



ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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JUDSON INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

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ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

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CERTIFICATE OF BOARD

Judson Independent School District
Name of School District


Bexar
County

015-916
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named School District were reviewed and approved for the year ended June 30, 2011, at a meeting of the board of trustees of such School District on the 17th day of November, 2011.



Signature of Board Secretary



Signature of Board President

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS
MEMBERS AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Trustees
Judson Independent School District
Live Oak, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Judson Independent School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 Judson Independent School District as of June 30, 2011, and the respective changes in the financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 3G and 38 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements as a whole. The other supplementary information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the financial statements. The other supplementary information, as listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole. The fund balance and cash flow calculation worksheet (unaudited) - general fund and other schedules presented by the District, as listed in the table of contents, 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 it.

Thompson, Williams, Biediger, Koster & Young, P.C.

Certified Public Accountants

San Antonio, Texas

November 17, 2011

MANAGEMENT’S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

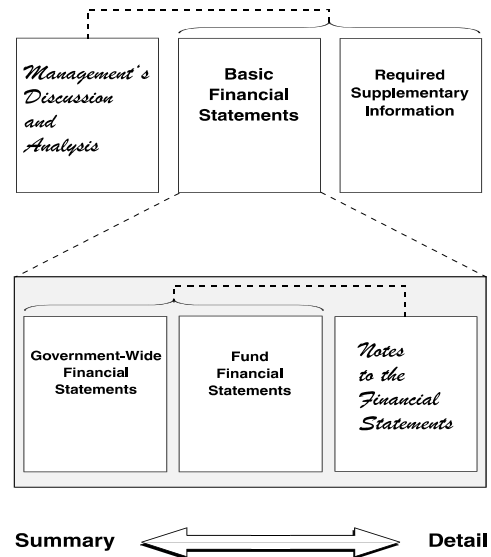
- The District’s total combined net assets were \$73,664,384 at June 30, 2011.
- During the year, the District’s expenses were \$220,576,193, and the amount generated in taxes and other revenues for governmental activities were \$212,459,820.
- The total cost of the District’s programs increased by \$8.3 million. The increase was the result of salary increases for teachers and additional positions required to address increased student enrollment, the purchase of a parcel of land for a future school site, expenditures for furniture and equipment for new facilities, the purchase of school buses, and increases in depreciation expense caused by the significant addition of capital assets. Otherwise, the cost for all other programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a total fund balance this year of \$37,569,198 at June 30, 2011. Of this fund balance \$2,000,000 has been committed by the Board of Trustees for the acquisition of future school sites and \$2,128,772 is reserved for other purposes.

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.

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



- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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

Government-wide Statements

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

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

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

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*—Most of the District’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net asset: The District’s combined net assets were \$73.7 million at June 30, 2011. (See Table A-1).

TABLE A-1
Judson Independent School District’s Net Assets
(In millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	<u>2011</u>	<u>2010</u>	<u>2011-2010</u>
Current Assets			
Cash and Cash Equivalents	\$69.7	\$100.2	(30.4%)
Property Taxes, Receivable	3.8	3.8	-
Due from Other Governments	25.2	30.6	(17.6%)
Other Receivables	0.0	0.0	-
Inventories - Supplies and Materials	0.6	0.7	(14.3%)
Deferred Expenditures	0.6	0.2	200.0%
Capitalized Bond Issuance Costs	0.9	1.0	(10.0%)
Unamortized Discount on Issuance of Bonds	4.1	4.3	(4.7%)
Total Current Assets	<u>104.9</u>	<u>140.8</u>	(25.5%)
Noncurrent Assets			
Capital Assets	551.8	534.3	3.3%
Less: Accumulated Depreciation	(133.9)	(126.9)	5.5%
Total Noncurrent Assets	<u>417.9</u>	<u>407.4</u>	2.6%
Total Assets	<u>522.8</u>	<u>548.2</u>	(4.6%)

Current Liabilities			
Accounts Payable and Interest Payable	12.5	19.3	(35.2%)
Payroll Deductions/Withholdings	10.0	10.8	(7.4%)
Accrued Wages	19.0	18.9	0.5%
Deferred Revenue	1.2	0.0	-
Due to Other Governments	1.0	0.0	-
Bond Premium - Deferred	<u>10.2</u>	<u>10.7</u>	(4.7%)
Total Current Liabilities	<u>53.9</u>	<u>59.7</u>	(9.7%)
Long-Term Liabilities			
Bonds and Lease Payable	<u>395.3</u>	<u>406.6</u>	(2.8%)
Total Liabilities	<u>449.2</u>	<u>466.3</u>	(3.7%)
Net Assets			
Invested in Capital Assets	18.8	26.2	(28.2%)
Restricted for:			
State and Federal	6.6	4.8	37.5%
Debt	13.2	15.1	(12.6%)
Unrestricted	<u>35.1</u>	<u>35.7</u>	1.7%
TOTAL NET ASSETS	<u>\$ 73.7</u>	<u>\$ 81.8</u>	(9.9%)

Approximately \$13.2 million of the District's restricted net assets represent revenue from local taxes. These revenues are restricted for expenditures related to debt service payments. Approximately another \$6.6 million of the District's restricted net assets represent funds provided by state or federal grants. These funds are restricted for expenditures of specific programs for which the grants are targeting. The \$35.1 million of unrestricted net asset represents resources available to fund the programs of the District next year.

Changes in net assets: The District's total revenues were \$212.5 million. A significant portion, 42 percent, of the District's revenue comes from taxes. (See Figure A-2.) 38 percent comes from state aid and other non restricted contributions, 18 percent comes from restricted operating grants and contributions, and 0 percent comes from investment earnings, while only 2 percent relates to charges for services. The total cost of all programs and services was \$220.6 million; 76 percent of these costs are for instructional, instructional leadership and student services. (See Figure A-3.)

