



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING AUGUST 31, 2013

DONNA INDEPENDENT SCHOOL DISTRICT

116 NORTH TENTH STREET
DONNA, TEXAS 78537
HIDALGO COUNTY

www.donnaisd.net

Donna Independent School District

Donna, Texas



Comprehensive Annual Financial Report For the Fiscal Year Ended August 31, 2013

Prepared by the Business & Finance Office:

Mr. Jesus Rene Reyna, Deputy Superintendent

Mr. David Robledo, Chief Financial Officer

Mrs. Stephanie De Los Santos, Finance Supervisor

*Donna Independent School District
116 North 10th Street
Donna, Texas 78537
www.donnaisd.net*

THIS PAGE LEFT BLANK INTENTIONALLY



INTRODUCTIONARY SECTION

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2013

TABLE OF CONTENTS

<u>Exhibit Number</u>		<u>Page Number</u>
INTRODUCTORY SECTION		
	Table of Contents	i - iii
	Letter of Transmittal	v – xiv
	ASBO Certificate of Excellence in Financial Reporting	xv
	GFOA Certificate of Achievement for Excellence in Financial Reporting	xvii
	Principal Officials and Advisors	xix
	Board of Trustees	xxi
	Administrative Organization Chart	xxiii
	Certificate of Board	xxv
FINANCIAL SECTION		
	Independent Auditors' Report	3-4
	Management's Discussion and Analysis	5-17
Basic Financial Statements		
<i>Government-Wide Financial Statements:</i>		
A-1	Statement of Net Position	21
B-1	Statement of Activities	23
<i>Governmental Fund Financial Statements</i>		
C-1	Balance Sheet	25
C-2	Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	27
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances	29
C-4	Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	31
C-5	Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund	33
<i>Proprietary Fund Financial Statements:</i>		
D-1	Statement of Net Position	35

D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	37
D-3	Statement of Cash Flows	39
<i>Fiduciary Fund Financial Statements:</i>		
E-1	Statement of Fiduciary Assets and Liabilities	41
E-2	Statement of Changes in Fiduciary Fund Net Position	43
Notes to the Basic Financial Statements		44-62
Other Supplementary Information - Combining Schedules		
<i>Nonmajor Governmental Funds</i>		
H-1	Combining Balance Sheet	64-69
H-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70-75
<i>Nonmajor Proprietary Funds</i>		
H-3	Combining Statement of Net Position	79
H-4	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	81
H-5	Combining Statement of Cash Flows	83
<i>Nonmajor Fiduciary Funds</i>		
H-6	Combining Statement of Changes in Assets and Liabilities – Agency Funds	87-91
H-7	Combining Statement of Net Position – Private Purpose Trust Funds	93
Other Supplementary Information - Exhibits J-1 through J-5		
J-1	Schedule of Delinquent Taxes Receivable	96-97
J-2	Schedule of Expenditures for Computation of Indirect Costs for 2013-2014 – General and Special Revenue Funds	99
J-3	Fund Balance and Cash Flow Calculation Worksheet	101
J-4	Budgetary Comparison Schedule – Nonmajor Fund – Child Nutrition Program (Fund 101)	103
J-5	Budgetary Comparison Schedule – Nonmajor Fund – Debt Service Fund	105

STATISTICAL SECTION

Statistical Information

Financial Trends

Table 1	Net Position by Component	111
Table 2	Governmental Activities Expenses & Program Revenues	112-113
Table 3	General Revenues and Change in Net Position	114-115
Table 4	Fund Balances – Governmental Funds	116-117

Revenue and Expenditure Capacity		
Table 5	Governmental Fund Revenues by Source	121
Table 6	Governmental Fund Expenditures by Function	122-123
Table 7	Governmental Funds Other Sources, Uses and Changes in Fund Balances	124-125
Table 8	Governmental Fund Expenditures by Function per Average Daily Attendance	126-127
Debt Capacity		
Table 9	Assessed and Estimated Actual Value of Property	131
Table 10	Property Tax Levies and Collections	133
Table 11	Allocation of Property Tax Rates and Levies	135
Table 12	Property Tax Rates - Direct and Overlapping Governments	137
Table 13	Principal Property Taxpayers	138-139
Table 14	Outstanding Debt by Type	140-141
Table 15	Direct and Overlapping Debt – General Obligations Bonds	143
Table 16	Computation of Legal Debt Margin	144-145
Table 17	Ratio of Net General Obligations Bonded Debt to Estimated Actual Value and per Average Daily Membership	147
Table 18	Ratio of Annual Debt Service for General Bonded Debt to Total General Fund Expenditures	149
Demographic and Economic Information		
Table 19	Demographic Information	153
Table 20	Principal Employers	155
Table 21	Construction and Property Values	157
Operating Information		
Table 22	Workforce Composition by Employee Classification	160-161
Table 23	Schedule of Teacher Information	163
Table 24	Schedule of Attendance and Membership	165
Table 25	Operating Statistics	167
Table 26	Schedule of Student Information	169
Table 27	Schedule of School Building	171
FEDERAL AWARDS SECTION		
	Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	175-176
	Independent Auditors’ 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	177-178
	Schedule of Findings and Questioned Costs	179-183
K-1	Schedule of Expenditures of Federal Awards	185-187
	Notes to Schedule of Expenditures of Federal Awards	189

THIS PAGE LEFT BLANK INTENTIONALLY



Donna Independent School District

116 North 10th Street * Donna, Texas 78537
Telephone (956) 461-4320 * Fax (956) 464-1636

“Creating Opportunities for Success”

December 18th, 2013

**Mr. Lugo, President,
Members of the Board of Trustees, and
Citizens of the Donna Independent School District
Donna, Texas 78537**

Dear Mr. Lugo, Board of Trustees, and the Citizens:

We are pleased to present the Donna Independent School District (the “District”) Comprehensive Annual Financial Report (CAFR) for the year ending August 31, 2013. The report was prepared by the Business and Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures contained in the report, rests solely with the District.

The District’s annual audited financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information are presented in conformity with requirements established by the Texas Education Agency in their Financial Accountability Systems Resource Guide. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statement in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District’s comprehensive framework of internal controls has been designated to provide, reasonable rather than absolute, assurance that the financial statement will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District’s independent auditors were **Pattillo, Brown & Hill, L.L.P.** and their opinion letter is hereby made a part of this report. Texas law requires that each public school district in the state undergo an annual audit conducted by an independent audit firm of certified public accountants and publish within one-hundred fifty days of the close of each fiscal year a complete set of financial statements. This audit must be done in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

The goal of the independent audit was to provide reasonable assurance that the financial statements of Donna Independent School District for fiscal year ended August 31, 2013, are free of material misstatement and are presented in conformity with generally accepted accounting principles (GAAP). The independent audit involved 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; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended August 31, 2013 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designated to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statement, but also on the audited government's internal controls and compliance with legal requirement, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditors' reports on the internal controls and compliance with applicable laws and regulations, and a schedule of finding sand questioned costs are included in the Federal Awards Section of the report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

This comprehensive annual financial report consists of four major sections: (1) the Introductory Section which describes our District and the contents of the report; (2) the Financial Section which contains the basic financial statements and notes, combining schedules and required TEA schedules; (3) the Statistical Section which shows prior years information for comparison purposes and other general information; and (4) the Federal Awards Section, as required.

GOVERNING BODY

The District is a political subdivision of the State of Texas and governed and operating as an independent school district under the laws thereof. The District is located entirely in Hidalgo County, Texas and serves a population of approximately 50,000 persons and provides services to the City of Donna and surrounding areas. The District originally chartered by the State on or about 1919, now encompasses eighty-nine and a third square miles.

The policy-making functions of the District lie with a seven-member Board of Trustees (the Board) composed of District residents, each of which is elected by the voters of the district for four-year staggered terms. Regular meetings are scheduled the second Tuesday of the month and are held in the Staff Development/Board Room of the Administrative building. Special called meetings, committee meetings and workshop sessions are scheduled as needed and announced to the public in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, the court system and by the will of its citizens as expressed in school Board elections and bond referendums. Board decisions are based on a majority vote of those present.

In general, the Board is responsible for adopting policy, employing and evaluating the Superintendent and overseeing the operations of the District and its schools. The Board is also responsible for setting the tax rate, adopting the annual budget along with periodic amendments, setting salary schedules, approving pay increases and serving as a board of appeals in personnel and student matters. The Board receives funding from local, state and federal source entities. This report contains all funds pertaining to the District. Serving without compensation, Board members establish the policies by which schools operate. In carrying out the task of setting policy, the board identifies needs and establishes priorities for the school system, allocates financial and human resources among the priority areas and evaluates school performance. The District's Superintendent of Schools and staff assist the Board with financial and administrative matters and oversee the day-to-day operations of the District.

Budgetary Controls

On an annual basis, the District presents the Board of Trustees with the proposed budgets for the General Operating Fund, the Debt Service Fund, and the Food Service Fund for approval as required by the Texas Education Code and as described in the Texas Education Agency's Financial Accountability Systems Resource Guide. The proposed budget is presented to the Board summarized at the function level for each of the funds above. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than August 31, the close of the District's fiscal year. After adoption of the budget, the appropriation amounts are entered into the District's accounting and encumbrance system and monitoring of the expenditures and encumbrances in relation to the approved budget begins.

Budget managers have the authority to approve budget transfers anytime during the year. A budget transfer is the movement of appropriations between budget line items within the same function. Any request to move appropriations between budget line items to different functions is considered a budget amendment. Any budget amendment requested by budget managers requires Board approval. Expenditure requests will not be processed unless appropriations are available in the line item.

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

The District evaluates the existing system of internal controls annually through self-evaluation and the annual independent financial and compliance audit. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: 1) the safeguarding of assets against loss from authorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: 1) the cost of controls should not exceed benefits expected to be

derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

Services Provided

The District provides a safe and learning environment that ensures a quality education for grade levels Pre-kindergarten through the 12th grade. Beginning in the 14 elementary schools, three middle schools, one 9th grade campus, one alternative education program and extending through the two high schools which include a nontraditional magnet high school, 3-D Academy, students study the essential elements of language arts, reading, science, mathematics, art, music, physical education and computer literacy. This includes a special education program for students with disabilities, occupational education, bilingual instruction for those with limited English proficiency, and specialized instruction for disadvantaged students. The focal point of this year's budget is on instruction with budgeted expenditures for students and teachers making up over 46% of the General Fund budget. The District budgeted \$72,816,931 for the 2012-2013 school year on instructional and instructional related service funds. This represents 49% of the District's operating budget for the 2012-2013 fiscal year.

State Accountability System

Starting in Fiscal Year 2011-2012, the Texas Education Agency implemented a new assessment tool for Texas school districts. STAAR, State of Texas Assessments of Academics Readiness, it encompasses end-of-course exams at the high school level and replaced TAKS exit-level tests.

The new accountability system assigned a rating label of Met Standard, Met Alternative Standard or Improvement required based on the evaluation of the four performance indexes for Student Achievement, Student Progress, Closing Performance Gaps, and Postsecondary Readiness. The indexes include assessment results from the State of Texas Assessments of Academic Readiness (STAAR) testing program graduation rates, and rates of students achieving the Recommended High School Program and Distinguished Achievement High School Program. In 2013, the District received an accountability rating of *Met Standard*.

Enrollment

Donna I.S.D is a Title I District and has a total enrollment of 15,276 students for the 2012-2013 school year. Of these students, 99.6% are Hispanic and 0.3% White, 0.1% African-American, 97.2% of the students are economically disadvantaged, 48.3% of all students are identified as Limited English Proficient language learners, 11.2% of the students are Gifted & Talented, and 6.5% are identified as students with special needs.

The breakdown of our student membership is as follows:

- Early Ed (Sp. Ed) 50
- Pre-K 936
- K-5 7,574

• 6-8	3,250
• 9-12	<u>3,466</u>
TOTAL	15,276

Average daily attendance had grown in the past ranging 2.5 – 3.5% but now has grown at less than 1%. ADA is expected to continue at this pace in the near term. Projected membership for school year 2013-14 is expected to reach 15,400.

Mission Statement

The mission of the District is to ensure academic excellence for all students through a rigorous and supportive learning environment that provides a quality education in accordance with state and national standards.

District Goals

- I. Donna ISD students will achieve academic success in all facets of their education through relevant, rigorous, and aligned curriculum.
- II. Donna ISD will provide students and all stakeholders with a safe and nurturing school environment that supports academic success.
- III. Donna ISD will follow sound fiscal and managerial practices to provide a highly qualified staff, appropriate resources, technology, and well-maintained facilities to promote increased student achievement.
- IV. Donna ISD will collaborate with parents, community members, and staff to promote continuous success for all students through an effective planning and advisory process.

District Vision

We envision being an exemplary school district staffed with highly qualified individuals working collaboratively to graduate college-ready students who will be a powerful force for positive change in our community.

Achievements

The District received Superior rating on the School FIRST (Financial Integrity Rating System of Texas) financial accountability system for the fiscal year ending August 31, 2012. The rating system was established during the 77th Legislative session. School districts received its first official rating by TEA in August 2003 for the fiscal year 2001-2002.

A Donna High School student was named Exemplary Migrant Student of the Year by the Migrant Student Graduation Enhancement Program at the University of Texas at Austin. The Exemplary Migrant Student of the Year is selected on the basis of obstacles to overcome, overall

academic achievements, participation and leadership in extracurricular activities, as well as performance in distance learning courses offered by the university's Migrant Student Program.

At the Class 5A Region-IV Area Track and Field Championships, a student of Donna High School won State Champ in the 300 meter hurdles.

The District's Class of 2013 was awarded over 8 million dollars in scholarships. Donna High School Class of 2013 college readiness: 49% attending 2 year college; 35% 4 year university; 2% Military; 6% work; 8% other (Class of 2013 enrollment 692 seniors; 95% graduated).

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within the District operates.

Local Economy

Employment and the Labor Force

Donna is considered the "Heart of the Valley" and is a strategically positioned land port that connects Mexico's city of Rio Bravo to FM 495 and Expressway 83. International trade, transportation, retail trade, oil and gas, residential site for "Winter Texans" and tourism continue to play a major role in the Donna area economy.

Construction

In this fiscal year, many construction projects were completed using General funds. At the W.A. Todd 9th Grade campus, a Band Hall for the Fine Arts department was completed. In addition, at the Transportation Department was the construction of a new Fueling Station. Renovations at the District's Network Operating Center were completed.

During September 2010, the District issued Unlimited Tax School Building Bonds, Series 2010 in the amount of \$51,955,000 and construction started on Donna North High School. The bonds qualified for the Texas Education Agency's Instructional Facilities Allotment (IFA), thus the state will pay approximately eighty percent of debt requirements with the District will pay the remaining twenty percent. Donna North High School was substantially completed in April 2013 and the first students walked through the doors on August 26, 2013.

Long-term Financial Planning

The District continues to maintain a healthy General Fund Balance. The District has maintained the fund balance to ensure that needed resources are available when required to meet unexpected revenue shortfalls and one-time expenditures that may exceed the annual available resources. The District decreased its fund balance by \$1.5 million this fiscal year. Most of the decrease in fund balance was due to the furnishing of Donna North High School.

Growth in the District's tax base has continued, averaging 2.8% annual growth from fiscal years 2009-13. The District's fiscal 2013 taxable assessed valuation (TAV) grew to \$1.022 billion.

Debt Service

Debt Service is a major area of cost due to the District's building program which is primarily financed by the sale of general obligation bonds. The Texas Education Code (TEC) authorizes the District to issue negotiable coupon bonds to construct, acquire, or equip school buildings, to purchase necessary sites, or to acquire or refinance property financed under a contract entered into under the Public Property Finance Act. The District is further authorized to levy and assess annual ad valorem taxes sufficient to pay the principal and interest on the bonds as they become due. The District's primary objective in debt management is to keep the level of indebtedness within available resources and within legal debt limitations.

All bond elections are held in accordance with statutory requirements and bonds are issued and taxes are levied in compliance with Sections 45.001, 45.003(b)(1), and 45.003(e) of the Texas Education Code.

The District refunded \$7,150,000 of outstanding bonds by issuing new bonds of \$7,185,000. The District will benefit from this refunding with a net present value savings of \$1,202,544.95, 16.81%, with a True Interest Cost (TIC) of 2.29%.

As of August 31, 2013, the District had \$100,215,000 of School Building Unlimited Tax Bonds and Capital Appreciation Bonds, with maturities extending into the year 2040. The District's Debt Service fund balance is \$713,237 as of August 31, 2013.

In November 2011, Moody assigns A2 underlying and Aaa Enhanced rating to the District. "Moody's believes the district has demonstrated sound financial management in recent years, which is evident in the general reduction of expenditures and improvement in reserve levels." (quote from Moody's). Also in November 2011, Standard & Poor's assigned the District a rating of A and views the outlook for this rating as stable.

Major Initiatives

The 2012-13 financial structure of the District provided support to work toward or accomplish the following goals:

1. Maintain competitive salaries and staffing ratios
2. Maintain a healthy District Fund Balance
3. Prepare for Donna North High School

Fiduciary Operations

The District maintains the fiduciary responsibility of monitoring the individual campus' student activity funds. The District ensures that proper control over cash is maintained and that all

procedures are in accordance with TEA's Financial Accountability Systems Resource Guide. As of August 31, 2013, total assets for student activity funds were \$190,197.

Financial Management Awards

Certificate of Excellence

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Donna Independent School District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2012. This was the first year that the government has achieved this prestigious award. The Certificate of Excellence in Financial Reporting is a voluntary program sponsored by ASBO to foster excellence in the preparation and issuance of school system financial reports.

A Certificate of Excellence is valid for a period of one year only. We believe that our current report continues to conform to the high standards of the certificate of excellence program, and we are submitting it to ASBO.

Certificate of Achievement for Excellence

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Donna Independent School District for its comprehensive annual financial report for the fiscal year ended August 31, 2012. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Award for Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Donna Independent School District for its Popular Annual Financial Report for the fiscal year ended August 31, 2012.

The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Donna Independent School District has received the Popular Award for the first time last year.

Texas Comptroller Leadership Circle Award

The Texas Comptroller of Public Accounts launched the Texas Comptroller Leadership Circle program in December 2009 to recognize local governments across Texas that are striving to meet a high standard for financial transparency online. Leadership Circle designees receive a certificate reflecting their Circle Award level: Gold, Silver or Bronze. “Gold” highlights those entities that are setting the bar with their transparency efforts; “Silver” encourages those who are making progress, and “Bronze” inspires those who are just beginning their transparency efforts. During the 2012-2013 fiscal year, Donna ISD received the “Gold” Award, the highest rating, from the Texas Comptroller of Public Accounts for the second year in a row.

Acknowledgments

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the commitment and dedicated services of the Business and Finance staff and other members district-wide. We would like to express our appreciation for their contributions to its presentation. The Business & Finance department would like to thank the following personnel for the time and effort given to the preparation of this report:

Executive Administration

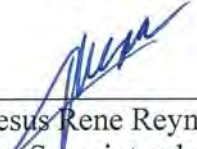
Mr. Roberto F. Loreda, Superintendent of Schools
Mr. Jesus Rene Reyna, Interim Superintendent
Mr. Fernando Castillo, Assistant Superintendent for Support Services
Mrs. Velma Rangel, Assistant Superintendent for Curriculum & Instruction
Mrs. Debbie Rodriguez, Assistant Superintendent for Human Resources

Business and Finance Department

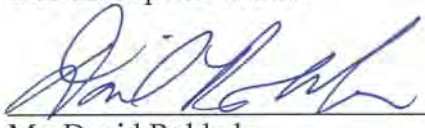
Mr. David Robledo, Chief Financial Officer
Mrs. Stephanie De Los Santos, Finance Supervisor
Ms. Angelica Resendez, Budget Accountant
Mr. Jose L. Marines, Accounting Supervisor
Ms. Sandra Martinez, Payroll Supervisor
Ms. Luz Rodriguez, Purchasing Agent
Mr. Refugio De Los Santos, Accounts Payable Supervisor
Mrs. Irma L. Perez, Executive Secretary
Ms. Maria E. Gonzales, Bookkeeper

We would especially like to thank the District's Board of Trustees for their time, dedication and support to the District and its personnel and our independent auditors, Pattillo, Brown & Hill, L.L.P. for their role in providing professional guidance and assistance in the preparation of this report.

Respectfully Submitted,



Mr. Jesus Rene Reyna,
Interim Superintendent



Mr. David Robledo,
Chief Financial Officer

It is the policy of the Donna Independent School District not to discriminate on the basis of race, color, national origin, gender, religion, limited English proficiency, or handicapping condition in its programs.

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Donna Independent School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Ron McCulley', written over a horizontal line.

