award Findings. (Continued)**

<b><u>PROGRAM</u></b>	<b><u>CORRECTIVE ACTION PLAN</u></b>
U.S. Department of Education – Passed Through State Department of Education: Title I, Part A Cluster Title I, Part A-Improving Basic Programs Title I, Part A-ARRA/STIMULUS Title I-School Improvement Program Title I-SIP-ARRA/STIMULUS Grant No.: 10610101108906/10551001108906/ 10610104108906006/10551004108906006 CFDA # 84.010A/84.389A	
Reference No.: 2010-2 (continued)	Allowable Activities and Level of Effort
	If the oversight agency has questions regarding this plan, please contact:  Anjanette Gonzalez, Director for State and Federal Programs at (956) 632-3232

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CORRECTIVE ACTION PLAN (CONTINUED)**  
**For the Ten Months Ended June 30, 2010**

**Federal Award Findings. (Continued)**

<b><u>PROGRAM</u></b>	<b><u>CORRECTIVE ACTION PLAN</u></b>
U.S. Department of Education – Passed Through State Department of Education: Special Education Cluster (IDEA) Grant No.: 106600011089066600/106600021089066673/ 106600011089066601/106610011089066610/ 106610011089066611/10554001108906 CFDA # 84.027A/84.173A/84.391A	
Reference No.: 2010-3	Semi-Annual Certifications
	Certifications will be conducted semi-annually. One time in the Month of October and one time in the month of March.  If the oversight agency has questions regarding this plan, please contact:  Sherry A. Mayes, Director for Special Education at (956) 632-3285

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 CORRECTIVE ACTION PLAN (CONTINUED)  
 For the Ten Months Ended June 30, 2010

**Federal Award Findings. (Continued)**

<u>PROGRAM</u>	<u>CORRECTIVE ACTION PLAN</u>
U.S. Department of Education – Passed Through State Department of Education: Special Education Cluster (IDEA) 106600011089066600/106600021089066673/ 106600011089066601/106610011089066610/ 106610011089066611/10554001108906 CFDA # 84.027A/84.173A/84.391A	
Reference No.: 2010-4	Maintenance of Effort
	<p>The district will conduct a meeting with Region 1, Special Education Director and Chief Financial Officer to review MOE. This will be reviewed using a twelve month period. The district did not decrease amount of Local and State Funding for the Special Education Department. The Local and State Funding for Special Education was 98% of expenditure for personnel. A review of student to teacher ratios was conducted and campus needs considered to set appropriate funding. As staff retired or resigned the department met the appropriate student to teacher ratios. Student needs and services continued to be met.</p> <p>If the oversight agency has questions regarding this plan, please contact:</p> <p>Sherry A. Mayes, Director for Special Education at (956) 632-3285</p>

MCALLEN INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 CORRECTIVE ACTION PLAN (CONTINUED)  
 For the Ten Months Ended June 30, 2010

Federal Award Findings. (Continued)

<u>PROGRAM</u>	<u>CORRECTIVE ACTION PLAN</u>
U.S. Department of Education – Passed Through State Department of Education: Title I, Part A Cluster: Title I Part A – ARRA/STIMULUS Special Education Cluster (IDEA): IDEA B-Formula – ARRA – LEA Grant No.: 10551001108906 10554001108906 CFDA # 84.010A/84.389A 84.027A/84.173A/84.391A	
Reference No.: 2010-5	1512 ARRA Reporting
	<p>Title I Part A Department:            The State and Federal Programs Office staff will review ARRA Reporting Guidance to assure that the data requested of the 1512 ARRA Report be accurate when submitted to the Texas Education Agency. Federal programs staff will review data and create an excel spreadsheet to assure accuracy of calculations to assure that the number of jobs and/or vendors funded by the ARRA are reported according to guidance.</p> <p>IDEA B Department:            Contact with TEA indicates that the district will report FTE corrections for the last quarterly report in the ARRA reporting application by November 30, 2010. Corrections for FTE's provided prior to the September, 2010 submission will be maintained in the special education office for audit purposes.</p> <p>Rebuttal:            The USDOE continuously has changed guidance on 1512 ARRA Reporting. During October 2010 they have released updated guidance that states that the month of November LEAs will be given an opportunity to make revisions as guidance has been changing. Therefore such finding should be dismissed.</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> <p>Sherry A. Mayes, Director for Special Education at (956) 632-3285</p>

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**STATUS OF PRIOR YEAR FINDINGS**  
 For the Ten Months Ended June 30, 2010

**Financial Statement Findings:**

<b><u>PROGRAM</u></b>	<b><u>STATUS OF PRIOR YEAR'S FINDING/COMPLIANCE</u></b>
Transportation Department Report Documentation Submitted to the Texas Education Agency	
<b>Reference No.: 2009-1</b>	Allotment of State Foundation School Program funds. School Transportation Route Services Report/Student Transportation Operations Report/Underlying Report Documentation and Retention
	<p>The finding regarding the over reporting of CATE miles has not yet been addressed by the Texas Education Agency.</p> <p>The District has set up a liability of \$228,680 to the Texas Education Agency to correct reporting on the Transportation Operations Cost and Mileage Report for 2007-2008. The Effective Allotment Rate coming from 2007-2008 should have been \$3.77 instead of the \$5.07 reported.</p> <p>The District is reviewing all of the routes to ensure that accurate accountings of miles are being recorded. Prior to this school year (2010-2011), deadhead miles were not included as part of the report that was submitted to state office. With the changes that TEA introduced this school year, all miles will be allowed to be reported and accounted for in the reporting period.</p>



