

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2011

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CERTIFICATE OF BOARD

Edinburg Consolidated Independent School District
Name of District

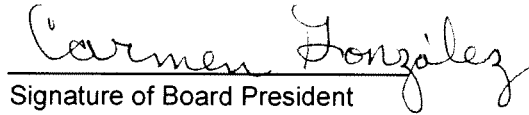
Hidalgo
County

108-904
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, 2011 at a meeting of the Board of Trustees of such school district on the 24th day of January 2012.



Signature of Board Secretary
Ciro Trevino



Signature of Board President
Carmen Gonzalez

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

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

208 W Ferguson Unit 3 Ste 1

Pharr, TX 78577

lcocpa@lcocpa.com

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

Independent Auditor's Report

Board of Trustees
Edinburg Consolidated Independent School District
411 North 8th Ave
Edinburg, Texas 78540

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edinburg Consolidated Independent School District (the District) as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Edinburg Consolidated Independent School District as of August 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

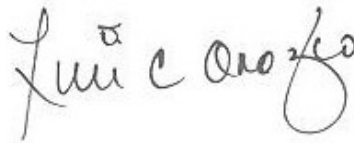
In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2012, on our consideration of the Edinburg Consolidated Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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.

The *accompanying required supplementary information, management's discussion and analysis and budgetary comparison information* are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edinburg Consolidated Independent School District's basic financial statements. The *accompanying supplementary information, such as the introductory section, combining and individual nonmajor fund financial statements, the TEA required schedules, and statistical tables* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *supplementary information, such as the combining and individual nonmajor fund financial statements and the supplementary schedule of expenditures of federal awards* have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

A handwritten signature in black ink that reads "Luis C Orozco". The signature is written in a cursive style with a small square mark above the 'i' in "Luis".

Luis C. Orozco
Certified Public Accountant
January 17, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Edinburg Consolidated 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, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

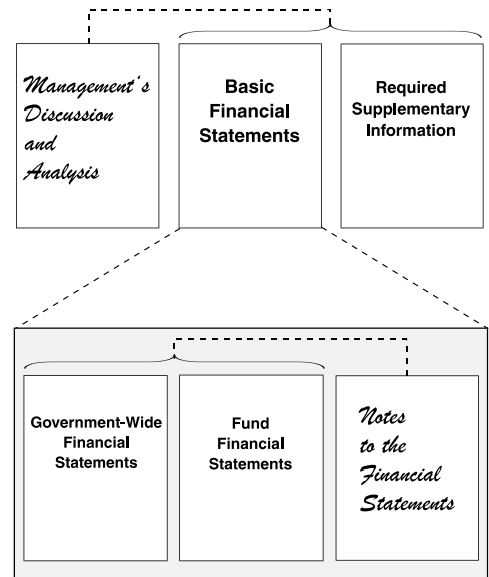
- The District's total combined net assets were \$ 168,429,451.
- During the year, the District's expenses were \$ 33,736,540 less than the \$246,587,688 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$ 59,921,347.

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.

Summary ↔ Detail

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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
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.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base

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, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants 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 taxes and grants.

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...
- **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.

Financial Statement Summary

Net assets. The District's combined net assets were \$168.43 at August 31, 2011. (See Table A-1).

Table I						
EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT						
NET ASSETS						
in millions/thousands dollars						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	132.90	137.56	-	-	132.90	137.56
Capital assets	292.94	269.77	-	-	292.94	269.77
Total assets	425.84	407.33	-	-	425.84	407.33
Current liabilities	27.52	21.43	-	-	27.52	21.43
Other liabilities	229.89	245.00	-	-	229.89	245.00
Total liabilities	257.41	266.43	-	-	257.41	266.43
Net Assets:						
Invested in capital assets, net of	64.97	-	-	-	64.97	-
Restricted	28.68	65.02	-	-	28.68	65.02
Unrestricted	74.78	75.94	-	-	74.78	75.94
Total Net Assets	168.43	140.96	-	-	168.43	140.96

\$35.00 million of the District's restricted net assets represent proceeds from 2008 Construction bond issue. These proceeds when spent are restricted for capital assets. The \$78.81 million of unrestricted net asset represents resources available to fund the programs of the district for the next year.

Changes in net assets. The District's total revenues were \$333.30 million. A significant portion, 58% comes from state –aid formula grants, 19 % of the District's revenue comes from operating grants, 22% is related to property taxes collected, 1% is investment earnings received and miscellaneous revenue (See Figure A-3).

The total cost of all programs and services was \$299.57 million of which 66.91 % of these costs are for instructional and student services.

Governmental Activities

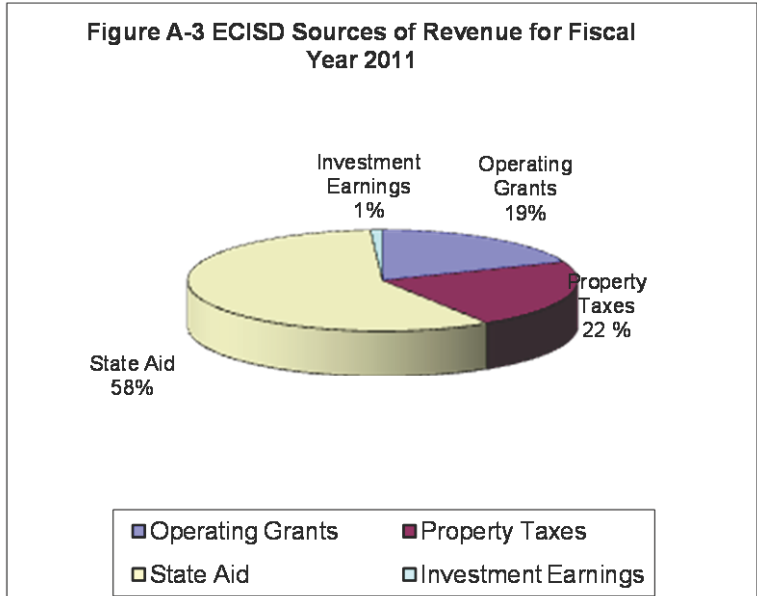


Table II						
EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT						
CHANGES IN NET ASSETS						
in millions/thousands dollars						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Operating Grants & Contributions	82.41	62.79	-	-	82.41	62.79
General Revenues:						
Property Taxes	65.78	73.85	-	-	65.78	73.85
State Aid - Formula	179.55	189.05	-	-	179.55	189.05
Investment Income	0.22	0.37	-	-	0.22	0.37
Charges for Services	4.29	-	-	-	-	-
Other Income	1.03	(1.98)	-	-	1.03	(1.98)
Total Revenues	333	324	-	-	333	324
Expenses:						
Instruction	171.06	176.58	-	-	171.06	176.58
Instructional Resources and Media Services	6.92	7.24	-	-	6.92	7.24
Curriculum Dev. And Instructional Staff Dev.	2.34	3.37	-	-	2.34	3.37
School Leadership	12.44	12.08	-	-	-	-
Instructional Leadership	4.54	4.93	-	-	4.54	4.93
Guidance, Counseling and Evaluation Services	12.19	12.12	-	-	12.19	12.12
Social Work Services	2.00	2.04	-	-	2.00	2.04
Health Services	2.95	3.06	-	-	2.95	3.06
Student Pupil Transportation	11.01	10.49	-	-	11.01	10.49
Food Services	18.69	17.52	-	-	18.69	17.52
Curricular/ Extracurricular Activities	9.09	8.44	-	-	9.09	8.44
General Administration	(1.63)	3.90	-	-	(1.63)	3.90
Plant maintenance & Oper.	25.78	26.37	-	-	25.78	26.37
Security & Monitoring Svcs.	3.16	3.19	-	-	3.16	3.19
Data Processing Services	1.23	1.15	-	-	1.23	1.15
Community Services	1.04	1.07	-	-	1.04	1.07
School District Admin. Support Services	-	-	-	-	-	-
Debt Service	10.76	9.37	-	-	10.76	9.37
Debt Service Bond Issuance	0.01	-	-	-	0.01	-
Facilities Acquisition and Construction	5.11	4.58	-	-	5.11	4.58
Payments to Juvenile Progr. Alternative Ed. Program	0.04	0.04	-	-	0.04	0.04
Other Intergovernmental	0.74	0.75	-	-	0.74	0.75
Total Expenses	299.48	308.29	-	-	287.04	296.21
Increase in Net Assets before transfers and special items	33.81	15.79	-	-	33.81	15.79

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all governmental activities this year was \$220.04 million. However, the amount that our taxpayers paid for these activities through property taxes was only \$65.78 million.
- By grants and contributions \$82.42 million.

Table III						
EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT						
NET COST OF SELECTED DISTRICT FUNCTIONS						
in millions/thousands dollars						
	Total Cost of		Percentage	Net Cost of		Percentage
	Service			Services		
	2011	2010	Change	2011	2010	Change
Instruction	171.06	187.19	(8.62)	223.98	142.66	57.00
School Administration	12.44	12.08	2.98	15.98	10.18	56.97
Plant Maintenance & Operations	25.78	26.37	2.24	30.65	19.52	57.02
Debt Service - Interest & Fiscal Charges	10.76	9.37	14.83	14.71	9.37	56.90

FINANCIAL ANALYSIS OF THE DISTRICT'S FINANCES

Revenues from governmental fund types totaled \$333.30 million. The increase in local revenues is a result of state legislation that has shifted state funds away from school districts similar to the District and caused districts to increase local revenues by significant amounts each year. Additionally significant student population growth necessitates increased local revenues to offset resulting increased local expenses. The increase in state revenues is a result of an increase of 1082 students in average daily attendance. The increase in federal revenues is primarily due to an increase in federal program revenue distributed through other agencies.

General Fund Expenditures

Over the course of the year, the District revised its budget two times. Even with these adjustments, actual expenditures were \$34.12 million below final budget amounts. The most significant positive variance resulted from staffing. Staffing is budgeted for full employment throughout the full year. Budget amounts for vacant positions throughout the year are not eligible to budget revisions.

- State and federal revenues were not realized before year-end as anticipated.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2012 budget preparation is \$4.90 billion, or 6.53 decrease from 2011. New construction for 2011 is up from \$ 291.82 million in 2010 to \$ 301.20.
- General operating fund spending per student decreases in the 2012 budget from \$9,047 to \$8,900. This is a 1.62 % decrease.
- The District's 2012 refined average daily attendance is expected to be 30,240.00

These indicators were taken into account when adopting the general fund budget for 2012. Amounts available for appropriation in the general fund budget are \$283.33 million, an increase of 1.02 percent over the final 2011 budget of \$273.59 million. Property taxes will decrease due to the decreasing mineral values. State revenue will increase as the student population grows. The District will use these increases in revenues to finance programs we currently offer.