Figure A-2 District Sources of Revenue for Fiscal Year 2011

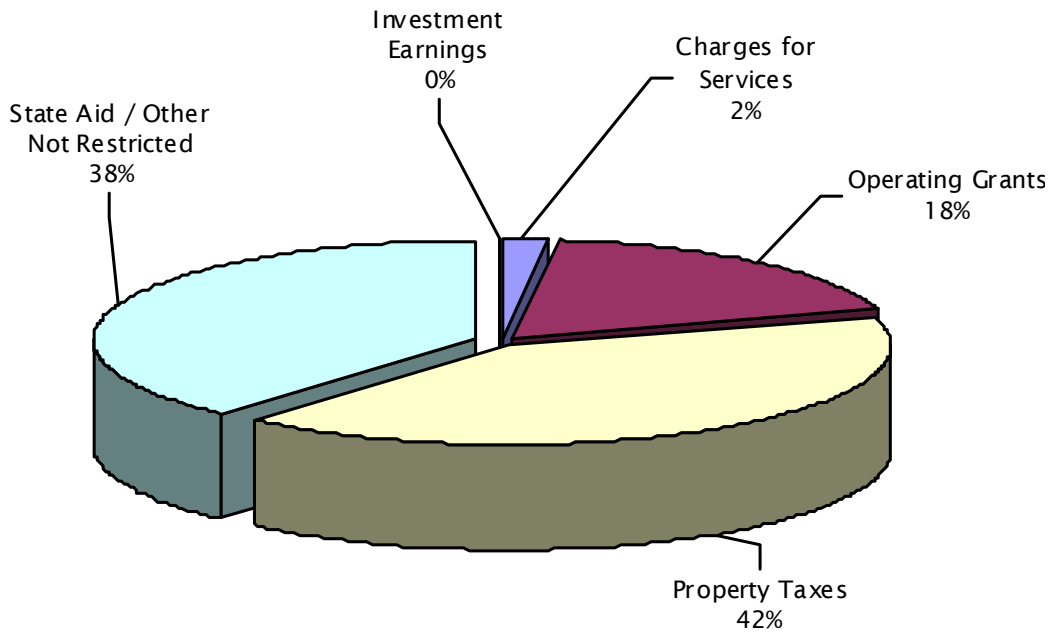
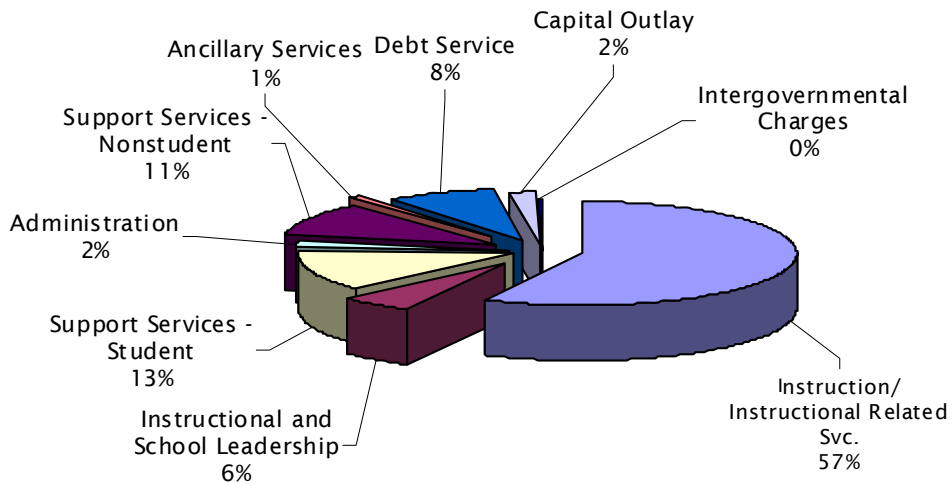


Figure A-3 District Expenses for Fiscal Year 2011



Governmental Activities

- Property tax rates remained virtually unchanged from the previous year. The tax rate was \$1.4748 for the current year and \$1.4630 for the previous year per \$100 of taxable assessed valuation. The taxable assessed values were \$5.8 billion during the current fiscal year and \$6.0 billion in the previous fiscal year. The change in taxable assessed values resulted in the combined tax levy decreasing to \$85.9 million from \$87.0 million in the previous fiscal year.
- On October 27, 2001, the voters of the District approved an election to sell bonds in the amount of \$154 million. The approved bonds were proposition specific. The first proposition was for \$26 million and the proceeds are to be used for the construction of two new elementary schools. The second proposition was for \$40 million and the proceeds are to be used for renovations of current facilities. The third proposition was for \$30 million and the proceeds are to be used for the construction of a new middle school. The fourth proposition was for \$58 million and the proceeds are to be used for the construction of a new high school. During the 2001 - 2002 fiscal year, the District sold \$34 million in bonds to start the above projects. The proceeds from these bonds were allocated to the approved propositions as follows: \$12 million for one new elementary, \$14 million to renovate current District facilities, \$7 million for the acquisition of a site and construction of a new middle school, and \$1 million to begin the design work on the new high school. During the fiscal year ended June 30, 2003, the District sold \$62 million in bonds to continue the projects that were begun in the previous fiscal year. The proceeds from these bonds were allocated to the approved propositions as follows: \$14 million to renovate current District facilities, \$18 million for the construction of a new middle school, and \$30 million for the construction of a new high school. During the fiscal year ended June 30, 2004, the District sold \$35 million in new bonds to continue the projects that were under construction in the previous fiscal year. The proceeds from these bonds were allocated to the approved propositions as follows: \$27 million for the completion of the new high school, and \$8 million to continue renovating existing District facilities. During the fiscal year ended June 30, 2005, the District sold the remaining \$23 million in new bonds to continue the projects that were under construction in the previous fiscal year. The proceeds from these bonds were allocated to the approved propositions as follows: \$14 million for the construction of a second elementary school, \$4 million to continue renovating existing District facilities, and \$5 million to complete the Middle School.
- During the 2010-2011 fiscal year, the District finalized the spending of these proceeds on various facility renovations as authorized by the District's voters.

