

**PHARR-SAN JUAN-ALAMO  
INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2012*

*Introductory Section*

Pharr-San Juan-Alamo Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2012

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**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

*LIST OF PRINCIPAL OFFICIALS  
AUGUST 31, 2012*

November 2011 - November 2012  
Elected Officials

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<u>Name</u>	<u>Office</u>
Mr. Ben Garza, Jr.	President
Mr. Bobby Rodriguez	Vice-President
Mr. Ronnie Cantu	Secretary-Treasurer
Mr. Reymundo Gonzalez	Assistant Secretary-Treasurer
Mrs. Ramona Barron	Member
Mr. Pedro Garcia	Member
Mr. Gilbert Herrera	Member

November 2012 - November 2013  
Elected Officials

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<u>Name</u>	<u>Office</u>
Mr. Ronnie Cantu	President
Mr. Jesse Vela, Jr.	Vice-President
Mr. Victor Perez	Secretary-Treasurer
Mr. Ben Garza, Jr.	Assistant Secretary-Treasurer
Mr. Reymundo Gonzalez	Member
Mr. Lupe Rodriguez	Member
Mr. Bobby Rodriguez	Member

Appointed Officials

---

<u>Name</u>	<u>Position</u>
Dr. Daniel King	Superintendent of Schools

CERTIFICATE OF BOARD

Pharr-San Juan-Alamo Independent School District  
Name of School District

Hidalgo  
County

108-909  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2012, at a meeting of the board of trustees of such school district on the 21 day of January, 2013.

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

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

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):  
(attach list as necessary)

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*Financial Section*



 *Oscar R. González, CPA  
&  
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*Certified Public Accountants*

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*Oscar R. González  
Melissa González*

## **Independent Auditor's Report**

Board of Trustees  
Pharr-San Juan-Alamo Independent School District  
P.O. Box 769  
Pharr, Texas 78577

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pharr-San Juan-Alamo Independent School District as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pharr-San Juan-Alamo Independent School 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pharr-San Juan-Alamo Independent School District as of August 31, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012, on our consideration of Pharr-San Juan-Alamo Independent School 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 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally

accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pharr-San Juan-Alamo Independent School District's financial statements as a whole. The combining financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The combining financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

  
Oscar R. Gonzalez, CPA and Associates PLLC  
Certified Public Accountants

January 15, 2013

*Management's Discussion and Analysis*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Pharr-San Juan-Alamo Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2012. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

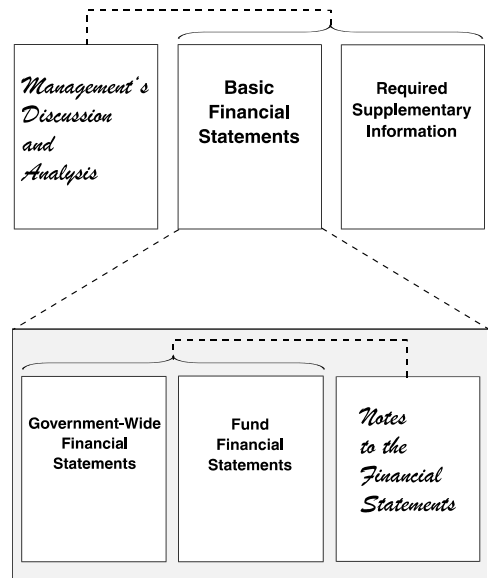
- The District's total combined net assets were \$341,389,904 for fiscal year ending August 31, 2012.
- During the year, the District's expenses were \$27,518,557 less than the \$240,717,419 generated in taxes and other revenues for governmental activities. The net change in general fund balance was a decrease of \$7,029,194. This decrease is due to the district utilizing \$10,132,960 of the science lab grant received from the state in 2011.
- The general fund reported an unassigned fund balance this year of \$41,075,009.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

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

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



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

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

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	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
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	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
Type of asset/liability information	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
Type of inflow/outflow information	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

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

### Government-wide Statements

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

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, curriculum and staff development, school district administrative support services and general administration. Grants and charges for services finance most of these activities.

### 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 grants and local sources.

The District has the following 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-term and short-term financial information.

- We use *internal service funds* 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 the 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. Student activity funds are included here.

The Governmental Accounting Standard Board (GASB) released Statement 54 – “Fund Balance Reporting and Governmental Fund type Definitions” on March 11, 2009, which is effective for fiscal year ending August 31, 2011. This new statement is intended to improve the usefulness of the amount reported in fund balance by providing more structured classification.

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

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

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

1. Nonspendable fund balance shall mean the portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use.  
Examples of nonspendable fund balance reserves for which fund balance shall not be available for general operating expenditures include:
  - Inventories
  - Prepaid items
  - Deferred expenditures
  - Long-term receivables
  - Outstanding encumbrances
2. Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor.  
Examples of restricted fund balances include:
  - Child nutrition program
  - Technology program
  - Construction Program
  - Resources from TEA for specific programs
3. Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Board or Superintendent.  
Examples include:
  - Potential litigation, claims, and judgments
  - Construction
  - Capital expenditures for equipment
  - Student activity funds
4. Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Superintendent. In current practice such plans or intent may change and may never be budgeted, or may result in expenditures in future periods of time.  
Examples include:
  - Program Start-Up Costs
  - Other Legal Uses

5. Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures. The unassigned fund balance shall be the difference between the total fund balance and the total of the nonspendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net assets.** The District's combined net assets were \$341,389,904 on August 31, 2012. (See Table A-1).

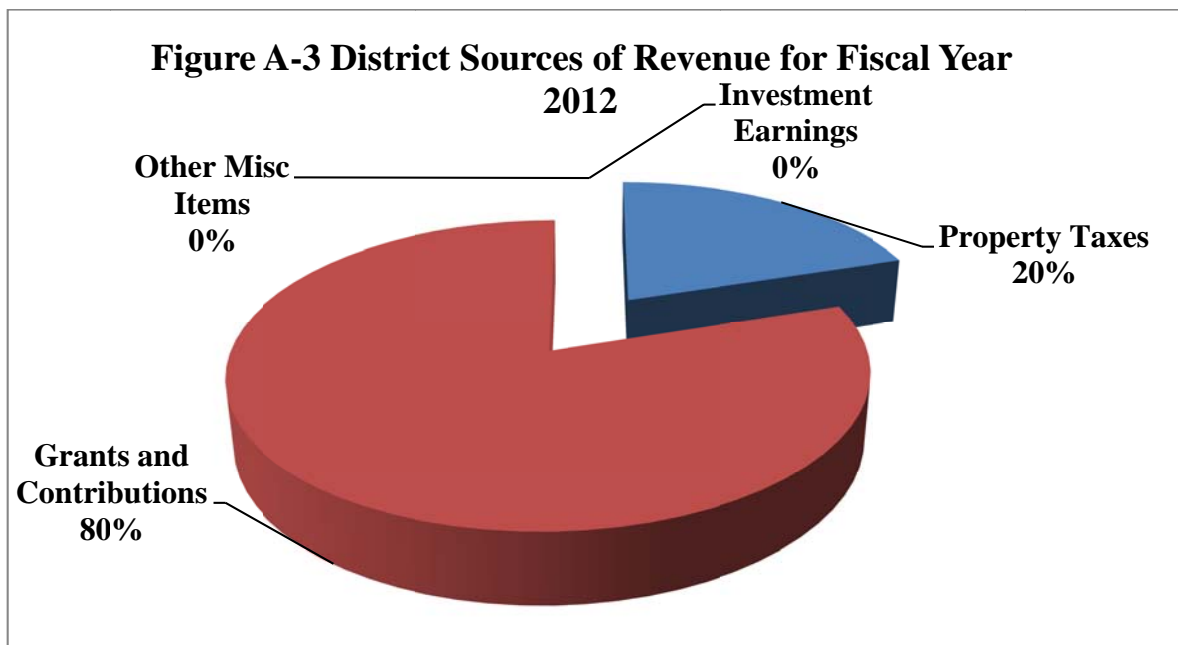
	<u>Activities 2011</u>	<u>Activities 2012</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 331,437,116	\$ 258,714,685
Current Investments	150,906	-
Property taxes receivable(net of allowance)	9,059,856	8,576,664
Due from other governments	31,096,657	19,694,130
Accrued Interest	112,723	198,921
Other receivables (Net)	1,656,507	1,462,950
Inventories	1,949,229	2,386,286
Deferred Expenses	11,501	-
Total Current Assets	375,474,495	291,033,636
<b>Noncurrent Assets:</b>		
Capitalized Bond and Other Debt Issuance Costs	5,090,275	4,613,272
Land	15,576,565	15,576,565
Building (Net)	219,356,221	213,573,025
Furniture and equipment (Net)	11,593,649	15,972,427
Capital Leases (Net)	499,590	499,590
Library books and media (Net)	-	3,123
Construction in progress	160,045,292	260,072,443
Infrastructure (Net)	3,169,627	3,602,308
Total Noncurrent Assets	415,331,219	513,912,753
<b>Total Assets</b>	790,805,714	804,946,389
<b>Current Liabilities:</b>		
Accounts Payable	16,959,562	16,023,657
Short Term Debt Payable	1,775,000	1,775,000
Interest Payable	1,508,068	1,468,499
Accrued Liabilities	14,315,978	12,317,915
Due to other governments	5,476,012	6,849,992
Due to student groups	392,865	1,673,769
Deferred revenue	2,766,044	1,140,230
Total Current Liabilities	43,193,529	41,249,062
<b>Long-Term Liabilities:</b>		
Due with in a year	11,202,061	11,535,000
Due in more than one year	425,634,196	410,772,423
<b>Total Liabilities</b>	480,029,786	463,556,485
<b>Net Assets:</b>		
Invested in Capital Assets, Net of Related Debt	83,977,537	208,998,386
Restricted for State and Federal Programs	2,576,949	4,744,780
Restricted for Debt Service	24,623,529	21,441,854
Restricted for Capital Projects	120,287,817	29,825,274
Other Purposes	59,385,462	52,156,345
Unrestricted Net Assets	19,924,634	24,223,265
<b>Total Net Assets</b>	\$ 310,775,928	\$ 341,389,904

**Changes in net assets.** The District's total revenues were \$240,717,419. A significant portion, (80%), of the District's revenue comes from grants and contributions (See Figure A-3.).

The total cost of all programs and services was \$310,483,269; of these costs 79.6% are for instruction and instructional related services and student services.

**Governmental Activities**

- Investment earnings continued to decrease due to the decrease in interest rates.
- Property taxes increased due to increase in the debt service tax rate and an increase in values. The tax rate for 2011-12 was 1.3592 and will remain the same for 2012-13. The maintenance and operations tax rate was 1.17 in 2011-12 and will remain the same in 2012-13. The debt service tax rate was .1892 in 2011-12 and will remain the same in 2012-13. The district had a successful Tax Ratification Election in August of 2011 at that time the debt service rate was .3192. Balances in the debt service fund will continue to pay the debt service payments for 2012-13.



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

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2012</u>
<b>Program Revenues:</b>		
Charges for services	\$ 809,434	\$ 817,304
Operating grants and contributions	107,225,638	81,814,348
Capital Grants and Contributions	15,53,393	14,652,755
Property taxes	47,192,689	47,661,108
Grants and contributions not restricted	167,215,720	191,676,191
Investment Earnings	1,254,979	756,537
Miscellaneous revenue	580,501	623,127
<b>Total Revenues</b>	<b>338,809,354</b>	<b>328,001,370</b>



<b>Program Expenses:</b>				
<b>11</b>	Instruction	172,917,132		161,367,267
<b>12</b>	Instructional resources media services	6,472,880		6,629,877
<b>13</b>	Curriculum dev. and instructional staff dev.	8,550,558		7,488,000
<b>21</b>	Instructional leadership	6,003,620		6,864,880
<b>23</b>	School leadership	15,314,330		15,371,954
<b>31</b>	Guidance, counseling, and evaluation services	10,967,257		10,486,685
<b>32</b>	Social work services	2,682,610		2,632,012
<b>33</b>	Health services	3,188,935		3,203,849
<b>34</b>	Transportation	5,640,638		5,409,442
<b>35</b>	Food services	18,690,366		17,970,989
<b>36</b>	Curricular/Extracurricular activities	8,255,877		9,619,463
<b>41</b>	General administration	6,983,821		10,497,716
<b>51</b>	Plant maintenance and operations	28,571,878		27,424,911
<b>52</b>	Security and monitoring	3,511,651		3,012,131
<b>53</b>	Data processing services	1,386,650		1,414,405
<b>61</b>	Community services	2,189,052		1,849,455
<b>72</b>	Interest on Long Term Debt	18,668,409		17,795,913
<b>73</b>	Bond Issuance Cost and Fees	(111,766)		485,548
<b>81</b>	Capital Outlay	1,415,168		19,103
<b>93</b>	Payments Related to Shared Services Arrangements	335,586		343,480
<b>95</b>	Payments to JJAEP	5,762		-
<b>99</b>	Other Intergovernmental Charges	600,514		596,189
	Total Expenditures	<u>322,240,928</u>		<u>310,483,269</u>
	<b>Increase (Decrease) in Net Assets</b>	<u>\$ 17,568,426</u>		<u>\$ 27,518,557</u>

Table A-3 presents the cost of each of the District's largest functions.

- The cost of all *governmental* activities this year was \$213,189,362. Those who directly benefited from program activities paid some of the cost. Other programs and services activities were paid by grants contributions.