Expenditures are budgeted to decrease 1.62 percent to \$269.14 million. The largest increments are decreases in capital projects being funded by general fund budget and decrease in E rate expenditures. If these estimates are realized, the District's budgetary general fund balance is not expected to change appreciably by the close of 2012.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Department.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2011

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 3,361,804
1120 Current Investments	98,330,749
1220 Property Taxes Receivable (Delinquent)	11,886,921
1230 Allowance for Uncollectible Taxes	(356,608)
1240 Due from Other Governments	18,047,098
1260 Internal Balances	(1)
1290 Other Receivables, net	129,224
1300 Inventories	1,496,711
Capital Assets:	
1510 Land & Improvements	17,588,064
1520 Buildings, Net	178,834,017
1530 Furniture and Equipment, Net	4,739,543
1540 Other Capital Assets, Net	5,470,081
1550 Leased Property Under Capital Leases, Net	1,338,952
1580 Construction in Progress	84,973,171
1000 Total Assets	425,839,726
LIABILITIES	
2110 Accounts Payable	5,509,436
2150 Payroll Deductions & Withholdings	2,114,203
2160 Accrued Wages Payable	10,251,448
2180 Due to Other Governments	375,070
2190 Due to Student Groups	16,891
2300 Deferred Revenues	9,249,245
Noncurrent Liabilities	
2501 Due Within One Year	11,825,000
2502 Due in More Than One Year	218,068,982
2000 Total Liabilities	257,410,275
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	64,968,013
3820 Restricted for Federal and State Programs	9,344,315
3850 Restricted for Debt Service	3,508,344
3860 Restricted for Capital Projects	13,883,433
3890 Restricted for Other Purposes	6,773,096
3900 Unrestricted Net Assets	69,952,250
3000 Total Net Assets	\$ 168,429,451

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT B-1

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

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 171,065,907	\$ 964,304	\$ 42,110,172	\$ (127,991,431)
12 Instructional Resources and Media Services	6,929,361	-	695,993	(6,233,368)
13 Curriculum and Staff Development	2,346,471	-	1,430,487	(915,984)
21 Instructional Leadership	4,542,319	-	1,760,300	(2,782,019)
23 School Leadership	12,447,528	-	1,753,370	(10,694,158)
31 Guidance, Counseling and Evaluation Services	12,199,195	-	3,603,638	(8,595,557)
32 Social Work Services	2,000,653	-	801,107	(1,199,546)
33 Health Services	2,951,975	-	267,913	(2,684,062)
34 Student (Pupil) Transportation	11,011,748	1,000,969	555,379	(9,455,400)
35 Food Services	18,696,109	1,822,141	19,807,851	2,933,883
36 Extracurricular Activities	9,095,889	509,496	327,245	(8,259,148)
41 General Administration	(1,633,250)	-	265,276	1,898,526
51 Facilities Maintenance and Operations	25,784,499	-	7,870,449	(17,914,050)
52 Security and Monitoring Services	3,161,415	-	196,974	(2,964,441)
53 Data Processing Services	1,237,705	-	7,453	(1,230,252)
61 Community Services	1,044,418	-	966,181	(78,237)
72 Debt Service - Interest on Long Term Debt	10,766,880	-	-	(10,766,880)
73 Debt Service - Bond Issuance Cost and Fees	13,105	-	-	(13,105)
81 Capital Outlay	5,119,717	-	-	(5,119,717)
95 Payments to Juvenile Justice Alternative Ed. Prg.	42,000	-	-	(42,000)
99 Other Intergovernmental Charges	744,202	-	-	(744,202)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 299,567,846	\$ 4,296,910	\$ 82,419,788	(212,851,148)

Data	General Revenues:		
Control	Taxes:		
Codes	Property Taxes, Levied for General Purposes		
MT			54,662,721
DT			11,120,864
GC	Property Taxes, Levied for Debt Service		179,554,637
IE	Grants and Contributions not Restricted		223,791
MI	Investment Earnings		1,143,327
FR	Miscellaneous Local and Intermediate Revenue		(117,652)
TR	Transfers In (Out):		246,587,688
	Total General Revenues & Transfers		246,587,688
CN	Change in Net Assets		33,736,540
NB	Net Assets--Beginning		140,956,954
PA	Prior Period Adjustment		(6,264,043)
NE	Net Assets--Ending		\$ 168,429,451

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2011

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110	\$ 1,204,332	\$ 30,694	\$ 1,235,026
1120	61,932,234	22,699,351	84,631,585
1220	10,435,597	1,451,324	11,886,921
1230	(313,182)	(43,426)	(356,608)
1240	10,566,028	7,481,070	18,047,098
1260	8,275,724	10,427	8,286,151
1290	56,592	64,687	121,279
1300	1,474,256	-	1,474,256
1000	<u>\$ 93,631,581</u>	<u>\$ 31,694,127</u>	<u>\$ 125,325,708</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110	\$ 3,295,647	\$ 1,909,969	\$ 5,205,616
2150	2,114,203	-	2,114,203
2160	9,018,260	1,232,991	10,251,251
2170	-	8,184,963	8,184,963
2180	-	375,070	375,070
2190	-	16,891	16,891
2300	19,282,123	1,497,435	20,779,558
2000	<u>33,710,233</u>	<u>13,217,319</u>	<u>46,927,552</u>
Fund Balances:			
Nonspendable Fund Balance:			
3410	1,268,015	-	1,268,015
Restricted Fund Balance:			
3450	8,800,972	543,343	9,344,315
3470	-	6,783,433	6,783,433
3480	-	3,508,344	3,508,344
Committed Fund Balance:			
3510	-	2,100,000	2,100,000
3530	-	5,000,000	5,000,000
3545	6,264,043	509,053	6,773,096
3600	43,588,317	32,635	43,620,952
3000	<u>59,921,347</u>	<u>18,476,808</u>	<u>78,398,155</u>
4000	<u>\$ 93,631,580</u>	<u>\$ 31,694,127</u>	<u>\$ 125,325,707</u>

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2011

Total Fund Balances - Governmental Funds	\$	78,398,155
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.		15,451,138
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$328,819,886 and the accumulated depreciation was \$158,572,028. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.		28,632,940
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2011 capital outlays and debt principal payments is to (decrease) net assets.		46,966,595
4 The 2011 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(12,549,690)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		11,530,313
19 Net Assets of Governmental Activities	\$	168,429,451

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT C-3

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 61,224,431	\$ 11,468,546	\$ 72,692,977
5800 State Program Revenues	175,519,020	11,769,079	187,288,099
5900 Federal Program Revenues	23,270,113	50,787,712	74,057,825
5020 Total Revenues	<u>260,013,564</u>	<u>74,025,337</u>	<u>334,038,901</u>
EXPENDITURES:			
Current:			
0011 Instruction	131,235,067	36,857,689	168,092,756
0012 Instructional Resources and Media Services	6,083,800	475,305	6,559,105
0013 Curriculum and Instructional Staff Development	921,112	1,425,359	2,346,471
0021 Instructional Leadership	2,935,751	1,679,794	4,615,545
0023 School Leadership	10,793,322	1,328,670	12,121,992
0031 Guidance, Counseling and Evaluation Services	8,941,271	3,314,260	12,255,531
0032 Social Work Services	1,234,483	763,437	1,997,920
0033 Health Services	2,769,524	152,744	2,922,268
0034 Student (Pupil) Transportation	11,989,988	197,120	12,187,108
0035 Food Services	19,728,725	816	19,729,541
0036 Extracurricular Activities	8,831,991	219,025	9,051,016
0041 General Administration	5,260,751	73,470	5,334,221
0051 Facilities Maintenance and Operations	18,746,226	7,275,966	26,022,192
0052 Security and Monitoring Services	3,113,729	43,736	3,157,465
0053 Data Processing Services	1,234,007	1,963	1,235,970
0061 Community Services	79,454	964,456	1,043,910
Debt Service:			
0071 Principal on Long Term Debt	1,915,000	8,065,000	9,980,000
0072 Interest on Long Term Debt	775,405	11,530,604	12,306,009
0073 Bond Issuance Cost and Fees	2,635	10,470	13,105
Capital Outlay:			
0081 Facilities Acquisition and Construction	2,080,707	27,397,753	29,478,460
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	42,000	-	42,000
0099 Other Intergovernmental Charges	744,202	-	744,202
6030 Total Expenditures	<u>239,459,150</u>	<u>101,777,637</u>	<u>341,236,787</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,554,414</u>	<u>(27,752,300)</u>	<u>(7,197,886)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	40,441	-	40,441
7914 Non-Current Loans	9,045,000	-	9,045,000
7915 Transfers In	33,186,680	7,100,704	40,287,384
7916 Premium or Discount on Issuance of Bonds	510,450	-	510,450
7917 Prepaid Interest	37,498	-	37,498
8911 Transfers Out (Use)	(40,287,384)	-	(40,287,384)
8949 Other (Uses)	(9,640,134)	(25,907)	(9,666,041)
7080 Total Other Financing Sources (Uses)	<u>(7,107,449)</u>	<u>7,074,797</u>	<u>(32,652)</u>
1200 Net Change in Fund Balances	13,446,965	(20,677,503)	(7,230,538)
0100 Fund Balance - September 1 (Beginning)	52,738,426	39,154,311	91,892,737
1300 Increase (Decrease) in Fund Balance	(6,264,043)	-	(6,264,043)
3000 Fund Balance - August 31 (Ending)	<u>\$ 59,921,348</u>	<u>\$ 18,476,808</u>	<u>\$ 78,398,156</u>

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2011

Total Net Change in Fund Balances - Governmental Funds	\$	(7,230,538)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to (decrease) net assets.		7,167,035
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2011 capital outlays and debt principal payments is to(decrease) net assets.		46,966,595
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(12,549,690)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		(616,859)
Change in Net Assets of Governmental Activities	\$	33,736,543

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2011

EXHIBIT D-1

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,126,778
Investments - Current	13,699,164
Other Receivables	7,945
Inventories	22,455
Total Current Assets	15,856,342
Noncurrent Assets:	
Capital Assets:	
Depreciation on Furniture and Equipment	(1,580)
District Defined Capital Assets	1,580
Total Noncurrent Assets	-
Total Assets	15,856,342
LIABILITIES	
Current Liabilities:	
Accounts Payable	303,820
Accrued Wages Payable	195
Due to Other Funds	101,189
Total Liabilities	405,204
NET ASSETS	
Unrestricted Net Assets	15,451,138
Total Net Assets	\$ 15,451,138

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 25,675,010
Total Operating Revenues	25,675,010
OPERATING EXPENSES:	
Payroll Costs	255,801
Professional and Contracted Services	207,824
Supplies and Materials	78,232
Other Operating Costs	17,966,120
Total Operating Expenses	18,507,977
Operating Income	7,167,033
Total Net Assets - September 1 (Beginning)	8,284,105
 Total Net Assets - August 31 (Ending)	 \$ 15,451,138

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Other Funds	\$ 25,679,870
Cash Payments to Employees for Services	(255,801)
Cash Payments for Suppliers	(260,337)
Cash Payments for Other Operating Expenses	(17,922,327)
Net Cash Provided by Operating Activities	<u>7,241,405</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Increase(decrease) in Short-term Loans	101,189
Other Miscellaneous	(519)
Net Cash Provided by Non-Capital Financing Activities	<u>100,670</u>
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	(6,107,022)
Proceeds from Sale of Investments	788,249
Net Cash Provided by (Used for) Investing Activities	<u>(5,318,773)</u>
Net Increase in Cash and Cash Equivalents	2,023,302
Cash and Cash Equivalents at Beginning of Year	<u>103,476</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,126,778</u></u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income:	\$ 7,167,033
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	88,768
Decrease (increase) in Inventories	16,503
Increase (decrease) in Accounts Payable	(30,919)
Increase (decrease) in Student Groups	20
Net Cash Provided by Operating Activities	<u><u>\$ 7,241,405</u></u>

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 AUGUST 31, 2011

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 18	\$ 687,811
Investments - Current	53,831	-
Total Assets	53,849	\$ 687,811
LIABILITIES		
Accounts Payable	2,850	\$ -
Payroll Deductions and Withholdings Payable	-	73,370
Due to Student Groups	50,999	614,441
Total Liabilities	53,849	\$ 687,811

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

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Edinburg Consolidated 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.