- On November 7, 2006, the voters of the District approved an election to sell bonds in the amount of \$236.3 million. The approved bonds were proposition specific. The first proposition was for \$59.6 million and the proceeds are to be used for the construction of three elementary schools. Two of these elementary schools are to be new while the third is to replace the current Converse Elementary School. The second proposition was for \$100 million and the proceeds are to be used for the construction of a new high school that will replace the current Judson High School. The new high school will be built on the existing site of the Judson High School, but because of its footprint the warehouse and maintenance facilities will need to be relocated to a different site. The third proposition was for \$64.7 million and the proceeds are to be used for renovations to current facilities as well as deployment of updated technology throughout the district. The fourth proposition was for \$12 million and the proceeds are to be used for the construction of a new early college high school on the site of the Northeast Lake View College, the newest college of the Alamo Community College District. During the 2006-2007 fiscal year, the District sold \$165 million in bonds to commence the above projects. The proceeds from these bonds were allocated to the approved propositions as follows: \$30 million to be used toward the construction of the elementary schools, \$100 million for the construction of the new high school and relocation of the warehouse and maintenance facilities, \$22.9 million to renovate current District facilities and begin the initial phase of deploying technology equipment throughout the district, and \$12 million to be used toward the construction of the early college high school.
- During the 2010-2011 fiscal year, the construction of several facilities has been completed while others are still under construction. The second phase of construction at Masters Elementary school was completed and opened at the beginning of the 2010-2011 fiscal year. The construction of additional classrooms at the Judson Early College Academy, was started during the 2010-2011 fiscal year and is scheduled to be completed during the 2011-2012 fiscal year. The technology deployment of replacement hardware and software authorized in the bonds is well underway and is scheduled to be completed during the 2011-2012 fiscal year. The construction of the Judson High School replacement is nearly complete, with the building opening at the beginning of the 2010-2011 fiscal year and the demolition of the old building and construction of the athletic fields scheduled to be completed in the early part of the 2011-2012 fiscal year. A number of other renovation projects at Kirby Middle School, Kitty Hawk Middle School, Coronado Village Elementary School, Ed Franz Elementary School, Spring Meadows Elementary School, Woodlake Elementary, and Candlewood Elementary were also completed during the 2010-2011 fiscal year. The construction of the third and final elementary school, Rolling Meadows Elementary, was completed and placed in service during the 2010-2011 fiscal year.

TABLE A-2
Changes in Judson Independent School District's Net Assets
(In millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	<u>2011</u>	<u>2010</u>	<u>2011-2010</u>
Program Revenues			
Charges for Services	\$ 4.1	\$ 4.3	(4.7%)
Operating Grants and Contributions	39.1	41.9	(6.7%)
General Revenues			
Property Taxes	88.0	87.9	0.1%
State Aid/Other Contributions Not Restricted	80.3	77.5	3.6%
Investment Earnings	0.2	0.3	(33.3%)
Other	<u>0.8</u>	<u>0.9</u>	(11.1%)
Total Revenues	<u>212.5</u>	<u>212.8</u>	(0.1%)
Expenses			
Instruction	119.2	114.7	3.9%
Instructional Resources and Media Services	2.9	2.2	31.8%
Curriculum Development and Instructional Staff Development	4.7	3.7	27.0%
Instructional Leadership	2.7	2.9	(6.9%)
School Leadership	9.7	9.1	6.6%
Guidance, Counseling and Evaluation Services	6.4	6.6	(3.0%)
Social Work Services	1.4	1.7	(17.6%)
Health Services	1.7	1.7	-
Student (Pupil) Transportation	6.8	6.5	4.6%
Food Services	9.8	8.4	16.7%
Curricular/Extracurricular Activities	3.0	2.9	3.4%
General Administration	4.2	3.9	7.7%
Plant Maintenance and Operation	18.9	18.1	4.4%
Security and Monitoring Services	1.7	1.8	(5.6%)
Data Processing Services	2.6	2.8	(7.1%)
Community Services	1.4	1.3	7.7%
Interest on Long-Term Debt	18.7	19.8	(5.6%)
Facilities Acquisition and Construction	4.1	3.5	17.1%
Payments Related to Shared Services Arrangements	.2	0.0	-
Other Intergovernmental Charges	<u>.5</u>	<u>.5</u>	-
Total Expenses	<u>220.6</u>	<u>212.1</u>	4.0%
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (8.1)</u>	<u>\$.7</u>	(1,257.1%)

Table A-3 presents the cost of each of the District’s largest functions as well as each function’s net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects the expenditures less the amount funded by state revenues as well as other grants/contributions.

- The cost of all *governmental* activities this year was \$220.6 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$88 million.
- Some of the cost was paid by those who directly benefited from the programs \$4.1 million, or
- By grants and contributions \$39.1 million.