**Table A-3**  
Cost of Selected District's Functions

	<u>Total Cost of Services 2011</u>	<u>Total Cost of Services 2012</u>	<u>% Chage</u>
Instruction	\$ 172,917,132	\$ 161,367,267	-6.7%
Plant, Maintenance & Operations	28,571,876	27,424,911	-4.0%
Food Service	18,690,366	17,970,989	-3.8%
School Leadership	15,314,330	15,371,954	0.4%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$338,494,059. The small increase in local revenues is a result of increased property values. The increase in state revenues is a result of increased state aid. The decrease in the federal program revenues was due to the ARRA grants. These grants were awarded for two years beginning with the fiscal year 2009-10. The remaining balance available was utilized in the 2010-11 fiscal year.

The General Fund is the chief operating fund of the district. As of August 31, 2012, the fund balance of the general fund was \$90,195,457. The unassigned balance of \$41,075,009 or 45.5% of this total amount is available for spending at the government's discretion. Of the current ending fund balances, the following categories are recorded and primary used noted in accordance with implementing GASB No. 54:

- \$2,384,041 is recorded as nonspendable for inventories and deferred expenditures;

- \$10,262,174 is recorded as Restricted; \$4,078,791 in Food Service and \$366,646 for the State Science Lab Grant; and \$5,816,737 in other State programs;
- \$16,500,00 is recorded as committed for Construction;
- \$6,000,000 is recorded as committed for capital expenditures for equipment for new schools;
- \$12,099,233 is recorded as committed for sick leave payoff;
- \$1,875,000 is recorded as assigned for E-Rate and other items;
- \$41,075,009 is the remaining fund balance and is recorded as unassigned.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. In addition, the school board approved several increases in appropriations to prevent budget overruns. The budget was also amended to provide furniture and equipment for a new middle school, four replacement elementary schools, and library books. With these adjustments, actual expenditures were below final budget amounts.

### CAPITAL ASSETS

At the end of fiscal year 2012, the District had invested \$507.819,369 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

	<b>Governmental Activities 2011</b>	<b>Governmental Activities 2012</b>
<b>Capital Assets:</b>		
Land	\$ 15,576,565	\$ 15,576,565
Buildings & Improvements	285,478,098	285,486,900
Furniture & Equipment	26,912,554	32,102,738
Vehicles	12,056,965	13,202,735
Library Books	3,904	3,904
Capital Leases	499,590	499,590
Construction in Progress	160,045,293	260,072,442
Infrastructure	<u>14,248,590</u>	<u>15,380,945</u>
Total Capital Assets at Historical Cost	<u>514,821,559</u>	<u>622,325,819</u>
Less: Accumulated Depreciation	<u>(104,580,614)</u>	<u>(113,026,337)</u>
Net of Capital Assets	<u>\$ 410,240,945</u>	<u>\$ 509,299,482</u>

More detailed information about the District's capital assets is presented in the notes to the financial statements.

### LONG TERM OBLIGATION ACTIVITY

Table A-5

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ending August 31, 2012, are as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amt Due in One Year	Rating
General Obligation Bonds	\$380,975,000	\$ -	\$11,050,000	\$369,925,000	\$11,530,000	AAA
Accretion	\$ 1,360,479	\$ 240,120	\$ 300,000	\$ 1,300,599	\$ -	
Construction Notes Payable	\$ 26,755,000	\$ -	\$1,775,000	\$ 24,980,000	\$ 1,775,000	
Capital Leases	\$ 195,176	\$ -	\$ 195,176	\$ -	\$ -	
Sick Leave	\$ 12,934,570	\$ -	\$ 835,337	\$ 12,099,233	\$ -	
Subtotal	<u>\$422,220,225</u>	<u>\$ 240,120</u>	<u>\$14,155,513</u>	<u>\$ 408,304,832</u>	<u>\$ 12,305,000</u>	
Premium & Discount	\$ 16,391,033	\$ -	\$ 613,441	\$ 15,777,592	\$ -	
Total Governmental Activities	<u>\$438,611,258</u>	<u>\$ 240,120</u>	<u>\$14,768,954</u>	<u>\$ 424,082,424</u>	<u>\$12,305,000</u>	

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

- Appraised value used for the 2013 budget preparation is up only \$46 million, or 1.3% from \$3.5 billion.
- The District's 2013 refined average daily attendance is expected to be 28,634. No growth was projected.

These indicators were taken into account when adopting the general fund budget for 2013. Amounts available for appropriation in the general fund budget are \$303 million. This represents an increase over the original 2012 budget of \$297 million due to the district's successful Tax Ratification Election. Property values continue to rise, but at a slower pace. State revenues will increase when the student population grows but will otherwise remain constant due to state funding formulas. The district is already examining the budget for 2014 to take into account the state's continuing fiscal concerns.

Expenditures are budgeted to rise to \$303 million in the general fund. The largest increments are increased staffing and teacher/staff salary schedule adjustments, and a purchase of buses. These competitive salary schedule adjustments allowed the District to open the 2013 school year with few teacher vacancies. Increased wage and cost of living adjustments were not made to this year's salary schedules. The District has continued our highly successful College, Career and Technology Academy and Thomas Jefferson T-Stem Early College High School. In addition, Escalante Middle School and four elementary schools were moved into new buildings in August of 2012. Southwest High School added juniors for 2013. Opening these schools continues to reduce overcrowding in our middle schools, balance our elementary schools and align our schools vertically.

If these estimates are realized, the District's budgetary general fund's fund balance is not expected to change appreciably by the close of 2013.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, 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 District's Business Office.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET ASSETS

AUGUST 31, 2012

Data Control Codes	1	Governmental Activities
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 258,714,685
1225	<i>Property Taxes Receivable (Net)</i>	8,576,664
1240	<i>Due from Other Governments</i>	19,694,130
1250	<i>Accrued Interest</i>	198,921
1290	<i>Other Receivables (Net)</i>	1,462,950
1300	<i>Inventories</i>	2,386,286
1420	<i>Capitalized Bond and Other Debt Issuance Costs</i>	4,613,272
Capital Assets:		
1510	<i>Land</i>	15,576,565
1520	<i>Buildings and Improvements, Net</i>	213,573,025
1530	<i>Furniture and Equipment, Net</i>	15,972,427
1550	<i>Capital Lease Assets, Net</i>	499,590
1560	<i>Library Books and Media, Net</i>	3,123
1580	<i>Construction in Progress</i>	260,072,443
1590	<i>Infrastructure, Net</i>	3,602,308
1000	<b>Total Assets</b>	<u>804,946,389</u>
<b>LIABILITIES:</b>		
2110	<i>Accounts Payable</i>	16,023,657
2120	<i>Short-Term Debt Payable</i>	1,775,000
2140	<i>Interest Payable</i>	1,468,499
2165	<i>Accrued Liabilities</i>	12,317,915
2180	<i>Due to Other Governments</i>	6,849,992
2190	<i>Due to Student Groups</i>	1,673,769
2300	<i>Unearned Revenue</i>	1,140,230
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	11,535,000
2502	<i>Due in More Than One Year</i>	410,772,423
2000	<b>Total Liabilities</b>	<u>463,556,485</u>
<b>NET ASSETS</b>		
3200	Invested in Capital Assets, Net of Related Debt	208,998,386
Restricted For:		
3820	State and Federal Programs	4,744,780
3850	Debt Service	21,441,854
3860	Capital Projects	29,825,274
3890	Other Purposes	52,156,345
3900	Unrestricted	24,223,265
3000	<b>Total Net Assets</b>	<u>\$ 341,389,904</u>

The accompanying notes are an integral part of this statement.

## PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Functions/Programs	1 Expenses	3 Charges for Services	4 Program Revenues		5 Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
				Operating Grants and Contributions	Capital Grants and Contributions		
	Governmental Activities:						
11	<i>Instruction</i>	\$ 161,367,267	\$ 31,516	\$ 37,705,194	\$ 69,705	\$ (123,560,852)	
12	<i>Instructional Resources and Media Services</i>	6,629,877	1,865	544,743	3,206	(6,080,063)	
13	<i>Curriculum and Staff Development</i>	7,488,000	2,919	5,242,381	809	(2,241,891)	
21	<i>Instructional Leadership</i>	6,864,880	863	3,625,172	1,282	(3,237,563)	
23	<i>School Leadership</i>	15,371,954	4,231	1,432,697	7,251	(13,927,775)	
31	<i>Guidance, Counseling, &amp; Evaluation Services</i>	10,486,685	1,508	4,171,166	2,341	(6,311,670)	
32	<i>Social Work Services</i>	2,632,012	465	871,523	800	(1,759,224)	
33	<i>Health Services</i>	3,203,849	884	348,938	1,519	(2,852,508)	
34	<i>Student Transportation</i>	5,409,442	1,613	238,008	2,772	(5,167,049)	
35	<i>Food Service</i>	17,970,989	422,300	18,232,276	89	683,676	
36	<i>Cocurricular/Extracurricular Activities</i>	9,619,463	322,745	558,243	2,272	(8,736,203)	
41	<i>General Administration</i>	10,497,716	2,045	421,371	3,515	(10,070,785)	
51	<i>Plant Maintenance and Operations</i>	27,424,911	21,848	1,741,133	13,932	(25,647,998)	
52	<i>Security and Monitoring Services</i>	3,012,131	1,982	193,384	1,481	(2,815,284)	
53	<i>Data Processing Services</i>	1,414,405	412	101,919	708	(1,311,366)	
61	<i>Community Services</i>	1,849,455	108	1,442,134	186	(407,027)	
72	<i>Interest on Long-term Debt</i>	17,795,913	--	4,944,066	14,540,887	1,689,040	
73	<i>Bond Issuance Costs and Fees</i>	485,548	--	--	--	(485,548)	
81	<i>Capital Outlay</i>	19,103	--	--	--	(19,103)	
93	<i>Payments Related to Shared Services Arrangement</i>	343,480	--	--	--	(343,480)	
99	<i>Other Intergovernmental Charges</i>	596,189	--	--	--	(596,189)	
TG	Total Governmental Activities	310,483,269	817,304	81,814,348	14,652,755	(213,198,862)	
TP	Total Primary Government	\$ 310,483,269	\$ 817,304	\$ 81,814,348	\$ 14,652,755	(213,198,862)	
	General Revenues:						
MT	<i>Property Taxes, Levied for General Purposes</i>					40,987,130	
DT	<i>Property Taxes, Levied for Debt Service</i>					6,673,978	
IE	<i>Investment Earnings</i>					756,537	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>					191,676,191	
MI	<i>Miscellaneous</i>					623,583	
TR	Total General Revenues					240,717,419	
CN	Change in Net Assets					27,518,557	
NB	Net Assets - Beginning					310,775,933	
PA	Prior Period Adjustment					3,095,414	
	Net Assets - Beginning, as Restated					313,871,347	
NE	Net Assets - Ending					\$ 341,389,904	

The accompanying notes are an integral part of this statement.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2012

Data Control Codes		10 General Fund	50 Debt Service Fund
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 105,274,288	\$ 5,640,788
1225	Taxes Receivable, Net	7,204,688	1,371,976
1240	Due from Other Governments	10,995,632	730,992
1250	Accrued Interest	146,274	--
1260	Due from Other Funds	24,872,233	46,304,099
1290	Other Receivables	1,180,639	--
1300	Inventories	2,384,041	--
1000	Total Assets	<u>\$ 152,057,795</u>	<u>\$ 54,047,855</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 3,680,322	\$ --
2150	Payroll Deductions & Withholdings	1,030,163	--
2160	Accrued Wages Payable	9,520,843	--
2170	Due to Other Funds	33,384,614	42,044,501
2180	Due to Other Governments	6,749,975	--
2190	Due to Student Groups	--	--
2300	Deferred Revenue	7,496,421	1,371,976
2000	Total Liabilities	<u>61,862,338</u>	<u>43,416,477</u>
<b>FUND BALANCES:</b>			
Nonspendable Fund Balances:			
3410	Inventories	2,384,041	--
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	10,262,174	--
3480	Retirement of Long-Term Debt	--	10,631,378
3490	Other Restrictions of Fund Balance	--	--
Committed Fund Balances:			
3510	Construction	16,500,000	--
3530	Capital Expenditures for Equipment	6,000,000	--
3545	Other Committed Fund Balance	12,099,233	--
Assigned Fund Balances:			
3590	Other Assigned Fund Balance	1,875,000	--
3600	Unassigned	41,075,009	--
Unassigned, Reported in Nonmajor:			
3610	Special Revenue Funds	--	--
3000	Total Fund Balances	<u>90,195,457</u>	<u>10,631,378</u>
4000	Total Liabilities and Fund Balances	<u>\$ 152,057,795</u>	<u>\$ 54,047,855</u>

The accompanying notes are an integral part of this statement.

60	Other Governmental Funds	98 Total Governmental Funds
Construction Fund		
\$ 131,554,248	\$ (2,128,841)	\$ 240,340,483
--	--	8,576,664
1,272,102	6,695,404	19,694,130
13,315	93	159,682
39,802,474	4,091	110,982,897
13,536	106,338	1,300,513
--	--	2,384,041
<u>\$ 172,655,675</u>	<u>\$ 4,677,085</u>	<u>\$ 383,438,410</u>
\$ 11,536,378	\$ 262,978	\$ 15,479,678
--	--	1,030,163
13,671	1,746,016	11,280,530
35,586,387	6,380	111,021,882
242	99,775	6,849,992
--	1,673,769	1,673,769
--	848,496	9,716,893
<u>47,136,678</u>	<u>4,637,414</u>	<u>157,052,907</u>
--	--	2,384,041
--	--	10,262,174
--	--	10,631,378
125,518,997	10,674	125,529,671
--	--	16,500,000
--	--	6,000,000
--	--	12,099,233
--	--	1,875,000
--	--	41,075,009
--	28,997	28,997
<u>125,518,997</u>	<u>39,671</u>	<u>226,385,503</u>
<u>\$ 172,655,675</u>	<u>\$ 4,677,085</u>	<u>\$ 383,438,410</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT***RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**TO THE STATEMENT OF NET ASSETS**AUGUST 31, 2012*

Total fund balances - governmental funds balance sheet	\$ 226,385,503
--	----------------

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.	509,290,476
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	8,576,663
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	18,074,909
Payables for bond principal which are not due in the current period are not reported in the funds.	(369,925,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(2,769,098)
Payables for notes which are not due in the current period are not reported in the funds.	(24,980,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(12,099,232)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	(11,164,320)
Rounding difference	<u>3</u>

Net assets of governmental activities - Statement of Net Assets	<u>\$ 341,389,904</u>
---	-----------------------

The accompanying notes are an integral part of this statement.