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, reading 'John D. Musso', written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

THIS PAGE LEFT BLANK INTENTIONALLY



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Donna Independent School
District, Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

August 31, 2012

Executive Director/CEO

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT

Donna, Texas

PRINCIPAL OFFICIALS, CONSULTANTS & ADVISORS

For the Year Ended August 31, 2013

ELECTED OFFICIALS

Board of Trustees	Length of Service	Term Expires	Occupation
Ernesto Lugo, President	5 Years	Nov. 2016	Owner, Home Health Agency
Michael Flores, M.D., Vice-President	5 Years	Nov. 2016	Physician
Nick Castillo, Secretary	5 Years	Nov. 2016	Head Start Employee
Reynaldo Alegria, Trustee	3 Year	Nov. 2014	Sales
Efren Cenicerros, Trustee	3 Year	Nov. 2014	Retired
Alfredo Lugo, Trustee	16 Years	Nov. 2016	Retired
Angel Magallanes, Trustee	3 Year	Nov. 2014	Social Studies Coordinator

CONSULTANTS & ADVISORS

Financial Advisors Estrada-Hinojosa & Company, Inc.
..... Dallas and San Antonio, Texas

Bond Counsel Ramirez & Guerrero, L.L.P.
..... San Juan, Texas

General Counsel Guerra & Farrah Attorneys-at-Law
..... Houston, Texas

Independent Auditors Pattillo, Brown & Hill, L.L.P.
..... Brownsville, Texas

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT

Board of Trustees For the Fiscal Year Ended August 31, 2013



Ernesto Lugo
Place 1
President



Michael Flores, M.D.
Place 3
Vice-President



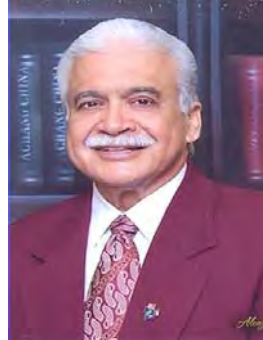
Nick Castillo
Place 4
Secretary



Reynaldo Alegria
Place 5
Trustee



Efrén Cenicerós
Place 7
Trustee



Alfredo Lugo
Place 2
Trustee



Ángel Magallanes
Place 6
Trustee

Superintendent & Administrative Officials



Mr. Roberto F. Loredó
Superintendent of Schools
September 19, 2007 to Present

Name

Mr. Jesus Rene Reyna
Mr. Fernando Castillo
Mrs. Velma Rangel
Mrs. Debbie Rodriguez

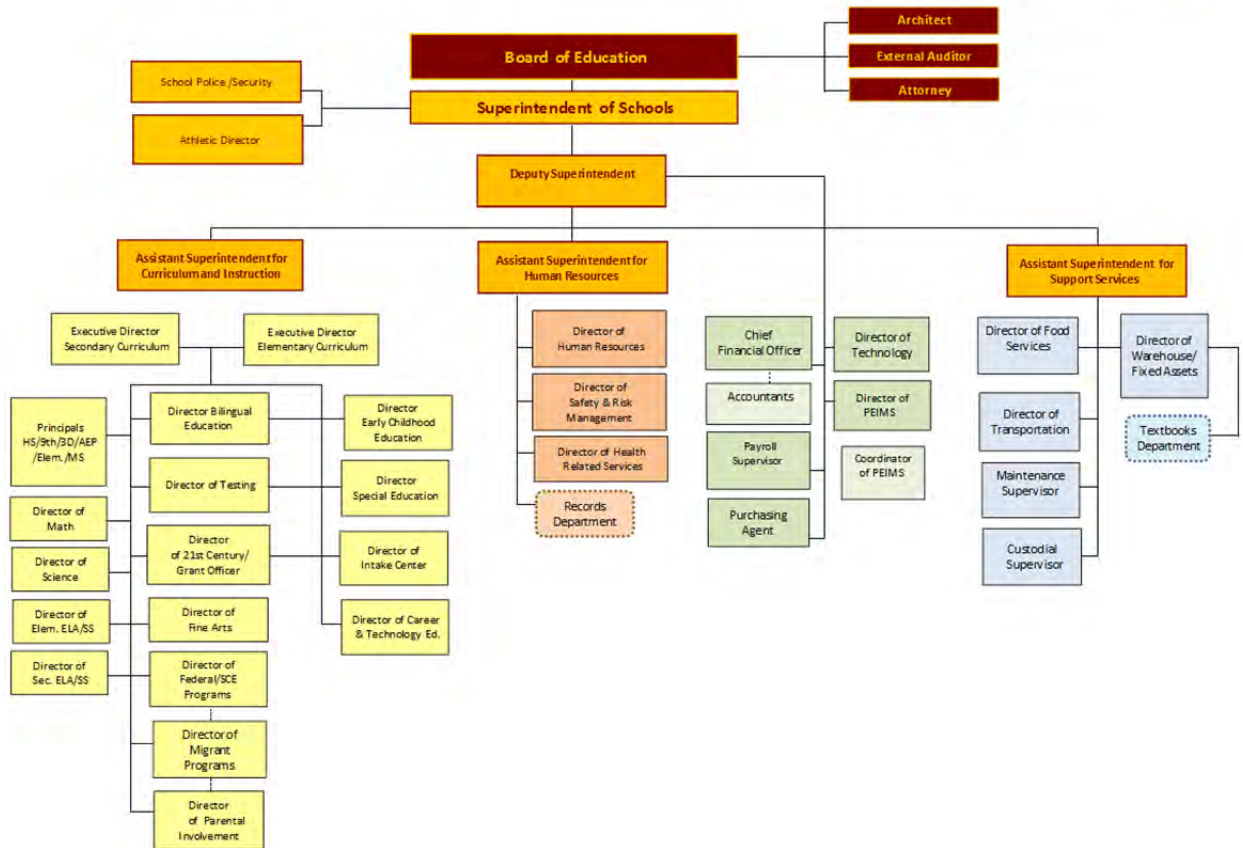
Position

Interim Superintendent
Assistant Superintendent for Support Services
Assistant Superintendent for Curriculum & Instruction
Assistant Superintendent for Human Resources

THIS PAGE LEFT BLANK INTENTIONALLY

Donna Independent School District Organizational Chart

Board Approved
2/19/2013



THIS PAGE LEFT BLANK INTENTIONALLY

CERTIFICATE OF BOARD

Donna Independent School District
Name of School District

Hidalgo
County

108-902
County District Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and X approved ___ disapproved for the year ended August 31, 2013 at the meeting of the Board of Trustees of such school district on the 18th day of December, 2013.



Signature of Board Secretary



Signature of Board President

THIS PAGE LEFT BLANK INTENTIONALLY



FINANCIAL SECTION

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Donna Independent School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Donna Independent School District (the "District") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Donna Independent School District as of August 31, 2013, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

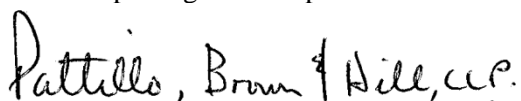
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, Texas Education Agency required schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, Texas Education Agency required schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, Texas Education Agency required schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory, statistical sections and Exhibit J-3 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013, on our consideration of the Donna 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 report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Donna Independent School District's internal control over financial reporting and compliance.



Brownsville, TX
December 10, 2013



Donna Independent School District

“Creating Opportunities for Success”

Roberto F Loreda, Superintendent

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the Donna Independent School District (the “District”), we are providing readers of the District’s financial statements this narrative overview and analysis of the District’s financial performance for the fiscal year ended August 31, 2013. Please read this discussion in conjunction with the transmittal letter, which can be found at the front of this report, and the District’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District’s total combined net position as reflected in the government-wide Statement of Net Position were \$164,097,431 at August 31, 2013. Of this amount, \$56,700,816 (unrestricted net position) may be used to meet the District’s ongoing obligations.
- The District’s Statement of Activities reflects an increase in net position for Governmental Activities in the amount of \$8,875,591. This is a result of expenses being less than the \$164,684,906 generated in taxes, state aid, investment earnings, and other revenues such as charges for services and federal grants.
- The General Fund reported a fund balance in the governmental funds financial statement this year of \$47,476,294. Approximately 93% of this total amount, \$44,430,905, is available for spending at the District’s discretion (unassigned fund balance). The District has assigned \$2,500,000 for projects, primarily for the District-wide renovation projects.
- As of the close of the fiscal year, the District governmental funds reported combined ending fund balances of \$48,428,575, a decrease of \$19,134,757 in comparison with the prior year, primarily due to the construction of the Donna North High School.

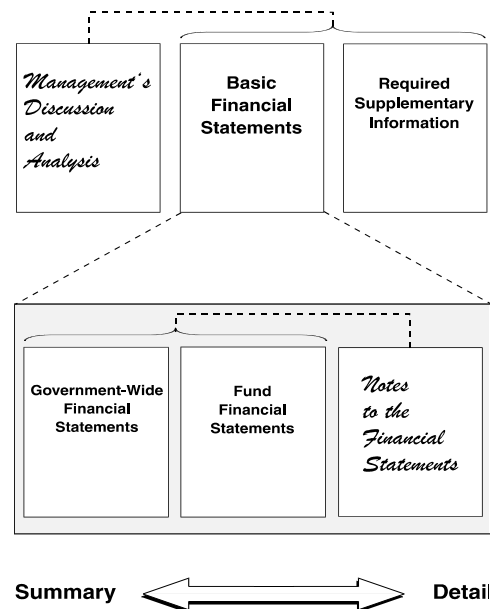
OVERVIEW OF THE FINANCIAL STATEMENTS

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's acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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



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

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's 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.

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

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 position 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 position and how they have changed. Net position—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 position 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 non-financial 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, curriculum and staff development, school district administrative support services and general administration. Grants and charges for services finance most of these activities.

Fund Financial Statements

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

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

The District's 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 revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in internal service fund.
- *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 position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information concerning budget to actual presentations for the General Fund in accordance with State Board of Education rules. In addition, budget to actual presentations for the Food Service Fund and the Debt Service Fund are included in the TEA Required Schedules section.

The combining statements referred to earlier in connection with Nonmajor governmental funds are presented immediately following the Required Supplementary Information.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government’s financial position. The District’s combined net position were \$164,097,431 at August 31, 2013 (See Table A-1); of which, unrestricted net position (those net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) equaled \$56,700,816 or about 34.6% of net position. The government-wide increase in net position was \$9,803,635.

TABLE A-1
DONNA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES
NET POSITION

	FY 2013	FY 2012	Percentage Change
Current Assets and Other Assets	\$78,802,918	\$95,617,032	-17.6%
Capital Assets	211,740,352	184,062,633	15.0%
Total Assets	<u>290,543,270</u>	<u>279,679,665</u>	<u>3.9%</u>
Current Liabilities	21,112,614	15,283,327	38.1%
Long-Term Liabilities	105,333,225	110,102,542	-4.3%
Total Liabilities	<u>126,445,839</u>	<u>125,385,869</u>	<u>0.8%</u>
Net Position:			
Net Investment in Capital Assets	106,407,127	74,864,776	42.1%
Restricted for Federal and State Programs	276,251	0	100.0%
Restricted for Debt Service	713,237	683,308	4.4%
Restricted for Capital Projects	0	17,651,253	-100.0%
Restricted for Other Purposes	0	20,227,968	-100.0%
Unrestricted	56,700,816	40,866,491	38.7%
Total Net Position	<u>164,097,431</u>	<u>154,293,796</u>	<u>6.4%</u>

Eighty three percent of the District's largest liability is for the repayment of general obligation bonds. Other liabilities, representing about 17% of the District's total liabilities, consist almost entirely of payables on accounts and salaries and benefits.

The largest portion of the District's net position (64.8%) reflects its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes and state aid), since the capital assets themselves cannot be used to liquidate these liabilities.

The smallest portion of the District's net position (0.6%) represents resources that are subject to external restrictions on how they may be used. Restricted net position decreased by \$37,573,041 during the year ended August 31, 2013. This decrease resulted primarily from the use of funds to construct the District's second high school. The remaining balance of unrestricted net position \$56,700,816 may be used to meet the District's ongoing obligations to students, employees, and creditors and to honor next year's budget.

The District's current assets of \$78,802,918 were sufficient to cover current liabilities of \$21,112,614. This represents a current ratio of 3.73, which means that for every dollar the District owes there is \$3.73 available in current assets.

Governmental Activities

Governmental activities increased the District's total net position by \$8,875,591, accounting for a 5.8% increase in net position for the District.

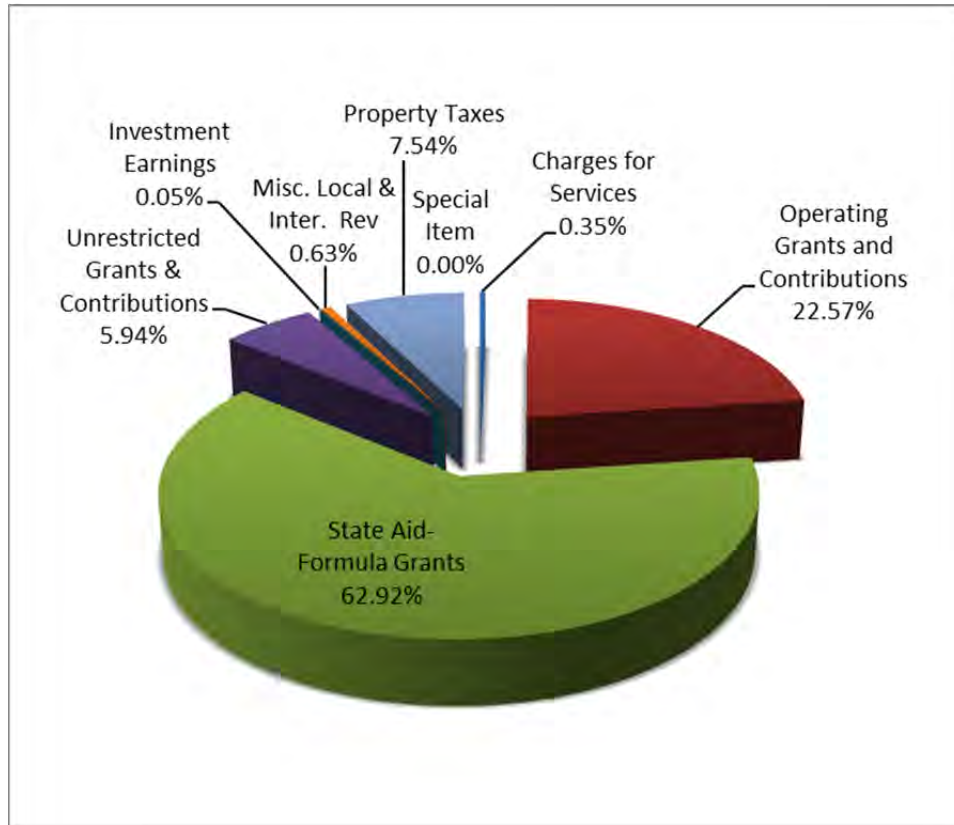
TABLE A-2

**DONNA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION**

Program Revenues:	FY 2013	FY 2012
Charges for Services	\$570,607	\$638,489
Operating Grants and Contributions	37,169,647	41,122,929
State Aid- Formula Grants	103,612,874	98,575,441
Unrestricted Grants & Contributions	9,782,208	9,003,877
Investment Earnings	83,837	112,235
Misc. Local & Inter. Rev	1,045,009	948,769
Property Taxes	12,418,226	12,267,268
Special Item	2,498	0
Total Program Revenues	164,684,906	162,669,008
Expenditures		
Instruction	81,972,747	77,300,681
Instructional Resources and Media Services	2,341,117	2,029,449
Curriculum Dev. And Instructional Staff Dev.	2,411,339	2,413,753
Instructional Leadership	2,720,745	2,954,997
School Leadership	6,915,932	5,831,746
Guidance, Counseling and	5,562,415	5,195,801
Social Work Services	922,422	824,204
Health Services	2,059,341	1,877,525
Student (Pupil) Transportation	4,408,911	3,831,318
Food Services	10,804,179	9,567,517
Curricular/Extracurricular Activities	5,307,959	2,989,869
General Administration	7,562,423	5,723,605
Facilities Maintenance & Oper.	13,612,836	13,312,712
Security & Monitoring Svcs.	2,046,844	1,738,595
Data Processing Services	1,605,700	1,439,788
Community Services	1,153,400	1,063,861
Debt Service	4,354,790	5,401,040
Payments to Juvenile Justice Alternative Ed Prg.	46,215	4,661
Total Expenditures	155,809,315	143,501,122
Excess (Deficiency) of Revenues over Expenditures	8,875,591	19,167,886
Increase (Decrease) in Net Position	8,875,591	19,167,886
Net Position at Beginning of Year	\$154,293,796	135,125,910
Increase (Decrease) in Net Position	8,875,591	19,167,886
Prior Period Adjustment	928,044	0
Net Position at End of Year	\$164,097,431	\$154,293,796

The following chart highlights the District's revenues by funding source for the governmental activities. As you can see, State Aid comprises 62.9% of the total.

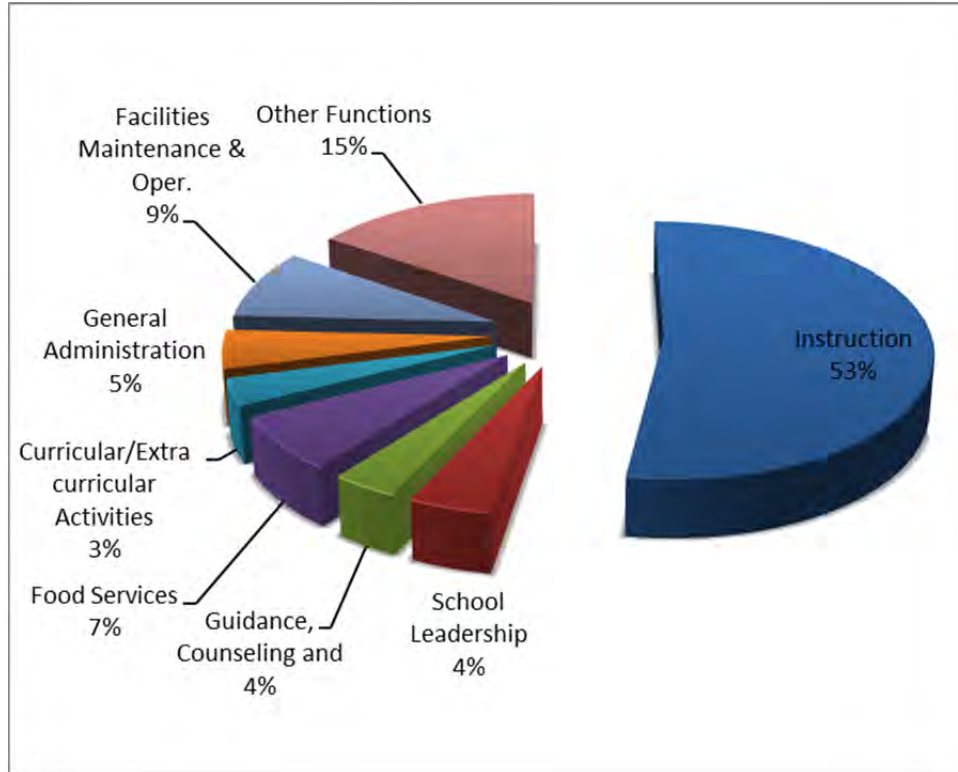
Figure A-3 District's Total Revenues



Total revenues were \$164,684,906. Revenues for the District's governmental activities increased 1.2% compared to prior year. The increase was due to an increase of funding from State Aid Foundation Payments.

The next chart presents the cost of each of the District's largest functions. Of the total expenses, instructional services represent the largest dollar expense at \$81,972,747 or 52.6%, followed by facilities maintenance & operations at \$13,612,836 or 8.7%.

Figure A-4 District's Functional Expenses



Total expenses were \$155,809,315. Total expenses increased by \$12,308,193 or 8.6%. The increase in expenses was mostly for purchases to outfit Donna North High School and additional staffing.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the District's governmental funds reported combined ending fund balances of \$48,428,575 a decrease of \$19,134,757 in comparison with the prior year. Approximately 92.3% or \$44,707,156 of this total amount constitutes unassigned fund balance, which is available for spending at the district's discretion. The remainder of fund balance is assigned or restricted to indicate that it is not available for new spending because it has already been assigned: 1) to construction renovations \$2,500,000, 2) for new construction or repayment of debt (\$37,207), 3) for retirement of long term debt \$713,207 and 4) for inventories \$545,389.

General Fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General fund was \$44,430,905, while total fund balance reached \$47,476,294. As a measure of the general fund's liquidity, it may be useful

to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32.8% of total general fund expenditures, while total fund balance represents 35.0% of total general fund expenditures.

The \$15,430,102 increase in the unassigned fund balance gives the District a balance that is the equivalent of 119.7 days of expenditures. This fund balance is adequate to minimize the likelihood of the District entering the short-term debt market to pay for current operating expenditures. The District will be using the increase in the fund balance to maintain the monthly minimum expenditures required by the Texas Education Agency.

While the District's property taxes rate remained the same, the opening levy increased by \$124,908 or 1.0% as a result of increases in appraised values from \$1,010,956,895 to \$1,021,676,581.

Debt Service Fund. The Debt Service Fund ended with a total combined fund balance of \$713,237, all of which was reserved for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$29,929. This amount was set aside to help repay bond issues.

District's Analysis of Debt Service Fund

Debt Service Fund (599)			
	<u>2013</u>	<u>2012</u>	<u>% Change</u>
Revenues			
Property Taxes	\$999,752	\$953,334	4.9%
State Program Revenues	7,638,458	6,437,287	18.7%
Total Revenues	8,638,210	7,390,621	16.9%
Expenditures by Function			
Principal Long Term Debt	4,975,000	4,855,000	2.5%
Interest on Long Term Debt	4,210,649	4,378,629	-3.8%
Other Fees	160,334	124,968	28.3%
Total Expenditures	9,345,983	9,358,597	-0.1%
Other Financing Sources (Uses)	737,702	1,990,304	-62.9%
	737,702	1,990,304	-62.9%
Net Change in Fund Balance	29,929	22,328	34.0%
Fund Balance, Beginning	683,308	660,980	3.4%
Fund Balance, Ending	\$713,237	\$683,308	4.4%

Child Nutrition Fund. The Child Nutrition Fund has a total fund balance of \$2,898,610. The net increase in fund balance during the year was \$29,957.

District’s Analysis of Child Nutrition Fund

Child Nutrition Fund (101)			
	<u>2013</u>	<u>2012</u>	<u>% Change</u>
Revenues			
Local Sources	\$287,441	\$324,646	-11.5%
State Program Revenues	67,801	70,747	-4.2%
Federal Program Revenues	<u>10,727,354</u>	<u>10,195,139</u>	<u>5.2%</u>
Total Revenues	<u>11,082,596</u>	<u>10,590,532</u>	<u>4.6%</u>
Expenditures by Function			
Food Service	10,599,109	9,090,204	16.6%
Facilities Maintenance and Operations	<u>453,530</u>	<u>380,317</u>	<u>19.3%</u>
Total Expenditures	<u>11,052,639</u>	<u>9,470,521</u>	<u>16.7%</u>
Net Change in Fund Balance	29,957	1,120,011	-97.3%
Fund Balance, Beginning	<u>2,868,653</u>	<u>1,748,642</u>	<u>64.1%</u>
Fund Balance, Ending	<u>\$2,898,610</u>	<u>\$2,868,653</u>	<u>1.0%</u>

Capital Projects Fund. The District’s Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities, specifically funded by bonds approved by the voters. The decrease in fund balance of \$17,688,460 was attributable to expenditures related to the construction of Donna North High School.