TABLE A-3
Net Cost of Selected District Functions
(In millions)

	TOTAL COST OF SERVICES			NET COST OF SERVICES		
	2011	2010	% OF CHANGE	2011	2010	% OF CHANGE
Instruction	\$119.2	\$114.7	3.9%	\$99.4	\$94.3	5.4%
School Leadership	9.7	9.1	6.6%	8.8	8.3	6.0
Plant Maintenance & Operations	18.9	18.1	4.4%	15.2	14.9	2.0%
Debt Service - Interest and Fiscal Charges	18.7	19.8	(5.6%)	16.4	13.0	26.2%
Food Service	9.7	8.4	15.5%	(0.6)	(1.0)	500.0%

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Revenues from governmental fund types totaled \$212.1 million, a decrease of 0.1%, over the preceding year. The decrease in local revenues is a result of the combined effect of decreased investment earnings resulting from lower interest rates and a decrease in the amount of bond proceeds that are available to be invested. Revenue from the state’s instructional facilities and existing debt allotments decreased as a result of changes in the debt payments of bond issues. Revenues from federal sources remained virtually unchanged. Additionally, student population growth necessitates increased local revenues to offset resulting increased local expenses.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget semi-annually.

- Actual revenues for the general fund were \$635,008 over the final budget amounts. This positive variance was primarily the net result of increased tax collections for both current and prior year tax levies, and a decrease in state funding to offset increased local tax collections.
- Actual expenditures for the general fund were \$6.7 million below final budget amounts. The most significant difference, \$1.9 million, occurred in instruction and instructional related services. This positive variance was the result of budgeting for full employment of staff throughout the full year, not adjusting for vacant positions, and removing encumbrances for items that were not received by the end of the fiscal

year. Another significant difference, \$1.6 million occurred in plant maintenance and operations. This positive variance was the result of decreased expenditures in insuring District facilities and lower utility expenditures than expected. Other significant differences, \$1.5 million occurred in student (pupil) transportation. This positive variance was primarily the result of budgeting for the purchase of 10 school buses that were not received by June 30, 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had invested \$551.8 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$17.5 million or a decrease of 74% as compared to the previous year.

TABLE A-4
District's Capital Assets
(In millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	2011	2010	2011-2010
Land	\$ 16.8	\$ 15.7	7.0%
Construction in Progress	17.5	108.2	(83.8%)
Buildings and Improvements	482.7	378.3	27.6%
Furniture/Equipment/Vehicles	32.1	29.4	9.2%
Capital Lease - Equipment	<u>2.7</u>	<u>2.7</u>	-
Totals	551.8	534.3	3.3%
 Total Accumulated Depreciation	 <u>133.9</u>	 <u>126.9</u>	 5.5%
 NET CAPITAL ASSETS	 <u>\$417.9</u>	 <u>\$407.4</u>	 2.6%

The District's fiscal year 2012 capital budget projects spending another \$7 million for capital assets, principally for the completion of the replacement for Judson High School athletic fields the demolition of the old Judson High School, and the renovation of other existing facilities. The District will use bond proceeds for these construction projects. Other items that are projected to be included in the capital projects budget include the purchase of land and the construction of classroom additions to the Judson Early College Academy. The land purchase will be paid from general operating funds and a reimbursing resolution will be presented to the School Board of Trustees to authorize that these funds be reimbursed to the general operating fund from the proceeds of a future bond election and sale. The classroom additions to the Judson Early College Academy will be funded from both existing bond proceeds and the general operating fund. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "Aa2" and Fitch "AA-".

Long Term Debt

At year-end, the District had \$395.3 million in bonds, tax notes, and accrued compensated absences outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

TABLE A-5
District's Long-Term Debt
(In millions)

	GOVERNMENTAL ACTIVITIES		TOTAL PERCENTAGE CHANGE
	<u>2011</u>	<u>2010</u>	<u>2011-2010</u>
Tax Notes	\$ 4.0	\$ 4.9	(18.4%)
Accrued Compensated Absences	1.7	1.6	6.2%
Bonds Payable	<u>389.6</u>	<u>400.2</u>	(2.6%)
TOTALS	<u>\$395.3</u>	<u>\$406.7</u>	(2.8%)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised taxable value used for the 2012 budget preparation was \$5.8 billion and it was \$5.9 billion for 2011.
- As compared to the original expenditure budget adopted for the 2010-2011 fiscal year, the budget for the 2011-2012 fiscal year decreased by \$11.5 million from \$196.4 million to \$184.9 million. This decrease was the result of several factors. The most significant change, \$9.5 million, was caused by the elimination of staff positions and corresponding benefits. The decrease was the result of a significant reduction in state funding for the 2011-2013 biennium. Another significant reduction of \$2.8 million was the result of decreased debt service payments for bonds. The other changes were a result of increased operating costs for the general and child nutrition funds. These increases were primarily due to an anticipated increase in fuel, utilities and food costs. Therefore, the total increase in budgeted funds equated to a reduction of 5.9 percent. The final amended budget for the 2010-2011 fiscal year was \$200.4 million. The significant amendments to the 2010-2011 budget include: funds to purchase a parcel of land, teaching positions added to accommodate student growth, and the purchase of 10 school buses.
- The District's 2011-2012 projected refined average daily attendance for budget purposes was 20,400, which was unchanged from the projections used to prepare the budget for the 2010 - 2011. The final average daily attendance for the 2010-2011 fiscal year was 20,566, the District does not expect the enrollment to decline for the 2011-2012 fiscal year.

These indicators were taken into account when adopting the budget for fiscal year 2012. Total projected revenue available for appropriation in the budget was \$184.7 million, a decrease of 6.1 percent over the original 2011 budget of \$196.7 million. Total Revenue from property taxes decreased by 3.5 percent from \$86.6 million in 2010-2011 to \$83.1 million in 2011-2012. State revenue estimates indicate a decrease of \$8.6 million in the general operating fund, which is the result of a change in the funding formulas authorized by the legislature for the 2011-2013 biennium. The State of Texas appropriated funds provided to the state via the American Recovery and Reinvestment Act – Education Jobs Fund. The District will use these funds to create employment opportunities that were eliminated due to the reduction in state funding. The majority of these funds will be used to finance programs we currently offer.