A. 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 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” and there are no component units included within the reporting entity.

B. 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 non-exchange 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.

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 us essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

These financial statements are reported using the economic resource 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. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements: governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

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 yearend. 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 revenues 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 financial sources.

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

D. BASIS OF PRESENTATION – FUND ACCOUNTING

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance—amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact. The District has inventories totaling \$1,268,015 that are classified as nonspendable.
- Spendable – The District has classified the spendable fund balances as Restricted, Committed and Unassigned and considered each to have been spent when expenditures are incurred. The District currently has no funds classified as Assigned.
 - Restricted: Federal Laws, Texas Statutes and local ordinances require that certain revenues be specifically designed for the purposes of food service, federal and state programs, debt service, and capital projects. The funds have been included in restricted category of fund balance. The restricted fund balances totaled \$19,636,092.
 - Committed for School Operations: The School Board has set aside certain spendable fund balance for school operations and capital projections. At year end, the committed fund balance is \$13,873,096.
 - Unassigned: The unassigned fund balance totaled \$43,620,952.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

Description	General Fund	Other Governmental Funds			Total Government Funds
		Special Revenue Fund	Debt Service	Capital Projects	
Fund Balances:					
Nonspendable:					
Inventories:					
General fund	\$ 1,268,015	\$ -	\$ -	\$ -	\$ 1,268,015
Food Service	-	-	-	-	-
Restricted:					
Food Service	-	-	-	-	-
State Programs	-	543,343	-	-	543,343
Debt Service	-	-	3,508,344	-	3,508,344
Other restrictions of Fund	8,800,972	-	-	-	8,800,972
Capital Projects	-	-	-	6,783,433	6,783,433
Committed:					
School Operations	6,264,043	509,053	-	-	6,773,096
Capital Projects	-	-	-	7,100,000	7,100,000
Unassigned:	43,588,317	-	-	32,635	43,620,952
Total Fund Balance	\$ 59,921,347	\$ 1,052,396	\$ 3,508,344	\$ 6,816,068	\$ 78,398,155

The District’s Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Trustees through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The District reports the following major governmental funds:

1. **General Fund** – is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds, are accounted for in this fund.
2. **Debt Service Fund** – is used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Additionally, the District reports the following type(s):

Governmental Funds:

1. **Special Revenue Funds** – are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Normally, unused balances are returned to the grantor at the close of specified project periods.
2. **Capital Projects Fund** – is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

Proprietary Fund:

1. **Internal Service 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.

Fiduciary Fund:

1. **Agency 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 the fiduciary resources to individuals, private organizations, or other governments.

E. OTHER ACCOUNTING POLICIES

1. 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.
2. 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 conformance 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.
3. 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.
4. The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.
5. 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:

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

6. The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances. There are no significant receivables which are not scheduled for collection within one year of year-end.
7. On retirement or death of certain employees, the District pays any accrued sick leave in a lump sum payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

8. 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 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.
9. The preparation of financial statements in conformity with GAAP requires the use of management's estimates.
10. 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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets.

One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including capital leases payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of Year	Change in Net Assets
Land & Improvements	\$ 20,170,162	\$ (2,200,011)	\$ 17,970,151	
Building & Improvements	286,097,172	(127,595,482)	158,501,690	
Furniture & Equipment	-	-	-	
Vehicles	13,870,759	(10,137,442)	3,733,316	
Capital Lease	22,077,552	(18,639,093)	3,438,459	
Construction in Progress	<u>86,126,634</u>	<u>-</u>	<u>86,126,634</u>	
Change in Net Assets				<u>\$ 269,770,250</u>
Long-term liabilities at the <u>Beginning of Year</u>			<u>Payable at the Beginning of Year</u>	
Bonds Payable			\$ (216,624,129)	
Loans Payable			(22,955,000)	
Capital Leases Payable			-	
Compensated Absences			<u>(190,812)</u>	
Change in Net Assets				<u>(239,769,941)</u>
Net Adjustment to Net Assets				<u>\$ 30,000,309</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

B. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

<u>Current Year Capital Outlay</u>	Amount	Adjustments to <u>Changes in Net Assets</u>	Adjustments in <u>Net Assets</u>
Land & Improvements	\$ -	\$ -	
Buildings & Improvements	30,287,570	30,287,570	
Furniture & Equipment	4,745,406	4,745,406	
Vehicles	1,843,756	1,843,756	
Construction In Progress	21,211,405	21,211,405	
Total Capital Outlay			<u>\$ 58,088,137</u>
 <u>Debt Principal Payments</u>			
Bonds Payable	\$ 8,065,000	\$ 8,065,000	
Accreted Interest	1,570,000	1,570,000	
Loan Payable	10,875,000	10,875,000	
Capital Leases Payable	-	-	
Total Principal Payments			<u>\$ 20,510,000</u>
Net Adjustments to Net Assets			<u>\$ 78,598,137</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The official budget was prepared for adoption for the General Fund, Debt Service Fund and the Food Service Fund, which is included within the Special Revenue Funds, which is included within the General Funds. The General Fund, Food Service Fund and the Debt Service Fund Budget reports appear in Exhibits C-5, J-4, J-5 respectively. The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

1. Prior to August 20th the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. Public notice of the meeting must be given at least ten days prior to the meeting.
3. Prior to September 1st the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in

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the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary. There were no significant budget amendments passed during the 2010-2011 school year.

4. Each budget is controlled by the budget coordinator at the revenue and expenditure functions or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31st and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The District had no outstanding end-of-year encumbrances.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended August 31, 2011, expenditures exceeded the budget in the following line items:

General Fund	Function Amount
71	\$ 100,000
Total	\$ 100,000

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. 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 securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2011, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$102,431,719 and the bank balance was \$4,742,115. The District's cash deposits at August 31, 2011 and during the period ended August 31, 2011, were covered by FDIC insurance up to \$250,000.00 or by pledged collateral held by the District's agent bank in the District's name. All non interest bearing deposit accounts are fully FDIC insured.

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

- a. Depository: First National Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$35,371,446 (FDIC Insured.)
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$35,371,446 and occurred during the month of November 2010.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

District Policies and Legal Contractual Provisions Governing Deposits

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

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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.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) Certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

The District’s temporary investments at August 31, 2011, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Lone Star Investment Pool	\$ 85,728,219	\$ 85,728,219	\$ -	\$ -	\$ -
Texas Term Local Government	6,683,813	6,683,813	-	-	-
MBIA	5,962,944	5,962,944	-	-	-
Total	<u>\$ 98,374,976</u>	<u>\$ 98,374,976</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk – In accordance with state law and the District’s investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1, P-1 or have an equivalent rating, and obligations of states, agencies, counties, and cities must be at least A or its equivalent. As of August 31, 2011, the District’s investments in Lone Star Investment Pool were rated AAAf-s/t by Standard and Poor’s (S&P), and MBIA was rated AAA/v1+ by Fitch Ratings.

Custodial Risk for Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments held by third parties were fully collateralized and held in the District’s name.

Concentration of Credit Risk – The investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce risk of loss resulting from over concentration of assets in specific class of investments, specific maturity or specific issuer. As of August 31, 2011, the District had its investments in TASB investment pools rated AAA as noted above.

Interest Rate Risk – In accordance with state law and the District’s investment policy, the District does not purchase any investments greater than five (5) years for its operating funds.

Foreign Currency Risk for Investments – The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

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B. PROPERTY TAXES

Property taxes are levied by October 1st 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 1st of the year following the year in which imposed. On January 1st of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal year.

The tax rates assessed for the year ended August 31, 2011, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0400 and \$0.1998 per \$100 valuation, respectively, for a total of \$1.2398. The assessed valuation of \$5,488,700,507 was used to determine the tax rates, represents 100% of the fair market value of the property. Allowances for uncollectible within the General Fund is 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. The tax rate for the year ended August 31, 2011 was \$1.2398.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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C. DUE FROM STATE AGENCIES AND DUE TO OTHER GOVERNMENTS

Interfund balances at August 31, 2011 consisted of the following individual fund balances:

<u>General Fund:</u>	Due from Other Funds	Due to Other Funds
General Fund	\$ (10,428)	\$ (10,428)
Special Revenue Fund	4,441,494	10,427
Debt Service Fund	3,743,469	-
Capital Projects	-	-
Internal Service Fund	101,189	-
Agency Fund	-	-
Total General Fund	8,275,724	(0)
 <u>Special Revenue Fund:</u>		
General Fund	10,427	4,441,494
Internal Service Fund	-	-
Total Special Revenue Fund	10,427	4,441,494
 <u>Debt Service Fund</u>		
General Fund	-	3,743,469
Special Revenue Fund	-	-
Total Debt Service Fund	-	3,743,469
 <u>Capital Project Fund</u>		
General Fund	-	-
Capital Projects Fund	-	-
Total Debt Service Fund	-	-
 <u>Internal Service Fund:</u>		
General Fund	-	101,189
Special Revenue Fund	-	-
Total Internal Service Fund	-	101,189
 <u>Agency Fund</u>		
General Fund	-	-
Totals	8,286,151	8,286,151

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Amount due to and from other state agencies are reflected in the following funds:

Due to/from State Governments and Agencies

	<u>Due To</u>	<u>Due From</u>
<u>General Fund</u>		
Texas Education Agency:		
National School Breakfast/Lunch Program	-	770,598
Foundation School Program	-	7,722,169
Other:		
ROTC	-	2,480
HHSC Shars	-	1,403,812
Hidalgo County Taxes	-	666,968
	-	10,566,027
 <u>Special Revenue Fund</u>		
Texas Education Agency:		
ESEA Title IV - Safe and Drug Free	-	20,888
ESEA Title I Part A -	-	1,105,878
ESEA Title I Part D Subpart 2 - Prevention and Intervention Programs	-	53,425
ESEA Title I Part C - Migratory	-	207,420
IDEA-B Formula	264,948	266,093
IDEA-B Preschool Grant	44,372	2,914
Vocational Education Basic Grant	-	22,951
ESEA Title II,A Teacher & Principal Trng & Rctng	-	128,000
ESEA Title II,D Technology	-	26,183
ESEA Title III,A Lep	-	82,293
State Fiscal Stabilization Fund	-	3,496,560
Gear Up Program - UTPA	-	23,142
Gear Up Program - Region One	-	46,776
ESEA Title TIPS	-	114,889
ESEA Title II,D Technology - ARRA	-	27,763
IDEA-B Formula - ARRA	-	1,133,411
IDEA-B Preschool Grant - A RRA	-	74,391
ESEA Title I Part A - ARRA	-	5,310
Education Jobs	-	144,480
Life Skills for Student Parents	-	18,958
Student Success Initiative	-	28,603
College Readiness Initiative for Middle School Students	-	4,009
Drop Out Recovery Pilot Program	65,750	19,603
Beginning Teacher Induction & Mentoring	-	1,519
Texas Fitness Now	-	27,116
District Awards for Teacher Excellence	-	301,792
	375,070	7,384,367
 <u>Debt Service Fund</u>		
Texas Education Agency:		
Foundation School Program	-	-
Other:		
Hidalgo County Taxes	-	96,703
	-	96,703
Total Due to/from State Government and Agencies	375,070	18,047,097

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2011

Balances resulted from the time lag between the dates that interfund goods and services are provided and/or reimbursement expenditures occur.