Business-Type Activities

The District did not have any business type of activities.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$164,864,906 an increase of 1.2% over the preceding year. The increase in State Program revenues is a result of increased state aid revenue and operational grants.

General Fund Budgetary Highlights

The FY 2013 budget was developed by balancing the challenges of the State Budget Shortfall and student/staff ratios while maintaining the same property tax rate. The most significant fund

for the District is the General Fund, funded primarily through state aid and property tax revenue. Over the course of the year, the District revised its budget several times.

The general fund budget was amended 14 times. The original appropriation was increased by \$16,596,420 as of the final amended budget. This increase was due to:

- To furnish and equip Donna North High School cost \$10,000,000.
- To cover cost of Child Nutrition summer school program in the amount of \$437,500.
- To cover cost of Transportation for summer school program in the amount \$170,000.

Even with these adjustments, actual expenditures were \$11,637,740 below the final budget amounts. The most significant positive variance resulted from staffing, specifically in teacher vacancies. Staffing is budgeted for full employment at midpoint throughout the fiscal year. Budget amounts for vacant positions throughout the year are not eligible for budget revisions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Capital Projects Fund is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students in the District. At the end of 2013, the District had invested \$211,740,352 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-3.) This amount represents an increase of \$27,677,719 over last year.

TABLE A-3

DONNA INDEPENDENT SCHOOL DISTRICT GOVERNMENTAL ACTIVITIES SCHEDULE OF CAPITAL ASSETS

Capital Assets	FYE 2013	FYE 2012	Percentage Change
Land	11,376,990	11,376,990	0.0%
Buildings and Improvements	219,900,964	151,535,264	45.1%
Furniture & Equipment	20,500,115	18,710,204	9.6%
Capital Leases	10,484,329	10,484,329	0.0%
Construction in Progress	0	38,802,776	-100.0%
Totals at Historical Cost	262,262,398	230,909,563	13.6%
Less Accumulated Depreciation	(50,522,046)	(46,846,930)	7.8%
Net Capital Assets	211,740,352	184,062,633	15.0%

LONG TERM DEBT

At year end, the District has \$105,333,225 in bonds, notes, accreted interest, and capital leases outstanding as shown in Table A-4. More detailed information about the District's debt is presented in the notes to the financial statements.

TABLE A-4

DONNA INDEPENDENT SCHOOL DISTRICT GOVERNMENTAL ACTIVITIES SCHEDULE OF LONG-TERM DEBT

Governmental Activities:	FYE 2013	FYE 2012	Percentage Change
Bonds Payable	\$100,215,000	\$105,225,000	-4.8%
Unamortized Bond Premium	2,458,630	2,097,642	17.2%
Note Payable	1,079,176	300,000	259.7%
Accreted Interest	1,183,006	1,134,098	4.3%
Capital Lease Payable	727,528	1,345,802	-45.9%
Deferred Loss on Refunding	(330,115)	0	100.0%
Totals	\$105,333,225	\$110,102,542	4.5%

Bond Ratings: The District's bonds carry "AAA" rating with underlying ratings as follows: Moody's Investor Services "A2" and Standard & Poor's "A/Stable".

The note payable increased by 259.7% due to a new loan to purchase 15 school buses. Leases payable decreased by 45.9% due to the pay-out of one outstanding lease and regular payments for the remaining two other leases. The bonds payable decreased by 4.8% due to the retirement of debt of \$12,160,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's board members considered many factors when setting the fiscal year 2013-14 budget and tax rates. Some of these factors were the district needs, the campus needs, appraised values, and the Donna economy. The following factors are highlights of the budget:

- The Average Daily Attendance (ADA) is projected to increase 1% in fiscal year 2013-2014. The District's 2013-14 ADA is projected to be 14,083, which reflects a 1% increase.
- Any increases in revenue will be attributed to the changes in the ADA.
- The total budgeted tax rate is \$1.2582 which is composed of \$1.17 compressed rate for maintenance and operations and \$.0882 for the payment of principal and interest on bonds.

- The taxable value used for the 2013-2014 budget preparation is up \$948,124,376 from the previous year, (934,610,294) which is an increase of 1.43%.

These indicators were taken into account when adopting the general fund budget for 2014. Amounts available for appropriation in the general fund budget for 2014 are \$142,436,156, an increase of 1.86% versus the final 2013 budget of \$139,834,116.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT DEPARTMENT

This comprehensive financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Jesus Rene Reyna, Deputy Superintendent, Business & Finance Department, Donna I.S.D., 116 North 10th Street, Donna, Texas 78537 or by calling (956) 461-4320.

THIS PAGE LEFT BLANK INTENTIONALLY



BASIC FINANCIAL STATEMENTS

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2013

Data Control Codes	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 67,183,904
1220 Property Taxes Receivable (Delinquent)	5,267,265
1230 Allowance for Uncollectible Taxes	(526,727)
1240 Due from Other Governments	5,444,331
1267 Due from External Parties	136,650
1290 Other Receivables, net	752,106
1300 Inventories	545,389
Capital Assets:	
1510 Land	11,376,990
1520 Buildings, Net	182,148,002
1530 Furniture and Equipment, Net	7,731,031
1540 Other Capital Assets, Net	10,484,329
1000 Total Assets	<u>290,543,270</u>
LIABILITIES	
2110 Accounts Payable	5,277,326
2140 Interest Payable	430,365
2150 Payroll Deductions & Withholdings	1,496,561
2160 Accrued Wages Payable	4,573,211
2177 Due to External Parties	153,191
2300 Unearned Revenue	8,475,349
2400 Payable from Restricted Assets	706,611
Noncurrent Liabilities	
2501 Due Within One Year	6,542,377
2502 Due in More Than One Year	98,790,848
2000 Total Liabilities	<u>126,445,839</u>
NET POSITION	
3200 Net Investment in Capital Assets	106,407,127
3820 Restricted for Federal and State Programs	276,251
3850 Restricted for Debt Service	713,237
3900 Unrestricted	56,700,816
3000 Total Net Position	<u>\$ 164,097,431</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 81,972,747	\$ 101,082	\$ 17,527,341	\$ (64,344,324)
12 Instructional Resources and Media Services	2,341,117	-	713,627	(1,627,490)
13 Curriculum and Staff Development	2,411,339	-	1,248,329	(1,163,010)
21 Instructional Leadership	2,720,745	-	1,364,228	(1,356,517)
23 School Leadership	6,915,932	-	524,879	(6,391,053)
31 Guidance, Counseling and Evaluation Services	5,562,415	-	1,439,315	(4,123,100)
32 Social Work Services	922,422	-	125,323	(797,099)
33 Health Services	2,059,341	-	613,694	(1,445,647)
34 Student (Pupil) Transportation	4,408,911	-	297,891	(4,111,020)
35 Food Services	10,804,179	277,714	11,088,486	562,021
36 Extracurricular Activities	5,307,959	162,165	102,055	(5,043,739)
41 General Administration	7,562,423	29,646	337,310	(7,195,467)
51 Facilities Maintenance and Operations	13,612,836	-	599,986	(13,012,850)
52 Security and Monitoring Services	2,046,844	-	139,137	(1,907,707)
53 Data Processing Services	1,605,700	-	45,045	(1,560,655)
61 Community Services	1,153,400	-	1,003,001	(150,399)
72 Debt Service - Interest on Long Term Debt	4,354,790	-	-	(4,354,790)
95 Payments to Juvenile Justice Alternative Ed. Prg.	46,215	-	-	(46,215)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 155,809,315</u>	<u>\$ 570,607</u>	<u>\$ 37,169,647</u>	<u>(118,069,061)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			11,618,705
DT	Property Taxes, Levied for Debt Service			799,521
SF	State Aid - Formula Grants			103,612,874
GC	Grants and Contributions not Restricted			9,782,208
IE	Investment Earnings			83,837
MI	Miscellaneous Local and Intermediate Revenue			1,045,009
SI	Special Item - Insurance Recovery			2,498
TR	Total General Revenues and Special Items			<u>126,944,652</u>
CN	Change in Net Position			8,875,591
NB	Net Position - Beginning			154,293,796
PA	Prior Period Adjustment			928,044
NE	Net Position--Ending			<u>\$ 164,097,431</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes		10 General Fund	60 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
1110	Cash and Cash Equivalents	\$ 62,493,543	\$ -	\$ 717,897	\$ 63,211,440
1220	Property Taxes - Delinquent	4,645,115	-	622,150	5,267,265
1230	Allowance for Uncollectible Taxes (Credit)	(464,512)	-	(62,215)	(526,727)
1240	Receivables from Other Governments	3,657,496	-	1,786,835	5,444,331
1260	Due from Other Funds	6,931,241	2,679,771	858,787	10,469,799
1290	Other Receivables	752,103	-	-	752,103
1300	Inventories	545,389	-	-	545,389
1000	Total Assets	<u>\$ 78,560,375</u>	<u>\$ 2,679,771</u>	<u>\$ 3,923,454</u>	<u>\$ 85,163,600</u>
LIABILITIES					
2110	Accounts Payable	\$ 1,720,012	\$ 2,716,978	\$ 5,493	\$ 4,442,483
2140	Interest Payable - Current	9,929	-	420,436	430,365
2150	Payroll Deductions and Withholdings Payable	1,438,864	-	10,736	1,449,600
2160	Accrued Wages Payable	3,832,937	-	740,274	4,573,211
2170	Due to Other Funds	10,843,238	-	1,073,630	11,916,868
2300	Deferred Revenues	12,532,490	-	683,397	13,215,887
2400	Payable from Restricted Assets	706,611	-	-	706,611
2000	Total Liabilities	<u>31,084,081</u>	<u>2,716,978</u>	<u>2,933,966</u>	<u>36,735,025</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	545,389	-	-	545,389
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	276,251	276,251
3480	Retirement of Long-Term Debt	-	-	713,237	713,237
3490	Other Restricted Fund Balance	-	(37,207)	-	(37,207)
Assigned Fund Balance:					
3590	Assigned for Construction	2,500,000	-	-	2,500,000
3600	Unassigned Fund Balance	44,430,905	-	-	44,430,905
3000	Total Fund Balances	<u>47,476,294</u>	<u>(37,207)</u>	<u>989,488</u>	<u>48,428,575</u>
4000	Total Liabilities and Fund Balances	<u>\$ 78,560,375</u>	<u>\$ 2,679,771</u>	<u>\$ 3,923,454</u>	<u>\$ 85,163,600</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2013

Total Fund Balances - Governmental Funds	\$	48,428,575
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 position. The net effect of this consolidation is to increase(decrease) net position.		4,521,191
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 \$230,939,563 and the accumulated depreciation was \$46,846,930. 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 position.		73,960,091
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 2013 capital outlays and debt principal payments is to increase net position.		38,666,687
4 The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(4,863,514)
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 unavailable revenue from property taxes 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 position.		3,384,401
19 Net Position of Governmental Activities	\$	164,097,431

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT C-3

Data Control Codes	10 General Fund	60 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 13,510,757	\$ 13,088	\$ 1,018,205	\$ 14,542,050
5800 State Program Revenues	112,243,915	-	7,996,970	120,240,885
5900 Federal Program Revenues	12,830,536	-	17,474,855	30,305,391
5020 Total Revenues	<u>138,585,208</u>	<u>13,088</u>	<u>26,490,030</u>	<u>165,088,326</u>
EXPENDITURES:				
Current:				
0011 Instruction	66,896,990	-	12,273,860	79,170,850
0012 Instructional Resources and Media Services	2,206,317	-	527,420	2,733,737
0013 Curriculum and Instructional Staff Development	1,225,491	-	1,152,236	2,377,727
0021 Instructional Leadership	1,772,094	-	1,064,109	2,836,203
0023 School Leadership	6,572,034	-	163,543	6,735,577
0031 Guidance, Counseling and Evaluation Services	4,366,653	-	1,091,579	5,458,232
0032 Social Work Services	831,990	-	73,441	905,431
0033 Health Services	1,497,775	-	515,917	2,013,692
0034 Student (Pupil) Transportation	4,721,970	-	19,883	4,741,853
0035 Food Services	10,892,828	-	-	10,892,828
0036 Extracurricular Activities	5,359,051	-	-	5,359,051
0041 General Administration	4,326,972	-	-	4,326,972
0051 Facilities Maintenance and Operations	13,146,551	-	9,919	13,156,470
0052 Security and Monitoring Services	2,019,462	-	17,552	2,037,014
0053 Data Processing Services	1,584,925	-	-	1,584,925
0061 Community Services	235,640	-	910,806	1,146,446
Debt Service:				
0071 Principal on Long Term Debt	2,003,782	-	4,975,000	6,978,782
0072 Interest on Long Term Debt	44,583	-	4,210,649	4,255,232
0073 Bond Issuance Cost and Fees	2,000	-	160,334	162,334
Capital Outlay:				
0081 Facilities Acquisition and Construction	5,699,234	23,953,733	-	29,652,967
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	46,215	-	-	46,215
6030 Total Expenditures	<u>135,452,557</u>	<u>23,953,733</u>	<u>27,166,248</u>	<u>186,572,538</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,132,651</u>	<u>(23,940,645)</u>	<u>(676,218)</u>	<u>(21,484,212)</u>
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	-	7,150,000	7,150,000
7913 Capital Leases	773,493	-	-	773,493
7914 Non-Current Loans	1,391,191	-	-	1,391,191
7915 Transfers In	-	6,252,185	560,000	6,812,185
7916 Premium or Discount on Issuance of Bonds	-	-	542,817	542,817
8911 Transfers Out (Use)	(6,812,185)	-	-	(6,812,185)
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	(7,515,115)	(7,515,115)
8949 Other (Uses)	2,498	-	-	2,498
7080 Total Other Financing Sources (Uses)	<u>(4,645,003)</u>	<u>6,252,185</u>	<u>737,702</u>	<u>2,344,884</u>
1200 Net Change in Fund Balances	(1,512,352)	(17,688,460)	61,484	(19,139,328)
0100 Fund Balance - September 1 (Beginning)	48,984,075	17,651,253	928,004	67,563,332
1300 Increase (Decrease) in Fund Balance	4,571	-	-	4,571
3000 Fund Balance - August 31 (Ending)	<u>\$ 47,476,294</u>	<u>\$ (37,207)</u>	<u>\$ 989,488</u>	<u>\$ 48,428,575</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA 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, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	(19,139,328)
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 of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.		(3,102,726)
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 2013 capital outlays and debt principal payments is to (decrease) net position.		38,666,687
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 position.		(4,863,514)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes 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 position.		(2,685,528)
Change in Net Position of Governmental Activities	\$	8,875,591

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT C-5

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 12,686,000	\$ 13,311,000	\$ 13,510,757	\$ 199,757
5800	State Program Revenues	123,714,978	113,575,614	112,243,915	(1,331,699)
5900	Federal Program Revenues	10,685,000	11,583,667	12,830,536	1,246,869
5020	Total Revenues	147,085,978	138,470,281	138,585,208	114,927
EXPENDITURES:					
Current:					
0011	Instruction	69,922,570	68,536,842	66,896,990	1,639,852
0012	Instructional Resources and Media Services	1,563,794	3,010,260	2,206,317	803,943
0013	Curriculum and Instructional Staff Development	1,229,284	1,269,829	1,225,491	44,338
0021	Instructional Leadership	1,982,298	1,932,972	1,772,094	160,878
0023	School Leadership	5,793,456	6,872,672	6,572,034	300,638
0031	Guidance, Counseling and Evaluation Services	4,273,606	4,526,872	4,366,653	160,219
0032	Social Work Services	796,074	938,099	831,990	106,109
0033	Health Services	1,622,506	1,623,920	1,497,775	126,145
0034	Student (Pupil) Transportation	4,862,667	6,330,417	4,721,970	1,608,447
0035	Food Services	9,044,393	11,602,432	10,892,828	709,604
0036	Extracurricular Activities	3,728,805	6,718,973	5,359,051	1,359,922
0041	General Administration	5,406,009	4,865,609	4,326,972	538,637
0051	Facilities Maintenance and Operations	13,999,640	14,200,129	13,146,551	1,053,578
0052	Security and Monitoring Services	1,793,850	2,028,912	2,019,462	9,450
0053	Data Processing Services	1,554,271	1,607,477	1,584,925	22,552
0061	Community Services	278,974	245,451	235,640	9,811
Debt Service:					
0071	Principal on Long Term Debt	1,490,804	2,140,804	2,003,782	137,022
0072	Interest on Long Term Debt	60,317	60,317	44,583	15,734
0073	Bond Issuance Cost and Fees	4,550	4,550	2,000	2,550
Capital Outlay:					
0081	Facilities Acquisition and Construction	3,500,000	8,460,000	5,699,234	2,760,766
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	113,760	113,760	46,215	67,545
6030	Total Expenditures	133,021,628	147,090,297	135,452,557	11,637,740
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	14,064,350	(8,620,016)	3,132,651	11,752,667
OTHER FINANCING SOURCES (USES):					
7913	Capital Leases	-	1,377,417	773,493	(603,924)
7914	Non-Current Loans	-	-	1,391,191	1,391,191
8911	Transfers Out (Use)	-	(5,740,407)	(6,812,185)	(1,071,778)
8949	Other (Uses)	-	-	2,498	2,498
7080	Total Other Financing Sources (Uses)	-	(4,362,990)	(4,645,003)	(282,013)
1200	Net Change in Fund Balances	14,064,350	(12,983,006)	(1,512,352)	11,470,654
0100	Fund Balance - September 1 (Beginning)	48,984,075	48,984,075	48,984,075	-
1300	Increase (Decrease) in Fund Balance	-	-	4,571	4,571
3000	Fund Balance - August 31 (Ending)	\$ 63,048,425	\$ 36,001,069	\$ 47,476,294	\$ 11,475,225

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2013

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 3,972,464
Due from Other Funds	1,463,135
Total Assets	5,435,599
LIABILITIES	
Current Liabilities:	
Accounts Payable	834,843
Payroll Deductions and Withholdings Payable	46,961
Due to Other Funds	32,604
Total Liabilities	914,408
NET POSITION	
Unrestricted Net Assets	4,521,191
Total Net Position	\$ 4,521,191

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 10,127,488
Total Operating Revenues	<u>10,127,488</u>
OPERATING EXPENSES:	
Professional and Contracted Services	1,045,781
Supplies and Materials	28,862
Other Operating Costs	12,155,571
Total Operating Expenses	<u>13,230,214</u>
Operating Income (Loss)	(3,102,726)
Total Net Position - September 1 (Beginning)	<u>7,623,917</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 4,521,191</u></u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 25,548,273
Cash Payments for Insurance Claims	(27,941,691)
Cash Payments for Suppliers	(347,648)
Net Cash Used for Operating Activities	<u>(2,741,066)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>4,887</u>
Net Decrease in Cash and Cash Equivalents	(2,736,179)
Cash and Cash Equivalents at Beginning of Year	<u>6,708,643</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,972,464</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	\$ (3,102,726)
Operating Income (Loss):	
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	(44,671)
Increase (decrease) in Receipts From Other Funds	529,278
Increase (decrease) in Payments To Other Funds	(122,947)
Net Cash Used for Operating Activities	<u>\$ (2,741,066)</u>

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2013

	Private Purpose Trust Funds	836-849 Investment Trust Fund	Agency Funds
ASSETS			
Cash and Cash Equivalents	\$ 21,738	\$ 3,769	\$ 492,460
Due from Other Governments	-	-	24,972
Due from Other Funds	9,127	-	155,649
Other Receivables	-	-	1,315
Total Assets	30,865	3,769	\$ 674,396
LIABILITIES			
Accounts Payable	-	-	\$ 16,061
Payroll Deductions and Withholdings Payable	-	-	9,470
Due to Other Funds	9,127	-	139,109
Due to Other Governments	-	-	167,842
Due to Student Groups	21,738	-	314,959
Deferred Revenues	-	-	24,973
Payable from Restricted Assets	-	-	1,982
Total Liabilities	30,865	-	\$ 674,396
NET POSITION			
Assets Held in Trust for Scholarships	-	2,769	
Assets Held in Trust for Other Purposes	-	1,000	
Total Net Position	\$ -	\$ 3,769	

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

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Private Purpose Trust Funds	836-849 Investment Trust Fund
Change in Net Position	-	-
Total Net Position - September 1 (Beginning)	<u>-</u>	<u>3,769</u>
Total Net Position - August 31 (Ending)	<u>\$ -</u>	<u>\$ 3,769</u>

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

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Donna Independent School District ("District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees ("Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* ("Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

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

B. GOVERNMENT –WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District with the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, grants, state foundation funds and other intergovernmental revenues.

The Net Position of the District is segregated into three different categories to include: net investment in capital assets, restricted and unrestricted.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the District. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants through the Department of Education, Department of Health & Human Services and Texas Education Agency. If revenue is not program revenue, it is general revenue used to support all of the District's functions. Taxes are always general revenues. Direct expenses are those that are specifically associated with a program or function. Indirect costs expenditures are determined by applying approved indirect cost rates to actual applicable expenditures of federally funded grant programs.

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

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

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as does the proprietary fund financial statements; the Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurements of results of operations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property tax revenue. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Fund Types are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

Agency Funds utilize the accrual basis of accounting but do not have a measurement focus as they report only assets and liabilities.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

D. BASIS OF PRESENTATION - FUND ACCOUNTING

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. General Fund primary revenue sources include property taxes and state funding.
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. This fund is generally budgeted on a project basis.