**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

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

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Direct Program:			
<i>Medicaid Administrative Claiming Program - MAC *</i>	93.778	108-906	\$ 37,703
Total U. S. Department of Health and Human Services			<u>37,703</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Direct Programs:			
<i>FIE Earmark Grant Awards</i>	84.215K	U215K090092	99,229
<i>Teaching American History Grants</i>	84.215X	U215X090601	249,013
<i>Project ARTScope</i>	84.351C	U351C080004B	200,596
<i>McAllen SAFE (Student Are First in Education)</i>	84.184L	Q184L080005-09	1,169,104
Total Direct Programs			<u>1,717,942</u>
Passed Through The Univ. of Tx-Pan American:			
Gear Up	84.334A	P334A050122	127,937
Gear Up	84.334A	P334A050122	122,510
Total CFDA Number 84.334A			<u>250,447</u>
Total Passed Through The Univ. of Tx-Pan American			<u>250,447</u>
Passed Through State Department of Education:			
Title I, Part A-Improving Basic Programs *	84.010A	10610101108906	8,394,485
Title I-School Improvement Program *	84.010A	10610104108906006	203,129
Total CFDA Number 84.010A			<u>8,597,614</u>
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011A	10615001108906	647,940
<i>IDEA-B Formula *</i>	84.027A	106600011089066600	2,839,132
<i>SSA IDEA-B Discretionary *</i>	84.027A	106600021089066673	68,272
<i>SSA IDEA-B Deaf *</i>	84.027A	106600011089066601	67,313
Total CFDA Number 84.027A			<u>2,974,717</u>
<i>Career and Technical - Basic Grant</i>	84.048A	106610011089066610	452,203
<i>IDEA-B Preschool *</i>	84.173A	106610011089066610	69,799
<i>SSA IDEA-B Preschool Deaf *</i>	84.173A	106610011089066611	1,567
Total CFDA Number 84.173A			<u>71,366</u>
<i>SSA IDEA-C Early Intervention (Deaf) *</i>	84.181A	103911011089063911	1,700
<i>ESEA Title IV Part A-Safe &amp; Drug-Free Schools &amp; Communities Act</i>	84.186A	10691001108906	124,599
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287C	096950127110021	1,006,830
Title II Part D Enhancing Education Through Technology *	84.318X	10630001108906	81,840
Title II Part D Vision 2020 *	84.318X	096300027110017	77,815
Total CFDA Number 84.318X			<u>159,655</u>
<i>Reading First Title I - Part B - Subpart 1</i>	84.357A	08645505711051	104,417
Title III Part A - LEP	84.365A	10671003108906	573,199
Title III Part A - Immigrant	84.365A	10671001108906	346,441
Total CFDA Number 84.365A			<u>919,640</u>
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	10694501108906	\$ 1,656,952

**MCALLEN INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE TEN MONTHS ENDED JUNE 30, 2010**

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

(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<i>Summer School Program for LEP Students in K-1</i>	84.369A	69550002	\$ 14,175
TTL I SIP Academy Grant *	84.377A	10610701108906006	15,692
TTL I SIP Academy Grant *	84.377A	10610701108906007	50,593
Total CFDA Number 84.377A			<u>66,285</u>
<i>ARRA-TTL, D Technology *</i>	84.386A	10553001108906	81,339
Title I, Part A-ARRA/STIMULUS *	84.389A	10551001108906	4,976,932
Title I-SIP-ARRA/STIMULUS *	84.389A	10551004108906006	35,313
Total CFDA Number 84.389A			<u>5,012,245</u>
<i>ARRA - IDEA-Part B Formula *</i>	84.391A	10554001108906	1,105,515
<i>ARRA - IDEA Part B, Preschool *</i>	84.391A	10555001108906	--
Total CFDA Number 84.391A			<u>1,105,515</u>
<i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>	84.394A	10557001108906	10,688,830
Total Passed Through State Department of Education			<u>33,686,022</u>
Passed Through Region One ESC:			
Gear Up	84.334A	P334A050083-07	123,516
Total U. S. Department of Education			<u>35,777,927</u>
U. S. DEPARTMENT OF DEFENSE			
Direct Program:			
R.O.T.C.	12.000	108-906	180,160
Total U. S. Department of Defense			<u>180,160</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Department of Agriculture:			
School Breakfast Program *	10.553	108-906	2,630,164
National School Lunch Program *	10.555	108-906	6,718,064
Commodities	10.565	108-906	641,373
NSLP Equipment Assistance ARRA	10.579	6Tx340332	245,929
Total Passed Through Texas Department of Agriculture			<u>10,235,530</u>
Total U. S. Department of Agriculture			<u>10,235,530</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 46,231,320</u>
Total Federal Awards Expended			\$ 46,231,320
Medicaid			<u>1,165,375</u>
Exhibit C-2			<u>\$ 47,396,695</u>

\* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

MCALLEN INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Ten Months Ended June 30, 2010

**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, 2010**

<u>Data Control 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?	\$ 1,208,019