As noted earlier under the capital assets and debt administration section, based upon recent discussions, significant budget amendments to the general operating fund will be required for the construction of a classroom addition to the Judson Early College and the acquisition of land for future school sites. While a resolution will be presented to the School Board of Trustees to authorize the reimbursement of the funds used for the acquisition of the school site from a future bond election the general operating fund balance will be impacted until such a reimbursement is actualized. The total amendment is projected at \$4 million.

If these estimates are realized, the District's budgetary general fund fund balance is expected to decrease by \$4 million. This will result in an unassigned fund balance of \$31.4 million, based on the ending fund balance at June 30, 2011. The district believes that this remains a safe level of fund balance for the general operating fund.

All of the bonds authorized by the voters have been sold.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, address requests to the Office of the Chief Financial Officer, Judson Independent School District, 8012 Shin Oak, Live Oak, Texas 78233.

BASIC FINANCIAL STATEMENTS

JUDSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

EXHIBIT A-1

<u>DATA CONTROL CODES</u>		<u>GOVERNMENTAL ACTIVITIES</u>
	<u>ASSETS</u>	
1110	Cash and Cash Equivalents	\$ 905,727
1120	Current Investments	68,780,559
1225	Property Taxes Receivable (Net)	3,820,953
1240	Due from Other Governments	25,190,497
1290	Other Receivables (Net)	57,838
1300	Inventories	616,113
1410	Deferred Expenses	608,103
1420	Capitalized Bond and Other Debt Issuance Costs	917,504
1430	Unamortized Loss on Refunded Bonds	4,134,682
	Capitalized Assets	
1510	Land	\$ 16,835,678
1520	Buildings and Improvements (Net)	374,006,718
1530	Furniture and Equipment (Net)	9,503,290
1580	Construction in Progress	<u>17,512,605</u>
	Total Capitalized Assets (Net)	<u>417,858,291</u>
1000	TOTAL ASSETS	<u>\$ 522,890,267</u>
	<u>LIABILITIES</u>	
2110	Accounts Payable	\$ 5,271,215
2140	Interest Payable	7,207,383
2165	Accrued Liabilities	29,092,745
2180	Due to Other Governments	953,080
2300	Deferred Revenue	1,190,446
2400	Unamortized Premium on Issuance of Bonds	10,185,039
	<u>NONCURRENT LIABILITIES</u>	
2501	Due Within One Year	\$ 10,678,547
2502	Due in More than One Year	<u>384,647,428</u>
	Total Noncurrent Liabilities	<u>395,325,975</u>
2000	TOTAL LIABILITIES	<u>449,225,883</u>
	<u>NET ASSETS</u>	
3200	Invested in Capital Assets, Net of Related Debt	18,768,939
3820	Restricted for State and Federal Programs	6,608,312
3850	Restricted for Debt Service	13,203,836
3900	Unrestricted	<u>35,083,297</u>
3000	TOTAL NET ASSETS	<u>\$ 73,664,384</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

JUDSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2011

EXHIBIT B-1

DATA CONTROL CODES	FUNCTIONS/PROGRAMS	1 EXPENSES	3 PROGRAM REVENUES		4 NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
			CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
					GOVERNMENTAL ACTIVITIES
	Governmental Activities				
11	Instruction	\$ 119,232,365	\$ 1,159,477	\$ 18,695,726	\$ (99,377,162)
12	Instructional Resources and Media Services	2,919,721	-	175,525	(2,744,196)
13	Curriculum and Staff Development	4,672,919	-	2,338,600	(2,334,319)
21	Instructional Leadership	2,697,379	-	623,224	(2,074,155)
23	School Leadership	9,678,643	-	874,941	(8,803,702)
31	Guidance, Counseling, and Evaluation Services	6,444,117	-	700,485	(5,743,632)
32	Social Work Services	1,408,209	-	271,052	(1,137,157)
33	Health Services	1,685,889	-	190,910	(1,494,979)
34	Student Transportation	6,782,356	-	373,491	(6,408,865)
35	Food Service	9,654,815	2,549,449	7,676,470	571,104
36	Extracurricular Activities	3,011,748	365,242	175,389	(2,471,117)
41	General Administration	4,223,883	-	227,311	(3,996,572)
51	Plant Maintenance and Operations	18,917,576	68,524	3,684,016	(15,165,036)
52	Security and Monitoring Services	1,739,694	-	106,851	(1,632,843)
53	Data Processing Services	2,606,636	-	154,045	(2,452,591)
61	Community Services	1,387,654	-	259,680	(1,127,974)
72	Interest on Long-Term Debt	18,728,714	-	2,283,970	(16,444,744)
73	Bond Issuance Costs and Fees	3,207	-	-	(3,207)
81	Capital Outlay	4,118,514	-	61,341	(4,057,173)
93	Payments Related to Shared Service Arrangements	162,500	-	162,500	-
95	Payments to Juvenile Justice Alternative Education Program	7,743	-	458	(7,285)
99	Other Intergovernmental Charges	<u>491,911</u>	<u>-</u>	<u>29,122</u>	<u>(462,789)</u>
TG	Total Governmental Activities	<u>220,576,193</u>	<u>4,142,692</u>	<u>39,065,107</u>	<u>(177,368,394)</u>
TP	TOTAL PRIMARY GOVERNMENT	<u>\$ 220,576,193</u>	<u>\$ 4,142,692</u>	<u>\$ 39,065,107</u>	<u>(177,368,394)</u>
	General Revenues				
MT	Property Taxes, Levied for General Purposes				62,619,656
DT	Property Taxes, Levied for Debt Service				25,403,824
IE	Investment Earnings				151,649
GC	Grants and Contributions not Restricted to Specific Programs				80,288,817
MI	Miscellaneous				<u>788,075</u>
TR	Total General Revenues				<u>169,252,021</u>
CN	Change in Net Assets				(8,116,373)
NB	NET ASSETS - BEGINNING				<u>81,780,757</u>
NE	NET ASSETS - ENDING				<u>\$ 73,664,384</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