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

Governmental Funds:

1. **Special Revenue Funds** - are used to account for resources restricted to, or assigned 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. **Debt Service Fund** - is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Permanent Funds** - is used to account for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Fund:

1. **Enterprise Funds** - are used to account for those operations that are financed and operated in a manner similar to private business. The District has no Enterprise funds.
2. **Internal Service Funds** - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds include the following: Print Shop Fund, Insurance Fund, Vending Machines Fund and Workmen's Compensation Fund.

Fiduciary funds:

1. **Private Purpose Trust Funds** - are used to account for donations, which have stipulations that the principal may not be expended; only the income may be used for a specific purpose.
2. **Agency Funds** - are used to account for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the Textbook Trust Fund, Student Activity Account, County Education District, Tax Office Clearing Account, Campus Checking accounts, Library Fund, Food Backpack Program Fund and Campus Agency Funds.
3. **Pension (and Other Employee Benefit) Trust Funds** - These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District has no Pension Trust Funds.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

4. ***Investment Trust Fund*** – This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the District. The District has one Investment Trust Fund which accounts for the Rosita Alcorn Scholarship activity.

E. OTHER ACCOUNTING POLICIES

Cash Equivalents

For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.

Inventories

The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Accumulated Sick Leave Benefits

Vacations are taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liabilities have been accrued in the accompanying general-purpose financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying general-purpose financial statements.

Capital Assets

Capital assets, which include land, buildings, vehicles, furniture & equipment and construction in progress, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

DONNA INDEPENDENT SCHOOL DISTRICT
 Donna, Texas
 Notes to the Financial Statements
 For the year ended August 31, 2013

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, vehicles and furniture & equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Vehicles	5
Office Equipment	5
Computer Equipment	5

Account Code Structure

The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

Fund Balance Policies

Fund balance amounts that are restricted, committed or assigned are considered to be spent when an expenditure is incurred for the respective purpose. If an expenditure incurred meets the criteria for more than one fund balance category, the District relieves fund balance in the following order: restricted, committed, assigned and then unassigned.

Fund Financial Statements

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

Under the terms of the agreements, the District funds certain programs by a combination of special cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted resources available to finance the program. It is the District's policy to first apply cost-reimbursement grant (restricted) resource to such program and then general revenues.

In the fund financial statements, the District uses the following criteria when classifying fund balances amounts:

Nonspendable – amounts not in spendable from or that are legally or contractually earmarked for a specific use. Examples include inventories and endowment principal.

Restricted – amounts that have been legally separated for a specific purpose by law or external funding source. Examples include grants, capital acquisitions, and long-term debt.

Committed – amounts that require Board action to be used for a specific purpose. Examples include capital expenditures, self-insurance, and campus activity funds. Formal action to commit funds must occur prior to fiscal year end and can only be modified or removed by the same action. Action can only be taken through the approval of the Board of Trustees.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

Assigned – amounts that do not require Board approval but are intended to be used for a specific purpose, as determined by the Superintendent or Interim Superintendent. These amounts do not meet the criteria to be classified as restricted or committed.

Unassigned – residual amount in the general fund that is available to finance operating expenditures. In other funds, this classification is used only to report a deficit balance resulting from over-spending for specific purposes for which amounts had been restricted, committed, or assigned, as applicable.

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 POSITION

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

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Changes in Net Position</u>
Land	\$ 11,376,990	\$ -	\$ 11,376,990	\$ -
Buildings & Improvements	151,535,264	(40,462,623)	111,072,641	-
Furniture And Equipment	18,710,204	(6,384,307)	12,325,897	-
Construction In Progress	38,802,776	-	38,802,776	-
Capital Leased Assets	<u>10,484,329</u>	<u>-</u>	<u>10,484,329</u>	<u>-</u>
Change in Net Position				<u>184,062,633</u>
<u>Long - Term Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			\$ 105,225,000	
Bonds Premium			2,097,642	
Notes Payable			300,000	
Accreted Interest			1,134,098	
Capital Leases Payable			<u>1,345,802</u>	
Change in Net Position				<u>110,102,542</u>
Net Adjustments to Net Position				<u>\$ 73,960,091</u>

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 position 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 position.

DONNA INDEPENDENT SCHOOL DISTRICT
 Donna, Texas
 Notes to the Financial Statements
 For the year ended August 31, 2013

The details of this adjustment are as follows:

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments in Net Position</u>
Furniture And Equipment	\$ 2,124,981	\$ 2,124,981	
Construction In Progress	<u>29,562,924</u>	<u>29,562,924</u>	
Total Capital Outlay			<u>\$ 31,687,905</u>
Bond Principal	4,975,000	4,975,000	
Loan Principal	612,015	612,015	
Capital Lease Payments	<u>1,391,767</u>	<u>1,391,767</u>	
Total Principal Payments			<u>6,978,782</u>
Net Adjustments to Net Position			<u>\$ 38,666,687</u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an “appropriated budget” for the General Fund, Debt Service Fund and the Food Service Fund; which is included in the General Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General fund Budget report is presented in Exhibit C-5 and the Child Nutrition Program Fund Budget and Debt Service Fund Budget reports are presented in Exhibit J-4 and J-5, respectively.

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. After several budget workshops with the Board, a meeting was 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 the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget supervisor 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. A summary of the proposed budget was posted on the District’s website. The budget summary included a comparison to the previous year’s actual spending and information relating to per-student and aggregate spending on instruction, instructional support, central administration, district operations, debt service, and any other category specified by the commissioner.
6. The adopted budget was posted on the District’s website, where it will be prominently displayed.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with counter party's trust department in the District's name in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract.

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

At August 31, 2012, the carrying amount of the District's deposits (excluding fiduciary funds) was \$201,745 and the bank balance was \$2,371,988. In October 2008, the FDIC instituted a program providing unlimited protection for non interest bearing transaction accounts at participating banks. First National Bank is participating in the FDIC's Transaction Account Guarantee Program (TAG). Under this program, through December 31, 2013 all non interest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account and interest-bearing accounts are insured up to \$250,000 in coverage. The District monitors cash flows regularly when TEA funds are received to ensure that the bank pledges sufficient collateral.

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

- a. Depository: First National Bank of Edinburg
- b. There were securities pledged as of the date of the highest combined balance, however, FDIC insurance coverage as of the date of the highest combined balance on deposit was \$13,860,360.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$13,860,360 and occurred during the month of December 2012.

District Policies and Legal Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial risk for deposits.

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

District Policies and Legal Contractual Provisions Governing Investments

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. The 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.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

The 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 (excluding fiduciary funds) at August 31, 2013, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
TexPool	\$ 66,982,159	\$ 66,982,159	\$ -	\$ -	\$ -
Total	<u>\$ 66,982,159</u>	<u>\$ 66,982,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. 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, 2013, the District's investments in TexPool was rated AAAM by Standard and Poor's (S&P). As a requirement to maintain the rating, weekly portfolio information must be submitted to S&P, as well as the office of the Comptroller of Public Accounts for review. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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, 2013, the District had 100% of its investments in Texpool 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.

DONNA INDEPENDENT SCHOOL DISTRICT

Donna, Texas

Notes to the Financial Statements

For the year ended August 31, 2013

B. PROPERTY TAXES

Property taxes are levied by October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the certified roll upon which the levy for the current fiscal year was based, was \$1,021,676,581. The tax rates assessed for the year ended August 31, 2013 as follows:

\$ 1.1700		For the purpose of maintenance and operations
<u>0.0882</u>		For the payment of principal and interest on bonds
<u>\$ 1.2582</u>		Total tax rate

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 31st 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.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes receivable within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

	General Fund	Other Governmental Funds	Total
Property Taxes - Delinquent	\$ 4,645,115	\$ 622,150	\$ 5,267,265
Less: Allowance for Uncollectible Taxes	<u>(464,512)</u>	<u>(62,215)</u>	<u>(526,727)</u>
Total Receivables (Net)	<u>\$ 4,180,603</u>	<u>\$ 559,935</u>	<u>\$ 4,740,538</u>

These amounts are expected to be collected within one year. Delinquent property taxes may be collected over several years.

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, 2013, are summarized below:

	State Entitlements	Federal Grants	Taxes Owed from County	Total
General	\$ 3,256,783	\$ -	\$ 400,713	\$ 3,657,496
Debt Service	-	-	31,238	31,238
Special Revenue	-	1,755,597	-	1,755,597
Total	<u>\$ 3,256,783</u>	<u>\$ 1,755,597</u>	<u>\$ 431,951</u>	<u>\$ 5,444,331</u>

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

E. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2013 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
General Fund	\$ 5,765,954	\$ 5,765,954
Special Revenue Fund	1,026,581	461,078
Debt Service Fund	1,396	396,733
Capital Projects Fund	-	2,679,771
Internal Service Fund	683	1,387,463
Trust and Agency Fund	<u>136,627</u>	<u>152,239</u>
Total General Fund	<u>6,931,241</u>	<u>10,843,238</u>
Special Revenue Fund:		
General Fund	461,078	1,026,581
Special Revenue Fund	975	975
Internal Service Fund	-	44,027
Trust and Agency Fund	<u>-</u>	<u>590</u>
Total Special Revenue Fund	<u>462,053</u>	<u>1,072,173</u>
Debt Service Fund:		
General Fund	396,733	1,396
Trust and Agency	<u>-</u>	<u>62</u>
Total Debt Service Fund:	<u>396,733</u>	<u>1,458</u>
Capital Projects Fund:		
General Fund	<u>2,679,771</u>	<u>-</u>
Total Capital Projects Fund:	<u>2,679,771</u>	<u>-</u>
Internal Service Fund:		
General Fund	1,387,463	683
Special Revenue Fund	44,027	-
Internal Service Fund	31,623	31,623
Trust and Agency	<u>23</u>	<u>300</u>
Total Internal Service Fund:	<u>1,463,136</u>	<u>32,606</u>
Trust & Agency Fund:		
General Fund	152,239	136,627
Special Revenue Fund	590	-
Debt Service Fund	62	-
Internal Service Fund	300	23
Trust and Agency	<u>11,586</u>	<u>11,586</u>
Total Trust & Agency Fund	<u>164,777</u>	<u>148,236</u>
Total	<u>\$ 12,097,711</u>	<u>\$ 12,097,711</u>

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided when reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Balances also result from interfund payroll transaction and end of year reclassifications made between funds.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2013, was as follows:

	Primary Government				
	08/31/12	Changes During Year			
Governmental Activities:		Additions	Deletions	Adjustments	
Land	\$ 11,376,990	\$ -	\$ -	\$ -	\$ 11,376,990
Buildings & Improvements	151,535,264	-	-	68,365,700	219,900,964
Furniture And Equipment	18,710,204	2,124,981	(331,900)	(3,170)	20,500,115
Construction In Progress	38,802,776	29,562,924	-	(68,365,700)	-
Capital Leased Assets	10,484,329	-	-	-	10,484,329
Investments- Fixed Assets	<u>\$ 230,909,563</u>	<u>\$ 31,687,905</u>	<u>\$ (331,900)</u>	<u>\$ (3,170)</u>	<u>\$ 262,262,398</u>
Less Accumulated depreciation:					
Buildings & Improvements	(40,462,623)	(3,475,021)	-	6,184,682	(37,752,962)
Furniture And Equipment	<u>(6,384,307)</u>	<u>(1,388,493)</u>	<u>331,900</u>	<u>(5,328,184)</u>	<u>(12,769,084)</u>
Total Accum. Depreciation	<u>\$ (46,846,930)</u>	<u>\$ (4,863,514)</u>	<u>\$ 331,900</u>	<u>\$ 856,498</u>	<u>\$ (50,522,046)</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 184,062,633</u>	<u>\$ 26,824,391</u>	<u>\$ -</u>	<u>\$ 853,328</u>	<u>\$ 211,740,352</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,122,804
Instructional Resources and Media Services	58,968
Curriculum and Personnel Development	33,612
Instructional Administration	65,448
School Administration	180,355
Guidance, Counseling and Evaluation Services	104,183
Attendance and Social Work Services	16,991
Health Services	45,649
Student (Pupil) Transportation	148,402
Food Services	307,392
Curricular/Extracurricular Activities	109,182
General Administration	132,725
Plant Maintenance and Operations	435,300
Security and Monitoring Service	55,580
Data Processing Services	39,969
Community Services	6,954
Total depreciation expense	<u>\$4,863,514</u>

G. LONG-TERM OBLIGATIONS

Note Payable

The District issued Sports Facility Revenue Note-Series 2001. This note is secured by all future revenues generated by the District's Sports Facility System. In addition, the District purchased 15 new school buses by obtaining a new note payable.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

Debt service requirements for the note payable are as follows:

Year Ending <u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 612,853	\$ 22,057	\$ 634,910
2015	<u>466,323</u>	<u>8,627</u>	<u>474,950</u>
	<u>\$ 1,079,176</u>	<u>\$ 30,684</u>	<u>\$ 1,109,860</u>

Bonds Payable

General Obligation Bonds – The District issued general obligation bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Current principal and interest requirements are payable solely from future revenues of the Debt Service Fund which consist principally of property taxes collected by the District, interest earnings, and state funds.

Refunding Bonds – In the current and previous years, the District issued refunding bonds to defease certain general obligation bonds. The net proceeds were placed in an irrevocable trust to provide for all future debt services on the refunded obligations. The refunded obligations represent a legal defeasance and are no longer a liability of the District; therefore, they are not included in the District’s financial statements.

The following is a summary of changes in bonds payable for the year ended August 31, 2013:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Range of Maturity</u>	<u>Original Issue Amount</u>	<u>Interest Current Year</u>	<u>Amounts Outstanding</u>		<u>Principal Issued</u>	<u>Refunding Activity</u>	<u>Amounts Outstanding</u>		<u>Due Within One Year</u>
					<u>August 31, 2012</u>	<u>August 31, 2013</u>			<u>August 31, 2013</u>	<u>August 31, 2013</u>	
2002	2.0%-5.0%	2013-2017	\$ 17,000,000	\$ 42,463	\$ 1,100,000	\$ -	\$ -	\$ 200,000	\$ 900,000	\$ 210,000	
2004	3.0%-5.0%	2013-2029	16,000,000	174,691	7,930,000	-	7,185,000	365,000	380,000	380,000	
2005	2.5%-4.6%	2013-2020	27,620,000	993,130	21,330,000	-	-	2,700,000	18,630,000	2,835,000	
2007 CABS		2021	-	-	10,000	-	-	-	10,000	-	
2007	3.0%-5.9%	2013-2025	9,155,000	344,485	8,590,000	-	-	100,000	8,490,000	105,000	
2010	2.0%-5.0%	2013-2040	51,955,000	1,849,870	49,875,000	-	-	1,070,000	48,805,000	1,095,000	
2010 Refunding	2.0%-4.0%	2013-2027	7,990,000	297,952	7,965,000	-	-	400,000	7,565,000	410,000	
2011 Refunding	2.0%-4.0%	2013-2034	8,630,000	322,440	8,425,000	-	-	40,000	8,385,000	45,000	
2013 Refunding	2.0%-3.5%	2013-2029	7,150,000	73,934	-	7,150,000	-	100,000	7,050,000	440,000	
Totals				<u>\$ 4,098,965</u>	<u>\$ 106,359,098</u>	<u>\$ 7,150,000</u>	<u>\$ 7,185,000</u>	<u>\$ 4,975,000</u>	<u>\$ 100,215,000</u>	<u>\$ 5,520,000</u>	
<u>Description</u>			<u>Original Issue Amount</u>		<u>Balance August 31, 2012</u>	<u>Addition</u>		<u>Retired</u>	<u>Balance August 31, 2012</u>	<u>Due Within One Year</u>	
Accretion on Capital											
Appreciation Bonds *			\$ 938,913		\$ 1,134,098	\$ 48,908	\$ -	\$ -	\$ 1,183,006	\$ -	

* This amount represents accretion of interest on a cumulative basis.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

Debt service requirements for bonds payable are as follows:

Year Ending August 31,	Principal	Interest	Total
2014	\$ 5,080,000	\$ 3,881,021	\$ 8,961,021
2015	5,340,000	3,667,230	9,007,230
2016	5,565,000	3,439,915	9,004,915
2017	5,790,000	3,201,106	8,991,106
2018	5,835,000	3,159,586	8,994,586
2019-2023	20,460,000	14,081,469	34,541,469
2024-2028	19,340,000	8,022,631	27,362,631
2029-2033	14,055,000	5,195,488	19,250,488
2034-2038	13,140,000	2,401,000	15,541,000
2039-2040	5,610,000	226,600	5,836,600
	<u>\$ 100,215,000</u>	<u>\$ 47,276,046</u>	<u>\$ 147,491,046</u>

Refunding Bond Issuance

On March 20, 2013, the District issued \$7,150,000 of Unlimited Tax Refunding Bonds, Series 2013, to be used to refund certain of the District's currently outstanding bonds. The interest rates on the unlimited tax refunding bonds range from 3.90% to 5.00% and the final maturity is on February 15, 2029. Debt service payments started semiannually beginning August 15, 2013. The net present value savings is \$1,202,545. The percentage savings of refunding bonds was 16.82%.

Defeased Bonds Outstanding

The District defeased outstanding general obligation bonds through the Refunding General Obligation Series by placing the proceeds of the new bonds in an escrow fund to provide for the future debt service payment on the old bonds. Accordingly, the trust account assets and defeased bonds are not included in the District's financial statements. At August 31, 2013, \$7,150,000 of the bonds defeased is outstanding.

Capital Leases

The Public Property Finance Act gives the District authority to enter into capital leases for the acquisition of personal property. The interest rate of these leases is 2.6% and 8.5%. Commitments under capital lease agreements for facilities and equipment provide for minimum future payments as of August 31, 2013 as follows:

Year Ending August 31,	Principal	Interest	Total
2014	\$ 409,524	\$ 1,874	\$ 411,398
2015	182,508	(2,718)	179,790
2016	135,497	(654)	134,843
	<u>\$ 727,529</u>	<u>\$ (1,498)</u>	<u>\$ 726,031</u>

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

Long-term obligations activity for the governmental activities for the year ended August 31, 2013, is as follows:

	Balance 08/31/12	Additions	Reductions	Balance 08/31/13	Current Portion
Bonds Payable	\$ 105,225,000	\$ 7,150,000	\$ (12,160,000)	\$ 100,215,000	\$ 5,520,000
Unamortized Bond Premium	2,097,642	542,817	(181,829)	2,458,630	-
Notes Payable	300,000	1,391,191	(612,015)	1,079,176	612,853
Accreted Interest	1,134,098	48,908	-	1,183,006	-
Capital Leases Payable	1,345,802	773,493	(1,391,767)	727,528	409,524
Deferred Loss on Refunding	-	(330,115)	-	(330,115)	-
Investments- Fixed Assets	<u>\$ 110,102,542</u>	<u>\$ 9,576,294</u>	<u>\$ (14,345,611)</u>	<u>\$ 105,333,225</u>	<u>\$ 6,542,377</u>

H. DEFINED BENEFIT PENSION PLAN

Plan Description. The “District” contributes to the Teacher Retirement System of Texas (TRS), a cost sharing multiple employer defined benefit pension plan. TRS administer retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administer proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805 respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. State law provides for fiscal years 2011, 2012 and 2013, a state contribution rate of 6.644%, 6.0% and 6.4%, respectively; and a member contribution rate of 6.4%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state’s 6.4% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during the fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortized TRS’s unfounded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to TRS made on behalf of the “District’s” employees for the years ended August 31, 2011, 2012, and 2013 were \$5,571,464, \$5,348,836 and \$5,530,878, respectively. The “District” paid additional state contributions for the years ended August 31, 2011, 2012 and 2013 in the amount of \$565,211, 514,330 and \$600,176, respectively, on the portion of the employees’ salaries that exceeded the statutory minimum.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, enacted in January 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. As a result, this provision 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 pharmacy claims paid by the TRS-Care on behalf of plan participants. GASB Statement No. 24 requires recognition of these on-behalf payments in the financial statements and must be recognized as equal revenues and expenditures. Medicare Part D payments made on-behalf Donna ISD participants for the years ended August 31, 2011, 2012, and 2013 were \$245,294, 280,085 and \$296,914, respectively.

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

I. HEALTH CARE COVERAGE

The District sponsors a modified self-insurance plan to provide health care to staff members and their dependents. The District paid a monthly premium of \$305 per employee during the year. Transactions related to the plan are accounted for the Employee Health Insurance Fund (the "Fund"), an internal service fund of the District. The District employees contribute \$5 per month for premiums related to the base plan. Contributions are required by employees for additional personal coverage, or coverage of their dependents. The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended August 31, 2013, to \$100,000 for any individual participant and an aggregate limit equal to \$8,348,062 (Minimum Attachment Point). All premiums are paid to a licensed insurer.

Estimates of claims are payable and of a claims incurred, but not reported at August 31, 2013, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

J. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Trust & Agency</u>	<u>Total</u>
Net Tax Revenue	\$ 4,180,603	\$ -	\$ 559,936	\$ 24,973	\$ 4,765,512
Food Service	26,543	-	-	-	26,543
Foundation	8,008,964	-	-	-	8,008,964
Texas High School Allotment	314,380	-	-	-	314,380
United Way Grant	2,000	-	-	-	2,000
Federally Funded Special Revenue	-	12,269	-	-	12,269
Visually Handicapped	-	3,225	-	-	3,225
Texas Advanced Placement	-	14,801	-	-	14,801
Texas High School Completion/Success	-	4,570	-	-	4,570
Instructional Materials Allotment	-	11,320	-	-	11,320
Ap/Ib Campus Awards	-	5,246	-	-	5,246
Ccms Day Care	-	66,772	-	-	66,772
3-D Jobs For The Future	-	5,258	-	-	5,258
Total	<u>\$12,532,490</u>	<u>\$ 123,461</u>	<u>\$ 559,936</u>	<u>\$ 24,973</u>	<u>\$13,240,860</u>

K. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 11,912,723	\$ -	\$ 911,421	\$ -	\$ 12,824,144
Penalties and Interest	956,154	-	84,556	-	1,040,710
Investment Income	64,720	-	3,775	13,088	81,583
Food Service Activity	287,441	-	-	-	287,441
Other	289,719	18,453	-	-	308,172
Totals	<u>\$13,510,757</u>	<u>\$ 18,453</u>	<u>\$ 999,752</u>	<u>\$ 13,088</u>	<u>\$14,542,050</u>

DONNA INDEPENDENT SCHOOL DISTRICT
 Donna, Texas
 Notes to the Financial Statements
 For the year ended August 31, 2013

L. EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended August 31, 2013, expenditures exceeded budget in the following items:

<u>Debt Service Fund Function</u>	<u>Amount</u>
71	\$ 100,000
73	\$ 145,334

M. CONTINGENT LIABILITIES

The District is a defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcomes of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and, accordingly, no provision for losses has been recorded.