OTHER RECEIVABLES

	General Fund	Special Revenue Fund	Debt Service Fund	Internal Service Fund	Total
Returned Checks	\$ -	\$ -	\$ -	\$ -	\$ -
Paper Inventory	28,484	-	-	-	28,484
Food Services Sales	436	-	-	-	436
Transportation	6,893	-	-	-	6,893
Miscellaneous	20,780	-	-	-	20,780
Locks	-	64,687	-	-	64,687
Print Shop Collections	-	-	-	4,283	4,283
W/C Insurance Recoveries	-	-	-	3,662	3,662
Health Insurance Recoveries	-	-	-	-	-
Total	\$ 56,593	\$ 64,687	\$ -	\$ 7,945	\$ 129,225

D. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2011, are summarized below:

Fund	State Entitlements	Federal Grants	Other	Total
General	\$ 7,722,169	\$ 2,176,890	\$ 666,968	\$ 10,566,027
Special Revenue	-	7,384,366	-	7,384,366
Debt Service	-	-	96,703	96,703
Total	\$ 7,722,169	\$ 9,561,256	\$ 763,671	\$ 18,047,096

DUE TO STATE AGENCIES & OTHER AGENCIES

Fund	State Entitlements	Federal Grants	Other	Total
General	\$ -	\$ -	\$ -	\$ -
Special Revenue	-	375,070	-	375,070
Total	\$ -	\$ 375,070	\$ -	\$ 375,070

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

E. CAPITAL ASSET ACTIVITY

Capital asset activity for the year ended August 31, 2011, was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 13,395,757.47			\$ 13,395,757.47
Construction in progress	\$ 86,126,633.66	\$ 21,211,404.99	\$ (22,364,868.25)	\$ 84,973,170.40
Total capital assets not being depreciated	<u>\$ 99,522,391.13</u>	<u>\$ 21,211,404.99</u>	<u>\$ (22,364,868.25)</u>	<u>\$ 98,368,927.87</u>
Capital assets being depreciated:				
Land improvements	\$ 6,774,404.52	\$ -	\$ -	\$ 6,774,404.52
Buildings and improvements	\$ 286,097,171.63	\$ 30,287,569.74	\$ -	\$ 316,384,741.37
Equipment (Capital Lease)	\$ 22,077,551.60	\$ 4,745,406.35	\$ (147,989.10)	\$ 26,674,968.85
Vehicles	\$ 13,870,758.64	\$ 1,843,756.00	\$ (544,963.00)	\$ 15,169,551.64
Total capital assets being depreciated	<u>\$ 328,819,886.39</u>	<u>\$ 36,876,732.09</u>	<u>\$ (692,952.10)</u>	<u>\$ 365,003,666.38</u>
Less accumulated depreciation for:				
Land improvements	\$ (2,200,010.71)	\$ (382,086.88)		\$ (2,582,097.59)
Buildings and improvements	\$ (127,595,481.85)	\$ (9,955,242.53)		\$ (137,550,724.38)
Equipment (Capital Lease)	\$ (18,639,092.98)	\$ (1,374,832.75)	\$ 147,989.10	\$ (19,865,936.63)
Vehicles	\$ (10,137,442.22)	\$ (837,528.01)	\$ 544,963.00	\$ (10,430,007.23)
Total accum. Dep.	<u>\$ (158,572,027.76)</u>	<u>\$ (12,549,690.17)</u>	<u>\$ 692,952.10</u>	<u>\$ (170,428,765.83)</u>
Total cap.assets being depreciated, net	<u>\$ 170,247,858.63</u>	<u>\$ 24,327,041.92</u>	<u>\$ -</u>	<u>\$ 194,574,900.55</u>
Governmental activities capital assets, net	<u>\$ 269,770,249.76</u>	<u>\$ 45,538,446.91</u>	<u>\$ (22,364,868.25)</u>	<u>\$ 292,943,828.42</u>

Depreciation was charge to functions as follows:

Instruction	6,589,683.88
Instruction Resources and Media Services	391,894.97
Instructional Leadership	16,060.71
School Leadership	344,561.56
Guidance, Counseling, & Evaluation Services	33,662.53
Social Work Services	2,892.77
Health Services	31,443.37
Student Transportation	702,865.05
Food Services	725,981.14
Extracurricular Acitivities	60,143.15
General Administration	17,706.25
Plant Maintenance and Operations	297,477.85
Security and Monitoring Services	20,068.18
Data Processing Services	1,836.13
Community Services	537.52
Facilities Acquisition and Contruction	<u>3,312,875.11</u>
Total Depreciation Expense	<u>\$ 12,549,690.17</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. BONDS PAYABLE

Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources.

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.

Description	Interest Rate	Original Issue Amount	Interest Current Yr	Balance 09/01/10	Principal Issued	Principal Retired	Accreted Interest	Balance 08/31/11
Unlim Build. & Refund.								
Series-02	2.6-5.4 %	\$ 55,070,000	\$ 1,036,398	\$ 23,930,000	\$ -	\$ 3,085,000	\$ -	\$ -
								20,845,000
		55,070,000	1,036,398	23,930,000	-	3,085,000	-	20,845,000
Series-00 CABS/Ref. 05	3.00-5.75%	51,210,000	2,372,400	48,590,000	-	20,000	-	48,570,000
Accretn on Cap. App.		-	1,570,000	1,539,129	-	1,570,000	30,871	-
		51,210,000	3,942,400	50,129,129	-	1,590,000	30,871	48,570,000
Unlim Build. & Refund.								
Series 08A	3.50-5.00%	37,170,000	1,311,850	31,520,000	-	2,980,000	-	28,540,000
Unlimited Build. Bond								
Series-08B	3.25-5.25%	111,610,000	5,121,706	107,605,000	-	1,980,000	-	105,625,000
Unlimited Build. & Ref.								
Bond Series-09	3.5-4.00%	3,080,000	118,250	3,080,000	-	-	-	3,080,000
Totals			\$ 11,530,604	\$ 216,264,129	\$ -	\$ 9,635,000	\$ 30,871	\$ 206,660,000

Debt service requirements are as follows:

Year Ended August 31,	Governmental Activities		Accretion	Total Required
	Principal	Interest		
2012	\$ 9,925,000	\$ 9,639,735	\$ -	\$ 19,564,735
2013	10,745,000	9,203,479	-	19,948,479
2014	11,215,000	8,737,941	-	19,952,941
2015	11,720,000	8,242,166	-	19,962,166
2016	12,215,000	7,744,640	-	19,959,640
2017-2021	40,945,000	31,722,213	-	72,667,213
2022-2026	28,365,000	23,651,588	-	52,016,588
2027-2031	39,570,000	14,831,238	-	54,401,238
2032-2036	28,440,000	7,077,000	-	35,517,000
2037-2041	13,520,000	684,500	-	14,204,500
Totals	\$ 206,660,000	\$ 121,534,500	\$ -	\$ 328,194,500

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Capital Leases

The District acquired office equipment under a long-term, noncancellable (capital) lease, authorized under TEC 20-49. The capitalized lease payable at August 31, 2011 is \$0 and the annual payments (which extend through fiscal year 2013) are \$0. The effective interest rate is 0.00%.

G. LOANS PAYABLE

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources and principal payments are shown as Other Uses. The interest rates on these loans range from 3.25% - 4.75%.

Advance Refunding

On June 15, 2011, the District issued \$9,045,000 of Maintenance Tax Refunding Bonds, Series 2011, with an average interest rate of 3.6%. The bonds consist of serial bonds bearing various fixed rates ranging from 2.0% to 4.0% with annual maturities from August 2011 through August 2022. The net proceeds of \$9,531,984 (after issuance costs of \$60,964, plus premium of \$510,450) were used to advance refund various series of notes with a total principal amount of \$8,960,000 and an average interest rate of 4.35%.

The net proceeds were used to purchase securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new bonds) of approximately \$493,411.

Loan payment requirements are as follows:

Year Ending August 31,	Loans Payable		Total Requirements
	Principle	Interest	
2012	\$ 1,900,000	\$ 736,504	\$ 2,636,504
2013	1,975,000	669,081	2,644,081
2014	2,050,000	596,968	2,646,968
2015	2,115,000	529,821	2,644,821
2016	2,170,000	463,811	2,633,811
2017-2021	8,655,000	1,320,691	9,975,691
2022-2026	2,260,000	72,221	2,332,221
Totals	\$ 21,125,000	\$ 4,389,097	\$ 25,514,097

H. CHANGES IN LONG-TERM DEBT

Activity in the Long-Term Debt for the District for the year ended August 31, 2011, was as follows:

	Balance 09/01/10	Additions	Reductions	Balance 08/31/11	Due Within One Year
Bonds Payable	\$ 214,725,000	\$ -	\$ 8,065,000	\$ 206,660,000	\$ 9,925,000
Accreted Interest	1,539,129	30,871	1,570,000	-	-
Capital Leases Payable	-	-	-	-	-
Loans Payable	22,955,000	9,045,000	10,875,000	21,125,000	1,900,000
Compensated Balances	1,918,168	190,812	-	2,108,981	-
Totals	\$ 241,137,297	\$ 9,266,684	\$ 20,510,000	\$ 229,893,981	\$ 11,825,000

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

I. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

	General Fund	Special Revenue	Debt Service	Total
Net Tax Revenue	\$ 10,122,415	-	\$ 1,407,898	\$ 11,530,313
State Revenue	8,923,367	2,807	19,677	8,945,851
Athletic Receipts	30,100	-	-	30,100
Instructional Materials Allotment	-	44,072	-	44,072
Advanced Placement Incentives	-	22,981	-	22,981
Technology Allotment	-	-	-	-
AP Inspiration Award	-	-	-	-
USDA Commodities	206,241	-	-	206,241
	<u>19,282,123</u>	<u>\$ 69,860</u>	<u>\$ 1,427,575</u>	<u>\$ 20,779,558</u>
Totals				

J. DEFINED PENSION PLAN

Plan Description. The Edinburg Consolidated Independent School District contributes to the Teacher Retirement System of Texas (the “System”), a public employee retirement system. It is cost-sharing, multi-employer defined pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code. Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by visiting the TRS website at www.trs.state.us or by writing the Teacher Retirement System of Texas at 1000 Red River Street, Austin, TX 78701-2698 or by calling the TRS Communication Department at 1-800-223-8778.

Funding Policy- Under provisions in State law, plan members are required to contribute 6.40% of their annual salary for fiscal years 2011-2009 and a state contribution rate of 6.644% for fiscal years 2011-2010 and 6.58% for fiscal year 2009. The District’s employees contributions to the System for the fiscal periods ending in 2011, 2010 and 2009 were \$ 12,585,074, \$12,437,263, and \$ 12,076,074, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the fiscal periods ending in 2011, 2010 and 2009 were \$4,941,655, \$4,929,043, and \$4,347,126, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$8,084,970 for the year ended August 31, 2011.

K. 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 2011, 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.

L. HEALTH CARE COVERAGE

During the year ended August 31, 2011 employees of the District were covered by a health insurance plan (the “Plan”). The District contributed \$333 per month per employee and dependents 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.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2011

The contract between the District and the third party administrator is renewable January 1, 2012 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 Shield of Texas, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$250,000 and for aggregate loss. According to the latest actuarial opinion dated, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated incurred, but not reported.

Retiree Health Care Plan

Plan Description-The District contributes to the Teacher Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing, multi-employer defined benefit postemployment health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS -Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, TX 78701-2698 or by calling the TRS Communications Department at 1-800-223-8778.