JUDSON INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

EXHIBIT C-1

DATA CONTROL CODES		10 GENERAL FUND	50 DEBT SERVICE FUND	60 CAPITAL PROJECTS FUNDS	OTHER GOVERNMENTAL FUNDS	98 TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
1110	Cash and Cash Equivalents	\$ 457,756	\$ 30,718	\$ -	\$ 417,253	\$ 905,727
1120	Current Investments	40,245,767	14,207,618	7,064,610	7,262,564	68,780,559
1225	Taxes Receivable, Net	2,881,527	939,426	-	-	3,820,953
1240	Due from Other Governments	19,288,944	-	-	5,901,553	25,190,497
1260	Due from Other Funds	6,262,388	-	1	1,501,055	7,763,444
1290	Other Receivables	30,026	-	26,547	1,265	57,838
1300	Inventories	545,609	-	-	70,504	616,113
1410	Deferred Expenditures	596,074	-	-	12,029	608,103
1000	TOTAL ASSETS	<u>\$70,308,091</u>	<u>\$15,177,762</u>	<u>\$ 7,091,158</u>	<u>\$15,166,223</u>	<u>\$107,743,234</u>
<u>LIABILITIES</u>						
2110	Accounts Payable	\$ 1,361,154	\$ -	\$ 3,303,180	\$ 606,881	\$ 5,271,215
2150	Payroll Deductions and Withholdings	8,063,484	-	-	1,994,779	10,058,263
2160	Accrued Wages Payable	17,522,665	-	-	1,511,817	19,034,482
2170	Due to Other Funds	3,288,359	-	-	4,475,085	7,763,444
2180	Due to Other Governments	-	-	-	953,080	953,080
2300	Unearned Revenue	2,503,231	1,973,926	-	3,358	4,480,515
2000	Total Liabilities	<u>32,738,893</u>	<u>1,973,926</u>	<u>3,303,180</u>	<u>9,545,000</u>	<u>47,560,999</u>
<u>FUND BALANCES</u>						
Fund Balances						
3410	Non-Spendable - Inventories	545,609	-	-	70,504	616,113
3480	Restricted - Debt Service	-	13,203,836	-	-	13,203,836
3430	Non-Spendable - Prepaid Items	596,074	-	-	12,029	608,103
3450	Restricted - Grant Funds	-	-	-	5,539,940	5,539,940
3490	Restricted - Other	987,089	-	-	-	987,089
3470	Restricted - Capital Acquisitions and Contractual Obligations	-	-	3,787,978	-	3,787,978
3510	Committed - Construction	-	-	-	-	-
3530	Committed - Capital Expenditures	2,000,000	-	-	-	2,000,000
3600	Unassigned	33,440,426	-	-	(1,250)	33,439,176
3000	Total Fund Balances	<u>37,569,198</u>	<u>13,203,836</u>	<u>3,787,978</u>	<u>5,621,223</u>	<u>60,182,235</u>
4000	TOTAL LIABILITIES AND FUND BALANCES	<u>\$70,308,091</u>	<u>\$15,177,762</u>	<u>\$ 7,091,158</u>	<u>\$15,166,223</u>	<u>\$107,743,234</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

JUDSON INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
YEAR ENDED JUNE 30, 2011

EXHIBIT C-1R

Total Fund Balances - Governmental Funds Balance Sheet	\$ 60,182,235
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets expensed in the governmental activities are not reported in the funds.	551,784,179
Accumulated depreciation used in governmental activities is not reported in the funds.	(133,925,888)
Property tax receivable unavailable to pay for current period expenditures is deferred in the funds.	3,290,069
Payables for bond principal which are not due in the current period are not reported in the funds.	(384,930,360)
Payables for loan proceeds which are not due in the current period are not reported in the funds.	(3,970,000)
Payables for accrued bond interest which are not due in the current period are not reported in the funds.	(7,207,383)
Bond premiums used in governmental activities are not reported in the funds.	(10,185,039)
Capital appreciation bond accreted interest not due in the current year is not reported in the funds.	(4,682,887)
Bond refunding losses are amortized over the life of the bonds and entirely expensed in funds.	4,134,682
Bond issuance costs need to be amortized over the life of the bonds are entirely expensed in the funds.	917,504
Payables for compensated absences which are not due in the current period are not reported in the funds.	<u>(1,742,728)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES - STATEMENT OF NET ASSETS	<u>\$ 73,664,384</u>