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Cost 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 monies received may be required and the ability to collect any of the related receivable at August 31, 2013 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.

On October 2, 2009, the Department of Accreditation of the Texas Education Agency concluded their audit of certain federal grant awards. In the preliminary report, TEA has questioned transactions totaling \$1,250,000. Combining the efforts of the Business and Finance Office, Federal Programs, Migrant Department, and Human Resources, the District was able to provide documentation requested by TEA. On January 8, 2010, the District responded to their findings. On April 4, 2011, TEA issued a Grant Enforcement Action letter. The District requested a hearing soon after. As of August 31, 2013, the District is waiting for TEA's determination. On September 11, 2013, TEA issued a letter stating TEA has decided not to seek reimbursement for the cost previously disallowed and that this matter will now be closed.

N. MAINTENANCE OF EFFORT

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents.

A. Total District premium paid for health care for 2012-2013:	\$	9,719,549
B. Subtract any non-medical expenditures:		
Life insurance	\$	-
Dental insurance		-
Vision insurance		-
Long-term disability		-
Short-term disability		-
Alternate plans		-
COBRA expense		-
Retiree expense		-
	_____	_____
C. 2012-2013 Maintenance of Effort:	\$	<u>9,719,549</u>

DONNA INDEPENDENT SCHOOL DISTRICT

Donna, Texas

Notes to the Financial Statements

For the year ended August 31, 2013

O. 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.

P. OTHER FINANCING SOURCES (USES)

The following amounts were classified as Other Financing Sources within the statement of activities. During the year, the District had a refunding of outstanding debt in the amount of \$7,150,000. The premium on the indebtedness is \$542,817 for the refunding. Payment to Bond Refunding Escrow Agent (Uses) totaling \$7,515,115 mostly comprises the defeasance of the outstanding debt. The remaining amounts of \$128,153 and \$49,549 are related to bond issuance costs and underwriter's discount, respectively.

Q. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During its fiscal year ended August 31, 2013, the District purchased commercial insurance to cover general liabilities.

R. INTER-FUND TRANSFERS

Transfers are indicative of subsidies of various District operations. The following schedule briefly summarizes the District's transfer activities at August 31, 2013:

Transfers In	Transfers Out	Amount	Purpose
Capital Projects Fund	General Fund	\$ 6,252,185	Transfer for Capital Projects
Debt Service Fund	General Fund	560,000	Transfer for Debt Service
		<u>\$ 6,812,185</u>	

S. SUBSEQUENT EVENTS

In the opinion of the District's administration, no events have occurred subsequent to the statement of net position date that would materially affect the financials.

T. PRIOR PERIOD ADJUSTMENT

In preparation of the financial statements, certain adjustments to fund balance have been recorded within the financial statements and are listed as follows:

Statement Of Net Position

Deferred Revenue for change in Commodities Inventory Balance	\$ 4,571
Adjustments To Capital Assets / Accumulated Depreciation	853,328
Amortization Of Bond Premiums Not Amortized In Prior Year	<u>70,145</u>
Total	<u>\$ 928,044</u>

Balance Sheet

Deferred Revenue for change in Commodities Inventory Balance	<u>\$ 4,571</u>
Total	<u>\$ 4,571</u>

DONNA INDEPENDENT SCHOOL DISTRICT
Donna, Texas
Notes to the Financial Statements
For the year ended August 31, 2013

U. FUND BALANCE CLASSIFICATION

At August 31, 2013, fund balance is comprised of the following:

	Major Funds			Total
	General Funds	Capital Projects	Other Funds	
Nonspending:				
Inventories	\$ 545,389	\$ -	\$ -	\$ 545,389
Restricted:				
Federal or State Funds Grant Restriction	-	-	276,251	276,251
Retirement of Long-Term Debt	-	-	713,237	713,237
Other Restricted Fund Balance:				
Construction of instructional building	-	(37,207)	-	(37,207)
Assigned:				
Other Assigned Fund Balance:				
Building Construction, Furniture and Equipment	2,500,000	-	-	2,500,000
Unassigned	44,430,905	-	-	44,430,905
Total	\$ 47,476,294	\$ (37,207)	\$ 989,488	\$ 48,428,575



NONMAJOR GOVERNMENTAL FUNDS

Donna ISD.....

Committed to Excellence

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	79,127	3,057	1,102,354	199,800
1260	Due from Other Funds	-	-	975	-
1000	Total Assets	<u>\$ 79,127</u>	<u>\$ 3,057</u>	<u>\$ 1,103,329</u>	<u>\$ 199,800</u>
LIABILITIES					
2110	Accounts Payable	\$ 6	\$ -	\$ 3,378	\$ 829
2140	Interest Payable - Current	-	-	-	-
2150	Payroll Deductions and Withholdings Payable	-	-	-	-
2160	Accrued Wages Payable	10,560	2,901	531,590	82,602
2170	Due to Other Funds	68,561	156	568,361	116,369
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>79,127</u>	<u>3,057</u>	<u>1,103,329</u>	<u>199,800</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 79,127</u>	<u>\$ 3,057</u>	<u>\$ 1,103,329</u>	<u>\$ 199,800</u>

224 IDEA - Part B Formula	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	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
88,872	2,755	-	36,199	-	68,030	36,156	-
-	-	-	-	-	-	-	274,374
<u>\$ 88,872</u>	<u>\$ 2,755</u>	<u>\$ -</u>	<u>\$ 36,199</u>	<u>\$ -</u>	<u>\$ 68,030</u>	<u>\$ 36,156</u>	<u>\$ 274,374</u>
\$ 618	\$ -	\$ -	\$ 90	\$ -	\$ 527	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
66,061	576	(20,343)	14,067	-	19,385	15,108	-
22,193	2,179	20,343	22,042	-	48,118	21,048	-
-	-	-	-	-	-	-	-
<u>88,872</u>	<u>2,755</u>	<u>-</u>	<u>36,199</u>	<u>-</u>	<u>68,030</u>	<u>36,156</u>	<u>-</u>
-	-	-	-	-	-	-	274,374
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	274,374
<u>\$ 88,872</u>	<u>\$ 2,755</u>	<u>\$ -</u>	<u>\$ 36,199</u>	<u>\$ -</u>	<u>\$ 68,030</u>	<u>\$ 36,156</u>	<u>\$ 274,374</u>

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	274 GEAR UP Project	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	129,549	-	-	-
1260	Due from Other Funds	-	-	3,225	14,801
1000	Total Assets	<u>\$ 129,549</u>	<u>\$ -</u>	<u>\$ 3,225</u>	<u>\$ 14,801</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2140	Interest Payable - Current	-	-	-	-
2150	Payroll Deductions and Withholdings Payable	-	-	-	-
2160	Accrued Wages Payable	17,767	-	-	-
2170	Due to Other Funds	111,782	(12,269)	-	-
2300	Deferred Revenues	-	12,269	3,225	14,801
2000	Total Liabilities	<u>129,549</u>	<u>-</u>	<u>3,225</u>	<u>14,801</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 129,549</u>	<u>\$ -</u>	<u>\$ 3,225</u>	<u>\$ 14,801</u>

404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	429 Other State Special Revenue Funds	482 Latchkey Program	484 CCMS Day care	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,698	-	-	-	-	-	-	1,755,597
4,452	4,758	71,123	5,685	-	77,403	5,258	462,054
<u>\$ 14,150</u>	<u>\$ 4,758</u>	<u>\$ 71,123</u>	<u>\$ 5,685</u>	<u>\$ -</u>	<u>\$ 77,403</u>	<u>\$ 5,258</u>	<u>\$ 2,217,651</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45	\$ -	\$ 5,493
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	740,274
14,150	188	59,803	-	9,012	136	-	1,072,172
-	4,570	11,320	5,246	-	66,772	5,258	123,461
<u>14,150</u>	<u>4,758</u>	<u>71,123</u>	<u>5,246</u>	<u>9,012</u>	<u>66,953</u>	<u>5,258</u>	<u>1,941,400</u>
-	-	-	439	(9,012)	10,450	-	276,251
-	-	-	-	-	-	-	-
-	-	-	439	(9,012)	10,450	-	276,251
<u>\$ 14,150</u>	<u>\$ 4,758</u>	<u>\$ 71,123</u>	<u>\$ 5,685</u>	<u>\$ -</u>	<u>\$ 77,403</u>	<u>\$ 5,258</u>	<u>\$ 2,217,651</u>

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	599 Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ 717,897	\$ 717,897
1220 Property Taxes - Delinquent	622,150	622,150
1230 Allowance for Uncollectible Taxes (Credit)	(62,215)	(62,215)
1240 Receivables from Other Governments	31,238	1,786,835
1260 Due from Other Funds	396,733	858,787
1000 Total Assets	<u>\$ 1,705,803</u>	<u>\$ 3,923,454</u>
LIABILITIES		
2110 Accounts Payable	\$ -	\$ 5,493
2140 Interest Payable - Current	420,436	420,436
2150 Payroll Deductions and Withholdings Payable	10,736	10,736
2160 Accrued Wages Payable	-	740,274
2170 Due to Other Funds	1,458	1,073,630
2300 Deferred Revenues	559,936	683,397
2000 Total Liabilities	<u>992,566</u>	<u>2,933,966</u>
FUND BALANCES		
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	276,251
3480 Retirement of Long-Term Debt	713,237	713,237
3000 Total Fund Balances	<u>713,237</u>	<u>989,488</u>
4000 Total Liabilities and Fund Balances	<u>\$ 1,705,803</u>	<u>\$ 3,923,454</u>

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	584,174	10,360	9,537,808	2,377,197
5020	Total Revenues	<u>584,174</u>	<u>10,360</u>	<u>9,537,808</u>	<u>2,377,197</u>
EXPENDITURES:					
Current:					
0011	Instruction	-	482	6,679,246	1,487,171
0012	Instructional Resources and Media Services	-	-	520,063	-
0013	Curriculum and Instructional Staff Development	-	9,878	873,662	7,400
0021	Instructional Leadership	283,381	-	283,330	303,103
0023	School Leadership	-	-	10,368	130,226
0031	Guidance, Counseling and Evaluation Services	248,545	-	8,600	225,249
0032	Social Work Services	50,749	-	22,156	-
0033	Health Services	-	-	515,433	484
0034	Student (Pupil) Transportation	-	-	12,317	7,566
0051	Facilities Maintenance and Operations	92	-	4,138	4,140
0052	Security and Monitoring Services	1,407	-	-	-
0061	Community Services	-	-	608,495	211,858
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	<u>584,174</u>	<u>10,360</u>	<u>9,537,808</u>	<u>2,377,197</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	-	-
7915	Transfers In	-	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
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>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

224 IDEA - Part B Formula	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	265 Title IV, B Community Learning	272 Medicaid Admin. Claim MAC
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
2,324,384	44,865	240,015	742,684	83,840	909,359	324,527	30,117
<u>2,324,384</u>	<u>44,865</u>	<u>240,015</u>	<u>742,684</u>	<u>83,840</u>	<u>909,359</u>	<u>324,527</u>	<u>30,117</u>
1,807,625	44,865	149,563	597,606	70,295	737,478	112,256	-
-	-	-	-	6,899	-	-	-
91	-	10,049	118,868	6,468	114,384	-	-
-	-	(2,244)	-	178	235	196,126	-
-	-	(9,553)	25,542	-	-	-	-
516,317	-	92,200	668	-	-	-	-
351	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	16,145	-
-	-	-	-	-	57,262	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,324,384</u>	<u>44,865</u>	<u>240,015</u>	<u>742,684</u>	<u>83,840</u>	<u>909,359</u>	<u>324,527</u>	<u>-</u>
-	-	-	-	-	-	-	30,117
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	30,117
-	-	-	-	-	-	-	244,257
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,374</u>

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	274 GEAR UP Project	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	397 Advanced Placement Incentives
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	265,525	-	-
5020	Total Revenues	<u>265,525</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
0011	Instruction	262,199	-	-
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	1,738	-	-
0021	Instructional Leadership	-	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	-	-
0033	Health Services	-	-	-
0034	Student (Pupil) Transportation	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0061	Community Services	1,588	-	-
Debt Service:				
0071	Principal on Long Term Debt	-	-	-
0072	Interest on Long Term Debt	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-
6030	Total Expenditures	<u>265,525</u>	<u>-</u>	<u>-</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7901	Refunding Bonds Issued	-	-	-
7915	Transfers In	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-
8940	Payment to Bond Refunding Escrow Agent (Use)	-	-	-
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>\$ -</u></u>	<u><u>\$ -</u></u>

404 Student Success Initiative	409 High School Completion and Success	410 State Textbook Fund	429 Other State Special Revenue Funds	482 Latchkey Program	484 CCMS Daycare	499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 18,453	\$ -	\$ -	\$ 18,453
92,175	14,726	234,883	-	-	16,728	-	358,512
-	-	-	-	-	-	-	17,474,855
<u>92,175</u>	<u>14,726</u>	<u>234,883</u>	<u>-</u>	<u>18,453</u>	<u>16,728</u>	<u>-</u>	<u>17,851,820</u>
82,477	13,040	228,966	-	-	591	-	12,273,860
-	-	458	-	-	-	-	527,420
9,698	-	-	-	-	-	-	1,152,236
-	-	-	-	-	-	-	1,064,109
-	1,501	5,459	-	-	-	-	163,543
-	-	-	-	-	-	-	1,091,579
-	185	-	-	-	-	-	73,441
-	-	-	-	-	-	-	515,917
-	-	-	-	-	-	-	19,883
-	-	-	-	-	1,549	-	9,919
-	-	-	-	-	-	-	17,552
-	-	-	-	27,465	4,138	-	910,806
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>92,175</u>	<u>14,726</u>	<u>234,883</u>	<u>-</u>	<u>27,465</u>	<u>6,278</u>	<u>-</u>	<u>17,820,265</u>
-	-	-	-	(9,012)	10,450	-	31,555
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(9,012)	10,450	-	31,555
-	-	-	439	-	-	-	244,696
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 439</u>	<u>\$ (9,012)</u>	<u>\$ 10,450</u>	<u>\$ -</u>	<u>\$ 276,251</u>

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	599 Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 999,752	\$ 1,018,205
5800 State Program Revenues	7,638,458	7,996,970
5900 Federal Program Revenues	-	17,474,855
5020 Total Revenues	<u>8,638,210</u>	<u>26,490,030</u>
EXPENDITURES:		
Current:		
0011 Instruction	-	12,273,860
0012 Instructional Resources and Media Services	-	527,420
0013 Curriculum and Instructional Staff Development	-	1,152,236
0021 Instructional Leadership	-	1,064,109
0023 School Leadership	-	163,543
0031 Guidance, Counseling and Evaluation Services	-	1,091,579
0032 Social Work Services	-	73,441
0033 Health Services	-	515,917
0034 Student (Pupil) Transportation	-	19,883
0051 Facilities Maintenance and Operations	-	9,919
0052 Security and Monitoring Services	-	17,552
0061 Community Services	-	910,806
Debt Service:		
0071 Principal on Long Term Debt	4,975,000	4,975,000
0072 Interest on Long Term Debt	4,210,649	4,210,649
0073 Bond Issuance Cost and Fees	160,334	160,334
6030 Total Expenditures	<u>9,345,983</u>	<u>27,166,248</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(707,773)</u>	<u>(676,218)</u>
OTHER FINANCING SOURCES (USES):		
7901 Refunding Bonds Issued	7,150,000	7,150,000
7915 Transfers In	560,000	560,000
7916 Premium or Discount on Issuance of Bonds	542,817	542,817
8940 Payment to Bond Refunding Escrow Agent (Use)	<u>(7,515,115)</u>	<u>(7,515,115)</u>
7080 Total Other Financing Sources (Uses)	<u>737,702</u>	<u>737,702</u>
1200 Net Change in Fund Balance	29,929	61,484
0100 Fund Balance - September 1 (Beginning)	<u>683,308</u>	<u>928,004</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 713,237</u>	<u>\$ 989,488</u>

THIS PAGE LEFT BLANK INTENTIONALLY



**NONMAJOR PROPRIETARY FUNDS –
INTERNAL SERVICE FUNDS**

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2013

	752 Print Shop Fund	753 Insurance Fund	754 Beverage Fund	771 Workmen's Compensation Fund	Total Internal Service Funds
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ -	\$ 2,365,724	\$ -	\$ 1,606,740	\$ 3,972,464
Due from Other Funds	83,636	440,753	375,508	563,238	1,463,135
Total Assets	<u>83,636</u>	<u>2,806,477</u>	<u>375,508</u>	<u>2,169,978</u>	<u>5,435,599</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	178	570,340	-	264,325	834,843
Payroll Deductions and Withholdings Payable	-	46,961	-	-	46,961
Due to Other Funds	-	31,622	300	682	32,604
Total Liabilities	<u>178</u>	<u>648,923</u>	<u>300</u>	<u>265,007</u>	<u>914,408</u>
NET POSITION					
Unrestricted Net Assets	\$ 83,458	\$ 2,157,554	\$ 375,208	\$ 1,904,971	\$ 4,521,191
Total Net Position	<u>\$ 83,458</u>	<u>\$ 2,157,554</u>	<u>\$ 375,208</u>	<u>\$ 1,904,971</u>	<u>\$ 4,521,191</u>

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	752 Print Shop Fund	753 Insurance Fund	754 Beverage Fund	771 Workmen's Compensation Fund	Total Internal Service Funds
OPERATING REVENUES:					
Local and Intermediate Sources	\$ 85,230	\$ 9,860,406	\$ 15,391	\$ 166,461	\$ 10,127,488
Total Operating Revenues	<u>85,230</u>	<u>9,860,406</u>	<u>15,391</u>	<u>166,461</u>	<u>10,127,488</u>
OPERATING EXPENSES:					
Professional and Contracted Services	71,930	25,728	-	948,123	1,045,781
Supplies and Materials	28,862	-	-	-	28,862
Other Operating Costs	-	12,155,571	-	-	12,155,571
Total Operating Expenses	<u>100,792</u>	<u>12,181,299</u>	<u>-</u>	<u>948,123</u>	<u>13,230,214</u>
Operating Income (Loss)	(15,562)	(2,320,893)	15,391	(781,662)	(3,102,726)
Total Net Position - September 1 (Beginning)	<u>99,020</u>	<u>4,478,447</u>	<u>359,817</u>	<u>2,686,633</u>	<u>7,623,917</u>
Total Net Position - August 31 (Ending)	<u>\$ 83,458</u>	<u>\$ 2,157,554</u>	<u>\$ 375,208</u>	<u>\$ 1,904,971</u>	<u>\$ 4,521,191</u>

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	752 Print Shop Fund	753 Insurance Fund	754 Beverage Fund	771 Workmen's Compensation Fund	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from User Charges	\$ 101,285	\$ 24,238,531	\$ 31,083	\$ 1,177,374	\$ 25,548,273
Cash Payments for Insurance Claims	-	(26,195,494)	-	(1,746,197)	(27,941,691)
Cash Payments for Suppliers	(101,285)	(77,110)	(31,083)	(138,170)	(347,648)
Net Cash Used For Operating Activities	-	(2,034,073)	-	(706,993)	(2,741,066)
<u>Cash Flows from Investing Activities:</u>					
Interest and Dividends on Investments	-	2,718	-	2,169	4,887
Net Decrease in Cash and Cash Equivalents	-	(2,031,355)	-	(704,824)	(2,736,179)
Cash and Cash Equivalents at Beginning of Year	-	4,397,079	-	2,311,564	6,708,643
Cash and Cash Equivalents at End of Year	\$ -	\$ 2,365,724	\$ -	\$ 1,606,740	\$ 3,972,464
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>					
<u>Used for Operating Activities:</u>					
Operating Income (Loss):	\$ (15,562)	\$ (2,320,893)	\$ 15,391	\$ (781,662)	\$ (3,102,726)
Effect of Increases and Decreases in Current Assets and Liabilities:					
Increase (decrease) in Accounts Payable	165	(34,794)	-	(10,042)	(44,671)
Increase (decrease) in Receipts From Other Funds	15,397	292,710	(15,691)	236,862	529,278
Increase (decrease) in Payments To Other Funds	-	28,904	300	(152,151)	(122,947)
Net Cash Used for Operating Activities	\$ -	\$ (2,034,073)	\$ -	\$ (706,993)	\$ (2,741,066)