Funding Policy-Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature, Texas Insurance Code, Sections 1575.202, 203, 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010, 2009. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2011, 2010, and 2009, the State's contributions to TRS-Care were \$249,840, \$252,221, \$219,397, respectively, the active member contributions were \$1,159,126, \$1,144,888, \$1,111,259, respectively, and the District's contributions were \$980,802, \$968,756, and \$940,315, respectively, which equaled the required contributions each year.

Medicare Part D-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, 2011, 2010, 2009, the subsidy payments received by TRS-Care on behalf of the District were \$446,851, \$471,993 and \$415,049, respectively.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2011

M. LOCAL AND INTERMEDIATE REVENUES

During the year, local and intermediate revenues for all funds consisted of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 55,458,406	\$ -	\$ 10,496,203	\$ -	\$ 65,954,609
Penalties, Interest, and other Tax Income	1,926,621	-	282,125	-	2,208,746
Investment Income	162,075	994	21,379	40,338	224,786
Food Service	1,272,151	-	-	-	1,272,151
Co-curricula Student Activities	509,496	469,912	-	-	979,408
Other	1,895,682	157,595	-	-	2,053,277
	<u>\$ 61,224,431</u>	<u>\$ 628,501</u>	<u>\$ 10,799,707</u>	<u>\$ 40,338</u>	<u>\$ 72,692,977</u>
Totals					

N. LITIGATION

The District is a party to various litigation under which it may be required to pay certain monies upon decision of the courts. The District's attorney reports various possible contingent liabilities based on the amount of damages alleged in various cases. However, it is the opinion of the District's attorney that these cases are covered by liability insurance. In the opinion of the District's management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and, accordingly, no provisions or losses have been recorded.

O. COMMITMENTS AND 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 collectability 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 combined financial statements for such contingencies.

P. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and/or disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Q. EDINBURG CISD PUBLIC FACILITIES CORPORATION

This corporation was established in 1998 as a related organization for the lease revenue bond series of 1998. The board of trustees is appointed as the voting majority. The capital assets, investments, other assets, and liabilities are included in the district's financial statements.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED AUGUST 31, 2011

R. MAINTENANCE OF EFFORT

The amount paid by the District for employee health care premiums is as follows:

A. Total District premium paid for health care for 2010-2011		\$17,483,716
B. Subtract any non-medical expenditures		
Life Insurance	101,562	
Dental Insurance	583,329	
Vision insurance	0	
Long-Term disability	0	
Short-term disability	0	
Alternate plans	0	
COBRA expense	0	
Retiree expense	0	684,891
C. 2010-2011 Maintenance of Effort:		\$16,798,825

S. PRIOR PERIOD ADJUSTMENT

<u>EDA and IFA Allotments</u>	\$6,264,042.00
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The adjustment originated because TEA has made or will make adjustments to the facilities funding programs, the Existing Debt Allotment (EDA) and the Instructional Facilities Allotment (IFA).

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT G-1

Data Control Codes		Budgeted Amounts		Actual Amounts	Variance With
		Original	Final	(GAAP BASIS)	Final Budget Positive or (Negative)
REVENUES					
5700	Total Local and Intermediate Sources	\$ 59,942,624	\$ 59,942,624	\$ 61,224,431	\$ 1,281,807
5800	State Program Revenues	182,782,442	182,268,058	175,519,020	(6,749,038)
5900	Federal Program Revenues	35,867,566	35,867,566	23,270,113	(12,597,453)
5020	Total Revenues	<u>278,592,632</u>	<u>278,078,248</u>	<u>260,013,564</u>	<u>(18,064,684)</u>
EXPENDITURES					
011	Instruction	154,958,075	146,625,488	131,235,067	15,390,421
012	Instructional Resources & Media Services	6,435,678	6,487,617	6,083,800	403,817
013	Curriculum & Instructional Staff Development	1,342,605	1,326,217	921,112	405,105
021	Instructional Leadership	3,396,814	3,305,527	2,935,751	369,776
023	School Leadership	10,891,655	10,880,204	10,793,322	86,882
031	Guidance, Counseling & Evaluation Services	9,515,570	9,525,531	8,941,271	584,260
032	Social Work Services	1,521,553	1,521,553	1,234,483	287,070
033	Health Services	2,953,651	2,953,591	2,769,524	184,067
034	Student (Pupil) Transportation	11,910,443	12,106,462	11,989,988	116,474
035	Food Services	20,502,252	23,668,257	19,728,725	3,939,532
036	Cocurricular/Extracurricular Activities	8,555,572	8,872,970	8,831,991	40,979
041	General Administration	5,766,705	5,766,705	5,260,751	505,954
051	Facilities Maintenance & Operations	27,195,693	27,210,288	18,746,226	8,464,062
052	Security & Monitoring Services	3,247,665	3,247,765	3,113,729	134,036
053	Data Processing Services	1,381,864	1,380,864	1,234,007	146,857
061	Community Services	90,436	103,386	79,454	23,932
	Debt Service				
0071	Principal on Long-Term Debt	1,815,000	1,815,000	1,915,000	(100,000)
0072	Interest on Long-Term Debt	878,596	878,596	775,405	103,191
0073	Bond Issuance Cost and Fees	5,600	5,600	2,635	2,965
	Capital Outlay				
0081	Facilities Acquisition and Construction	5,032,600	5,032,600	2,080,707	2,951,893
	Intergovernmental				
0095	Payments to Juvenile Alternate Ed Prg	42,000	42,000	42,000	0
0099	Other Intergovernmental Charges	828,962	828,962	744,202	84,760
6030	Total Expenditures	278,268,989	273,585,183	239,459,150	34,126,033
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	323,643	4,493,065	20,554,414	16,061,349
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real and Personal Property	0	0	40,441	40,441
7914	Non-Current Loans	0	0	9,045,000	9,045,000
7915	Transfers In	31,809,563	33,186,680	33,186,680	0
7916	Premium or Discount on Issuance of Bonds	0	0	510,450	510,450
7917	Prepaid Interest	0	0	37,498	37,498
8911	Transfers Out (Use)	(31,810,353)	(40,287,470)	(40,287,384)	86
8949	Other (Uses)	0	0	(9,640,134)	(9,640,134)
	Total Other Financing Sources (Uses)	<u>(790)</u>	<u>(7,100,790)</u>	<u>(7,107,449)</u>	<u>(6,659)</u>
1200	Net Change in Fund Balances	322,853	(2,607,725)	13,446,965	16,054,690
0100	Fund Balance-September 1 (Beginning)	<u>52,738,426</u>	<u>52,738,426</u>	<u>52,738,426</u>	
1300	Increase (Decrease) in Fund Balance	(6,264,043)	(6,264,043)	(6,264,043)	
3000	Fund Balance- August 31 (Ending)	<u>\$ 53,061,279</u>	<u>\$ 43,866,658</u>	<u>\$ 59,921,348</u>	<u>\$ 16,054,690</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	
ASSETS					
1110	Cash and Cash Equivalents	\$ (20,508)	\$ (342,772)	\$ (116,775)	\$ 372,170
1120	Investments - Current	-	-	-	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	20,888	1,159,303	207,420	266,093
1260	Due from Other Funds	-	-	-	5,135
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u><u>\$ 380</u></u>	<u><u>\$ 816,531</u></u>	<u><u>\$ 90,645</u></u>	<u><u>\$ 643,398</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 83,835	\$ 58	\$ 121,343
2160	Accrued Wages Payable	-	729,725	89,562	257,106
2170	Due to Other Funds	380	2,970	1,024	-
2180	Due to Other Governments	-	-	-	264,948
2190	Due to Student Groups	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u><u>380</u></u>	<u><u>816,530</u></u>	<u><u>90,644</u></u>	<u><u>643,397</u></u>
Fund Balances:					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3530	Capital Expenditures for Equipment	-	-	-	-
3545	Other Committed Fund Balance	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
4000	Total Liabilities and Fund Balances	<u><u>\$ 380</u></u>	<u><u>\$ 816,530</u></u>	<u><u>\$ 90,644</u></u>	<u><u>\$ 643,397</u></u>

225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	266 Title XIV ARRA State Stabilization	274 GEAR UP	279 Title II, D ARRA - Ed. Technology
\$ 43,587	\$ (18,568)	\$ (54,487)	\$ -	\$ (1,339)	\$ (689,560)	\$ (69,918)	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,914	22,951	128,000	26,183	82,293	3,496,560	69,918	27,763
785	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 47,286</u>	<u>\$ 4,383</u>	<u>\$ 73,513</u>	<u>\$ 26,183</u>	<u>\$ 80,954</u>	<u>\$ 2,807,000</u>	<u>\$ -</u>	<u>\$ 27,763</u>
\$ -	\$ -	\$ 2,746	\$ -	\$ 16,904	\$ 433,919	\$ -	\$ -
2,914	4,384	69,708	-	63,712	-	-	-
-	-	1,059	26,183	338	2,373,081	-	27,763
44,372	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>47,286</u>	<u>4,384</u>	<u>73,513</u>	<u>26,183</u>	<u>80,954</u>	<u>2,807,000</u>	<u>-</u>	<u>27,763</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 47,286</u>	<u>\$ 4,384</u>	<u>\$ 73,513</u>	<u>\$ 26,183</u>	<u>\$ 80,954</u>	<u>\$ 2,807,000</u>	<u>\$ -</u>	<u>\$ 27,763</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	286 Title I SIP Academy Grant ARRA
ASSETS				
1110 Cash and Cash Equivalents	\$ (1,129,560)	\$ (73,040)	\$ (1,559)	\$ (55,047)
1120 Investments - Current	-	-	-	-
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240 Receivables from Other Governments	1,133,411	74,391	5,310	114,889
1260 Due from Other Funds	-	-	1,098	-
1290 Other Receivables	-	-	-	-
1000 Total Assets	<u>\$ 3,851</u>	<u>\$ 1,351</u>	<u>\$ 4,849</u>	<u>\$ 59,842</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ 632	\$ 50,083
2160 Accrued Wages Payable	-	-	-	7,671
2170 Due to Other Funds	3,851	1,352	4,217	2,088
2180 Due to Other Governments	-	-	-	-
2190 Due to Student Groups	-	-	-	-
2300 Deferred Revenues	-	-	-	-
2000 Total Liabilities	<u>3,851</u>	<u>1,352</u>	<u>4,849</u>	<u>59,842</u>
Fund Balances:				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:				
3510 Construction	-	-	-	-
3530 Capital Expenditures for Equipment	-	-	-	-
3545 Other Committed Fund Balance	-	-	-	-
3600 Unassigned Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 3,851</u>	<u>\$ 1,352</u>	<u>\$ 4,849</u>	<u>\$ 59,842</u>