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 43,138,331	\$ 6,940,497
5800 <i>State Program Revenues</i>	200,527,604	19,484,953
5900 <i>Federal Program Revenues</i>	23,742,407	--
5020 <b>Total Revenues</b>	<u>267,408,342</u>	<u>26,425,450</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	130,518,574	--
0012 <i>Instructional Resources and Media Services</i>	7,684,082	--
0013 <i>Curriculum and Staff Development</i>	2,554,543	--
0021 <i>Instructional Leadership</i>	3,358,209	--
0023 <i>School Leadership</i>	14,494,268	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	6,555,695	--
0032 <i>Social Work Services</i>	1,879,067	--
0033 <i>Health Services</i>	2,915,891	--
0034 <i>Student Transportation</i>	6,736,498	--
0035 <i>Food Service</i>	17,531,292	--
0036 <i>Cocurricular/Extracurricular Activities</i>	9,421,309	--
0041 <i>General Administration</i>	6,661,393	--
0051 <i>Plant Maintenance and Operations</i>	26,507,145	--
0052 <i>Security and Monitoring Services</i>	2,896,572	--
0053 <i>Data Processing Services</i>	1,605,885	--
0061 <i>Community Services</i>	378,972	--
0071 <i>Principal on Long-term Debt</i>	28,372	12,825,000
0072 <i>Interest on Long-term Debt</i>	2,974	18,505,829
0073 <i>Bond Issuance Costs and Fees</i>	--	8,545
0081 <i>Capital Outlay</i>	9,620,442	--
0093 <i>Payments to Shared Service Arrangements</i>	343,480	--
0099 <i>Other Intergovernmental Charges</i>	596,189	--
6030 <b>Total Expenditures</b>	<u>252,290,852</u>	<u>31,339,374</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>		
1100 <b>Expenditures</b>	<u>15,117,490</u>	<u>(4,913,924)</u>
Other Financing Sources and (Uses):		
7912 <i>Sale of Real or Personal Property</i>	40,879	--
7915 <i>Transfers In</i>	38,991,337	1,829,508
8911 <i>Transfers Out</i>	(61,178,900)	--
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>(22,146,684)</u>	<u>1,829,508</u>
1200 <b>Net Change in Fund Balances</b>	<u>(7,029,194)</u>	<u>(3,084,416)</u>
0100 <b>Fund Balances - Beginning</b>	96,020,767	13,715,794
1300 <b>Prior Period Adjustment</b>	1,203,884	--
<b>Fund Balances - Beginning, as Restated</b>	97,224,651	13,715,794
3000 <b>Fund Balances - Ending</b>	<u>\$ 90,195,457</u>	<u>\$ 10,631,378</u>

The accompanying notes are an integral part of this statement.

60	Other Governmental Funds	98 Total Governmental Funds
Construction Fund		
\$ 361,963	\$ 21,845	\$ 50,462,636
--	2,360,164	222,372,721
--	41,916,295	65,658,702
<u>361,963</u>	<u>44,298,304</u>	<u>338,494,059</u>
--	29,933,260	160,451,834
--	232,286	7,916,368
--	4,698,066	7,252,609
--	3,285,399	6,643,608
--	385,456	14,879,724
--	3,589,562	10,145,257
--	667,251	2,546,318
--	183,646	3,099,537
--	--	6,736,498
--	--	17,531,292
--	--	9,421,309
--	6,201	6,667,594
--	135,063	26,642,208
--	72,846	2,969,418
--	27,639	1,633,524
--	1,410,268	1,789,240
--	166,803	13,020,175
--	--	18,508,803
--	--	8,545
91,198,465	--	100,818,907
--	--	343,480
--	--	596,189
<u>91,198,465</u>	<u>44,793,746</u>	<u>419,622,437</u>
<u>(90,836,502)</u>	<u>(495,442)</u>	<u>(81,128,378)</u>
--	--	40,879
20,252,055	--	61,072,900
--	--	(61,178,900)
<u>20,252,055</u>	<u>--</u>	<u>(65,121)</u>
<u>(70,584,447)</u>	<u>(495,442)</u>	<u>(81,193,499)</u>
194,831,342	265,392	304,833,295
1,272,102	269,721	2,745,707
196,103,444	535,113	307,579,002
<u>\$ 125,518,997</u>	<u>\$ 39,671</u>	<u>\$ 226,385,503</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2012*

Net change in fund balances - total governmental funds	\$ (81,193,499)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	108,394,771
The depreciation of capital assets used in governmental activities is not reported in the funds.	(9,636,018)
The gain or loss on the sale of capital assets is not reported in the funds.	(9,044)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	794,458
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(483,193)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	12,825,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	195,176
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	436,438
The accretion of interest on capital appreciation bonds is not reported in the funds.	(240,120)
(Increase) decrease in accrued interest from beginning of period to end of period.	39,569
The net revenue (expense) of internal service funds is reported with governmental activities.	(3,604,983)
Rounding difference	<u>2</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 27,518,557</u>

The accompanying notes are an integral part of this statement.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET ASSETS

### INTERNAL SERVICE FUNDS

AUGUST 31, 2012

Data Control Codes		Internal Service Funds
<b>ASSETS:</b>		
Current Assets:		
1110	Cash and Cash Equivalents	\$ 18,232,200
1120	Investments	142,000
Receivables:		
1250	Accrued Interest	39,239
1260	Due from Other Funds	142,031
1290	Other Receivables (net)	162,437
1310	Inventories, at Cost	2,245
	Total Current Assets	<u>18,720,152</u>
Noncurrent Assets:		
Capital Assets:		
1530	Furniture and Equipment	89,058
1570	Accumulated Depreciation	<u>(80,053)</u>
	Total Noncurrent Assets	9,005
1000	Total Assets	<u>\$ 18,729,157</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	Accounts Payable	\$ 543,980
2160	Accrued Wages Payable	7,222
2170	Due to Other Funds	103,046
	Total Current Liabilities	<u>654,248</u>
2000	Total Liabilities	<u>654,248</u>
<b>NET ASSETS:</b>		
3200	Investment in Capital Assets, Net of Related Debt	9,005
3800	Restricted Net Assets	18,065,904
3000	Total Net Assets	<u>\$ 18,074,909</u>

The accompanying notes are an integral part of this statement.

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET ASSETS - INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes		Internal Service Funds
<b>OPERATING REVENUES:</b>		
5700	<i>Local and Intermediate Sources</i>	\$ 23,113,496
5020	Total Revenues	<u>23,113,496</u>
<b>OPERATING EXPENSES:</b>		
6100	<i>Payroll Costs</i>	157,465
6200	<i>Professional and Contracted Services</i>	26,583,172
6300	<i>Supplies and Materials</i>	83,842
6030	Total Expenses	<u>26,824,479</u>
	Income (Loss) before Contributions and Transfers	(3,710,983)
7915	<i>Transfers In</i>	<u>106,000</u>
1300	Change in Net Assets	(3,604,983)
1300	Change in Net Assets	(3,604,983)
0100	Total Net Assets - Beginning	21,679,892
3300	Total Net Assets - Ending	<u>\$ 18,074,909</u>

The accompanying notes are an integral part of this statement.

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2011

	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$ --
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	23,002,501
Cash Payments to Employees for Services	(156,945)
Cash Payments to Other Suppliers for Goods and Services	(26,589,582)
Cash Payments for Grants to Other Organizations	--
Other Operating Cash Receipts (Payments)	--
Net Cash Provided (Used) by Operating Activities	<u>(3,744,026)</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
Proceeds (Payments) from (for) Borrowings	--
Transfers From (To) Other Funds	106,000
Net Cash Provided (Used) by Non-capital Financing Activities	<u>106,000</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Contributed Capital	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
<b>Cash Flows from Investing Activities:</b>	
Purchase of Fixed Assets	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,638,026)
Cash and Cash Equivalents at Beginning of Year	21,870,226
Cash and Cash Equivalents at End of Year	<u>\$ 18,232,200</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ (3,710,983)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	--
Change in Assets and Liabilities:	
Decrease (Increase) in Receivables	(110,995)
Increase (Decrease) in Accounts Payable	--
Increase (Decrease) in Payroll Deductions	77,432
Increase (Decrease) in Accrued Wages Payable	--
Increase (Decrease) in Due to Other Governments	520
Increase (Decrease) in Unearned Revenue	--
Total Adjustments	<u>(33,043)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (3,744,026)</u>

The accompanying notes are an integral part of this statement.

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

AUGUST 31, 2012

Data Control Codes		Agency Fund
		Student Activity
	<b>ASSETS:</b>	
1110	<i>Cash and Cash Equivalents</i>	\$ 681,456
1000	Total Assets	<u>\$ 681,456</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	\$ 681,456
2000	Total Liabilities	<u>681,456</u>
	<b>NET ASSETS</b>	
3000	Total Net Assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

### A. Summary of Significant Accounting Policies

The basic financial statements of Pharr-San Juan-Alamo Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### 1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No.39, and there are no component units included within the reporting entity.

#### 2. Basis of Presentation, Basis of Accounting

##### a. Basis of Presentation

**Government-wide Financial 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 nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

**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.

In addition, the District reports the following fund types:



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

Fiduciary funds are reported in the fiduciary 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.

### b. Measurement Focus, Basis of Accounting

**Government-wide, Proprietary, and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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. Nonexchange 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. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. 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.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

### 3. Financial Statement Amounts

#### a. Cash and Cash Equivalents

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

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Compensated Absences

On retirement of certain employees, the District pays any accrued sick leave and vacation leave in a lump sum cash payment to such employee.

f. Interfund Activity

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, deemed to be at market or near market rates, are treated as revenues and

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

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.

g. Use of Estimates

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

h. 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.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**Assigned Fund Balance** - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

**Unassigned Fund Balance** - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2012*

**B. Compliance and Accountability**

**1. Finance-Related Legal and Contractual Provisions**

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:

Excess of Expenditures over Appropriations

For the year ended August 31, 2012, the District exceeded its budget in the functional areas as depicted below:

<u>General Fund:</u>	
Interest on Long Term Debt	(2,974)
 <u>Debt Service Fund:</u>	
Principal on Long Term Debt	(300,000)
Interest on Long Term Debt	300,000

It should be noted that the budget for debt principal, interest, and other debt service is aggregated in its budget presentation, rather than delineated separately. Therefore, in actuality, the amount expended for principal, interest, and other debt service was less than the total amount budgeted for principal, interest and other debt service for the General and Debt Service Fund.

**2. 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:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
752 Print Shop Fund	\$ 20,123	This deficit has been reserved in the fund balance of the General Fund.

**C. Deposits and Investments**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities 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") insurance.

**1. Cash Deposits:**

At August 31, 2012, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$258,714,685 and the bank balance was \$111,149,482. The District's cash deposits at August 31, 2012 and during the year ended August 31, 2012, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

**2. Investments:**

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's cash and cash equivalent investments at August 31, 2012 are shown below.

Deposit or Investment Type	Fair Value	Cost	Terms Maturity	Percent of Portfolio
Cash in Bank	\$ 1,483,981	\$ 1,483,981	0-3 Months	0.705%
Texpool	10,086	10,086	0-3 Months	0.004%
Texas Term	17,000,206	17,000,206	0-3 Months	6.571%
Lone Star Investment Pool	29,847,320	29,847,320	0-3 Months	11.537%
Certificates of Deposit	210,373,091	210,373,091	0-10 Months	81.315%
Total Investments	<u>\$ 258,714,685</u>	<u>\$ 258,714,685</u>		<u>100%</u>

### 3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

#### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2012, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

#### b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not 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.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

#### c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

### Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

### Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

## D. Capital Assets

Capital asset activity for the year ended August 31, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 15,576,565	\$ --	\$ --	\$ 15,576,565
Construction in progress (restated)	160,395,000	100,799,601	1,122,159	260,072,442
Total capital assets not being depreciated	<u>175,971,565</u>	<u>100,799,601</u>	<u>1,122,159</u>	<u>275,649,007</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	14,248,590	1,132,355	--	15,380,945
Buildings	198,693,655	--	--	198,693,655
Buildings and improvements	86,784,443	8,802	--	86,793,245
Furniture & Equipment	26,912,554	5,946,783	756,599	32,102,738
Vehicles	12,056,965	1,629,389	483,619	13,202,735
Lease Equipment	499,590	--	--	499,590
Library Books	3,904	--	--	3,904
Total capital assets being depreciated	<u>339,199,701</u>	<u>8,717,329</u>	<u>1,240,218</u>	<u>346,676,812</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2012*

Less accumulated depreciation for:				
Land Improvements	(11,078,963)	(699,674)	--	(11,778,637)
Buildings	(50,386,716)	(3,995,587)	--	(54,382,303)
Buildings and improvements	(15,735,160)	(1,796,411)	--	(17,531,571)
Furniture & Equipment	(19,183,649)	(2,273,309)	(706,676)	(20,750,282)
Vehicles	(8,196,126)	(870,257)	(483,619)	(8,582,764)
Library Books	--	(780)	--	(780)
Total accumulated depreciation	<u>(104,580,614)</u>	<u>(9,636,018)</u>	<u>(1,190,295)</u>	<u>(113,026,337)</u>
Total capital assets being depreciated, net	<u>234,619,087</u>	<u>(918,689)</u>	<u>49,923</u>	<u>233,650,475</u>
Governmental activities capital assets, net	<u>\$ 410,590,652</u>	<u>\$ 99,880,912</u>	<u>\$ 1,172,082</u>	<u>\$ 509,299,482</u>

Depreciation was charged to functions as follows:

Instruction	\$ 5,399,840
Instructional Resources and Media Services	266,417
Curriculum and Staff Development	244,079
Instructional Leadership	223,584
School Leadership	500,762
Guidance, Counseling, & Evaluation Services	341,428
Social Work Services	85,694
Health Services	104,312
Student Transportation	226,710
Food Services	589,998
Extracurricular Activities	317,064
General Administration	224,391
Plant Maintenance and Operations	896,616
Security and Monitoring Services	99,933
Data Processing Services	54,975
Community Services	60,215
	<u>\$ 9,636,018</u>

**E. Interfund Balances and Activities**

1. Due To and From Other Funds

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 in the accounting system and payments between the funds are made. All amounts are scheduled to be repaid within one year.