THIS PAGE LEFT BLANK INTENTIONALLY



NONMAJOR FIDUCIARY FUNDS

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	BALANCE SEPTEMBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2013
TEXTBOOK TRUST FUND				
Assets:				
Cash and Temporary Investments	\$ 37,385	\$ 480	\$ -	\$ 37,865
Liabilities:				
Due to Other Funds	\$ 19,901	\$ -	\$ -	\$ 19,901
Due to Other Governments	17,484	480	-	17,964
Total Liabilities	\$ 37,385	\$ 480	\$ -	\$ 37,865
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 179,251	\$ 280,141	\$ 269,395	\$ 189,997
Due From Other Funds	-	1,313	1,113	200
Total Assets	\$ 179,251	\$ 281,454	\$ 270,508	\$ 190,197
Liabilities:				
Accounts Payable	\$ 7,745	\$ 267,897	\$ 274,125	\$ 1,517
Payroll Deductions & Withholdings	8,789	-	120	8,669
Due to Other Funds	11,607	2,153	1,804	11,956
Due to Student Groups	151,110	303,987	287,042	168,055
Total Liabilities	\$ 179,251	\$ 574,037	\$ 563,091	\$ 190,197
COUNTY EDUCATION DISTRICT				
Assets:				
Cash and Temporary Investments	\$ 1	\$ 1	\$ -	\$ 2
Due From Other Governments	35,679	1,188	11,895	24,972
Due From Other Funds	119,986	31,920	47	151,859
Total Assets	\$ 155,666	\$ 33,109	\$ 11,942	\$ 176,833
Liabilities:				
Accounts Payable	\$ 47	\$ 2,431	\$ 2,478	\$ -
Due to Other Funds	-	32,369	32,369	-
Due to Other Governments	119,940	29,938	-	149,878
Deferred Revenue	35,679	1,189	11,895	24,973
Payable from Restricted Assets	-	1,982	-	1,982
Total Liabilities	\$ 155,666	\$ 67,909	\$ 46,742	\$ 176,833
TAX OFFICE CLEARING ACCT				
Assets:				
Cash and Temporary Investments	\$ 1	\$ -	\$ -	\$ 1
Liabilities:				
Payroll Deductions & Withholdings	\$ 1	\$ -	\$ -	\$ 1

CAMPUS CHECKING ACCOUNTS

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	BALANCE SEPTEMBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2013
Assets:				
Cash and Temporary Investments	\$ 217,741	\$ 532,521	\$ 537,229	\$ 213,033
Due From Other Funds	873	11,806	9,830	2,849
Other Receivables	-	1,315	-	1,315
Total Assets	<u>\$ 218,614</u>	<u>\$ 545,642</u>	<u>\$ 547,059</u>	<u>\$ 217,197</u>
Liabilities:				
Accounts Payable	\$ 12,215	\$ 552,371	\$ 552,631	\$ 11,955
Due to Other Funds	90,770	6,220	9,831	87,159
Due to Student Groups	115,629	597,853	595,399	118,083
Total Liabilities	<u>\$ 218,614</u>	<u>\$ 1,156,444</u>	<u>\$ 1,157,861</u>	<u>\$ 217,197</u>
CAMPUS/AGENCY-NON H.S.				
Assets:				
Cash and Temporary Investments	\$ 27,180	\$ 98,553	\$ 88,738	\$ 36,995
Due From Other Funds	918	600	948	570
Total Assets	<u>\$ 28,098</u>	<u>\$ 99,153</u>	<u>\$ 89,686</u>	<u>\$ 37,565</u>
Liabilities:				
Accounts Payable	\$ 450	\$ 50,524	\$ 48,385	\$ 2,589
Due to Other Funds	367	17,519	648	17,238
Due to Student Groups	27,281	42,318	51,861	17,738
Total Liabilities	<u>\$ 28,098</u>	<u>\$ 110,361</u>	<u>\$ 100,894</u>	<u>\$ 37,565</u>
LIBRARY FUND				
Assets:				
Cash and Temporary Investments	\$ 13,225	\$ 53,899	\$ 53,357	\$ 13,767
Due From Other Funds	171	467	467	171
Total Assets	<u>\$ 13,396</u>	<u>\$ 54,366</u>	<u>\$ 53,824</u>	<u>\$ 13,938</u>
Liabilities:				
Accounts Payable	\$ -	\$ 56,804	\$ 56,804	\$ -
Due to Other Funds	1,055	2,268	468	2,855
Due to Student Groups	12,341	57,834	59,092	11,083
Total Liabilities	<u>\$ 13,396</u>	<u>\$ 116,906</u>	<u>\$ 116,364</u>	<u>\$ 13,938</u>
FOOD BACKPACK PROGRAM				
Assets:				
Cash and Temporary Investments	\$ -	\$ 800	\$ -	\$ 800
Liabilities:				
Payroll Deductions & Withholdings	\$ -	\$ 800	\$ -	\$ 800
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 474,784	\$ 966,395	\$ 948,719	\$ 492,460

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	BALANCE SEPTEMBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2013
Due From Other Governments	35,679	1,188	11,895	24,972
Due From Other Funds	121,948	46,106	12,405	155,649
Other Receivables	-	1,315	-	1,315
Total Assets	<u>\$ 632,411</u>	<u>\$ 1,015,004</u>	<u>\$ 973,019</u>	<u>\$ 674,396</u>
Liabilities:				
Accounts Payable	\$ 20,457	\$ 930,027	\$ 934,423	\$ 16,061
Payroll Deductions & Withholdings	8,790	800	120	9,470
Due to Other Funds	123,700	60,529	45,120	139,109
Due to Other Governments	137,424	30,418	-	167,842
Due to Student Groups	306,361	1,001,992	993,394	314,959
Deferred Revenue	35,679	1,189	11,895	24,973
	-	1,982	-	1,982
Total Liabilities	<u>\$ 632,411</u>	<u>\$ 2,026,937</u>	<u>\$ 1,984,952</u>	<u>\$ 674,396</u>

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2013

	806 Scholarship Fund	807 Admin Scholarship Fund	Total Private Purpose Trust Funds
ASSETS			
Cash and Cash Equivalents	\$ 30,300	\$ (8,562)	\$ 21,738
Due from Other Funds	-	9,127	9,127
Total Assets	<u>30,300</u>	<u>565</u>	<u>30,865</u>
LIABILITIES			
Due to Other Funds	9,127	-	9,127
Due to Student Groups	21,173	565	21,738
Total Liabilities	<u>30,300</u>	<u>565</u>	<u>30,865</u>

THIS PAGE LEFT BLANK INTENTIONALLY



**OTHER SUPPLEMENTARY INFORMATION –
EXHIBITS J-1 THROUGH J-5**

Donna ISD.....

Committed to Excellence

DONNA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2013

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.500000	0.160000	645,229,469
2006	1.500000	0.160000	644,062,401
2007	1.370000	0.160000	821,644,196
2008	1.040000	0.160000	834,531,042
2009	1.040000	0.160000	894,315,675
2010	1.170000	0.007900	899,615,267
2011	1.170000	0.088200	967,480,534
2012	1.170000	0.088200	1,010,956,895
2013 (School year under audit)	1.170000	0.088200	1,021,676,581
1000 TOTALS			

(10) Beginning Balance 9/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
\$ 1,318,530	\$ -	\$ 121,061	\$ 10,688	\$ (90,027)	\$ 1,096,754
274,353	-	31,417	3,438	(11,947)	227,551
323,939	-	47,102	5,104	(12,335)	259,398
347,428	-	62,972	7,387	(13,154)	263,915
333,815	-	67,649	10,446	(2,112)	253,608
481,633	-	117,372	17,980	10,590	356,871
599,070	-	190,309	1,297	22,429	429,893
823,835	-	269,073	20,503	22,222	556,481
1,215,681	-	439,928	38,322	(9,832)	727,599
-	12,462,349	10,565,841	796,256	(5,057)	1,095,195
<u>\$ 5,718,284</u>	<u>\$ 12,462,349</u>	<u>\$ 11,912,724</u>	<u>\$ 911,421</u>	<u>\$ (89,223)</u>	<u>\$ 5,267,265</u>

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2013

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ 9,199	\$ -	\$ 332,003	\$ 2,502,726	\$ -	\$ 30,730	\$ 2,874,658
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	-	395,032	-	-	395,032
6212	Audit Services	-	-	-	33,500	-	-	33,500
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	200,447	-	-	-	-	200,447
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	7,888	-	-	7,888
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	150	25,947	-	-	26,097
6240	Contr. Maint. and Repair	-	-	-	15	-	-	15
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	6,985	28,729	-	-	35,714
6290	Miscellaneous Contr.	-	-	-	109,673	-	-	109,673
6320	Textbooks and Reading	-	-	215	4,276	-	-	4,491
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	796	-	5,717	127,589	-	-	134,102
6410	Travel, Subsistence, Stipends	47,833	-	25,524	18,180	-	-	91,537
6420	Ins. and Bonding Costs	-	-	-	500	-	-	500
6430	Election Costs	-	17,576	-	-	-	-	17,576
6490	Miscellaneous Operating	26,977	-	54,261	314,504	-	-	395,742
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 84,805	\$ 218,023	\$ 424,855	\$ 3,568,559	\$ -	\$ 30,730	\$ 4,326,972

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 153,272,822

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 7,734,172
Total Debt & Lease(6500)	(11)	2,050,365
Plant Maintenance (Function 51, 6100-6400)	(12)	13,087,493
Food (Function 35, 6341 and 6499)	(13)	5,192,655
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>3,568,559</u>

SubTotal:

31,633,244

Net Allowed Direct Cost

\$ 121,639,578

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 219,900,964
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)	\$ 20,500,115
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$5,256 in Function 53 expenditures are included in this report on administrative costs.

No Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2013

EXHIBIT J-3

UNAUDITED

1	Total General Fund Balance as of 8/31/13 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 47,476,294
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ 545,389	
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
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)	2,500,000	
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-	
7	Estimate of two month's average cash disbursements during the fiscal year.	22,600,000	
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>25,645,389</u>
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)		<u><u>\$ 21,830,905</u></u>

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

The excess unassigned General Fund balance will be used in subsequent years toward any unforeseen needs of the District.

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 332,000	\$ 332,000	\$ 287,441	\$ (44,559)
5800 State Program Revenues	69,000	69,000	67,801	(1,199)
5900 Federal Program Revenues	10,270,000	10,668,667	10,727,354	58,687
5020 Total Revenues	10,671,000	11,069,667	11,082,596	12,929
EXPENDITURES:				
0035 Food Services	8,757,921	11,315,960	10,599,109	716,851
0051 Facilities Maintenance and Operations	425,000	505,000	453,530	51,470
6030 Total Expenditures	9,182,921	11,820,960	11,052,639	768,321
1200 Net Change in Fund Balances	1,488,079	(751,293)	29,957	781,250
0100 Fund Balance - September 1 (Beginning)	2,868,653	2,868,653	2,868,653	-
3000 Fund Balance - August 31 (Ending)	\$ 4,356,732	\$ 2,117,360	\$ 2,898,610	\$ 781,250

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 894,000	\$ 894,000	\$ 999,752	\$ 105,752
5800	State Program Revenues	7,200,000	7,200,000	7,638,458	438,458
5020	Total Revenues	8,094,000	8,094,000	8,638,210	544,210
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	4,875,000	4,875,000	4,975,000	(100,000)
0072	Interest on Long Term Debt	4,316,499	4,316,499	4,210,649	105,850
0073	Bond Issuance Cost and Fees	15,000	15,000	160,334	(145,334)
6030	Total Expenditures	9,206,499	9,206,499	9,345,983	(139,484)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,112,499)	(1,112,499)	(707,773)	404,726
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	7,150,000	7,150,000
7911	Capital Related Debt Issued (Regular Bonds)	-	7,200,000	-	(7,200,000)
7915	Transfers In	-	1,112,499	560,000	(552,499)
7916	Premium or Discount on Issuance of Bonds	-	600,000	542,817	(57,183)
8940	Payment to Bond Refunding Escrow Agent	-	-	(7,515,115)	(7,515,115)
8949	Other (Uses)	-	(7,600,000)	-	7,600,000
7080	Total Other Financing Sources (Uses)	-	1,312,499	737,702	(574,797)
1200	Net Change in Fund Balances	(1,112,499)	200,000	29,929	(170,071)
0100	Fund Balance - September 1 (Beginning)	683,308	683,308	683,308	-
3000	Fund Balance - August 31 (Ending)	\$ (429,191)	\$ 883,308	\$ 713,237	\$ (170,071)

THIS PAGE LEFT BLANK INTENTIONALLY

STATISTICAL SECTION OVERVIEW

(Unaudited)

The Statistical Section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>CONTENTS</u>	<u>PAGE</u>
Financial Trends Information	109-118
<i>These schedules contain information to help the reader understand how the District's financial performance has changed over time.</i>	
Revenue and Expenditure Capacity	119-128
<i>This section contains schedules that provide information about the District's most significant major own-source revenue, which is property taxes, and the factors that impact the District's ability to generate such revenue.</i>	
Debt Capacity Information	129-150
<i>These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt, the District's ability to repay the debt, and the District's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	151-158
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	
Operating Information	159-171
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial reports relates to the services the District provides and activities it performs.</i>	

SOURCES

Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. The District implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

THIS PAGE LEFT BLANK INTENTIONALLY



FINANCIAL TRENDS INFORMATION

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 1
DONNA INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT

LAST TEN YEARS

(Unaudited)

Governmental Activities						
Fiscal Year	Invested in Capital Assets, Net of Related Debt	Restricted	Unrestricted	Total Net Position		
2004	\$ 30,912,717	\$ 19,665,241	\$ 12,101,186	\$ 62,679,144		
2005	35,054,959	18,645,540	12,835,635	66,536,134		
2006	40,413,329	13,819,958	11,376,852	65,610,139		
2007	51,941,226	4,549,020	15,526,921	72,017,167		
2008	55,142,321	2,697,172	18,992,220	76,831,713		
2009	61,919,917	3,222,783	19,216,127	84,358,827		
2010	68,706,785	2,236,837	38,242,954	109,186,576		
2011	30,391,064	58,937,880	45,796,966	135,125,910		
2012	74,864,776	38,562,529	40,866,491	154,293,796		
2013	106,407,127	989,488	56,700,816	164,097,431		

Source: The District's Statement of Net Position (Exhibit A-1)

SCHEDULE 2
DONNA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL ACTIVITIES EXPENSES & PROGRAM REVENUES

LAST TEN YEARS

(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Instruction	\$ 57,397,815	\$ 59,397,071	\$ 67,840,012	\$ 70,953,997
Instructional Resources & Media Services	2,215,836	1,884,747	1,877,675	2,142,634
Curriculum & Staff Development	2,041,388	2,276,066	2,384,284	3,262,599
Instructional Leadership	2,638,590	2,339,134	2,226,991	2,581,021
School Leadership	3,789,847	4,836,174	5,030,764	5,598,917
Guidance, Counseling & Evaluation Services	3,726,656	4,194,268	4,423,181	4,442,296
Social Work Services	508,533	526,884	577,816	680,431
Health Services	1,289,410	1,381,992	1,445,087	1,658,313
Student (Pupil) Transportation	2,549,373	2,623,936	2,802,184	3,146,436
Food Services	6,341,090	7,323,478	7,521,653	9,375,551
Cocurricular/Extracurricular Activities	2,199,395	2,340,520	2,449,290	2,926,848
General Administration	3,209,758	3,977,485	3,861,925	4,543,575
Facilities Maintenance & Operations	11,038,051	12,561,427	13,433,198	14,551,296
Security & Monitoring Services	1,599,771	1,968,208	2,171,619	2,319,245
Data Processing Services	1,137,413	1,248,527	1,284,323	1,300,037
Community Service & ESC (62)	1,197,045	1,288,392	1,099,013	1,055,647
Debt Service - Interest on Long Term Debt	3,528,803	3,644,801	3,707,300	3,635,045
Payments to Juvenile Justice Alternative Ed. Prg.	22,538	76,936	57,702	28,910
Total Governmental Activities	106,431,312	113,890,046	124,194,017	134,202,798
Program Revenues				
Charges for Services				
Instruction	693,547	1,047,989	434,104	219,321
Instructional Resources and Media Services	-	56,142	8,859	4,476
Curriculum and Instructional Staff Development	-	18,714	8,859	4,476
Instructional Leadership	-	18,714	8,859	4,476
School Leadership	-	130,999	44,296	22,380
Guidance, Counseling and Evaluation Services	-	56,142	26,578	13,428
Social Work Services	-	-	-	-
Health Services	-	18,714	8,859	4,476
Student (Pupil) Transportation	-	56,142	26,578	13,428
Food Services	275,101	312,083	385,898	404,044
Extracurricular Activities	109,681	134,352	107,747	129,043
General Administration	-	112,285	150,607	76,091
Facilities Maintenance and Operations	-	224,569	142,616	89,616
Security and Monitoring Services	-	56,142	17,719	8,952
Data Processing Services	-	37,428	8,859	4,476
Community Services & ESC (62)	-	18,714	892	1,270
Debt Service - Interest on Long Term Debt	-	-	-	-
Operating Grants and Contributions	22,422,715	25,593,825	29,018,176	29,914,284
Total Governmental Activities	23,501,044	27,892,954	30,399,506	30,914,237
Net Governmental Activities				
Revenue/(Expense)	\$ (82,930,268)	\$ (85,997,092)	\$ (93,794,511)	\$ (103,288,561)

Source: The District's Statement of Activities (Exhibit B-1)

	2008	2009	2010	2011	2012	2013
\$	73,564,961	\$ 77,920,193	\$ 86,639,759	\$ 86,326,231	\$ 77,300,681	\$ 81,972,747
	2,316,145	2,155,817	2,411,943	2,220,169	2,029,449	2,341,117
	2,164,097	2,986,891	2,660,923	2,874,356	2,413,753	2,411,339
	2,927,012	3,590,789	2,791,505	2,956,089	2,954,997	2,720,745
	5,114,758	5,892,075	5,911,981	5,825,824	5,831,746	6,915,932
	4,596,597	4,999,818	5,461,383	5,494,943	5,195,801	5,562,415
	794,676	976,856	779,665	681,714	824,204	922,422
	1,589,003	1,636,355	1,632,190	2,025,251	1,877,525	2,059,341
	3,552,747	3,928,291	3,498,225	3,713,419	3,831,318	4,408,911
	9,604,584	9,140,238	9,137,831	9,064,614	9,567,517	10,804,179
	2,863,382	3,225,149	3,109,095	3,063,751	2,989,869	5,307,959
	4,529,401	4,487,311	3,651,431	3,613,924	5,723,605	7,562,423
	14,596,026	15,528,270	14,238,763	13,343,828	13,312,712	13,612,836
	2,145,077	2,404,411	1,962,748	1,820,604	1,738,595	2,046,844
	1,276,971	1,285,458	1,274,017	1,236,943	1,439,788	1,605,700
	1,004,604	1,061,136	1,133,760	1,057,036	1,063,861	1,153,400
	4,560,763	3,566,711	3,304,577	6,225,016	5,401,040	4,354,790
	113,760	-	8,927	113,760	4,661	46,215
	137,314,564	144,785,769	149,608,723	151,657,472	143,501,122	155,809,315
	469,302	281,798	7,375	5,375	140,631	101,082
	9,578	10,437	-	-	-	-
	9,578	10,437	-	-	-	-
	9,578	15,655	-	-	-	-
	47,888	20,874	-	-	-	-
	28,733	20,874	-	-	-	-
	-	5,218	-	-	-	-
	9,578	5,218	47,590	-	-	-
	28,733	15,655	-	91,265	-	-
	366,215	319,204	330,939	341,893	320,851	277,714
	192,885	84,575	96,467	78,787	130,930	162,165
	162,819	15,655	216,284	219,238	46,077	29,646
	158,547	85,199	152,172	-	-	-
	19,155	10,437	-	-	-	-
	9,578	5,218	-	-	-	-
	1,804	-	30,284	-	-	-
	-	-	-	-	-	-
	30,402,572	33,698,369	45,690,295	56,434,151	41,122,929	37,169,647
	31,926,543	34,604,823	46,571,406	57,170,709	41,761,418	37,740,254
\$	(105,388,021)	\$ (110,180,946)	\$ (103,037,317)	\$ (94,486,763)	\$ (101,739,704)	\$ (118,069,061)

SCHEDULE 3
DONNA INDEPENDENT SCHOOL DISTRICT
GENERAL REVENUES AND CHANGES IN NET POSITION

LAST TEN YEARS

(Unaudited)

	Fiscal Year			
	2004	2005	2006	2007
Net Governmental Activities				
Revenue /(Expense)	\$ (82,930,268)	\$ (85,997,092)	\$ (93,794,511)	\$ (103,288,561)
General Revenues and Changes in Net Position:				
Property Taxes - M&O	9,069,413	8,877,436	8,550,762	8,546,890
Property Taxes - Debt Service	352,665	1,039,681	992,966	1,277,312
State Aid	68,800,515	69,484,278	-	80,469,526
Grants & Contributions not Restricted	6,504,132	7,724,913	82,827,763	13,001,023
Investment Earnings	332,521	661,913	1,275,416	1,278,324
Special Item -Misc. Revenue	-	-	-	-
Special - Premium new bond	183,900	1,441,035	-	2,072,963
Special Item - (use)	-	-	-	-
Miscellaneous Local and Intermediate Revenue	369,240	624,826	605,366	625,642
Total General Revenues	85,612,386	89,854,082	94,252,273	107,271,680
Change in Net Position	\$ 2,682,118	\$ 3,856,990	\$ 457,762	\$ 3,983,119

Source: The District's Statement of Activities (Exhibit B-1)

2008	2009	2010	2011	2012	2013
\$ (105,388,021)	\$ (110,180,946)	\$ (103,037,317)	\$ (94,486,763)	\$ (101,739,704)	\$ (118,069,061)
8,479,104	10,088,753	10,585,331	11,173,904	11,496,760	11,618,705
1,122,097	1,316,169	65,498	726,431	770,508	799,521
86,318,184	90,970,002	104,141,565	106,933,453	98,575,441	103,612,874
13,111,225	12,717,637	11,184,701	497,758	9,003,877	9,782,208
521,662	200,140	56,504	383,187	112,235	83,837
-	-	-	-	-	-
211,485	2,159,807	142,157	1,930	-	-
-	(1,099,962)	-	-	-	2,498
888,457	532,521	960,187	709,434	948,769	1,045,009
110,652,214	116,885,067	127,135,943	120,426,097	120,907,590	126,944,652
\$ 5,264,193	\$ 6,704,121	\$ 24,098,626	\$ 25,939,334	\$ 19,167,886	\$ 8,875,591

SCHEDULE 4
DONNA INDEPENDENT SCHOOL DISTRICT
FUND BALANCES
GOVERNMENTAL FUNDS

LAST TEN YEARS

(Unaudited)

	2004	2005	2006	2007	2008
General Fund					
PRE GASB 54					
<i>Reserved Fund Balances:</i>					
Investments in Inventory	\$ 517,170	\$ 422,504	\$ 745,231	\$ 579,955	\$ 508,396
<i>Unreserved Designated For:</i>					
Claims and Judgments	-	-	1,441,035	1,441,034	1,441,035
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	3,242,741	6,438,343	4,329,846	6,367,158	6,885,694
POST GASB 54					
<i>Restricted:</i>					
Investments in Inventory	-	-	-	-	-
<i>Assigned:</i>					
Assigned for Construction	-	-	-	-	-
<i>Unassigned:</i>					
Reported in the General Fund	-	-	-	-	-
Total General Fund Balance	3,759,911	6,860,847	6,516,112	8,388,147	8,835,125
All Other Governmental Funds					
PRE GASB 54					
<i>Reserved, Reported In:</i>					
Special Revenues					
Retirement of Long-Term Debt	344,284	344,284	585,221	870,027	1,212,268
Other Purposes	-	-	-	-	852,604
Debt Service					
Retirement of Long Term Debt	-	-	-	-	-
Capital Projects					
Other Purposes	19,493,197	17,784,086	12,489,506	3,099,038	-
<i>Unreserved and Undesignated:</i>					
Reported in the General Fund	-	61,051	-	-	-
Reported in the Capital Projects funds	-	-	-	-	-
Reported in Special Revenue funds	-	-	-	-	123,904
POST GASB 54					
Special Revenues					
<i>Unassigned:</i>					
Federal or State Funds Grant Restriction	-	-	-	-	-
Debt Service					
<i>Restricted:</i>					
Retirement of Long-Term Debt	-	-	-	-	-
Capital Projects					
<i>Restricted:</i>					
Other Purposes	-	-	-	-	-
<i>Assigned:</i>					
Other Assigned Fund Balance	-	-	-	-	-
Total All Other Governmental Fund Balance	19,837,481	18,189,421	13,074,727	3,969,065	2,188,776
Total Government Funds -- Fund Balance	\$ 23,597,392	\$ 25,050,268	\$ 19,590,839	\$ 12,357,212	\$ 11,023,901
Governmental Funds					
Beginning Fund Balance	\$ 15,923,654	\$ 23,597,392	\$ 25,050,268	\$ 19,590,839	\$ 12,357,212
Net Change in Fund Balance	7,673,738	1,452,876	(5,459,429)	(7,233,627)	(1,333,311)
Ending Balance	\$ 23,597,392	\$ 25,050,268	\$ 19,590,839	\$ 12,357,212	\$ 11,023,901

Source: The District's Governmental Funds Balance Sheets (Exhibit C-1) and Combined Statements of Revenues, Expenditures and changes in Fund Balances (Exhibit C-3).