287 Education Jobs Fund	394 Life Skills Program	397 Advanced Placement Incentives	404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	411 Technology Allotment	425 Teacher Induction and Mentoring
\$ (18,016)	\$ 570	\$ 33,981	\$ (32,612)	\$ 47,507	\$ 44,072	\$ 2,424,060	\$ (1,519)
-	-	-	-	-	-	121	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
144,480	18,958	-	32,612	19,603	-	-	1,519
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 126,464</u>	<u>\$ 19,528</u>	<u>\$ 33,981</u>	<u>\$ -</u>	<u>\$ 67,110</u>	<u>\$ 44,072</u>	<u>\$ 2,424,181</u>	<u>\$ -</u>
\$ -	\$ 19,529	\$ 11,000	\$ -	\$ 1,361	\$ -	\$ -	\$ -
-	-	-	-	-	-	8,209	-
126,464	-	-	-	-	-	1,869,822	-
-	-	-	-	65,750	-	-	-
-	-	-	-	-	-	-	-
-	-	22,981	-	-	44,072	2,807	-
<u>126,464</u>	<u>19,529</u>	<u>33,981</u>	<u>-</u>	<u>67,111</u>	<u>44,072</u>	<u>1,880,838</u>	<u>-</u>
-	-	-	-	-	-	543,343	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	543,343	-
<u>\$ 126,464</u>	<u>\$ 19,529</u>	<u>\$ 33,981</u>	<u>\$ -</u>	<u>\$ 67,111</u>	<u>\$ 44,072</u>	<u>\$ 2,424,181</u>	<u>\$ -</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	427 Texas Fitness Now Program	429 Other State Special Revenue Funds	461 Campus Activity Funds	482 AP Inspiration Award	
ASSETS					
1110	Cash and Cash Equivalents	\$ (19,943)	\$ (301,792)	\$ 10,645	\$ 902
1120	Investments - Current	-	-	483,813	-
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	27,116	301,792	-	-
1260	Due from Other Funds	3,409	-	-	-
1290	Other Receivables	-	-	64,687	-
1000	Total Assets	<u>\$ 10,582</u>	<u>\$ -</u>	<u>\$ 559,145</u>	<u>\$ 902</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 10,582	\$ -	\$ 33,200	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	902
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	16,891	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>10,582</u>	<u>-</u>	<u>50,091</u>	<u>902</u>
Fund Balances:					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3530	Capital Expenditures for Equipment	-	-	-	-
3545	Other Committed Fund Balance	-	-	509,053	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>509,053</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 10,582</u>	<u>\$ -</u>	<u>\$ 559,144</u>	<u>\$ 902</u>

Total Nonmajor Special Revenue Funds	511 Debt Service Fund	617 Construction Fund	622 Construction 2008	623 Construction 2008 Bonds	624 RVHS Startup Costs	625 Safe Route Road Expansion	626 RVHS Alternate Costs
\$ 30,479	\$ 44	\$ (7,099,859)	\$ -	\$ 30	\$ 5,000,000	\$ 900,000	\$ 1,200,000
483,934	7,177,367	7,175,987	-	7,862,063	-	-	-
-	1,451,324	-	-	-	-	-	-
-	(43,426)	-	-	-	-	-	-
7,384,367	96,703	-	-	-	-	-	-
10,427	-	-	-	-	-	-	-
64,687	-	-	-	-	-	-	-
<u>\$ 7,973,894</u>	<u>\$ 8,682,012</u>	<u>\$ 76,128</u>	<u>\$ -</u>	<u>\$ 7,862,093</u>	<u>\$ 5,000,000</u>	<u>\$ 900,000</u>	<u>\$ 1,200,000</u>
\$ 785,192	\$ 2,625	\$ 43,493	\$ -	\$ 1,078,659	\$ -	\$ -	\$ -
1,232,991	-	-	-	-	-	-	-
4,441,494	3,743,469	-	-	-	-	-	-
375,070	-	-	-	-	-	-	-
16,891	-	-	-	-	-	-	-
69,860	1,427,575	-	-	-	-	-	-
<u>6,921,498</u>	<u>5,173,669</u>	<u>43,493</u>	<u>-</u>	<u>1,078,659</u>	<u>-</u>	<u>-</u>	<u>-</u>
543,343	-	-	-	-	-	-	-
-	-	-	-	6,783,433	-	-	-
-	3,508,344	-	-	-	-	-	-
-	-	-	-	-	-	900,000	1,200,000
-	-	-	-	-	5,000,000	-	-
509,053	-	-	-	-	-	-	-
-	-	32,635	-	-	-	-	-
<u>1,052,396</u>	<u>3,508,344</u>	<u>32,635</u>	<u>-</u>	<u>6,783,433</u>	<u>5,000,000</u>	<u>900,000</u>	<u>1,200,000</u>
<u>\$ 7,973,894</u>	<u>\$ 8,682,013</u>	<u>\$ 76,128</u>	<u>\$ -</u>	<u>\$ 7,862,092</u>	<u>\$ 5,000,000</u>	<u>\$ 900,000</u>	<u>\$ 1,200,000</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2011

Data Control Codes	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 171	\$ 30,694
1120 Investments - Current	15,038,050	22,699,351
1220 Property Taxes - Delinquent	-	1,451,324
1230 Allowance for Uncollectible Taxes (Credit)	-	(43,426)
1240 Receivables from Other Governments	-	7,481,070
1260 Due from Other Funds	-	10,427
1290 Other Receivables	-	64,687
1000 Total Assets	<u>\$ 15,038,221</u>	<u>\$ 31,694,127</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
2110 Accounts Payable	\$ 1,122,152	\$ 1,909,969
2160 Accrued Wages Payable	-	1,232,991
2170 Due to Other Funds	-	8,184,963
2180 Due to Other Governments	-	375,070
2190 Due to Student Groups	-	16,891
2300 Deferred Revenues	-	1,497,435
2000 Total Liabilities	<u>1,122,152</u>	<u>13,217,319</u>
Fund Balances:		
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	543,343
3470 Capital Acquisition and Contractual Obligation	6,783,433	6,783,433
3480 Retirement of Long-Term Debt	-	3,508,344
Committed Fund Balance:		
3510 Construction	2,100,000	2,100,000
3530 Capital Expenditures for Equipment	5,000,000	5,000,000
3545 Other Committed Fund Balance	-	509,053
3600 Unassigned Fund Balance	32,635	32,635
3000 Total Fund Balances	<u>13,916,068</u>	<u>18,476,808</u>
4000 Total Liabilities and Fund Balances	<u>\$ 15,038,220</u>	<u>\$ 31,694,127</u>

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EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	38,738	15,125,542	2,463,314
5020	Total Revenues	<u>38,738</u>	<u>15,125,542</u>	<u>2,463,314</u>
EXPENDITURES:				
Current:				
0011	Instruction	-	10,399,272	414,966
0012	Instructional Resources and Media Services	-	153,909	-
0013	Curriculum and Instructional Staff Development	-	475,845	1,490
0021	Instructional Leadership	-	919,784	180,158
0023	School Leadership	-	753,601	4,766
0031	Guidance, Counseling and Evaluation Services	38,738	689,012	1,804,511
0032	Social Work Services	-	730,414	3,801
0033	Health Services	-	106,723	-
0034	Student (Pupil) Transportation	-	8,466	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	31,087	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	857,429	55,112
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
6030	Total Expenditures	<u>38,738</u>	<u>15,125,542</u>	<u>2,463,314</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-
8949	Other (Uses)	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA - Part B Preschool	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	266 Title XIV ARRA State Stabilization	274 GEAR UP	279 Title II, D ARRA - Ed. Technology
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
(897)	591,060	1,792,769	25,709	1,048,555	13,409,884	355,557	27,258
(897)	591,060	1,792,769	25,709	1,048,555	13,409,884	355,557	27,258
(897)	338,786	871,193	25,709	1,035,373	5,510,823	77,099	27,258
-	-	-	-	-	65,588	-	-
-	23,025	569,789	-	13,182	1,814	-	-
-	6,005	343,492	-	-	20,848	-	-
-	-	8,295	-	-	212,779	-	-
-	223,244	-	-	-	18,169	230,079	-
-	-	-	-	-	4,933	-	-
-	-	-	-	-	45,521	-	-
-	-	-	-	-	183,817	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	64,840	-	-
-	-	-	-	-	7,241,577	-	-
-	-	-	-	-	37,212	-	-
-	-	-	-	-	1,963	-	-
-	-	-	-	-	-	48,379	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(897)	591,060	1,792,769	25,709	1,048,555	13,409,884	355,557	27,258
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	286 Title I SIP Academy Grant ARRA	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	4,403,307	132,219	1,297,599	304,233
5020	Total Revenues	<u>4,403,307</u>	<u>132,219</u>	<u>1,297,599</u>	<u>304,233</u>
EXPENDITURES:					
Current:					
0011	Instruction	4,090,312	130,424	1,129,642	217,387
0012	Instructional Resources and Media Services	-	-	11,304	-
0013	Curriculum and Instructional Staff Development	47,412	1,795	118,363	22,713
0021	Instructional Leadership	8,059	-	1,763	-
0023	School Leadership	2,494	-	30,089	21,890
0031	Guidance, Counseling and Evaluation Services	252,405	-	5,938	42,243
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	500	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	2,625	-	-	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>4,403,307</u>	<u>132,219</u>	<u>1,297,599</u>	<u>304,233</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
8949	Other (Uses)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

287 Education Jobs Fund	394 Life Skills Program	397 Advanced Placement Incentives	404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	411 Technology Allotment	425 Teacher Induction and Mentoring
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	84,133	73,019	361,582	213,688	-	907,482	112,894
5,742,055	-	-	-	-	-	-	-
<u>5,742,055</u>	<u>84,133</u>	<u>73,019</u>	<u>361,582</u>	<u>213,688</u>	<u>-</u>	<u>907,482</u>	<u>112,894</u>
5,742,055	23,940	34,175	343,186	202,616	-	480,106	112,894
-	-	-	-	1,909	-	233,170	-
-	-	34,096	16,883	4,446	-	15,974	-
-	43,911	-	-	-	-	-	-
-	-	-	-	-	-	2,172	-
-	-	4,748	1,513	1,602	-	-	-
-	16,986	-	-	2,803	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	36,901	-
-	-	-	-	-	-	709	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	312	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,742,055</u>	<u>84,837</u>	<u>73,019</u>	<u>361,582</u>	<u>213,688</u>	<u>-</u>	<u>769,032</u>	<u>112,894</u>
-	(704)	-	-	-	-	138,450	-
-	704	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>704</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	138,450	-
-	-	-	-	-	-	404,893	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543,343</u>	<u>\$ -</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	427 Texas Fitness Now Program	429 Other State Special Revenue Funds	461 Campus Activity Funds	482 AP Inspiration Award	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 623,599	\$ 4,902
5800	State Program Revenues	101,371	1,662,647	-	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>101,371</u>	<u>1,662,647</u>	<u>623,599</u>	<u>4,902</u>
EXPENDITURES:					
Current:					
0011	Instruction	92,347	1,318,517	262,673	4,902
0012	Instructional Resources and Media Services	-	-	9,425	-
0013	Curriculum and Instructional Staff Development	3,025	72,825	2,682	-
0021	Instructional Leadership	-	101,148	295	-
0023	School Leadership	-	170,157	122,427	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	4,499	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	4,837	-
0035	Food Services	-	-	816	-
0036	Extracurricular Activities	-	-	182,124	-
0041	General Administration	300	-	7,621	-
0051	Facilities Maintenance and Operations	-	-	3,302	-
0052	Security and Monitoring Services	1,200	-	5,324	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	-	600	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>101,371</u>	<u>1,662,647</u>	<u>602,126</u>	<u>4,902</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>21,473</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
8949	Other (Uses)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	21,473	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>487,580</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 509,053</u>	<u>\$ -</u>