Fund	Receivable	Payable
<u>General Fund:</u>		
General Fund	\$ 932,146	\$ 932,146
Special Revenue Fund	2,238	1,289
Debt Service Fund	5,088,549	9,348,146
Capital Projects Fund	18,746,443	22,962,565
Internal Service Fund	102,857	138,252
Total General Fund	<u>24,872,233</u>	<u>33,382,398</u>
<u>Special Revenue Fund:</u>		
General Fund	1,289	2,238
Internal Service Fund	189	3,741
Permanent Fund	--	2,614
Total Special Revenue Fund	<u>1,478</u>	<u>8,593</u>

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012

Debt Service Fund:		
General Fund	9,348,146	5,088,549
Debt Service Fund	36,955,952	36,955,952
Total Debt Service Fund	<u>46,304,098</u>	<u>42,044,501</u>
Capital Projects Fund:		
General Fund	22,962,565	18,746,443
Capital Projects Fund	16,839,909	16,839,909
Internal Service Fund	--	36
Total Capital Projects Fund	<u>39,802,474</u>	<u>35,586,388</u>
Internal Service Fund:		
General Fund	138,252	102,857
Special Revenue Fund	3,741	189
Capital Projects Fund	36	--
Total Internal Service Fund	<u>142,029</u>	<u>103,046</u>
Permenent Fund:		
Special Revenue Fund	2,614	--
Total Permanent Fund	<u>2,614</u>	<u>--</u>
Total	<u>\$ 111,124,926</u>	<u>\$ 111,124,926</u>

## 2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2012, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General fund	General Fund	\$ 38,991,337	Charges for Food Service, Fed. Indirect Costs, and Allotments.
General fund	Debt Service Fund	1,829,508	Transfers for QSCB Bond.
General fund	Capital Projects Fund	20,252,055	Transfers for Construction.
General Fund	Internal Service Fund	106,000	Operating Transfer to Print Shop.
	Total	<u>\$ 61,178,900</u>	

## F. Disaggregation of Receivable and Payables

Receivables and payables as of August 31, 2012 for the District's individual major, other non-major, and internal service funds are disaggregated as described below:

	General Fund	Debt Service Fund	Capital Projects Fund	Other Non-Major Govt. Funds	Internal Service Funds
Receivables					
Property tax receivable	\$ 7,204,688	\$ 1,371,976	\$ --	\$ --	\$ --
Due from other governmental agencies					
Grants	10,891,922	730,992	--	6,695,404	--
E-RATE Credit	103,710	--	1,272,102	--	--
Other receivables					
Due from Hidalgo County	235,504	--	--	--	--
Due from uniform sales	142,095	--	--	--	--
Miscellaneous Refund / Reimburseme	803,040	--	13,536	106,338	162,437
Total	<u>\$ 19,380,959</u>	<u>\$ 2,102,968</u>	<u>\$ 1,285,638</u>	<u>\$ 6,801,742</u>	<u>\$ 162,437</u>



# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

Payables										
Accounts payable to vendors	\$	3,680,322	\$	--	\$	11,536,378	\$	262,978	\$	543,980
Payroll deductions & withholdings		1,030,163		--		--		(237)		--
Accrued wages payable to employees		9,520,843		--		13,671		1,746,016		7,222
Due to other governments		6,749,975		--		242		99,775		--
Due to student groups		--		--		--		1,673,769		--
Total	\$	<u>20,981,303</u>	\$	<u>--</u>	\$	<u>11,550,291</u>	\$	<u>3,782,301</u>	\$	<u>551,202</u>

### G. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

#### Unlimited Tax Building Bonds (UTBB)

Description	Original Issue	Final Maturity	Coupon Rate %	Original Issue	Outstanding Balance 09/01/2011
UTBB, Series 2006	10/26/06	08/01/36	5.00-5.125%	167,040,000	145,715,000
UTBB, Series 2007	07/15/07	02/01/37	4.55-5.500%	29,810,000	29,810,000
UTBB, Series 2007	07/15/07	02/02/37	4.55-5.500%	5,190,000	3,930,000
UTBB, Series 2007/ Accretion	07/15/07	08/01/18	4.55-5.500%	724,972	1,360,479
UTBB, Series 2008	09/08/08	02/01/38	3.50-5.000%	104,725,000	99,210,000
UTBB, Series 2010	02/01/11	08/31/40	1.50-5.000%	104,475,000	102,310,000
Total Bonds Payable				<u>\$ 411,964,972</u>	<u>\$ 382,335,479</u>

Interest paid on bonded indebtedness during the current year was \$ 18,205,829

Description	Outstanding Balance 09/01/2011	Issued Current	Accretion Current	Retired Current	Outstanding Balance 08/31/2012	Amounts Due Within One Year
UTBB, Series 2006	\$145,715,000	\$ --	\$ --	\$ 6,800,000	\$ 138,915,000	\$ 7,160,000
UTBB, Series 2007	29,810,000	--	--	--	29,810,000	--
UTBB, Series 2007	3,930,000	--	--	585,000	3,345,000	585,000
UTBB, Series 2007/ Accret	1,360,479	--	240,120	300,000	1,300,599	--
UTBB, Series 2008	99,210,000	--	--	1,820,000	97,390,000	1,890,000
UTBB, Series 2010	102,310,000	--	--	1,845,000	100,465,000	1,900,000
Subtotal	<u>382,335,479</u>	<u>--</u>	<u>240,120</u>	<u>11,350,000</u>	<u>371,225,599</u>	<u>11,535,000</u>
Premium & Discount	16,391,033	--	--	613,441	15,777,592	--
Total Bonds Payable	<u>\$398,726,512</u>	<u>\$ --</u>	<u>\$ 240,120</u>	<u>\$ 11,963,441</u>	<u>\$ 387,003,191</u>	<u>\$ 11,535,000</u>
Cost of Issuance	5,090,275	--	--	477,003	4,613,272	--
Construction Notes	<u>\$26,755,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,775,000</u>	<u>\$ 24,980,000</u>	<u>\$ 1,775,000</u>

#### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2012, are as follows:

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 380,975,000	\$ --	\$ 11,050,000	\$ 369,925,000	\$ 11,535,000
Accretion	1,360,479	240,120	300,000	1,300,599	--
Construction Notes Payable	26,755,000	--	1,775,000	24,980,000	1,775,000
Capital Leases	195,176	--	195,176	--	--
Sick and Vacation Leave	12,934,570	--	835,337	12,099,233	--
Subtotal	<u>422,220,225</u>	<u>240,120</u>	<u>14,155,513</u>	<u>408,304,832</u>	<u>13,310,000</u>
Premium & Discount	16,391,033	--	613,441	15,777,592	--
Total Governmental Activities	<u>\$ 438,611,258</u>	<u>\$ 240,120</u>	<u>\$ 14,768,954</u>	<u>\$ 424,082,424</u>	<u>\$ 13,310,000</u>

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General
Claims and judgments	Governmental	General

## 2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2012, are as follows:

Year Ending August 31,	Principal CIB	CAB	Interest	Accretion	Total
2013	10,950,000	585,000	17,621,988	300,000	29,456,988
2014	11,455,000	565,000	17,119,763	320,000	29,459,763
2015	12,005,000	565,000	16,582,913	320,000	29,472,913
2016	12,590,000	565,000	15,999,013	320,000	29,474,013
2017	13,225,000	550,000	15,380,773	340,000	29,495,773
2018-2022	58,480,000	515,000	68,496,304	375,000	127,866,304
2023-2027	67,700,000	--	51,661,056	--	119,361,056
2028-2032	72,070,000	--	34,523,183	--	106,593,183
2033-2037	84,150,000	--	14,937,753	--	99,087,753
2038-2040	23,955,000	--	1,226,650	--	25,181,650
Subtotal	<u>\$ 366,580,000</u>	<u>\$ 3,345,000</u>	<u>\$ 253,549,396</u>	<u>\$ 1,975,000</u>	<u>\$ 625,449,396</u>
CIB	366,580,000				
CAB	3,345,000				
Current Accretion	1,300,599				
Total Bonds Payable	<u>\$ 371,225,599</u>				

Year Ending August 31,	Notes Principal	Interest	QSCB Subsidy	Net Interest	Total Debt Service
2013	1,775,000	1,545,760	(1,436,744)	109,016	1,884,016
2014	1,775,000	1,545,760	(1,436,744)	109,016	1,884,016
2015	1,775,000	1,545,760	(1,436,744)	109,016	1,884,016
2016	1,775,000	1,545,760	(1,436,744)	109,016	1,884,016
2017	1,775,000	1,545,760	(1,436,744)	109,016	1,884,016
2018-2022	8,900,000	6,347,678	(5,834,509)	513,169	9,413,169
2023-2027	7,205,000	2,187,546	(1,880,436)	307,110	7,512,110
	<u>\$ 24,980,000</u>	<u>\$ 16,264,024</u>	<u>\$ (14,898,665)</u>	<u>\$ 1,365,359</u>	<u>\$ 26,345,359</u>

The effective interest rate on capital leases is 5.500%.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

### H. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2012, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

### I. Pension Plan

#### 1. 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. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, [www.trstate.tx.us](http://www.trstate.tx.us), under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

#### 2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011 and 2010, and a state contribution rate of 6.0% for fiscal year 2012 and 6.644 for fiscal years 2011 and 2010. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2012, 2011 and 2010 were \$11,475,564, \$11,549,279 and \$11,311,401, respectively. The District paid additional state contributions for the years ending August 31, 2012, 2011 and 2010 in the amount of \$3,585,797, \$3,685,956 and \$3,287,560, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

### J. Retiree Health Care Plans

#### 1. TRS-Care

##### a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment 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

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

site at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

### b. 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. Funding for free basic coverage is provided by the program based upon public school district payroll. 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. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010. For the years ended August 31, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$1,518,938, \$1,554,352, and \$1,549,980, respectively, the active member contributions were \$299,505, \$254,514, and \$213,377, respectively, and the District's contributions were \$986,194, \$994,718, and \$969,756, respectively, which equaled the required contributions each year.

### 2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries 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 retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2012, 2011, and 2010, the subsidy payments received by TRS-Care on behalf of the District were \$491,648, \$446,091, and \$465,351, respectively.

### 3. Early Retiree Reinsurance Program (ERRP)

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor.

This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended August 31, 2012, the amount received by TRS-Care on behalf of the District was \$464,941.

### K. Employee Health Care Coverage

During the year ended August 31, 2012, employees of the District were covered by a health insurance plan (the Plan). The District contributed \$308 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 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 Blue Cross Blue Shield of Texas, a commercial insurer licensed or eligible to do

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$350,000 and for aggregate loss. Other Districts and/or their employees contributed to the self-insurance pool which was operated under contractual provisions of Article 4413(32c), Interlocal Cooperation Act.

### L. Commitments and Contingencies

#### 1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

#### 2. Litigation

The District is involved in various legal proceedings arising from its operations. The District believes that the outcome of these proceedings, individually and in the aggregate will have no material effect on the District's financial position.

### M. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services to the member districts that enables students to apply classroom learning to real life experiences in Fund 311 Americorp. In addition to Pharr-San Juan-Alamo Independent School District, other member districts include Donna ISD, Edcouch-Elsa ISD, Hidalgo ISD, La Joya ISD, Mission CISD, and Valley View ISD.

Pharr-San Juan-Alamo Independent School 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, Pharr-San Juan-Alamo Independent School District has accounted for the activities of the SSA in the appropriate Special Revenue Fund. Additionally the SSA is accounted for using the Accounting and Reporting Treatment Guidance section of the Resource Guide.

Expenditures allocated to the SSA members as of August 31, 2012 are summarized below:

Donna ISD	\$	26,801
Edcouch Elsa ISD		47,844
Hidalgo ISD		26,965
PSJA ISD		388,806
La Joya ISD		54,993
Valley View ISD		119,764
	\$	<u>665,173</u>

### N. Subsequent Events

For the purposes of reporting subsequent events, management has considered events occurring thru January 21, 2013, the date the report was available to be issued, The District sold the Whitney School Property to the City of Pharr, Texas for the amount of \$ 4,500,000 on October 24, 2013.