	2009	2010	2011	2012	2013
\$	598,937	\$ 689,410	\$ -	\$ -	\$ -
	-	-	-	-	-
	6,705,054	24,664,646	-	-	-
	-	-	514,417	483,272	545,389
	-	-	10,000,000	19,500,000	2,500,000
	-	-	32,697,987	29,000,803	44,430,905
	7,303,991	25,354,056	43,212,404	48,984,075	47,476,294
		869,162	-	-	-
	749,314	456,094	-	-	-
	1,707,399	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	167,133	222,171	-	-	-
	-	-	274,461	244,696	276,251
	-	-	660,980	683,308	713,237
	-	-	456,094	-	-
	-	-	47,031,928	17,651,253	(37,207)
	2,623,846	1,547,427	48,423,463	18,579,257	952,281
\$	9,927,837	\$ 26,901,483	\$ 91,635,867	\$ 67,563,332	\$ 48,428,575
\$	11,023,901	\$ 9,927,837	\$ 26,901,483	\$ 91,635,867	\$ 67,563,332
	(1,096,064)	16,973,646	64,734,384	(24,072,535)	(19,134,757)
\$	9,927,837	\$ 26,901,483	\$ 91,635,867	\$ 67,563,332	\$ 48,428,575

THIS PAGE LEFT BLANK INTENTIONALLY



REVENUE AND EXPENDITURE CAPACITY

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 5
DONNA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND REVENUES BY SOURCE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Local and Intermediate Sources			State Programs			Federal Programs	Total
	Property Tax	Tuition	Other	Per Capita and Foundation	On-behalf TRS Payments	Other		
2004	\$ 8,832,275	\$ 3,270	\$ 2,111,964	\$ 64,045,522	\$ 3,668,183	\$ 9,993,568	\$ 19,867,409	\$ 108,522,191
2005	9,792,758	-	3,961,207	63,959,381	3,985,834	11,094,404	23,688,575	116,482,159
2006	10,568,876	-	3,390,560	69,371,792	4,347,532	12,252,269	25,832,542	125,763,571
2007	11,415,404	5,500	2,603,234	77,541,820	4,759,098	14,159,608	26,883,011	137,367,675
2008	10,051,156	9,000	3,002,172	81,638,011	5,110,289	16,372,248	26,671,950	142,854,826
2009	10,777,546	6,900	1,901,665	85,060,725	5,623,821	16,929,149	29,731,099	150,030,905
2010	11,219,664	7,375	2,094,438	97,051,412	5,787,869	15,405,161	42,672,836	174,238,755
2011	11,480,135	5,375	1,989,906	95,176,438	5,816,758	18,694,832	44,177,334	177,340,778
2012	12,452,116	2,400	1,741,876	98,575,441	5,628,921	10,528,579	33,932,604	162,861,937
2013	12,824,144	12,145	1,705,761	103,612,874	5,850,791	10,777,220	30,305,391	165,088,326

Source: The District's Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3); and Notes to Financial Statements.

SCHEDULE 6
DONNA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Instruction and Instructional - Related Services	Instructional and School Leadership	Support Services - Student (Pupil)	Administrative Support Services	Support Services - Nonstudent Based	Ancillary Services
2004	\$ 60,119,707	\$ 6,232,950	\$ 16,501,235	\$ 3,170,851	\$ 13,743,844	\$ 1,163,955
2005	61,269,108	6,860,574	17,942,636	3,841,729	15,495,024	1,192,055
2006	70,434,887	7,029,716	19,047,405	3,777,538	16,548,063	1,087,339
2007	74,921,727	8,002,367	24,017,572	4,220,685	17,903,303	1,033,520
2008	78,084,211	8,082,193	23,463,385	4,606,416	18,030,622	1,044,343
2009	82,211,458	9,362,041	23,739,684	4,501,329	19,375,063	1,070,966
2010	90,285,205	8,605,179	24,000,770	4,782,368	19,025,831	1,126,855
2011	90,021,057	8,696,197	23,976,810	3,988,533	16,055,942	1,051,149
2012	79,886,795	8,791,688	24,718,765	4,288,074	16,124,951	1,057,368
2013	84,282,314	9,571,780	29,371,087	4,326,972	16,778,409	1,146,446

Source: The District's Annual Financial Report - Governmental Funds Statements of Revenues, Fund Expenditures, and Changes in Balances (Exhibit C-3).

Note: Operating expenditures excludes capital outlay (Function 81)

Debt Service Principal	Debt Service Interest and Other	Capital Outlay	Inter-Governmental Charges	Total Governmental Fund Expenditures	Ratio of Debt Service to Operating Expenditures
\$ 2,995,753	\$ 3,626,836	\$ 9,454,684	\$ 22,538	\$ 117,032,353	3.13%
3,560,512	3,644,801	2,586,943	76,936	116,470,318	3.09%
3,409,692	3,707,300	6,375,056	57,702	131,474,698	0.94%
3,507,168	3,585,280	11,144,301	28,910	148,364,833	2.17%
4,331,488	3,553,150	4,334,231	113,760	145,643,799	4.63%
5,016,543	3,467,512	10,066,605	-	158,811,201	4.00%
4,797,355	3,986,247	1,666,800	8,927	158,285,537	5.94%
6,523,490	5,092,496	9,689,184	113,760	165,208,618	8.08%
6,708,083	4,607,380	40,905,577	4,661	187,093,342	8.39%
6,978,782	4,417,566	29,652,967	46,215	186,572,538	7.83%

SCHEDULE 7
DONNA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUNDS OTHER SOURCES, USES
AND CHANGES IN FUND BALANCES

LAST TEN YEARS

(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Excess of Revenues Over (Under) Expenditures	\$ (8,510,162)	\$ 11,841	\$ (5,711,127)	\$ (10,997,158)
Other Financing Sources (Uses)				
Issuance of Bonds	-	-	-	-
Capital-Related Debt Issued	16,221,400	-	-	-
Capital Leases	-	-	251,500	1,690,568
Prepaid Interest	-	-	-	-
Sale of Real and Personal Property	-	-	-	-
Non-Current Loans	-	-	-	-
Transfers In	1,500,000	-	-	-
Insurance Recovery	-	1,441,035	-	-
Premium or Discount on Issuance of Bonds	-	-	-	-
Other Resources	-	-	-	2,072,963
Transfers Out	(1,500,000)	-	-	-
Non Operating Expenses	-	-	-	-
Other Uses	(37,500)	-	-	-
Total Other Financing Sources (Uses)	<u>16,183,900</u>	<u>1,441,035</u>	<u>251,500</u>	<u>3,763,531</u>
Special Items	-	-	-	-
Net Change in Fund Balances	<u>\$ 7,673,738</u>	<u>\$ 1,452,876</u>	<u>\$ (5,459,627)</u>	<u>\$ (7,233,627)</u>

Source: The District's Governmental Funds Balance Sheets and Combined Statements of Revenues, Expenditures and Changes in Fund Balances (Exhibit C-3).

2008	2009	2010	2011	2012	2013
\$ (2,788,973)	\$ (8,780,296)	\$ 15,953,218	\$ 12,132,160	\$ (24,231,405)	\$ (21,484,212)
-	-	-	-	-	-
9,165,000	-	-	59,945,000	8,630,000	7,150,000
1,405,466	5,568,376	622,078	-	-	773,493
65,862	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,391,191
-	-	40,000	-	1,850,000	6,812,185
-	-	142,157	1,930	-	-
-	-	-	1,192,957	904,685	542,817
145,623	2,159,807	-	-	-	-
-	-	(40,000)	-	(1,850,000)	(6,812,185)
-	-	-	-	-	-
(9,165,000)	-	-	(8,565,118)	(9,392,852)	(7,512,617)
1,616,951	7,728,183	764,235	52,574,769	141,833	2,344,884
-	-	-	-	-	-
\$ (1,172,022)	\$ (1,052,113)	\$ 16,717,453	\$ 64,706,929	\$ (24,089,572)	\$ (19,139,328)

SCHEDULE 8
DONNA INDEPENDENT SCHOOL DISTRICT
GOVERNMENTAL FUND EXPENDITURES BY FUNCTION
PER AVERAGE DAILY ATTENDANCE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance *	Instruction and Instructional Related Services	Instructional and School Leadership	Support Services Student (Pupil)	Administrative Support Services	Support Services Nonstudent Based
2004	11,262	5,338	553	1,465	282	1,220
2005	11,990	5,110	572	1,496	320	1,292
2006	12,449	5,658	565	1,530	303	1,329
2007	12,839	5,835	623	1,871	329	1,394
2008	13,438	5,811	601	1,746	343	1,342
2009	13,859	5,932	676	1,713	325	1,398
2010	14,175	6,369	607	1,693	337	1,342
2011	14,306	6,293	608	1,676	279	1,122
2012	13,785	5,795	638	1,793	311	1,170
2013	13,941	6,046	687	2,107	310	1,204

Source: Average Daily Attendance provided by the District's PEIMS and A.E.I.S. reports. Function expenditures are from the Governmental Funds Statements of Revenues, Expenditures, and Changes in Fund Balances (Exhibit C-3).

Note: * Average Daily Attendance - the average daily attendance of eligible enrollees, district-wide, over the official number of instructional days.

Ancillary Services	Debt Service Principal	Debt Service Interest and Other	Capital Outlay	Inter-Governmental Charges	Total
103	266	322	840	2	10,392
99	297	304	216	6	9,714
87	274	298	512	5	10,561
80	273	279	868	2	11,556
78	322	264	323	8	10,838
77	362	250	726	-	11,459
79	338	281	118	1	11,167
73	456	356	677	8	11,548
77	487	334	2,967	0	13,572
82	501	317	2,127	3	13,383

THIS PAGE LEFT BLANK INTENTIONALLY



DEBT CAPACITY INFORMATION

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 9
DONNA INDEPENDENT SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY

LAST TEN YEARS

(Unaudited)

Fiscal Year	Assessed Taxable Value			Estimated Actual Market Value	Ratio of Total Assessed To Total Estimated Actual Value	*Total Direct Tax Rate
	Real Property	Personal Property	Total			
2004	\$ 618,061,070	\$ 83,250,580	\$ 701,311,650	\$ 889,309,095	78.86%	1.560000
2005	685,658,568	85,282,362	770,940,930	981,666,149	78.53%	1.660000
2006	737,154,087	92,527,757	829,681,844	1,058,310,290	78.40%	1.660000
2007	784,747,162	97,164,052	881,911,214	1,127,757,848	78.20%	1.530000
2008	867,597,781	95,193,279	962,791,060	1,235,363,636	77.94%	1.200000
2009	1,011,896,280	98,890,492	1,110,786,772	1,527,949,702	72.70%	1.200000
2010	1,037,839,373	93,463,676	1,131,303,049	1,551,657,766	72.91%	1.177900
2011	1,202,480,951	89,993,799	1,292,474,750	1,541,491,832	83.85%	1.258200
2012	1,262,532,049	88,453,799	1,350,985,848	1,617,194,609	83.54%	1.258200
2013	1,277,941,251	88,541,924	1,366,483,175	1,629,388,176	83.86%	1.258200

Source: Hidalgo County Appraisal District

* Per \$100 of assessed value

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 10
DONNA INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN YEARS

(Unaudited)

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2004	\$ 9,301,938	\$ 7,813,763	84.00%	\$ 1,175,100	\$ 8,988,863	96.63%	\$ 5,786,903	62.21%
2005	10,298,812	8,684,964	84.33%	1,258,023	9,942,987	96.54%	6,073,718	58.97%
2006	11,182,472	9,462,748	84.62%	1,160,285	10,623,033	95.00%	6,597,270	59.00%
2007	11,091,938	9,833,437	88.65%	1,493,196	11,326,633	102.12%	6,534,098	58.91%
2008	9,551,595	8,325,034	87.16%	1,584,798	9,909,832	103.75%	6,298,074	65.94%
2009	11,244,495	9,899,777	88.04%	1,106,006	11,005,783	97.88%	6,675,911	59.37%
2010	11,202,344	9,765,659	87.18%	1,558,733	11,324,392	101.09%	5,946,949	53.09%
2011	11,758,170	10,362,750	88.13%	1,283,486	11,646,236	99.05%	5,951,578	50.62%
2012	12,337,441	11,055,434	89.61%	1,404,764	12,460,198	100.99%	5,718,284	46.35%
2013	12,462,349	11,362,097	91.17%	1,462,047	12,824,144	102.90%	5,267,265	42.27%

Source: Donna Independent School District Annual Financial and Compliance Reports (Exhibit J-1)/Hidalgo County Tax Assessor-Collector

Note (1): The tax levy shown above is the adjusted tax levy as of the fiscal year end

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 11
DONNA INDEPENDENT SCHOOL DISTRICT
ALLOCATION OF PROPERTY TAX RATES AND LEVIES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Rates (Per \$100 of Assessed Value)			Tax Levies		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Original Levy Total
2004	\$ 1.500000	\$ 0.060000	\$ 1.560000	\$ 8,405,366	\$ 896,572	\$ 9,301,938
2005	1.500000	0.160000	1.660000	9,310,856	987,956	10,298,812
2006	1.500000	0.160000	1.660000	10,104,643	1,077,829	11,182,472
2007	1.370000	0.160000	1.530000	9,931,996	1,159,942	11,091,938
2008	1.040000	0.160000	1.200000	8,446,079	1,105,516	9,551,595
2009	1.040000	0.160000	1.200000	9,747,408	1,497,087	11,244,495
2010	1.170000	0.007900	1.177900	10,918,701	283,643	11,202,344
2011	1.170000	0.088200	1.258200	10,904,852	853,318	11,758,170
2012	1.170000	0.088200	1.258200	11,445,777	891,664	12,337,441
2013	1.170000	0.088200	1.258200	11,588,737	873,612	12,462,349

Source: Donna Independent School District Annual Financial and Compliance Reports

Note: The basis for the property tax rate is \$100 assessed valuation.

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 12
DONNA INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$100 ASSESSED VALUATION)

LAST TEN YEARS

(Unaudited)

Fiscal Year	Tax Year	Direct Tax Rate Donna Independent School District	Overlapping Tax Rates						Total Direct and Overlapping Tax Rate
			South Texas ISD	City of Donna	Donna Water District #1	Hidalgo County	Drainage District #1	South Texas College	
2004	2003	\$ 1.560000	\$ 0.039200	\$ 1.039828	\$ 0.210000	\$ 0.590000	\$ 0.043500	\$ 0.173800	\$ 2.763991
2005	2004	1.660000	0.039200	0.991648	0.210000	0.590000	0.043500	0.164700	2.821456
2006	2005	1.660000	0.039200	0.989138	0.210000	0.590000	0.043500	0.158900	2.809703
2007	2006	1.530000	0.039200	0.989999	0.210000	0.590000	0.041300	0.154800	2.837586
2008	2007	1.200000	0.049200	0.989999	0.210000	0.590000	0.049200	0.154000	2.700527
2009	2008	1.200000	0.049200	0.989999	0.210000	0.590000	0.070000	0.149800	2.386577
2010	2009	1.177900	0.049200	1.038320	0.210000	0.590000	0.072500	0.149100	3.287020
2011	2010	1.258200	0.049200	1.125900	0.210000	0.590000	0.072500	0.149700	3.455500
2012	2011	1.258200	0.049200	1.252300	0.210000	0.590000	0.073300	0.150700	3.583700
2013	2012	1.258200	0.049200	1.252376	0.210000	0.590000	0.075000	0.150700	3.585476

Source: Hidalgo County Tax Assessor-Collector

SCHEDULE 13
DONNA INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS PRIOR

(Unaudited)

Taxpayer	Type of Business	Fiscal Year 2013		
		Tax Year 2012 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Victoria Palms I LP	RV Park - Hotel	\$ 7,601,143	1	0.47%
Arbor Cove LTD	Condominiums	3,116,258	2	0.19%
SH Hester Donna LLC	Warehouse/Distribution Center	2,838,389	3	0.17%
AEP Texas Central Co	Electric Utility	2,664,140	4	0.16%
Bland Farms LLC	Agriculture	2,292,340	5	0.14%
D and J Investments LTD	Real Estate Developers	2,235,216	6	0.14%
H E Butt Grocery Company	Retail	2,181,620	7	0.13%
W Silver Recycling Inc.	Recycling Manufacture	2,130,910	8	0.13%
Packaging Corporation of America	Box Manufacturer	2,098,546	9	0.13%
Victoria Palms II LP	RV Park - Hotel	2,000,145	10	0.12%
Howard Johnson	RV Park - Hotel	-		0.00%
Southwestern Bell Tele	Telephone Utility	-		0.00%
Guerra, Hector	Real Estate Developers	-		0.00%
Hesterstreet L P	Real Estate Developers	-		0.00%
Kinney Bonded Warehouse	Warehouse/Distribution Center	-		0.00%
Interstate Fruit & Vegetable Co Inc.	Warehouse/Distribution Center	-		0.00%
Texas Cable Partners	Cable Utility	-		0.00%
Victoria Packaging	Warehouse/Distribution Center	-		0.00%
Totals		\$ 29,158,707		1.79%

Source: Hidalgo County Appraisal District

Fiscal Year 2004

Tax Year 2003 Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$ -		0.00%
-		0.00%
-		0.00%
3,736,640	2	0.42%
-		0.00%
-		0.00%
2,573,250	5	0.29%
-		0.00%
-		0.00%
-		0.00%
8,461,767	1	0.95%
2,834,357	3	0.32%
2,768,244	4	0.31%
2,150,364	6	0.24%
1,470,099	7	0.17%
1,372,532	8	0.15%
1,272,580	9	0.14%
1,104,286	10	0.12%
<u>\$ 27,744,119</u>		<u>3.12%</u>

SCHEDULE 14
DONNA INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE

LAST TEN YEARS

(Unaudited)

Fiscal Year	Bonds Payable	Notes Payable	Capital Lease Payable	Total Debt
2004	\$ 80,185,000	\$ 1,185,000	\$ 560,511	\$ 81,930,511
2005	78,025,000	1,095,000	1,372,761	80,492,761
2006	74,510,000	1,000,000	1,074,569	76,584,569
2007	71,630,000	900,000	2,237,968	74,767,968
2008	68,430,000	795,000	2,616,945	71,841,945
2009	65,215,000	680,000	6,498,748	72,393,748
2010	62,640,000	560,000	5,018,471	68,218,471
2011	110,080,000	435,000	3,079,981	113,594,981
2012	105,225,000	300,000	1,345,802	106,870,802
2013	100,215,000	1,079,176	727,528	102,021,704

Source: Donna Independent School District Annual Financial and Compliance Reports

* Note: See Estimated Actual Property Value and Average Daily Membership amounts in Demographic and Economic Information Schedule in Demographic and Economic Information section of this report.