Total Nonmajor Special Revenue Funds	511 Debt Service Fund	617 Construction Fund	622 Construction 2008	623 Construction 2008 Bonds	624 RVHS Startup Costs	625 Safe Route Road Expansion	626 RVHS Alternate Costs
\$ 628,501	\$ 10,799,708	\$ 1,304	\$ -	\$ 39,033	\$ -	\$ -	\$ -
3,516,816	8,252,263	-	-	-	-	-	-
50,787,712	-	-	-	-	-	-	-
<u>54,933,029</u>	<u>19,051,971</u>	<u>1,304</u>	<u>-</u>	<u>39,033</u>	<u>-</u>	<u>-</u>	<u>-</u>
36,857,689	-	-	-	-	-	-	-
475,305	-	-	-	-	-	-	-
1,425,359	-	-	-	-	-	-	-
1,679,794	-	-	-	-	-	-	-
1,328,670	-	-	-	-	-	-	-
3,314,260	-	-	-	-	-	-	-
763,436	-	-	-	-	-	-	-
152,744	-	-	-	-	-	-	-
197,120	-	-	-	-	-	-	-
816	-	-	-	-	-	-	-
219,025	-	-	-	-	-	-	-
73,470	-	-	-	-	-	-	-
7,275,966	-	-	-	-	-	-	-
43,736	-	-	-	-	-	-	-
1,963	-	-	-	-	-	-	-
964,457	-	-	-	-	-	-	-
-	8,065,000	-	-	-	-	-	-
-	11,530,604	-	-	-	-	-	-
-	10,470	-	-	-	-	-	-
-	-	287,175	-	27,110,578	-	-	-
<u>54,773,810</u>	<u>19,606,074</u>	<u>287,175</u>	<u>-</u>	<u>27,110,578</u>	<u>-</u>	<u>-</u>	<u>-</u>
159,219	(554,103)	(285,871)	-	(27,071,545)	-	-	-
704	-	-	-	-	5,000,000	900,000	1,200,000
-	-	-	(25,907)	-	-	-	-
<u>704</u>	<u>-</u>	<u>-</u>	<u>(25,907)</u>	<u>-</u>	<u>5,000,000</u>	<u>900,000</u>	<u>1,200,000</u>
159,923	(554,103)	(285,871)	(25,907)	(27,071,545)	5,000,000	900,000	1,200,000
892,473	4,062,447	318,506	25,907	33,854,978	-	-	-
<u>\$ 1,052,396</u>	<u>\$ 3,508,344</u>	<u>\$ 32,635</u>	<u>\$ -</u>	<u>\$ 6,783,433</u>	<u>\$ 5,000,000</u>	<u>\$ 900,000</u>	<u>\$ 1,200,000</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 40,337	\$ 11,468,546
5800 State Program Revenues	-	11,769,079
5900 Federal Program Revenues	-	50,787,712
5020 Total Revenues	<u>40,337</u>	<u>74,025,337</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	36,857,689
0012 Instructional Resources and Media Services	-	475,305
0013 Curriculum and Instructional Staff Development	-	1,425,359
0021 Instructional Leadership	-	1,679,794
0023 School Leadership	-	1,328,670
0031 Guidance, Counseling and Evaluation Services	-	3,314,260
0032 Social Work Services	-	763,436
0033 Health Services	-	152,744
0034 Student (Pupil) Transportation	-	197,120
0035 Food Services	-	816
0036 Extracurricular Activities	-	219,025
0041 General Administration	-	73,470
0051 Facilities Maintenance and Operations	-	7,275,966
0052 Security and Monitoring Services	-	43,736
0053 Data Processing Services	-	1,963
0061 Community Services	-	964,457
Debt Service:		
0071 Principal on Long Term Debt	-	8,065,000
0072 Interest on Long Term Debt	-	11,530,604
0073 Bond Issuance Cost and Fees	-	10,470
Capital Outlay:		
0081 Facilities Acquisition and Construction	<u>27,397,753</u>	<u>27,397,753</u>
6030 Total Expenditures	<u>27,397,753</u>	<u>101,777,637</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,357,416)</u>	<u>(27,752,300)</u>
OTHER FINANCING SOURCES (USES):		
7915 Transfers In	7,100,000	7,100,704
8949 Other (Uses)	<u>(25,907)</u>	<u>(25,907)</u>
7080 Total Other Financing Sources (Uses)	<u>7,074,093</u>	<u>7,074,797</u>
1200 Net Change in Fund Balance	(20,283,323)	(20,677,503)
0100 Fund Balance - September 1 (Beginning)	<u>34,199,391</u>	<u>39,154,311</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 13,916,068</u>	<u>\$ 18,476,808</u>

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EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2011

	752 Print Shop	772 Worksmen Compensation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 20	\$ 24,812
Investments - Current	1,288	3,470,881
Other Receivables	4,283	3,662
Inventories	22,455	-
Total Current Assets	28,046	3,499,355
Noncurrent Assets:		
Capital Assets:		
Depreciation on Furniture and Equipment	(1,580)	-
District Defined Capital Assets	1,580	-
Total Noncurrent Assets	-	-
Total Assets	28,046	3,499,355
LIABILITIES		
Current Liabilities:		
Accounts Payable	11,270	2,475
Accrued Wages Payable	195	-
Due to Other Funds	101,189	-
Total Liabilities	112,654	2,475
NET ASSETS		
Unrestricted Net Assets	(84,608)	3,496,880
Total Net Assets	\$ (84,608)	\$ 3,496,880

773 TEC	774 Health Insurance	775 ClearWire Account	Total Internal Service Funds
\$ 38	\$ 2,096,735	\$ 5,173	\$ 2,126,778
121,822	9,879,578	225,595	13,699,164
-	-	-	7,945
-	-	-	22,455
<u>121,860</u>	<u>11,976,313</u>	<u>230,768</u>	<u>15,856,342</u>
-	-	-	(1,580)
-	-	-	1,580
-	-	-	-
<u>121,860</u>	<u>11,976,313</u>	<u>230,768</u>	<u>15,856,342</u>
-	290,075	-	303,820
-	-	-	195
-	-	-	101,189
-	<u>290,075</u>	-	<u>405,204</u>
<u>121,860</u>	<u>11,686,238</u>	<u>230,768</u>	<u>15,451,138</u>
<u>\$ 121,860</u>	<u>\$ 11,686,238</u>	<u>\$ 230,768</u>	<u>\$ 15,451,138</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

	752 Print Shop	772 Workmen Compensation
<hr/>		
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 300,566	\$ 538,649
Total Operating Revenues	<u>300,566</u>	<u>538,649</u>
OPERATING EXPENSES:		
Payroll Costs	255,801	-
Professional and Contracted Services	207,824	-
Supplies and Materials	78,232	-
Other Operating Costs	-	1,329,324
Total Operating Expenses	<u>541,857</u>	<u>1,329,324</u>
Operating Income (Loss)	(241,291)	(790,675)
Total Net Assets - September 1 (Beginning)	<u>156,683</u>	<u>4,287,555</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ (84,608)</u></u>	<u><u>\$ 3,496,880</u></u>

773 TEC	774 Health Insurance	775 ClearWire Account	Total Internal Service Funds
\$ 133,287	\$ 24,641,469	\$ 61,039	\$ 25,675,010
133,287	24,641,469	61,039	25,675,010
-	-	-	255,801
-	-	-	207,824
-	-	-	78,232
134,328	16,502,308	160	17,966,120
134,328	16,502,308	160	18,507,977
(1,041)	8,139,161	60,879	7,167,033
122,901	3,547,077	169,889	8,284,105
\$ 121,860	\$ 11,686,238	\$ 230,768	\$ 15,451,138

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2011

	752	772
	Print Shop	Worksmen Compensation
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Other Funds	\$ 300,566	\$ 538,649
Cash Payments to Employees for Services	(255,801)	-
Cash Payments for Suppliers	(260,337)	-
Cash Payments for Other Operating Expenses	(240)	(1,283,788)
Net Cash Provided by (Used for) Operating Activities	<u>(215,812)</u>	<u>(745,139)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Increase(decrease) in Short-term Loans	101,189	-
Other Miscellaneous	(519)	-
Net Cash Provided by Non-Capital Financing Activities	<u>100,670</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Investment Securities	-	-
Proceeds from Sale of Investments	97,804	689,424
Net Cash Provided by (Used for) Investing Activities	<u>97,804</u>	<u>689,424</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(17,338)	(55,715)
Cash and Cash Equivalents at Beginning of Year	17,358	80,527
Cash and Cash Equivalents at End of Year	<u>\$ 20</u>	<u>\$ 24,812</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ (241,291)	\$ (790,675)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	8,753	72,100
Decrease (increase) in Inventories	16,503	-
Increase (decrease) in Accounts Payable	223	(26,564)
Increase (decrease) in Student Groups	-	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ (215,812)</u>	<u>\$ (745,139)</u>

773 TEC	774 Health Insurance	775 ClearWire Account	Total Internal Service Funds
\$ 133,287	\$ 24,641,469	\$ 65,899	\$ 25,679,870
-	-	-	(255,801)
-	-	-	(260,337)
(134,328)	(16,503,971)	-	(17,922,327)
(1,041)	8,137,498	65,899	7,241,405
-	-	-	101,189
-	-	-	(519)
-	-	-	100,670
-	(6,041,293)	(65,729)	(6,107,022)
1,021	-	-	788,249
1,021	(6,041,293)	(65,729)	(5,318,773)
(20)	2,096,205	170	2,023,302
58	530	5,003	103,476
\$ 38	\$ 2,096,735	\$ 5,173	\$ 2,126,778
\$ (1,041)	\$ 8,139,161	\$ 60,879	\$ 7,167,033
-	2,915	5,000	88,768
-	-	-	16,503
-	(4,578)	-	(30,919)
-	-	20	20
\$ (1,041)	\$ 8,137,498	\$ 65,899	\$ 7,241,405

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2011

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2002 and prior years	Various	Various	\$ 4,576,010,857
2003	1.443200	0.108400	2,827,584,836
2004	1.500000	0.099300	2,921,452,949
2005	1.500000	0.095100	3,344,414,979
2006	1.500000	0.075100	3,626,577,413
2007	1.370000	0.075200	4,241,972,874
2008	1.040000	0.075200	4,876,824,779
2009	1.040000	0.149800	5,454,830,365
2010	1.040000	0.179800	5,488,700,507
2011 (School year under audit)	1.040000	0.199800	5,217,830,471
1000 TOTALS			

(10) Beginning Balance 9/1/2010	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2011
\$ 1,771,924	\$ -	\$ 110,625	\$ 15,313	\$ (55,539)	\$ 1,590,447
350,425	-	38,719	2,908	(2,096)	306,702
417,594	-	58,458	3,870	(3,967)	351,299
597,869	-	86,104	5,459	(6,061)	500,245
792,001	-	130,795	6,548	(60,677)	593,981
1,069,507	-	185,089	10,160	(93,530)	780,728
1,132,056	-	237,475	17,171	(16,154)	861,256
1,819,413	-	528,063	76,062	(31,907)	1,183,381
4,196,392	-	1,595,597	275,854	(199,722)	2,125,219
-	66,259,936	52,483,316	10,082,858	(100,099)	3,593,663
<u>\$ 12,147,181</u>	<u>\$ 66,259,936</u>	<u>\$ 55,454,241</u>	<u>\$ 10,496,203</u>	<u>\$ (569,752)</u>	<u>\$ 11,886,921</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2012-2013
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2011

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 55,257	\$ -	\$ 290,063	\$ 3,641,563	\$ 167,807	\$ 100,078	\$ 4,254,768
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	267,372	-	-	-	-	-	267,372
6212	Audit Services	-	-	-	31,500	-	-	31,500
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	744,202	-	-	-	-	744,202
621X	Other Professional Services	-	-	-	16,133	-	-	16,133
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	35,556	838,104	-	-	873,660
6240	Contr. Maint. and Repair	-	-	-	-	306,438	-	306,438
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	4,927	-	18,263	42,167	-	-	65,357
6290	Miscellaneous Contr.	5,073	-	2,278	40,917	-	-	48,268
6320	Textbooks and Reading	-	-	-	917	-	-	917
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	5,001	-	2,801	372,938	3,108	-	383,848
6410	Travel, Subsistence, Stipends	9,718	-	1,811	5,871	2,416	-	19,816
6420	Ins. and Bonding Costs	78,859	-	-	276	-	-	79,135
6430	Election Costs	-	-	-	-	35,820	-	35,820
6490	Miscellaneous Operating	16,287	-	19,393	143,503	-	-	179,183
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	7,977	7,977
6000	TOTAL	\$ 442,494	\$ 744,202	\$ 370,165	\$ 5,133,889	\$ 515,589	\$ 108,055	\$ 7,314,394

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 294,232,959

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 8,325,515
Total Debt & Lease(6500)	(11)	2,693,040
Plant Maintenance (Function 51, 6100-6400)	(12)	25,503,448
Food (Function 35, 6341 and 6499)	(13)	7,427,548
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		5,133,889

SubTotal:

49,083,441

Net Allowed Direct Cost

\$ 245,149,518

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 323,159,146
Historical Cost of Building 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)	\$ 40,135,220
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$1,235,970 in Function 53 expenditures are included in this report on administrative costs.