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2012*

O. Accumulated Unpaid Sick Leave

Reimbursement of leave upon retirement policy changed on September 1, 2010. Pharr-San Juan-Alamo I.S.D. DEC (LOCAL) policy now reads as follows. Local leave accumulated prior to September 1, 2010, shall be reimbursed at the employee's daily rate of pay as of the 2009-10 school year for 50 percent of the number of days accumulated. Local leave accumulated after September 1, 2010, shall be reimbursed at the rate of \$100 per day for professional employees and \$50 per day for paraprofessional/auxiliary employees.

On retirement of certain employees, the District pays any accrued sick leave and vacation leave in a lump sum cash payment to such employee. A summary of changes in the accumulated sick leave and vacation leave liability follows:

	<u>Sick Leave</u>
Balance, August 31, 2011	\$ 12,934,570
Deduction for change in amount paid in leave benefit policy	(303,288)
Deductions - Payments to Participants	(532,049)
Balance, August 31, 2012	<u>\$ 12,099,233</u>

P. Net Increase (Decrease) in Net Assets

For the fiscal year ended August 31, 2012 the fund balance for prior period were adjusted as follows:

Prior Period Adjustments

<u>Fund Level</u>	<u>Governmental Funds</u>
General Fund correct deferred revenue and inventory not previously recognized.	\$ 1,537,791
General Fund to correct 2010-2011 e-rate funding not posted as receivable.	483,684
General Fund to record unearned revenue from prior year state funding.	(820,000)
General Fund to record prior year voided checks.	2,409
Total General Fund	<u>1,203,883</u>
Special Revenue Fund to correct 2010-2011 e-rate funding not posted as receivable.	269,474
Special Revenue Fund to record prior year voided checks.	247
Total Special Revenue Fund	<u>269,721</u>
Construction fund to correct 2010-2011 e-rate funding not posted as receivable.	1,272,106
Net Increase (Decrease) in Fund Balance	<u>\$ 2,745,709</u>
	<u>Governmental Activities</u>
<u>Government Wide Level</u>	
To record prior period purchases as increases in construction in progress.	\$ 349,707
Total Net Increase (Decrease) in Net Assets	<u>\$ 3,095,416</u>

Q. Fund Balance

Governmental Fund Balances for the district are classified in the following hierarchy:

**Nonspendable**

Nonspendable Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

**Restricted**

Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation. Federal Laws, Texas Statutes, and local

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

ordinances require that certain revenues be specifically designated for the purposes of food service, federal and state programs, debt service, and capital projects.

### Committed

Amounts that can only be used for specific purposes pursuant to approval by formal action by the board.

### Assigned

For the General Fund, amounts that are appropriated by the Board or the Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned fund balances are amounts that are available for any purpose; these amounts can be reported only in the District's General Fund. The unassigned amount as of August 31, 2011 is \$39,027,028. The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local emergencies without borrowing. In circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned, and unassigned. The purpose of the Capital Projects Fund is to pay for voter approved capital projects and the purpose of the Debt Service fund is to account for funds used to pay for the long and short term debt obligations used to fund the District's capital projects.

The District's governmental fund balance designations can be identified as follows:

Fund Balance Description:	General	Debt Service	Construction Fund	Other Governmental Funds
<b>Nonspendable</b>				
Inventories	2,384,041	--	--	--
<b>Restricted</b>				
Federal/State Funds Grant	10,262,174	--	--	--
Retirement of Long-Term Debt	--	10,631,378	--	--
Other Restrictions of Fund Balance	--	--	125,518,997	10,674
<b>Committed</b>				
Construction Projects	16,500,000	--	--	--
Equipment for New Schools	6,000,000	--	--	--
Sick Leave Pay-Off	12,099,233	--	--	--
<b>Assigned</b>				
Other Assigned Fund Balance	1,875,000	--	--	--
<b>Total Nonspendable, Restricted, Committed, and Assigned Governmental Fund Balances</b>	<b>\$ 49,120,448</b>	<b>\$ 10,631,378</b>	<b>\$ 125,518,997</b>	<b>\$ 10,674</b>
<b>Total Nonspendable, Restricted, Committed, and Assigned Governmental Fund Balances</b>	<b>\$ <u>185,281,497</u></b>			

## *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.



**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual Budget Basis	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 43,151,550	\$ 43,323,779	\$ 43,138,331	\$ (185,448)
5800	State Program Revenues	191,582,751	196,452,751	200,527,604	4,074,853
5900	Federal Program Revenues	21,564,612	21,757,982	23,742,407	1,984,425
5020	Total Revenues	<u>256,298,913</u>	<u>261,534,512</u>	<u>267,408,342</u>	<u>5,873,830</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	127,856,022	137,993,900	130,518,574	7,475,326
0012	Instructional Resources and Media Services	4,809,549	7,691,096	7,684,082	7,014
0013	Curriculum and Staff Development	2,835,317	3,009,166	2,554,543	454,623
	Total Instruction & Instr. Related Services	<u>135,500,888</u>	<u>148,694,162</u>	<u>140,757,199</u>	<u>7,936,963</u>
Instructional and School Leadership:					
0021	Instructional Leadership	3,059,984	3,363,628	3,358,209	5,419
0023	School Leadership	14,751,937	14,497,281	14,494,268	3,013
	Total Instructional & School Leadership	<u>17,811,922</u>	<u>17,860,909</u>	<u>17,852,477</u>	<u>8,432</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	7,368,430	6,666,072	6,555,695	110,377
0032	Social Work Services	2,496,720	2,478,511	1,879,067	599,444
0033	Health Services	3,114,656	3,132,697	2,915,891	216,806
0034	Student (Pupil) Transportation	6,395,383	6,739,392	6,736,498	2,894
0035	Food Services	18,219,512	19,698,025	17,531,292	2,166,733
0036	Cocurricular/Extracurricular Activities	8,287,678	9,463,698	9,421,309	42,389
	Total Support Services - Student (Pupil)	<u>45,882,378</u>	<u>48,178,396</u>	<u>45,039,752</u>	<u>3,138,644</u>
Administrative Support Services:					
0041	General Administration	6,845,188	6,742,515	6,661,393	81,122
	Total Administrative Support Services	<u>6,845,188</u>	<u>6,742,515</u>	<u>6,661,393</u>	<u>81,122</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	27,686,853	27,521,221	26,507,145	1,014,076
0052	Security and Monitoring Services	3,227,505	3,239,584	2,896,572	343,012
0053	Data Processing Services	1,603,986	1,808,046	1,605,885	202,161
	Total Support Services - Nonstudent Based	<u>32,518,345</u>	<u>32,568,851</u>	<u>31,009,602</u>	<u>1,559,249</u>
Ancillary Services:					
0061	Community Services	465,203	460,189	378,972	81,217
	Total Ancillary Services	<u>465,203</u>	<u>460,189</u>	<u>378,972</u>	<u>81,217</u>
Debt Service:					
0071	Principal on Long-Term Debt	12,000	1,012,000	28,372	983,628
0072	Interest on Long-Term Debt	--	--	2,974	(2,974)
	Total Debt Service	<u>12,000</u>	<u>1,012,000</u>	<u>31,346</u>	<u>980,654</u>
Capital Outlay:					
0081	Capital Outlay	10,929,042	9,867,418	9,620,442	246,976
	Total Capital Outlay	<u>10,929,042</u>	<u>9,867,418</u>	<u>9,620,442</u>	<u>246,976</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual Budget Basis	
	Original	Final			
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	355,930	355,980	343,480	12,500
0095	Payments to Juvenile Justice Alternative Education Programs	110,000	110,000	--	110,000
0099	Other Intergovernmental Charges	984,000	984,000	596,189	387,811
	Total Intergovernmental Charges	<u>1,449,930</u>	<u>1,449,980</u>	<u>939,669</u>	<u>510,311</u>
6030	Total Expenditures	<u>251,414,894</u>	<u>266,834,419</u>	<u>252,290,852</u>	<u>14,543,567</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	4,884,019	(5,299,907)	15,117,490	20,417,397
Other Financing Sources (Uses):					
7912	Sale of Real or Personal Property	--	--	40,879	40,879
7915	Transfers In	41,267,193	41,267,193	38,991,337	(2,275,856)
8911	Transfers Out	(31,566,264)	(63,563,265)	(61,178,900)	2,384,365
7080	Total Other Financing Sources and (Uses)	<u>9,700,929</u>	<u>(22,296,072)</u>	<u>(22,146,684)</u>	<u>149,388</u>
1200	Net Change in Fund Balance	14,584,948	(27,595,979)	(7,029,194)	20,566,785
0100	Fund Balance - Beginning	--	96,020,767	96,020,767	--
1300	Prior Period Adjustment	--	1,203,884	1,203,884	--
0100	Fund Balance - Beginning, as Restated	--	97,224,651	97,224,651	--
3000	Fund Balance - Ending	<u>\$ 14,584,948</u>	<u>\$ 69,628,672</u>	<u>\$ 90,195,457</u>	<u>\$ 20,566,785</u>

*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2012

Data Control Codes	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ (2,627,589)	\$ 498,748	\$ (2,128,841)
1240	Due from Other Governments	6,695,404	--	6,695,404
1250	Accrued Interest	--	93	93
1260	Due from Other Funds	1,477	2,614	4,091
1290	Other Receivables	(327)	106,665	106,338
1000	Total Assets	<u>\$ 4,068,965</u>	<u>\$ 608,120</u>	<u>\$ 4,677,085</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 143,689	\$ 119,289	\$ 262,978
2160	Accrued Wages Payable	1,746,016	--	1,746,016
2170	Due to Other Funds	6,191	189	6,380
2180	Due to Other Governments	22,845	76,930	99,775
2190	Due to Student Groups	1,272,731	401,038	1,673,769
2300	Deferred Revenue	848,496	--	848,496
2000	Total Liabilities	<u>4,039,968</u>	<u>597,446</u>	<u>4,637,414</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3490	Other Restrictions of Fund Balance	--	10,674	10,674
Unassigned, Reported in Nonmajor:				
3610	Special Revenue Funds	28,997	--	28,997
3000	Total Fund Balances	<u>28,997</u>	<u>10,674</u>	<u>39,671</u>
4000	Total Liabilities and Fund Balances	<u>\$ 4,068,965</u>	<u>\$ 608,120</u>	<u>\$ 4,677,085</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Special Revenue Funds	Permanent Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)	
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 21,845	\$ --	\$ 21,845
5800	State Program Revenues	2,360,164	--	2,360,164
5900	Federal Program Revenues	41,916,295	--	41,916,295
5020	Total Revenues	<u>44,298,304</u>	<u>--</u>	<u>44,298,304</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	29,933,260	--	29,933,260
0012	Instructional Resources and Media Services	232,286	--	232,286
0013	Curriculum and Staff Development	4,698,066	--	4,698,066
0021	Instructional Leadership	3,285,399	--	3,285,399
0023	School Leadership	385,456	--	385,456
0031	Guidance, Counseling, & Evaluation Services	3,589,562	--	3,589,562
0032	Social Work Services	667,251	--	667,251
0033	Health Services	183,646	--	183,646
0041	General Administration	6,201	--	6,201
0051	Plant Maintenance and Operations	135,063	--	135,063
0052	Security and Monitoring Services	72,846	--	72,846
0053	Data Processing Services	27,639	--	27,639
0061	Community Services	1,410,268	--	1,410,268
0071	Principal on Long-term Debt	166,803	--	166,803
6030	Total Expenditures	<u>44,793,746</u>	<u>--</u>	<u>44,793,746</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	(495,442)	--	(495,442)
1200	Net Change in Fund Balances	<u>(495,442)</u>	<u>--</u>	<u>(495,442)</u>
0100	Fund Balances - Beginning	254,718	10,674	265,392
1300	Prior Period Adjustment	269,721	--	269,721
	Fund Balances - Beginning, as Restated	524,439	10,674	535,113
3000	Fund Balances - Ending	<u>\$ 28,997</u>	<u>\$ 10,674</u>	<u>\$ 39,671</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula	225 IDEA-B Preschool Grant	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ (1,110,319)	\$ (284,987)	\$ (633,991)	\$ (4,385)
1240	Due from Other Governments	1,913,512	439,917	952,819	7,408
1260	Due from Other Funds	95	244	--	--
1290	Other Receivables	61	--	--	--
1000	Total Assets	<u>\$ 803,349</u>	<u>\$ 155,174</u>	<u>\$ 318,828</u>	<u>\$ 3,023</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ 38,005	\$ 6,727	\$ 14,395	\$ --
2160	Accrued Wages Payable	753,261	148,447	303,515	3,023
2170	Due to Other Funds	--	--	--	--
2180	Due to Other Governments	12,011	--	--	--
2190	Due to Student Groups	--	--	--	--
2300	Deferred Revenue	72	--	918	--
2000	Total Liabilities	<u>803,349</u>	<u>155,174</u>	<u>318,828</u>	<u>3,023</u>
<b>FUND BALANCES:</b>					
Unassigned, Reported in Nonmajor:					
3610	Special Revenue Funds	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 803,349</u>	<u>\$ 155,174</u>	<u>\$ 318,828</u>	<u>\$ 3,023</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	265 21st Century Community Learning Centers	266 ARRA of 2009 Title XIV State Fiscal Stabilizator
\$ (12,726)	\$ (126,494)	\$ (122,894)	\$ (172,906)	\$ --
23,247	262,624	193,396	224,751	--
--	--	--	--	--
--	--	--	--	--
<u>\$ 10,521</u>	<u>\$ 136,130</u>	<u>\$ 70,502</u>	<u>\$ 51,845</u>	<u>\$ --</u>
\$ 50	\$ 5,976	\$ 53	\$ 19,008	\$ --
10,471	130,154	70,449	29,634	--
--	--	--	3,203	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>10,521</u>	<u>136,130</u>	<u>70,502</u>	<u>51,845</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 10,521</u>	<u>\$ 136,130</u>	<u>\$ 70,502</u>	<u>\$ 51,845</u>	<u>\$ --</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes	272 MAC Program	274 GEAR UP	276 Title I SIP Academy Grant	279 Enhancing Education through Technology-ARF
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 383,437	\$ (137,591)	\$ (590,009)	\$ --
1240 Due from Other Governments	107,768	161,303	693,809	--
1260 Due from Other Funds	--	--	424	--
1290 Other Receivables	--	(180)	--	--
1000 Total Assets	<u>\$ 491,205</u>	<u>\$ 23,532</u>	<u>\$ 104,224</u>	<u>\$ --</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ --	\$ 265	\$ 10,123	\$ --
2160 Accrued Wages Payable	71	17,118	94,101	--
2170 Due to Other Funds	--	750	--	--
2180 Due to Other Governments	--	5,399	--	--
2190 Due to Student Groups	--	--	--	--
2300 Deferred Revenue	491,134	--	--	--
2000 Total Liabilities	<u>491,205</u>	<u>23,532</u>	<u>104,224</u>	<u>--</u>
<b>FUND BALANCES:</b>				
Unassigned, Reported in Nonmajor:				
3610 Special Revenue Funds	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 491,205</u>	<u>\$ 23,532</u>	<u>\$ 104,224</u>	<u>\$ --</u>