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

EXHIBIT C-2

DATA CONTROL CODES		10 GENERAL FUND	50 DEBT SERVICE FUND	60 CAPITAL PROJECTS FUNDS	OTHER GOVERNMENTAL FUNDS	98 TOTAL GOVERNMENTAL FUNDS
	REVENUES					
5700	Local and Intermediate Sources	\$65,020,743	\$25,347,974	\$ 40,066	\$ 2,564,356	\$ 92,973,139
5800	State Program Revenues	87,465,908	2,223,952	-	3,476,234	93,166,094
5900	Federal Program Revenues	<u>1,713,092</u>	-	-	<u>24,260,762</u>	<u>25,973,854</u>
5020	Total Revenues	<u>154,199,743</u>	<u>27,571,926</u>	<u>40,066</u>	<u>30,301,352</u>	<u>212,113,087</u>
	EXPENDITURES					
	Current					
0011	Instruction	94,930,216	-	466,650	13,127,546	108,524,412
0012	Instructional Resources and Media Service	2,685,636	-	(10)	16,531	2,702,157
0013	Curriculum and Staff Development	1,966,227	-	-	2,340,388	4,306,615
0021	Instructional Leadership	1,979,098	-	-	506,823	2,485,921
0023	School Leadership	8,550,951	-	400	368,581	8,919,932
0031	Guidance, Counseling, and Evaluation Services	5,568,124	-	-	370,844	5,938,968
0032	Social Work Services	1,091,379	-	-	206,440	1,297,819
0033	Health Services	1,448,582	-	-	105,152	1,553,734
0034	Student Transportation	6,269,252	-	-	2,241	6,271,493
0035	Food Service	-	-	-	9,224,990	9,224,990
0036	Cocurricular/Extracurricular Activities	2,804,205	-	-	9,383	2,813,588
0041	General Administration	3,905,614	-	-	-	3,905,614
0051	Plant Maintenance and Operations	14,786,265	-	236,095	2,851,465	17,873,825
0052	Security and Monitoring Services	1,626,867	-	19,801	10,526	1,657,194
0053	Data Processing Services	2,517,696	-	76,283	4,994	2,598,973
0061	Community Services	1,083,333	-	-	195,545	1,278,878
0071	Principal on Long-Term Debt	895,000	11,371,271	-	-	12,266,271
0072	Interest on Long-Term Debt	118,394	18,045,029	-	-	18,163,423
0073	Bond Issuance Costs and Fees	400	2,807	-	-	3,207
0081	Capital Outlay	1,036,142	-	29,099,387	-	30,135,529
0093	Payments Related to Shared Service Arrangements	-	-	-	162,500	162,500
0095	Payments to Juvenile Justice Alternative Education Programs	7,743	-	-	-	7,743
0099	Other Intergovernmental Charges	<u>491,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,911</u>
6030	Total Expenditures	<u>153,763,035</u>	<u>29,419,107</u>	<u>29,898,606</u>	<u>29,503,949</u>	<u>242,584,697</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>436,708</u>	<u>(1,847,181)</u>	<u>(29,858,540)</u>	<u>797,403</u>	<u>(30,471,610)</u>
	Other Financing Sources and (Uses)					
7912	Sale of Real or Personal Property	<u>18,021</u>	<u>-</u>	<u>-</u>	<u>26,540</u>	<u>44,561</u>
7080	Total Other Financing Sources and (Uses)	<u>18,021</u>	<u>-</u>	<u>-</u>	<u>26,540</u>	<u>44,561</u>
1200	Net Change in Fund Balances	454,729	(1,847,181)	(29,858,540)	823,943	(30,427,049)
0100	Fund Balances - Beginning	<u>37,114,469</u>	<u>15,051,017</u>	<u>33,646,518</u>	<u>4,797,280</u>	<u>90,609,284</u>
3000	FUND BALANCES - ENDING	<u>\$37,569,198</u>	<u>\$13,203,836</u>	<u>\$ 3,787,978</u>	<u>\$ 5,621,223</u>	<u>\$ 60,182,235</u>

(The Accompanying Notes are an Integral Part of these Financial Statements)

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

EXHIBIT C-3

Net Change in Fund Balances - Total Governmental Funds \$ (30,427,049)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are not reported as expenses in the statement of activities.	27,341,941
The depreciation of capital assets used in governmental activities is not reported in the funds.	(15,419,982)
Loss on capital asset disposals are not reported in the statement of activities.	(1,425,678)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	302,172
Repayment of bond principal is an expenditure in the funds but is not an expense in the statement of activities.	11,371,271
Repayment of tax notes is an expenditure in the funds but is not an expense in the statement of activities.	895,000
Net change in principal of capital appreciation bonds is an expense in the statement of activities but not in the funds.	(769,207)
Bond issuance costs and similar items are amortized in the statement of activities and not in the funds.	(52,319)
Amortization of bond premium is an expense in the statement of activities and not in the funds.	312,090
Compensated absences are reported as amounts expensed in the statement of activities but not in the funds.	(188,756)
Change in accrued interest payable for bonds.	<u>(55,856)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES - STATEMENT OF ACTIVITIES	<u>\$ (8,116,373)</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

EXHIBIT E-1

<u>DATA CONTROL CODES</u>		<u>AGENCY FUNDS</u>
	<u>ASSETS</u>	
1110	Cash and Cash Equivalents	<u>\$ 855,830</u>
1000	TOTAL ASSETS	<u>\$ 855,830</u>
	<u>LIABILITIES</u>	
2190	Due to Student Groups	<u>\$ 855,830</u>
2000	TOTAL LIABILITIES	<u>\$ 855,830</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Board of School Trustees, a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (TEA) or to the State Board of Education are reserved for the Board of Trustees, 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 and there are no component units included within the reporting entity.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

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

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Basis of Accounting (Continued)

Basis of Presentation (Continued)

The District reports the following major governmental funds:

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

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects fund* accounts for bond proceeds and expenditures for the construction of school facilities as approved by the District's voters.

In addition, the District reports the following fund types:

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

Measurement Focus, Basis of Accounting

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

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation, Basis of Accounting (Continued)

Measurement Focus, Basis of Accounting (Continued)

Governmental fund financial statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty (60) days after year end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the state are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

C. Budgetary Information

The board adopts an appropriated budget on a basis consistent with GAAP for the general fund, debt service fund, and food service fund (which is included in special revenue funds). At a minimum, the District is required to present the original and the final amended budgets for revenues and expenditures compared to actual revenues and expenditures for these three (3) funds.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

Prior to June 19, the District prepares a budget based on the modified zero-based budgeting concept for departmental budgets, and the programmatic budgeting concept for campuses, for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

After one (1) or more budget workshops with the board, a meeting is called for the purpose of adopting the proposed budget. At least ten (10) days but not more than thirty (30) days public notice of the meeting is required.