\$744,202 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2011

EXHIBIT J-3

UNAUDITED

1	Total General Fund Balance as of 8/31/11 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 59,921,348
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ 1,268,015	
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	3,970,589	
4	Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
5	Total Assigned Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	11,114,343	
7	Estimate of two month's average cash disbursements during the fiscal year.	41,582,288	
8	Estimate of delayed payments from state sources (58xx).	-	
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
10	Estimate of delayed payments from federal sources (59xx)	-	
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
12	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)		<u>57,935,235</u>
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)		<u><u>\$ 1,986,113</u></u>

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

The Undesignated Unreserved General Fund Balance will be used for opening of new robert Vela high school.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL-CHILD NUTRITION FUND
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Total Local and Intermediate Sources	\$ 1,290,000	\$ 1,290,000	\$ 1,338,771	\$ 48,771
5800	State Program Revenues	491,030	491,030	470,794	(20,236)
5900	Federal Program Revenues	18,530,000	18,530,000	19,339,129	809,129
5020	Total Revenues	<u>20,311,030</u>	<u>20,311,030</u>	<u>21,148,694</u>	<u>837,664</u>
EXPENDITURES					
0035	Food Services	20,502,252	23,660,957	19,722,368	3,938,589
0051	Facilities Maintenance and Operations	789,527	804,527	750,598	53,929
0052	Security and Monitoring Services	200	200	0	200
	Capital Outlay:				
0081	Facilities Acquisition and Construction	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
6030	Total Expenditures	21,291,979	24,465,684	20,472,966	3,992,718
1200	Net Change in Fund Balances	(980,949)	(4,154,654)	675,728	4,830,382
0100	Fund Balance-September 1 (Beginning)	<u>8,654,604</u>	<u>8,654,604</u>	<u>8,654,604</u>	
3000	Fund Balance- August 31 (Ending)	<u>\$ 7,673,655</u>	<u>\$ 4,499,950</u>	<u>\$ 9,330,332</u>	<u>\$ 4,830,382</u>

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL-DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES					
5700	Total Local and Intermediate Sources	\$ 10,492,884	\$ 10,522,306	\$ 10,799,708	\$ 277,402
5800	State Program Revenues	9,703,297	8,271,940	8,252,263	(19,677)
5020	Total Revenues	<u>20,196,181</u>	<u>18,794,246</u>	<u>19,051,971</u>	<u>257,725</u>
EXPENDITURES					
0071	Debt Service-Principal on Long-Term Debt	9,635,000	9,635,000	8,065,000	1,570,000
0072	Debt Service-Interest on Long-Term Debt	9,982,800	9,960,335	11,530,604	(1,570,269)
0073	Debt Service-Bond Issuance Cost and Fees	32,000	14,900	10,470	4,430
6030	Total Expenditures	<u>19,649,800</u>	<u>19,610,235</u>	<u>19,606,074</u>	<u>4,161</u>
1200	Net Change in Fund Balances	546,381	(815,989)	(554,103)	261,886
0100	Fund Balance-September 1 (Beginning)	<u>4,062,445</u>	<u>4,062,445</u>	<u>4,062,445</u>	
3000	Fund Balance- August 31 (Ending)	<u>\$ 4,608,826</u>	<u>\$ 3,246,456</u>	<u>\$ 3,508,342</u>	<u>\$ 261,886</u>

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

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

Board of Trustees
Edinburg Consolidated Independent School District
411 North 8th Ave
Edinburg, TX 78540

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Edinburg Consolidated Independent School District as of and for the year ended August 31, 2011, which collectively comprise Edinburg Consolidated Independent School District's basic financial statements and we have issued our report thereon dated January 17, 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

In planning and performing our audit, we considered Edinburg Consolidated Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Edinburg Consolidated Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Edinburg Consolidated 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

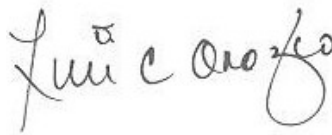
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Edinburg Consolidated 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 Edinburg Consolidated Independent School District in a separate letter dated January 17, 2012.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, and Texas Education Agency and is not intended to be and should not be used by anyone other than these specified parties.



Luis C Orozco
Certified Public Accountant

January 17th, 2012

LUIS C OROZCO

CERTIFIED PUBLIC ACCOUNTANT

208 W Ferguson Unit 3 Ste 1

Pharr, TX 78577

lcocpa@lcocpa.com

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

Independent Auditor's Report

Board of Trustees
Edinburg Consolidated Independent School District
411 North 8th Ave
Edinburg, Texas 78540

Members of the Board:

Compliance

We have audited Edinburg Consolidated 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 Edinburg Consolidated Independent School District's major federal programs for the year ended August 31, 2011. Edinburg Consolidated 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 Edinburg Consolidated Independent School District's management. Our responsibility is to express an opinion on Edinburg Consolidated 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. 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 Edinburg Consolidated 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 Edinburg Consolidated Independent School District's compliance with those requirements.

In our opinion, Edinburg Consolidated 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, 2011.

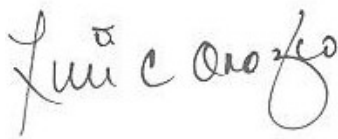
Internal Control Over Compliance

Management of Edinburg Consolidated 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 Edinburg Consolidated 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 Edinburg Consolidated Independent School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, *Texas Education Agency*, federal awarding agencies, and passthrough entities and is not intended to be and should not be used by anyone other than these specified parties.



Luis C Orozco
Certified Public Accountant

January 17th, 2012

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2011

I. Summary of the Auditor's Results:

1. The type of report issued on the financial statements of the Edinburg Consolidated Independent School District was a(n) unqualified opinion.
2. There were no significant deficiencies in internal control were disclosed by the audit of the financial statements and none were material weaknesses.
3. the audit did not disclose any noncompliance material to the financial statements of the auditee.
4. No significant deficiencies in internal control over major programs were disclosed by the audit and no deficiencies were material weaknesses.
5. The type of report the auditor issued on compliance for major programs was an unqualified opinion.
6. The audit did not report any audit findings which the auditor is required to report under Section __.510(a).
7. Major programs: Career and Technology - CFDA: 84.048; Title I SIP Academy Grant - ARRA - CFDA: 84.388; Education Jobs Fund - CFDA: 84.410; School Breakfast Program - CFDA: 10.553; National School Lunch Program - CFDA: 10.555.
8. The dollar threshold used to distinguish between Type A and Type B programs was \$2,017,632.
9. The District qualified as a low-risk auditee in the Context of OMB circular A-133.

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

a. None Reported

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

a. None Reported.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2011

(Prepared by the District's Administration)

None Reported

CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2011

(Prepared by the District's Administration)

None Reported.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2011

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	10 -610101108904	\$ 147
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	11-610101108904	14,129,536
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	12 -610101108904	995,859
Total CFDA Number 84.010A			15,125,542
*ESEA, Title I, A - ARRA -Improving Basic Programs	84.389	10 -551001108904	37,190
*ESEA, Title I, A - ARRA -Improving Basic Programs	84.389	11-551001108904	1,260,410
Total CFDA Number 84.389			1,297,600
Total Title I, Part A Cluster			16,423,142
ESEA, Title I, Part C - Migratory Children	84.011	11-615001108904	2,310,852
ESEA, Title I, Part C - Migratory Children	84.011	12-615001108904	152,462
Total CFDA Number 84.011			2,463,314
*IDEA - Part B, Formula	84.027	11-6600011089046600	4,030,810
*IDEA - Part B, Preschool	84.173	11-6610011089046610	(897)
*IDEA, Part B, Formula - ARRA	84.391	10-554001108904	4,403,307
*IDEA, Part B, Preschool - ARRA	84.392	10-555001108904	132,219
Total Special Education Cluster (IDEA)			8,565,439
Career and Technical - Basic Grant	84.048	11-420006108904	586,677
Career and Technical - Basic Grant	84.048	12420006108904	4,384
Total CFDA Number 84.048			591,061
ESEA Title IV, Pt. A - Safe and Drug-Free Schools	84.186A	11-691001108904	38,738
*Title II, Part D -Enhancing Ed Through Technology	84.318	11-691001108904	25,709
*Title II D Enhancing Ed Through Technology - ARRA	84.386	10-553001108904	27,258
Total Educational Technology State Grants Cluster			52,967
GEAR UP	84.334S	P334a050083-09	355,557
Title III, Part A - English Language Acquisition	84.365A	11-671001108904	984,843
Title III, Part A - English Language Acquisition	84.365A	12-671001108904	63,712
Total CFDA Number 84.365A			1,048,555
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	11-694501108904	1,723,061
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12-694501108904	69,708
Total CFDA Number 84.367A			1,792,769
Title I SIP Academy Grant - ARRA	84.388	10-5520017110017	304,233
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	10-557001108904	2,391,835
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	20-557001108904	11,018,049
Total CFDA Number 84.394			13,409,884
Education Jobs Fund	84.410	11-550101108904	5,742,055
Total Passed Through State Department of Education			\$ 50,787,714
TOTAL DEPARTMENT OF EDUCATION			\$ 50,787,714
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00138	\$ 70,220
Total Passed Through Texas Dept of Human Services			\$ 70,220

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2011

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 70,220
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	TX108904	\$ 6,220,981
*National School Lunch Program - Cash Assistance	10.555	TX108904	12,369,129
*National School Lunch Prog. - Non-Cash Assistance	10.555	TX108904	663,602
Total CFDA Number 10.555			<u>13,032,731</u>
Total Child Nutrition Cluster			<u>19,253,712</u>
Total Passed Through the State Department of Agriculture			<u>\$ 19,253,712</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 19,253,712</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 70,111,646</u></u>

*Clustered Programs

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2011

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

- The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.
- CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Summer Food Service Program (CFDA 10.559), the Commodity Supplemental Food Program (CFDA 10.565), and the Food Distribution Program on Indian Reservations (CFDA 10.567). USDA deleted this number from the CFDA on May 6, 2008. The audit covering Edinburg Consolidated Independent School District fiscal year beginning September 1 2010, and future audits, will therefore identify commodity assistance by the CFDA numbers of the programs under which USDA donated the commodities.

SCHOOLS FIRST QUESTIONNAIRE

Edinburg Consolidated Independent School District

Fiscal Year 2011

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	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	0