jh RA	280 Texas Migrant Interstate Program	283 IDEA - Part B Formula - ARRA	284 IDEA - Part B Preschool - ARRA	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	286 Title I SIP Academy Grant ARRA
	\$ (39,955)	\$ --	\$ --	\$ 78	\$ (76,703)
	50,891	--	--	--	130,599
	--	--	--	--	--
	--	--	--	--	--
	<u>\$ 10,936</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 78</u>	<u>\$ 53,896</u>
	\$ 1,140	\$ --	\$ --	\$ --	\$ 18,930
	9,796	--	--	--	34,966
	--	--	--	--	--
	--	--	--	78	--
	--	--	--	--	--
	--	--	--	--	--
	<u>10,936</u>	<u>--</u>	<u>--</u>	<u>78</u>	<u>53,896</u>
	--	--	--	--	--
	--	--	--	--	--
	<u>\$ 10,936</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 78</u>	<u>\$ 53,896</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes	287 Education Jobs Fund	289 SLDS Classroom Link to ISDS	311 National and Community Service Trust	394 Life Skills Program	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ (865,728)	\$ (94,804)	\$ (187,027)	\$ 12,816
1240	Due from Other Governments	992,534	194,957	183,153	(12,816)
1260	Due from Other Funds	--	48	--	--
1290	Other Receivables	--	(445)	--	--
1000	Total Assets	\$ 126,806	\$ 99,756	\$ (3,874)	\$ --
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ 79	\$ --
2160	Accrued Wages Payable	126,806	9,095	(3,959)	--
2170	Due to Other Funds	--	--	--	--
2180	Due to Other Governments	--	--	6	--
2190	Due to Student Groups	--	--	--	--
2300	Deferred Revenue	--	90,661	--	--
2000	Total Liabilities	126,806	99,756	(3,874)	--
<b>FUND BALANCES:</b>					
Unassigned, Reported in Nonmajor:					
3610	Special Revenue Funds	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 126,806	\$ 99,756	\$ (3,874)	\$ --

397 Advanced Placement Incentives	404 Student Success Initiative	409 Texas High School Project	410 State Textbook Fund	411 Technology Allotment
\$ 42,730	\$ 41,465	\$ (43,557)	\$ 18,983	\$ (24,285)
--	(31,510)	189,158	--	24,285
--	--	14	--	--
--	--	237	--	--
<u>\$ 42,730</u>	<u>\$ 9,955</u>	<u>\$ 145,852</u>	<u>\$ 18,983</u>	<u>\$ --</u>
\$ --	\$ 9,955	\$ --	\$ 18,983	\$ --
--	--	9,068	--	--
--	--	88	--	--
--	--	5,351	--	--
--	--	--	--	--
42,730	--	102,504	--	--
<u>42,730</u>	<u>9,955</u>	<u>117,011</u>	<u>18,983</u>	<u>--</u>
--	--	28,841	--	--
--	--	<u>28,841</u>	--	--
<u>\$ 42,730</u>	<u>\$ 9,955</u>	<u>\$ 145,852</u>	<u>\$ 18,983</u>	<u>\$ --</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes		414 Reading, Math and Science Initiative	422 Matching Funds for Library Purchases	425 Teacher Mentoring Program
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ --	\$ (21,748)	\$ (49)
1240	Due from Other Governments	--	21,748	--
1260	Due from Other Funds	--	--	49
1290	Other Receivables	--	--	--
1000	Total Assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	--	--	--
2170	Due to Other Funds	--	--	--
2180	Due to Other Governments	--	--	--
2190	Due to Student Groups	--	--	--
2300	Deferred Revenue	--	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>
<b>FUND BALANCES:</b>				
Unassigned, Reported in Nonmajor:				
3610	Special Revenue Funds	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

429 State Funded Special Revenue Fund	461 Campus Activity Funds	480 A T & T High School Success	482 School Improvement Facilitators
\$ 21,334	\$ 1,272,731	\$ 118,576	\$ 10,452
(21,748)	--	--	(6,401)
414	--	--	--
--	--	--	--
<u>\$ --</u>	<u>\$ 1,272,731</u>	<u>\$ 118,576</u>	<u>\$ 4,051</u>
\$ --	\$ --	\$ --	\$ --
--	--	--	--
--	--	--	2,150
--	1,272,731	--	--
--	--	118,576	1,901
<u>--</u>	<u>1,272,731</u>	<u>118,576</u>	<u>4,051</u>
--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ --</u>	<u>\$ 1,272,731</u>	<u>\$ 118,576</u>	<u>\$ 4,051</u>

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes	483  AVID	484 TX High School Project	Total Nonmajor Special Revenue Funds (See Exhibit H-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 156	\$ (189)	\$ (2,627,589)
1240	Due from Other Governments	--	--	6,695,404
1260	Due from Other Funds	--	189	1,477
1290	Other Receivables	--	--	(327)
1000	Total Assets	\$ 156	\$ --	\$ 4,068,965
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ --	\$ --	\$ 143,689
2160	Accrued Wages Payable	--	--	1,746,016
2170	Due to Other Funds	--	--	6,191
2180	Due to Other Governments	--	--	22,845
2190	Due to Student Groups	--	--	1,272,731
2300	Deferred Revenue	--	--	848,496
2000	Total Liabilities	--	--	4,039,968
<b>FUND BALANCES:</b>				
Unassigned, Reported in Nonmajor:				
3610	Special Revenue Funds	156	--	28,997
3000	Total Fund Balances	156	--	28,997
4000	Total Liabilities and Fund Balances	\$ 156	\$ --	\$ 4,068,965

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children	224 IDEA-B Formula	225 IDEA-B Preschool Grant
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	14,188,806	3,173,455	8,864,056	45,534
5020 Total Revenues	<u>14,188,806</u>	<u>3,173,455</u>	<u>8,864,056</u>	<u>45,534</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	9,184,058	1,238,737	7,501,794	45,534
0012 Instructional Resources and Media Services	174,363	--	--	--
0013 Curriculum and Staff Development	1,562,986	718	98,310	--
0021 Instructional Leadership	1,290,948	390,706	160,165	--
0023 School Leadership	55,679	--	--	--
0031 Guidance, Counseling, & Evaluation Services	541,411	1,491,506	849,398	--
0032 Social Work Services	--	46,956	254,389	--
0033 Health Services	6,890	160	--	--
0041 General Administration	--	--	--	--
0051 Plant Maintenance and Operations	4,351	192	--	--
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	1,368,120	4,480	--	--
0071 Principal on Long-term Debt	--	--	--	--
6030 Total Expenditures	<u>14,188,806</u>	<u>3,173,455</u>	<u>8,864,056</u>	<u>45,534</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
1300 Prior Period Adjustment	--	--	--	--
Fund Balances - Beginning, as Restated	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	265 21st Century Community Learning Centers	272 MAC Program
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
453,941	1,560,150	1,644,707	1,563,388	200,869
<u>453,941</u>	<u>1,560,150</u>	<u>1,644,707</u>	<u>1,563,388</u>	<u>200,869</u>
203,467	1,406,020	1,151,021	857,034	--
--	--	--	--	--
8,072	154,130	395,946	506,361	--
--	--	88,506	135,436	--
--	--	--	--	--
75,599	--	--	--	77,020
--	--	--	--	--
--	--	--	--	123,849
--	--	--	--	--
--	--	144	--	--
--	--	--	64,557	--
--	--	--	--	--
--	--	9,090	--	--
--	--	--	--	--
166,803	--	--	--	--
<u>453,941</u>	<u>1,560,150</u>	<u>1,644,707</u>	<u>1,563,388</u>	<u>200,869</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>



**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	274 GEAR UP	276 Title I SIP Academy Grant	279 Enhancing Education through Technology-ARRA	280 Texas Migrant Interstate Program
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	284,678	4,229,872	2,052	447,020
5020 Total Revenues	<u>284,678</u>	<u>4,229,872</u>	<u>2,052</u>	<u>447,020</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	104,099	2,996,269	120	--
0012 Instructional Resources and Media Services	--	--	125	--
0013 Curriculum and Staff Development	15,684	752,986	1,807	--
0021 Instructional Leadership	--	249,868	--	437,327
0023 School Leadership	2,229	21,053	--	--
0031 Guidance, Counseling, & Evaluation Services	158,577	--	--	--
0032 Social Work Services	3,249	209,364	--	--
0033 Health Services	--	--	--	--
0041 General Administration	--	319	--	--
0051 Plant Maintenance and Operations	--	--	--	9,693
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	840	13	--	--
0071 Principal on Long-term Debt	--	--	--	--
6030 Total Expenditures	<u>284,678</u>	<u>4,229,872</u>	<u>2,052</u>	<u>447,020</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
1300 Prior Period Adjustment	--	--	--	--
Fund Balances - Beginning, as Restated	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

283 IDEA - Part B Formula - ARRA	284 IDEA - Part B Preschool - ARRA	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	286 Title I SIP Academy Grant ARRA	287 Education Jobs Fund
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
132,880	13,913	83,691	991,047	2,667,198
<u>132,880</u>	<u>13,913</u>	<u>83,691</u>	<u>991,047</u>	<u>2,667,198</u>
81,816	13,913	72,336	633,688	2,105,724
--	--	--	--	64,703
13,436	--	9,503	227,131	--
--	--	--	63,031	--
--	--	--	3,540	252,157
33,965	--	1,852	7,640	63,175
3,663	--	--	56,017	--
--	--	--	--	52,747
--	--	--	--	--
--	--	--	--	120,403
--	--	--	--	8,289
--	--	--	--	--
--	--	--	--	--
<u>132,880</u>	<u>13,913</u>	<u>83,691</u>	<u>991,047</u>	<u>2,667,198</u>
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	289 SLDS Classroom Link to ISDS	311 National and Community Service Trust	404 Student Success Initiative	409 Texas High School Project
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	56,781	1,038,678
5900 Federal Program Revenues	609,500	665,173	--	--
5020 Total Revenues	<u>609,500</u>	<u>665,173</u>	<u>56,781</u>	<u>1,038,678</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	--	475,074	43,193	57,515
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	408,382	--	10,621	471,108
0021 Instructional Leadership	122,681	190,099	--	98,339
0023 School Leadership	50,798	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	289,419
0032 Social Work Services	--	--	--	93,613
0033 Health Services	--	--	--	--
0041 General Administration	--	--	2,967	959
0051 Plant Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	27,639	--	--	--
0061 Community Services	--	--	--	27,725
0071 Principal on Long-term Debt	--	--	--	--
6030 Total Expenditures	<u>609,500</u>	<u>665,173</u>	<u>56,781</u>	<u>1,038,678</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	28,750
1300 Prior Period Adjustment	--	--	--	91
Fund Balances - Beginning, as Restated	--	--	--	28,841
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 28,841</u>

410 State Textbook Fund	411 Technology Allotment	414 Reading, Math and Science Initiative	429 State Funded Special Revenue Fund	480 A T & T High School Success
\$ --	\$ --	\$ --	\$ --	\$ 21,845
482,720	--	2,500	779,485	--
--	--	--	--	--
<u>482,720</u>	<u>--</u>	<u>2,500</u>	<u>779,485</u>	<u>21,845</u>
482,720	502,067	2,500	716,644	21,845
--	(6,905)	--	--	--
--	--	--	60,885	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	1,956	--
--	280	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>482,720</u>	<u>495,442</u>	<u>2,500</u>	<u>779,485</u>	<u>21,845</u>
--	(495,442)	--	--	--
<u>--</u>	<u>(495,442)</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	225,968	--	--	--
--	269,474	--	--	--
--	495,442	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	482 School Improvement Facilitators	483 AVID	Total Nonmajor Special Revenue Funds (See Exhibit H-2)	
<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ --	\$ --	\$ 21,845
5800	State Program Revenues	--	--	2,360,164
5900	Federal Program Revenues	94,365	--	41,916,295
5020	Total Revenues	94,365	--	44,298,304
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	36,072	--	29,933,260
0012	Instructional Resources and Media Services	--	--	232,286
0013	Curriculum and Staff Development	--	--	4,698,066
0021	Instructional Leadership	58,293	--	3,285,399
0023	School Leadership	--	--	385,456
0031	Guidance, Counseling, & Evaluation Services	--	--	3,589,562
0032	Social Work Services	--	--	667,251
0033	Health Services	--	--	183,646
0041	General Administration	--	--	6,201
0051	Plant Maintenance and Operations	--	--	135,063
0052	Security and Monitoring Services	--	--	72,846
0053	Data Processing Services	--	--	27,639
0061	Community Services	--	--	1,410,268
0071	Principal on Long-term Debt	--	--	166,803
6030	Total Expenditures	94,365	--	44,793,746
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	--	(495,442)
1200	Net Change in Fund Balances	--	--	(495,442)
0100	Fund Balances - Beginning	--	--	254,718
1300	Prior Period Adjustment	--	156	269,721
	Fund Balances - Beginning, as Restated	--	156	524,439
3000	Fund Balances - Ending	\$ --	\$ 156	\$ 28,997