<u>* Total Debt as % of Personal Income</u>	<u>* Total Debt Per Capita</u>	<u>* Ratio of Total Debt to Estimated Actual Property Value</u>	<u>* Total Debt Per Average Daily Membership</u>
770%	\$ 5,036.92	9.21%	7,014
690%	4,656.53	8.20%	6,434
621%	4,317.79	7.24%	5,906
555%	3,971.95	6.63%	5,602
484%	3,563.77	5.82%	5,128
472%	3,576.59	4.74%	4,977
413%	3,222.87	4.40%	4,591
659%	5,254.16	7.37%	7,572
592%	4,771.02	6.61%	7,171
548%	4,465.24	6.26%	6,679

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 15
DONNA INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING DEBT
GENERAL OBLIGATION BONDS

As of August 31, 2013

(Unaudited)

Political Subdivision	Net Debt Amounts		As of	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Hidalgo County	\$ 179,182,436	A	12/31/11	3.74%	\$ 6,700,816
Hidalgo County Drainage District No. 1	93,740,000	A	06/30/12	3.86%	3,621,645
City of Donna	35,046,719	A	09/30/11	100.00%	35,046,719
South Texas College	47,954,413	A	12/31/11	3.67%	1,760,856
					<u>\$ 47,130,036</u>
Donna ISD Direct Debt		B	08/31/13	100.00%	<u>\$ 100,215,000</u>
Total Direct and Overlapping Debt					<u><u>\$ 147,345,036</u></u>

Source:

A - Municipal Advisory Council of Texas

B - Long-Term Liabilities Note

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

SCHEDULE 16
DONNA INDEPENDENT SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN YEARS

(Unaudited)

	2004	2005	2006	2007
Assessed Valuation	\$ 701,311,650	\$ 770,940,930	\$ 829,681,844	\$ 881,911,214
Debt Limit - 10% of Assessed Valuation	\$ 70,131,165	\$ 77,094,093	\$ 82,968,184	\$ 88,191,121
General Obligation Bonds	80,185,000	78,025,000	74,510,000	71,630,000
Deduct Amount Available in Debt Service Fund	344,284	405,335	585,221	870,027
Applicable Debt	79,840,716	77,619,665	73,924,779	70,759,973
Legal Debt Margin	\$ (9,709,551)	\$ (525,572)	\$ 9,043,405	\$ 17,431,148
Debt Margin as a Percentage of the Debt Limit	-13.84%	-0.68%	10.90%	19.77%

Source: Donna Independent School District Annual Financial and Compliance Reports: Assessed Valuation (Exhibit J-1); General Obligations Bonds (Notes to Financial Statements); and Debt Service Fund, Amount Available in Debt Service (Exhibit C-1).

Note: Texas statutes do not prescribe a debt limit; however, by custom, a practical economic debt limit of 10% of the assessed valuation is used.

2008	2009	2010	2011	2012	2013
\$ 962,791,060	\$ 1,110,786,772	\$ 1,131,303,049	\$ 1,292,474,750	\$ 1,350,985,848	\$ 1,366,483,175
\$ 96,279,106	\$ 111,078,677	\$ 113,130,305	\$ 129,247,475	\$ 135,098,585	\$ 136,648,318
68,430,000	65,215,000	62,640,000	110,080,000	105,225,000	100,215,000
1,212,268	1,707,399	869,162	660,980	683,308	713,237
67,217,732	63,507,601	61,770,838	109,419,020	104,541,692	99,501,763
\$ 29,061,374	\$ 47,571,076	\$ 51,359,467	\$ 19,828,455	\$ 30,556,892	\$ 37,146,555
30.18%	42.83%	45.40%	15.34%	22.62%	27.18%

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 17
DONNA INDEPENDENT SCHOOL DISTRICT
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ESTIMATED ACTUAL VALUE AND
PER AVERAGE DAILY MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Membership	Estimated Actual Value	Total Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Average Daily Membership
2004	11,681	\$ 889,309,095	\$ 81,930,511	\$ 344,284	\$ 81,586,227	9.17%	\$ 6,985
2005	12,510	981,666,149	80,492,761	405,335	97,619,468	9.94%	7,803.31
2006	12,968	1,058,310,290	76,584,569	585,221	75,999,348	7.18%	5,860.53
2007	13,346	1,127,757,848	74,767,968	870,027	73,897,941	6.55%	5,537.09
2008	14,009	1,235,363,636	71,841,945	1,212,268	70,629,677	5.72%	5,041.74
2009	14,545	1,527,949,702	72,393,748	1,707,399	70,686,349	4.63%	4,859.84
2010	14,859	1,551,657,766	68,218,471	869,162	67,349,309	4.34%	4,532.56
2011	15,002	1,541,491,832	113,594,981	660,980	112,934,001	7.33%	7,527.93
2012	14,904	1,617,194,609	106,870,802	683,308	106,187,494	6.57%	7,124.76
2013	15,276	1,629,388,176	102,021,704	713,237	101,308,467	6.22%	6,631.87

Source: Average Daily Membership provided by the District's PEIMS Office. Estimated Actual Value obtained from the Hidalgo County Tax Assessor-Collector.

Note (1): Average Daily Membership represents the average daily enrollment of students, district-wide, over the official number of instructional days.

Note (2): Estimated actual property value and average daily membership are used because they are more relevant to the school district than personal income and population

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 18
DONNA INDEPENDENT SCHOOL DISTRICT
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT
TO TOTAL GENERAL FUND EXPENDITURES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Principal	Interest*	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service To General Fund Expenditures
2004	\$ 2,995,753	\$ 3,395,086	\$ 6,390,839	\$ 84,654,260	7.55%
2005	3,560,512	3,627,111	7,187,623	87,758,738	8.19%
2006	3,409,692	3,684,804	7,094,496	96,303,060	7.37%
2007	3,507,168	3,574,158	7,081,326	109,104,998	6.49%
2008	4,331,488	3,540,155	7,871,643	114,116,487	6.90%
2009	5,016,543	3,464,357	8,480,900	127,083,239	6.67%
2010	4,797,355	3,982,759	8,780,114	114,338,882	7.68%
2011	6,523,490	4,900,822	11,424,312	112,835,006	10.12%
2012	6,708,083	4,479,312	11,187,395	125,212,435	8.93%
2013	6,978,782	4,255,232	11,234,014	135,452,557	8.29%

Source: Donna Independent School District Annual Financial and Compliance Reports

Note: * Excludes Other Fees

THIS PAGE LEFT BLANK INTENTIONALLY



**DEMOGRAPHIC AND ECONOMIC
INFORMATION**

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 19
DONNA INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC INFORMATION

LAST TEN YEARS

(Unaudited)

Calendar Year	Population *	Personal Income *	Per Capita Income*	Average Daily Attendance	Unemployment Rate **
2004	653,779	\$ 10,634,400	16,266	11,262	11.6%
2005	674,982	11,668,018	17,286	11,990	6.9%
2006	695,352	12,333,428	17,737	12,449	6.6%
2007	715,264	13,464,065	18,824	12,839	6.6%
2008	736,694	14,851,288	20,159	12,839	9.1%
2009	757,468	15,332,238	20,241	13,859	11.7%
2010	780,030	16,510,596	21,167	14,175	12.1%
2011	797,810	17,248,431	21,620	14,306	11.2%
2012	806,552	18,066,662	22,400	13,785	11.7%
2013	867,378	18,608,662	22,848	13,941	10.8%

Source: * For years 2004-2012, statistics for Population, Personal Income, and Per Capita Income, were taken from the Bureau of Economic Analysis based on the McAllen-Edinburg-Mission, TX Metropolitan Area (BEARFACTS)

For year 2013, statistics for Population were based on a 3% average historic estimate

For year 2013, statistics for Per Capita Income and Personal Income were based on a 2% estimate

** The unemployment rates for the McAllen-Edinburg-Mission, TX Metropolitan Area were used as reported by the Bureau of Labor Statistics

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 20
DONNA INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS PRIOR

(Unaudited)

Employer	2013 *			2004 *		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Donna ISD	2,324	1	8.01%	2,012	1	6.94%
IDEA Public School	145	2	0.50%	44	4	0.15%
H.E.B. Food Stores	104	3	0.36%	109	2	0.38%
City of Donna	90	4	0.31%	85	3	0.29%
Victoria Palms	60	5	0.21%	43	5	0.15%
Rio Valley Canning	52	6	0.18%	42	6	0.14%
Whataburger	34	7	0.12%	24	7	0.08%
McDonald's	32	8	0.11%	21	8	0.07%
Wells Fargo	20	9	0.07%	11	9	0.04%
Burger King	19	10	0.07%	10	10	0.03%
Total	<u>2,880</u>		<u>9.93%</u>	<u>2,401</u>		<u>8.28%</u>

Source:

(1) * Direct communication with employers.

(2) Est. Population is 50,000 and Unemployment Rate is 10.8%. Population x Unemployment Rate = Unemployed.

Population less unemployed - students = employed workforce. # of employed / employed workforce is %.

Workforce estimated at 29,000

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 21
DONNA INDEPENDENT SCHOOL DISTRICT
CONSTRUCTION AND PROPERTY VALUES

LAST TEN YEARS

(Unaudited)

Fiscal Year	Single-Family Construction Permits *	Average Construction Value *	Total Property Value
2004	132	48,000	\$ 889,309,095
2005	226	52,200	981,666,149
2006	177	51,300	1,058,310,290
2007	125	51,600	1,127,757,848
2008	71	51,500	1,235,363,636
2009	27	46,000	1,527,949,702
2010	30	58,900	1,551,657,766
2011	45	58,335	1,541,491,832
2012	49	59,230	1,617,194,609
2013	23	54,068	1,629,388,176

Source: City of Donna
Source: * City-Data.com

THIS PAGE LEFT BLANK INTENTIONALLY



OPERATING INFORMATION

Donna ISD.....

Committed to Excellence

SCHEDULE 22
DONNA INDEPENDENT SCHOOL DISTRICT
WORK FORCE COMPOSITION BY EMPLOYEE CLASSIFICATION

LAST TEN YEARS

(Unaudited)

Classification	2004	2005	2006	2007	2008
Number of Employees					
Teachers	792	851	869	876	929
Professional Support	136	161	177	177	193
Campus Administration	33	42	42	40	43
Central Administration	18	18	19	17	18
Educational Aides	258	295	341	326	352
Auxiliary Staff	776	836	829	873	922
Total Employees	2,012	2,202	2,277	2,308	2,458
Percent of Total					
Teachers	39.34%	38.63%	38.15%	37.95%	37.81%
Professional Support	6.73%	7.29%	7.78%	7.67%	7.86%
Campus Administration	1.62%	1.91%	1.84%	1.75%	1.75%
Central Administration	0.89%	0.82%	0.84%	0.71%	0.74%
Educational Aides	12.83%	13.38%	14.98%	14.11%	14.34%
Auxiliary Staff	38.59%	37.97%	36.42%	37.80%	37.50%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: The District's Human Resources Department and the Academic Excellence Indicator System (AEIS).
Data taken from P.E.I.M.S. report(s).

2009	2010	2011	2012	2013
982	995	999	941	944
218	196	202	200	216
54	52	50	49	50
6	5	6	5	5
328	310	239	229	220
928	769	773	857	889
2,516	2,326	2,269	2,280	2,324
39.04%	42.77%	44.02%	41.26%	40.62%
8.67%	8.42%	8.92%	8.76%	9.29%
2.15%	2.23%	2.18%	2.15%	2.15%
0.24%	0.21%	0.26%	0.22%	0.22%
13.02%	13.32%	10.55%	10.05%	9.47%
36.89%	33.05%	34.06%	37.57%	38.25%
100.00%	100.00%	100.00%	100.00%	100.00%

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 23
DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF TEACHER INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Teacher Hiring Salaries		Average Teacher Salary	Average Years of Experience	Bachelor's Education	Master's Education
	Minimum	Maximum				
2004	24,240	40,800	38,142	9.6	87.4%	10.3%
2005	31,250	45,419	37,541	9.1	89.9%	8.8%
2006	33,000	46,919	38,648	9.1	88.5%	10.3%
2007	36,650	51,500	42,550	9.3	88.2%	10.7%
2008	36,650	51,500	43,040	8.9	89.3%	10.0%
2009	37,650	53,000	43,662	8.7	89.5%	8.8%
2010	40,000	56,475	46,748	8.8	89.0%	9.8%
2011	40,500	54,959	47,031	9.0	88.5%	10.6%
2012	40,500	54,244	46,363	8.8	88.1%	10.8%
2013	42,650	54,844	47,652	8.8	87.2%	11.8%

Source: Academic Excellence Indicator System (AEIS)

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 24
DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF ATTENDANCE AND MEMBERSHIP

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance *	Average Daily Membership	Percent of Attendance
2004	11,262	11,681	96.41%
2005	11,990	12,510	95.84%
2006	12,449	12,968	96.00%
2007	12,839	13,346	96.20%
2008	13,438	14,009	95.92%
2009	13,859	14,545	95.28%
2010	14,175	14,859	95.40%
2011	14,306	15,002	95.36%
2012	13,785	14,904	92.49%
2013	13,941	15,276	91.26%

Source: The District's PEIMS Office

* Average Daily Attendance - the average daily attendance of eligible enrollees, district-wide, over the official number of instructional days.

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 25
DONNA INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS

LAST TEN YEARS

(Unaudited)

Fiscal Year	Average Daily Attendance	Operating Expenditures	Cost per Pupil	Percent Change	Operating Expenses	Cost per Pupil	Percent Change
2004	11,262	\$ 83,471,513	\$ 7,412	5.18%	\$ 102,879,971	\$ 9,135	5.24%
2005	11,990	86,523,922	7,216	-2.64%	110,168,309	9,188	0.58%
2006	12,449	95,233,401	7,650	6.01%	120,429,015	9,674	5.28%
2007	12,839	107,167,431	8,347	9.11%	130,538,843	10,167	5.10%
2008	12,839	110,645,055	8,618	3.25%	132,640,041	10,331	1.61%
2009	13,859	115,164,390	8,310	-3.58%	141,219,058	10,190	-1.37%
2010	14,175	110,787,496	7,816	-5.95%	146,295,219	10,321	1.29%
2011	14,306	106,536,179	7,447	-4.72%	145,318,696	10,158	-1.58%
2012	13,785	115,765,601	8,398	12.77%	138,095,421	10,018	-1.38%
2013	13,941	127,656,743	9,157	9.04%	151,408,310	10,861	8.41%

Source: Average Daily Attendance provided by the District's PEIMS and A.E.I.S. reports.
Operating Expenditures and Expenses obtained from the District's Annual Financial Reports.

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 26
DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STUDENT INFORMATION

LAST TEN YEARS

(Unaudited)

Fiscal Year	Teacher / Student Ratio	Percentage of Free and Reduced Lunch	No. of Economically Disadvantaged Students	Percentage of Economically Disadvantaged Students
2004	14.8	89%	10,673	91.3%
2005	14.7	89%	11,584	92.5%
2006	15.0	89%	12,145	93.5%
2007	15.2	89%	12,577	94.5%
2008	15.0	89%	13,359	95.9%
2009	14.8	89%	13,964	95.9%
2010	14.9	89%	14,404	96.9%
2011	15.0	89%	14,571	97.0%
2012	15.9	89%	14,527	97.2%
2013	16.2	89%	14,818	97.0%

Source: Academic Excellence Indicator System (AEIS) & District's PEIMS office.

The District currently has Provision 2 status with Texas Department of Agriculture for the percentage of Free and Reduced Lunch.

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE 27
DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF SCHOOL BUILDINGS

(Unaudited)

	Estimated Square Footage	Recommended Capacity		Estimated Square Footage	Recommended Capacity
HIGH SCHOOLS			ELEMENTARY SCHOOLS		
DONNA HIGH SCHOOL	321,801	1,800	ADAME	86,069	880
DONNA NORTH HIGH SCHOOL	321,000	2,400	CACERES	57,390	704
TOTAL	<u>642,801</u>	<u>4,200</u>	GARZA	76,438	1,056
			GUZMAN	51,227	616
			LENOIR	86,733	528
MIDDLE SCHOOLS			MUNOZ	76,438	968
A.P. SOLIS	139,150	1,700	OCHOA	62,811	638
SAUCEDA	147,500	1,248	PRICE	52,752	575
VETERANS	149,872	1,300	RIVAS	59,396	616
W.A. TODD	118,099	825	RUNN	59,096	616
TOTAL	<u>554,621</u>	<u>5,073</u>	SALAZAR	63,663	682
			SALINAS	87,467	1,012
			SINGLETERRY	63,404	638
SPECIAL CAMPUSES			STAINKE	64,873	660
3-D ACADEMY	16,435	328	TOTAL	<u>947,757</u>	<u>10,189</u>
DONNA ALTERNATIVE ED. PROGRAM	19,571	165			
TOTAL	<u>36,006</u>	<u>493</u>			

Source: DISD Facilities School Building Information

Note: The information presented above is as of August 31, 2013 and are indicators of the volume and usage of the District's buildings, which are the material capital assets. Ten years of data is not available for presentation.

THIS PAGE LEFT BLANK INTENTIONALLY



SINGLE AUDIT

Donna ISD.....

Committed to Excellence

THIS PAGE LEFT BLANK INTENTIONALLY



PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

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

Board of Trustees
Donna Independent School District

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Donna Independent School District (the "District") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Donna Independent School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Brownsville, TX
December 10, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Donna Independent School District

Report on Compliance for Each Major Federal Program

We have audited Dona Independent School District's (the "District") 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 the District's major federal programs for the year ended August 31, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of 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, 2013.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the District's internal control over compliance.

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

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Pattillo, Brown & Hill, C.P.

Brownsville, TX
December 10, 2013

DONNA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2013

I. Summary of the Auditors' Results:

The type of auditors' report on financial statements:	Unmodified
Regarding internal control over financial reporting:	
a. Material weakness(es) identified:	No
b. Significant deficiency(ies) identified that are not considered to be material weaknesses:	None reported
c. Noncompliance which is material to the financial statements:	No
d. Regarding internal control over major programs: Material weakness(es) identified:	No
Significant deficiency(ies) identified that are not considered to be material weaknesses:	None reported
e. Type of auditors' report on compliance with major programs:	Unmodified
f. Any audit findings which are required to be reported in accordance with OMB Circular A-133, Sec. 510(a):	None reported
g. Major programs are as follows:	ESEA Title I, Part A CFDA 84.389 ESEA Title I, Part C CFDA 84.011 Title III, Limited English Proficiency CFDA 84.365
h. Dollar threshold used to distinguish between Type A and Type B programs:	\$846,066
i. Low risk auditee:	Yes

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

None reported.

III. Findings and Questioned Costs for Federal Awards.

None reported.

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2013

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

None reported.

V. Prior Year Findings and Questioned Costs for Federal Awards.

None reported.

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2013

Not applicable.

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

(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	12610101108902	\$ 301,090
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101108902	9,035,067
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101108902	201,651
Total CFDA Number 84.010A			<u>9,537,808</u>
Total Title I, Part A Cluster			<u>9,537,808</u>
ESEA, Title I, Part C - Migratory Children	84.011	12615001108902	184,445
ESEA, Title I, Part C - Migratory Children	84.011	13615001108902	2,154,695
ESEA, Title I, Part C - Migratory Children	84.011	14615001108902	38,057
Total CFDA Number 84.011			<u>2,377,197</u>
*IDEA - Part B, Formula	84.027	126600011089026600	555,181
*IDEA - Part B, Formula	84.027	136600011089026600	1,763,103
*IDEA - Part B, Formula	84.027	146600011089026600	6,100
Total CFDA Number 84.027			<u>2,324,384</u>
*IDEA - Part B, Preschool	84.173	126610011089026610	4,569
*IDEA - Part B, Preschool	84.173	136610011089026610	40,296
Total CFDA Number 84.173			<u>44,865</u>
Total Special Education Cluster (IDEA)			<u>2,369,249</u>
Career and Technical - Basic Grant	84.048	13420006108902	240,015
HELP (Helping Elementary Learners Prosper)	84.215E	Q215E110185	215,326
HELP (Helping Elementary Learners Prosper)	84.215E	Q215E110185	368,848
Total CFDA Number 84.215E			<u>584,174</u>
ESEA, Title X, Part C -Homeless Children	84.196A	13460001711001	10,360
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	126950127110010	324,527
*Title II, Part D -Enhancing Ed Through Technology	84.318	116300077110012	83,840
GEAR UP - Ready, Set, College!	84.334A	P334A110180	2,333
GEAR UP - Ready, Set, College!	84.334A	P334A110180	245,425
GEAR UP - Ready, Set, College!	84.334A	P334A110180	17,767
Total CFDA Number 84.334A			<u>265,525</u>
Title III, Part A - English Language Acquisition	84.365A	12671001108902	103,689
Title III, Part A - English Language Acquisition	84.365A	13671001108902	800,736
Title III, Part A - English Language Acquisition	84.365A	14671001108902	4,934
Total CFDA Number 84.365A			<u>909,359</u>
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12694501108902	55,557
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501108902	687,127
Total CFDA Number 84.367A			<u>742,684</u>
Total Passed Through State Department of Education			<u>\$ 17,444,738</u>
TOTAL DEPARTMENT OF EDUCATION			
			<u>\$ 17,444,738</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	529-07-0157-00061	\$ 30,116
Total Passed Through Texas Dept of Human Services			<u>\$ 30,116</u>

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2013

(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			\$ 30,116
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401301	\$ 4,007,727
*National School Lunch Program - Cash Assistance	10.555	71301301	6,503,768
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301301	215,859
Total CFDA Number 10.555			<u>6,719,627</u>
Total Child Nutrition Cluster			<u>10,727,354</u>
Total Passed Through the State Department of Agriculture			<u>\$ 10,727,354</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 10,727,354</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 28,202,208</u></u>

*Clustered Programs

THIS PAGE LEFT BLANK INTENTIONALLY

DONNA INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2013

1. 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.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and 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, the Trust Funds and Agency Funds. 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.

3. 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.

(Last Page.)