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR PERMANENT FUNDS

AUGUST 31, 2012

Data Control Codes	836	837
	Escrow I	Escrow II
<b>ASSETS:</b>		
1110 Cash and Cash Equivalents	\$ (57,135)	\$ 8,445
1250 Accrued Interest	--	--
1260 Due from Other Funds	--	--
1290 Other Receivables	59,817	41,270
1000 Total Assets	<u>\$ 2,682</u>	<u>\$ 49,715</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	\$ --	\$ 47,195
2170 Due to Other Funds	68	--
2180 Due to Other Governments	546	--
2190 Due to Student Groups	--	--
2000 Total Liabilities	<u>614</u>	<u>47,195</u>
<b>FUND BALANCES:</b>		
Restricted Fund Balances:		
3490 Other Restrictions of Fund Balance	2,068	2,520
3000 Total Fund Balances	<u>2,068</u>	<u>2,520</u>
4000 Total Liabilities and Fund Balances	<u>\$ 2,682</u>	<u>\$ 49,715</u>

838 Escrow III	840 Trick O-Treat Scholarship	841 General Agency & Trust	Total Nonmajor Permanent Funds (See Exhibit H-1)
\$ 69,131	\$ 29,348	\$ 448,959	\$ 498,748
--	--	93	93
--	750	1,864	2,614
--	(572)	6,150	106,665
<u>\$ 69,131</u>	<u>\$ 29,526</u>	<u>\$ 457,066</u>	<u>\$ 608,120</u>
\$ 69,131	\$ --	\$ 2,963	\$ 119,289
--	--	121	189
--	--	76,384	76,930
--	29,226	371,812	401,038
<u>69,131</u>	<u>29,226</u>	<u>451,280</u>	<u>597,446</u>
--	300	5,786	10,674
--	300	5,786	10,674
<u>\$ 69,131</u>	<u>\$ 29,526</u>	<u>\$ 457,066</u>	<u>\$ 608,120</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCES

NONMAJOR PERMANENT FUNDS

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	836	837
	<u>Escrow I</u>	<u>Escrow II</u>
<b>REVENUES:</b>		
5020 Total Revenues	\$ --	\$ --
<b>EXPENDITURES:</b>		
6030 Total Expenditures	--	--
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	--	--
0100 Fund Balances - Beginning	2,068	2,520
3000 Fund Balances - Ending	<u>\$ 2,068</u>	<u>\$ 2,520</u>



840 Trick O-Treat Scholarship	841 General Agency & Trust	Total Nonmajor Permanent Funds (See Exhibit H-2)
\$ --	\$ --	\$ --
--	--	--
--	--	--
300	5,786	10,674
\$ 300	\$ 5,786	\$ 10,674

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF NET ASSETS

INTERNAL SERVICE FUNDS

AUGUST 31, 2012

Data Control Codes	752 Print Shop Fund	753 Insurance Fund
<b>ASSETS:</b>		
Current Assets:		
1110 Cash and Cash Equivalents	\$ (116,952)	\$ 14,785,688
1120 Investments	--	--
Receivables:		
1250 Accrued Interest	--	39,239
1260 Due from Other Funds	106,000	32,114
1290 Other Receivables (net)	7,748	140,684
1310 Inventories, at Cost	2,245	--
Total Current Assets	<u>(959)</u>	<u>14,997,725</u>
Noncurrent Assets:		
Capital Assets:		
1530 Furniture and Equipment	62,049	--
1570 Accumulated Depreciation	<u>(62,049)</u>	<u>--</u>
Total Noncurrent Assets	--	--
1000 Total Assets	<u>\$ (959)</u>	<u>\$ 14,997,725</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	\$ 11,942	\$ 530,527
2160 Accrued Wages Payable	7,222	--
2170 Due to Other Funds	--	4,183
Total Current Liabilities	<u>19,164</u>	<u>534,710</u>
2000 Total Liabilities	<u>19,164</u>	<u>534,710</u>
<b>NET ASSETS:</b>		
3200 Investment in Capital Assets, Net of Related Debt	--	--
3800 Restricted Net Assets	(20,123)	14,463,015
3000 Total Net Assets	<u>\$ (20,123)</u>	<u>\$ 14,463,015</u>

771 Copier Fund	772 Workmen's Compensation	Total Internal Service Funds (See Exhibit D-1)
\$ 246,857	\$ 3,316,607	\$ 18,232,200
--	142,000	142,000
--	--	39,239
--	3,917	142,031
4,776	9,229	162,437
--	--	2,245
<u>251,633</u>	<u>3,471,753</u>	<u>18,720,152</u>
27,009	--	89,058
<u>(18,004)</u>	<u>--</u>	<u>(80,053)</u>
9,005	--	9,005
<u>\$ 260,638</u>	<u>\$ 3,471,753</u>	<u>\$ 18,729,157</u>
\$ 1,511	\$ --	\$ 543,980
--	--	7,222
--	98,863	103,046
<u>1,511</u>	<u>98,863</u>	<u>654,248</u>
<u>1,511</u>	<u>98,863</u>	<u>654,248</u>
9,005	--	9,005
250,122	3,372,890	18,065,904
<u>\$ 259,127</u>	<u>\$ 3,372,890</u>	<u>\$ 18,074,909</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	752 Print Shop Fund	753 Insurance Fund
<b>OPERATING REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 281,593	\$ 20,263,802
5020 <i>Total Revenues</i>	<u>281,593</u>	<u>20,263,802</u>
<b>OPERATING EXPENSES:</b>		
6100 <i>Payroll Costs</i>	156,659	--
6200 <i>Professional and Contracted Services</i>	165,456	24,138,519
6300 <i>Supplies and Materials</i>	64,730	12,406
6030 <i>Total Expenses</i>	<u>386,845</u>	<u>24,150,925</u>
Operating Income (Loss)	<u>(105,252)</u>	<u>(3,887,123)</u>
Income (Loss) before Contributions and Transfers	(105,252)	(3,887,123)
7915 <i>Transfers In</i>	106,000	--
1300 <i>Change in Net Assets</i>	<u>748</u>	<u>(3,887,123)</u>
0100 <i>Total Net Assets - Beginning</i>	(20,871)	18,350,138
3300 <i>Total Net Assets - Ending</i>	<u>\$ (20,123)</u>	<u>\$ 14,463,015</u>

771	772	Total Internal Service Funds (See Exhibit D-2)
Copier Fund	Workmen's Compensation	
\$ 36,326	\$ 2,531,775	\$ 23,113,496
<u>36,326</u>	<u>2,531,775</u>	<u>23,113,496</u>
--	806	157,465
15,108	2,264,089	26,583,172
6,096	610	83,842
<u>21,204</u>	<u>2,265,505</u>	<u>26,824,479</u>
<u>15,122</u>	<u>266,270</u>	<u>(3,710,983)</u>
15,122	266,270	(3,710,983)
--	--	106,000
<u>15,122</u>	<u>266,270</u>	<u>(3,604,983)</u>
244,005	3,106,620	21,679,892
<u>\$ 259,127</u>	<u>\$ 3,372,890</u>	<u>\$ 18,074,909</u>

# PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT

## COMBINING STATEMENT OF CASH FLOWS

### ALL INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED AUGUST 31, 2012

	752 Print Shop Fund	753 Insurance Fund	771 Copier Fund
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$ --	\$ --	\$ --
Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds	190,821	20,218,628	38,205
Cash Payments to Employees	(156,139)	--	--
Cash Payments to Suppliers for Goods and Services	(237,269)	(23,996,043)	(20,882)
Cash Payments for Grants to Other Organizations	--	--	--
Other Operating Cash Receipts (Payments)	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>(202,587)</u>	<u>(3,777,415)</u>	<u>17,323</u>
<b>Cash Flows from Non-capital Financing Activities:</b>			
Proceeds (Payments) from (for) Borrowings	--	--	--
Transfers From (To) Other Funds	106,000	--	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>106,000</u>	<u>--</u>	<u>--</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Proceeds from Issuance of Long-term Debt	--	--	--
Contributed Capital	--	--	--
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>
<b>Cash Flows from Investing Activities:</b>			
Interest and Dividends on Investments	--	--	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(96,587)	(3,777,415)	17,323
Cash and Cash Equivalents at Beginning of Year	(20,365)	18,563,103	229,534
Cash and Cash Equivalents at End of Year	<u>\$ (116,952)</u>	<u>\$ 14,785,688</u>	<u>\$ 246,857</u>
<b>Reconciliation of Operating Income to Net Cash   Provided by Operating Activities:</b>			
Operating Income (Loss)	\$ (105,252)	\$ (3,887,123)	\$ 15,122
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation	--	--	--
Provision for Uncollectible Accounts	--	--	--
Change in Assets and Liabilities:			
Decrease (Increase) in Receivables	(90,772)	(45,174)	1,879
Decrease (Increase) in Inventories	--	--	--
Increase (Decrease) in Accounts Payable	(7,083)	154,882	322
Increase (Decrease) in Payroll Deductions	--	--	--
Increase (Decrease) in Accrued Wages Payable	520	--	--
Increase (Decrease) in Unearned Revenue	--	--	--
Total Adjustments	<u>(97,335)</u>	<u>109,708</u>	<u>2,201</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (202,587)</u>	<u>\$ (3,777,415)</u>	<u>\$ 17,323</u>

EXHIBIT H-9

772 Workmen's Compensation	Total Internal Service Funds (See Exhibit D-3)
\$ --	\$ --
2,554,847	23,002,501
(806)	(156,945)
(2,335,388)	(26,589,582)
--	--
--	--
<u>218,653</u>	<u>(3,744,026)</u>
--	--
<u>--</u>	<u>106,000</u>
<u>--</u>	<u>106,000</u>
--	--
<u>--</u>	<u>--</u>
--	--
<u>--</u>	<u>--</u>
218,653	(3,638,026)
3,097,954	21,870,226
<u>\$ 3,316,607</u>	<u>\$ 18,232,200</u>
\$ 266,270	\$ (3,710,983)
--	--
--	--
23,072	(110,995)
--	--
(70,689)	77,432
--	--
--	520
--	--
<u>(47,617)</u>	<u>(33,043)</u>
<u>\$ 218,653</u>	<u>\$ (3,744,026)</u>

## *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.



**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2012*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2003 and Prior Years	\$ Various	\$ Various	\$ Various
2004	1.50	.1115	1,923,357,139
2005	1.50	.1135	2,190,596,749
2006	1.50	.1134	2,371,994,976
2007	1.37	.149	2,628,903,008
2008	1.04	.1713	2,891,912,692
2009	1.04	.231	2,308,797,178
2010	1.04	.2613	3,460,753,968
2011	1.04	.3192	3,428,758,885
2012 (School Year Under Audit)	1.17	.1892	3,454,074,798

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 9/1/11	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/12
\$ 1,530,560	\$ --	\$ 76,477	\$ 10,603	\$ (62,055)	\$ 1,381,425
313,651	--	29,220	2,172	(13,729)	268,530
398,481	--	40,037	3,032	(18,936)	336,476
456,308	--	49,469	3,746	(29,172)	373,921
565,361	--	87,091	9,494	(10,566)	458,210
704,643	--	115,290	18,987	(96,473)	473,893
1,124,247	--	246,504	54,735	(21,630)	801,378
1,638,447	--	462,247	116,140	(25,456)	1,034,604
3,115,972	--	1,156,073	354,739	(114,969)	1,490,191
--	46,304,360	37,485,460	6,061,775	(53,292)	2,703,833
<u>\$ 9,847,670</u>	<u>\$ 46,304,360</u>	<u>\$ 39,747,868</u>	<u>\$ 6,635,423</u>	<u>\$ (446,278)</u>	<u>\$ 9,322,461</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Less Allowance for Uncollectible Taxes

745,797  
\$ 8,576,664

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2013-2014  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT J-2

FUNCTION 41 AND RELATED FUNCTION 53 - 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	\$ 27,552	\$ --	\$ 574,619	\$ 4,068,638	\$ 544,079	\$ 176,781	\$ 5,391,669
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	430,731	--	--	--	--	--	430,731
6212	Audit Services	--	--	--	46,602	--	--	46,602
6213	Tax Appraisal and Collection	--	596,189	--	--	--	--	596,189
621X	Other Prof. Services	--	--	--	29,333	--	--	29,333
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	43,150	100	--	43,250
6240	Contr. Maint. and Repair	--	--	--	--	223,331	--	223,331
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	4,050	--	1,564	94,293	--	--	99,907
6290	Miscellaneous Contr.	1,422	--	300	134,711	185	1,513	138,131
6310	Operational Supplies, Materials	--	--	--	6,973	--	--	6,973
6320	Textbooks and Reading	363	--	400	7,500	--	--	8,263
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	5,737	--	19,481	142,668	9,959	7,746	185,591
6410	Travel, Subsistence, Stipends	28,111	--	25,658	27,005	3,579	2,604	86,957
6420	Ins. and Bonding Costs	122,648	--	--	--	--	--	122,648
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	150,767	--	19,057	107,667	225	2,101	279,817
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	225,941	225,941

Total \$ 771,381 \$ 596,189 \$ 641,079 \$ 4,708,540 \$ 781,458 \$ 416,686 \$ 7,915,333

Total Expenditures for General and Special Revenue Funds (9) \$ 297,084,598

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 17,215,383
Total Debt & Lease (6500)	(11)	\$ 198,149
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 26,528,294
Food (Function 35, 6341 and 6499)	(13)	\$ 8,539,043
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 4,708,540

Subtotal 57,189,409

Net Allowed Direct Cost \$ 239,895,189

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 283,369,511
Historical Cost of Buildings over 50 years old	(16)	--
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	45,826,553
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ --

(8) Note A - \$651,550 in Function 53 expenditures and \$596,189 in Function 99 expenditures are included in this report on administrative costs.

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-3**

*INTEREST & BONDED  
BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED AUGUST 31, 2012*

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual Budget Basis	
	Original	Final			
<b>REVENUES:</b>					
5700	<i>Local and Intermediate Sources</i>	\$ 8,809,282	\$ 8,809,282	\$ 6,940,497	\$ (1,868,785)
5800	<i>State Program Revenues</i>	20,637,531	20,637,531	19,484,953	(1,152,578)
5020	Total Revenues	<u>29,446,813</u>	<u>29,446,813</u>	<u>26,425,450</u>	<u>(3,021,363)</u>
<b>EXPENDITURES:</b>					
Debt Service:					
0071	<i>Principal on Long-Term Debt</i>	12,825,000	12,825,000	13,125,000	(300,000)
0072	<i>Interest on Long-Term Debt</i>	18,505,829	18,505,829	18,205,829	300,000
0073	<i>Bond Issuance Costs and Fees</i>	--	9,600	8,545	1,055
	Total Debt Service	<u>31,330,829</u>	<u>31,340,429</u>	<u>31,339,374</u>	<u>1,055</u>
6030	Total Expenditures	<u>31,330,829</u>	<u>31,340,429</u>	<u>31,339,374</u>	<u>1,055</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(1,884,016)</u>	<u>(1,893,616)</u>	<u>(4,913,924)</u>	<u>(3,020,308)</u>
Other Financing Sources (Uses):					
7915	<i>Transfers In</i>	<u>1,884,016</u>	<u>1,884,016</u>	<u>1,829,508</u>	<u>(54,508)</u>
7080	Total Other Financing Sources and (Uses)	<u>1,884,016</u>	<u>1,884,016</u>	<u>1,829,508</u>	<u>(54,508)</u>
1200	Net Change in Fund Balance	--	(9,600)	(3,084,416)	(3,074,816)
0100	Fund Balance - Beginning	--	13,715,794	13,715,794	--
3000	Fund Balance - Ending	<u>\$ --</u>	<u>\$ 13,706,194</u>	<u>\$ 10,631,378</u>	<u>\$ (3,074,816)</u>

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*Oscar R. González  
Melissa González*

## **Independent Auditor's Report**

### 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

Board of Trustees  
Pharr-San Juan-Alamo Independent School District  
P.O. Box 769  
Pharr, Texas 78577

#### Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pharr-San Juan-Alamo Independent School District as of and for the year ended August 31, 2012, which collectively comprise the Pharr-San Juan-Alamo Independent School District's basic financial statements and have issued our report thereon dated December 21, 2012. 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

Management of Pharr-San Juan-Alamo Independent School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Pharr-San Juan-Alamo Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pharr-San Juan-Alamo Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pharr-San Juan-Alamo Independent School 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 a 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item(s) 2012-1, that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pharr-San Juan-Alamo Independent School 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Pharr-San Juan-Alamo Independent School District in a separate letter dated January 15, 2013.

Pharr-San Juan-Alamo Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Pharr-San Juan-Alamo Independent School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, 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.

*Oscar R. Gonzalez, CPA and Associates PLLC*  
Oscar R. Gonzalez, CPA and Associates PLLC  
Certified Public Accountants

January 15, 2013

 *Oscar R. González, CPA*  
&  
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Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Trustees  
Pharr-San Juan-Alamo Independent School District  
P.O. Box 769  
Pharr, Texas 78577

Members of the Board of Trustees:

Compliance

We have audited Pharr-San Juan-Alamo Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Pharr-San Juan-Alamo Independent School District's major federal programs for the year ended August 31, 2012. Pharr-San Juan-Alamo Independent School 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 Pharr-San Juan-Alamo Independent School District's management. Our responsibility is to express an opinion on Pharr-San Juan-Alamo Independent School 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 Pharr-San Juan-Alamo Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Pharr-San Juan-Alamo Independent School District's compliance with those requirements.

In our opinion, Pharr-San Juan-Alamo Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control Over Compliance

Management of Pharr-San Juan-Alamo Independent School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pharr-San Juan-Alamo Independent School 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 Circular 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 Pharr-San Juan-Alamo Independent School District's internal control over compliance.

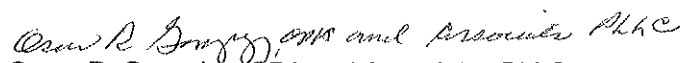
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-1 to be significant deficiencies.

Pharr-San Juan-Alamo Independent School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Pharr-San Juan-Alamo Independent School District's responses and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of Pharr-San Juan-Alamo Independent School District's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on Pharr-San Juan-Alamo Independent School District's compliance but not to provide an opinion on the effectiveness of Pharr-San Juan-Alamo Independent School District's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pharr-San Juan-Alamo Independent School District's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

  
Oscar R. Gonzalez, CPA and Associates PLLC  
Certified Public Accountants

January 15, 2013



**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster National School Lunch Program School Breakfast Program
84.377/84.388	School Improvement Grant Cluster Title I - SIP Academy Grant ARRA - Title I - SIP Academy Grant
84.287	Twenty - First Century Community Learning Center
84.011	Migrant Education State Grant Program Texas Migrant Interstate Program Title I, Part C Migrant
84.410	Education Jobs Fund
84.365	English Language Aquisition Grants

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

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

\$1,779,682

Auditee qualified as low-risk auditee?

X  Yes           No

**B. Financial Statement Findings**

-NONE-

**C. Federal Award Findings and Questioned Costs**

Major Program: 84.011 Title I Part C, Migrant Education Grant

Schedule Reference: (2012-1): Compliance over Allowable and Unallowable Costs

**Criteria:**

OMB Circular A-87, requires there be proper support for salaries and wages paid to employees working under the grant. For employees working solely on the grant it requires there be semi-annual certifications signed by the employee and the supervisor. It also requires personnel activity reports (timesheets) for employees who work under multiple activities. In order to charge payroll expenditures to the program, employees must specifically work for the program and the pay needs to be allocated by the percentage of work made for the program and the rest of their duties.

**Cause of Condition:**

Employee worked for two days for the program and was transferred to another task not related to the program during the year. The employee was recorded by human resources as an employee of the Migrant Program and was not reclassified to the new program during the year.

**Effect of Condition:**

All of the salary for this employee was paid out of the Migrant Program fund. No semiannual certification supporting his participation for the program was prepared and the complete allocation of his salary was charged to the Migrant Program.

**Recommendation:**

We recommend the employees administering this grant become familiar with requirements under OMB Circular A-87. We also recommend constant review of the employees being paid with federal funds by department heads in order for them to timely identify any employee not belonging to their program and getting paid out of federal funds.

**Auditee response:**

Human Resources will require the funding source director to sign the Salary sheet for staff they are funding. HR will coordinate efforts with the funding program department to conduct quarterly review of funded personnel to ensure that we are in compliance with program requirements. HR will periodically review student participation with necessary staff to ensure compliance of target student population. The District is in the process of reimbursing the questioned cost.

**Questioned Costs:**

**\$ 37,828**

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
-NONE-		

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2012

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>			
Passed Through State Department of Education:			
<i>Medicaid Administrative Claiming Program - MAC *</i>	93.778	108-909	\$ 200,869
Total U. S. Department of Health and Human Services			<u>200,869</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	1610101108909	295,173
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	2610101108909	13,373,711
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	3610101108909	519,922
Total CFDA Number 84.010A			<u>14,188,806</u>
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	1615001108909	188
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	2615001108909	3,024,820
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	36150001108909	148,447
<i>Texas Migrant Interstate Program</i>	84.011	2615003710001	447,020
Total CFDA Number 84.011			<u>3,620,475</u>
<i>IDEA-B Formula *</i>	84.027	16600011089096600	773,917
<i>IDEA-B Formula *</i>	84.027	26600061089096600	7,786,624
<i>IDEA-B Formula *</i>	84.027	36600011089096600	303,515
Total CFDA Number 84.027			<u>8,864,056</u>
<i>Career and Technical - Basic Grant</i>	84.048	2420006108909	443,072
<i>Career and Technical - Basic Grant</i>	84.048	3420006108909	10,869
Total CFDA Number 84.048			<u>453,941</u>
<i>IDEA-B Preschool *</i>	84.173	16610011089096610	--
<i>IDEA-B Preschool *</i>	84.173	26610011089096610	42,511
<i>IDEA-B Preschool *</i>	84.173	36610011089096610	3,023
Total CFDA Number 84.173			<u>45,534</u>
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287	26950177110045	1,533,754
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287	26950147110045	29,634
Total CFDA Number 84.287			<u>1,563,388</u>
<i>GEAR UP</i>	84.334S	P334A110180	284,678
<i>Title III Part A English Language Acquisition and Language Enhance</i>	84.365A	1671001108909	4,589
<i>Title III Part A English Language Acquisition and Language Enhance</i>	84.365A	2671001108909	1,570,956
<i>Title III Part A English Language Acquisition and Language Enhance</i>	84.365A	3671001108909	69,162
Total CFDA Number 84.365A			<u>1,644,707</u>
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	1694501108909	18,000
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	2694501108909	1,411,996
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	3694501108909	130,154
Total CFDA Number 84.367A			<u>1,560,150</u>
<i>SLDS Classroom Link to ISDS *</i>	84.372A	0635002108909	27,639
<i>Title I SIP Academy Grant *</i>	84.377	16107047110032	2,742,985
<i>Title I SIP Academy Grant *</i>	84.377	2610704710024	56,182
Total CFDA Number 84.377			<u>\$ 2,799,167</u>

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT K-1

Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Title I SIP Academy Grant *</i>	84.377A	0610706711000	\$ 1,430,705
<i>ARRA - Title II Part D Subpart 1-Enhancing Education Through Tech</i>	84.386	0553001108909	2,052
<i>ARRA - Title I SIP Academy Grant *</i>	84.388	5520017110053	991,047
<i>ARRA - ESEA, Title I, Part A - Improving Basic Programs *</i>	84.389	0551001108909	83,691
<i>ARRA - IDEA-Part B Formula *</i>	84.391	0554001108909	132,880
<i>ARRA - IDEA Part B, Preschool *</i>	84.392	0555001108909	13,913
<i>Rio Grande Valley Center for Teaching and Leading Exce</i>	84.396C	U396C100748	581,861
<i>Education Jobs Fund</i>	84.410	1550101108909	2,667,198
Total Passed Through State Department of Education			<u>40,955,888</u>
Total U. S. Department of Education			<u>40,955,888</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	108-909	6,009,904
National School Lunch Program *	10.555	108-909	11,112,188
Commodity Supplemental Food Program	10.565	108-909	1,101,112
Total Passed Through State Department of Education			<u>18,223,204</u>
Total U. S. Department of Agriculture			<u>18,223,204</u>
<b>U. S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
Passed Through State Department of Education:			
<i>SSA National and Community Service Trust Act - Learn &amp; Serve Am</i>	94.004	06AFH7X0010068	665,173
Total U. S. Corporation for National And Community Service			<u>665,173</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 60,045,134</u>

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

The accompanying notes are an integral part of this schedule.

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pharr-San Juan-Alamo 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 general purpose financial statements.

**PHARR-SAN JUAN-ALAMO INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2012*

<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?	\$    1,300,599



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*Oscar R. González  
Melissa González*

Board of Trustees and Administration  
Pharr San Juan Alamo Independent School District  
P.O. Box 769  
Pharr, Texas 78577

In planning and performing our audit of the financial statements of Pharr San Juan Alamo Independent School District for the year ended August 31, 2012, We considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During my audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report, dated January 15, 2013, on the financial statements of the Pharr San Juan Alamo Independent School District.

This report is intended solely for the information and use of the Board of Trustees, administration, the Texas Education Agency, 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.

  
Oscar R. Gonzalez, CPA and Associates, PLLC  
Certified Public Accountants  
Pharr, Texas  
January 15, 2013

## Procedures on Food Service Inventory

### **Current Environment**

Inventory counts are properly performed annually by warehouse personnel on the food service inventory that is on hand as of the end of the fiscal year. For this fiscal year the inventory counts appear to be accurate, but proper recording of the inventory balances is not being made in the accounting system affecting various accounts. Inventory balances on the system did not balance with inventory count sheets for both regular inventory and commodity supplemental inventory, thus creating an overstatement of inventory. Inventories are not being reconciled on a regular basis and balance on the inventory account does not reflect the actual amount any time during the year, creating the misconception that the district carries more inventory than what is on storage.

### **Suggestion**

Inventory accounts should be maintained and reconciled at least monthly, with warehouse documents of inventory moving in and out of the warehouse. Invoices of inventory purchased and distribution of food to the campuses need to be constantly accounted for and inventory balances should reflect correct balances on the accounting system.