Prior to June 30, the board of trustees legally adopts the budget for the general fund, debt service fund, and food service fund.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgetary Information (Continued)

After the budget for the above listed funds is approved, any amendment that causes an increase or decrease in a fund or functional spending category or total revenue or other resources object category requires board approval prior to the fact. These amendments are presented to the board at its regular monthly meeting and are reflected in the official minutes. Because the District has a policy of careful budgetary control, several budgetary amendments were necessary throughout the year.

Expenditure budgets are controlled at the functional and object level by the appropriate budget manager (principal or department director). Budget managers may authorize transfers within functional and organizational categories that do not affect the total functional and organizational appropriation. All budget appropriations lapse at year end.

	ORIGINAL BUDGET	NET CHANGE DURING YEAR	AMENDED BUDGET
General Fund	\$156,667,678	\$ 3,838,162	\$160,505,840
Special Revenue Funds - Food Service	9,611,000	818,276	10,429,276
Debt Service	29,470,152	-	29,470,152

D. Financial Statement Amounts

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a sixty day period after the close of the fiscal year.

Allowances for uncollectible tax receivables within the general fund are \$250,568 and \$81,689 for the debt service fund and are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Deposit Accounting Policy

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one (1) year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Inventories and Prepaid Items

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

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

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, 2011, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$ 1,034,262
National School Breakfast and Lunch Program	365,035
Other Special Revenue Fund	297,175
Capital Projects Fund	<u>3,369,445</u>
TOTAL	<u>\$ 5,065,917</u>

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost using the deflation formula available on the State of Texas Comptroller's Office website. Donated assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used and land is not depreciated.

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

<u>ASSET CLASS</u>	<u>ESTIMATED USEFUL LIVES (YEARS)</u>
Buildings and Improvements	35
Portable Buildings	25
Buses and Heavy Equipment	7
Office and Computer Equipment	5
Vehicles and Other	5-10

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

Compensated Absences

On retirement, termination of employment, or death of employees, the District pays any accrued sick leave in a lump-sum payment to such employee or his/her estate - See Note 9: Accumulated Unpaid Sick Leave Benefit.

Interfund Activity

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

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Data Control Codes

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

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Financial Statement Amounts (Continued)

Cash and Cash Equivalents

Cash in bank, money market accounts, external investment pools, and securities with maturities of less than three (3) months from the date of purchase are reported as cash and cash equivalents in the financial statements.

E. Fund Balance

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose, positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is delegated by the Trustees to the superintendent or chief financial officer.

In the general fund, the District strives to maintain an unassigned fund balance to be used for local and regional emergencies without borrowing.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 2: COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions

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

<u>VIOLATION</u>	<u>ACTION TAKEN</u>
None Reported	Not Applicable

B. Deficit Fund Balance or Fund Net Assets of Individual Funds

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

<u>FUND NAME</u>	<u>DEFICIT AMOUNT</u>	<u>REMARKS</u>
None Reported	Not Applicable	Not Applicable

NOTE 3: DEPOSITS AND INVESTMENTS

A. Cash Deposits

At June 30, 2011, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$905,727 and the bank balance was \$2,943,292. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held in the pledging bank's trust department in the District's name. At June 30, 2011, the market value of pledged collateral was \$10,049,200.

B. Investments

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, 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, and (10) common trust funds.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

C. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the District's investment policy and the Act and the actual rating as of June 30, 2011 for each investment:

<u>DESCRIPTION</u>	<u>MINIMUM LEGAL RATING</u>	<u>INVESTMENT RATING</u>	<u>RATING ORGANIZATION</u>	<u>CARRYING VALUE</u>	<u>PERCENTAGE INVESTED</u>
TexPool Investment Fund	AAA	AAAm	Standard & Poors	\$56,962,546	83%
Lone Star Pool Investment Fund	AAA	AAA	Standard & Poors	<u>11,818,013</u>	<u>12%</u>
TOTAL INVESTMENTS				<u>\$68,780,559</u>	<u>100%</u>

D. Public Funds Investment Pools

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

The District's investments in pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is reported at share value.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 4: CAPITAL ASSETS

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

	BEGINNING BALANCE JULY 1, 2010	ADDITIONS	DELETIONS	TRANSFERS	ENDING BALANCE JUNE 30, 2011
<u>Governmental Activities</u>					
Capital Assets Not Being Depreciated:					
Land	\$ 15,737,082	\$ 1,098,596	\$ -	\$ -	\$ 16,835,678
Construction in Progress	108,229,663	16,378,171	-	(107,095,229)	17,512,605
Total Capital Assets not being Depreciated	123,966,745	17,476,767	-	(107,095,229)	34,348,283
Capital Assets being Depreciated:					
Buildings and Improvements	378,177,742	7,729,460	(9,828,224)	106,662,523	482,741,501
Furniture, Equipment, and Vehicles	29,424,607	2,135,714	(7,700)	432,706	31,985,327
Capital Lease	2,709,068	-	-	-	2,709,068
Total Capital Assets, being Depreciated	410,311,417	9,865,174	(9,835,924)	107,095,229	517,435,896
Less Accumulated Depreciation for					
Buildings and Improvements	(104,461,825)	(12,678,327)	8,405,369	-	(108,734,783)
Furniture, Equipment, and Vehicles	(19,745,259)	(2,741,655)	4,877	-	(22,482,037)
Capital Lease	(2,709,068)	-	-	-	(2,709,068)
Total Accumulated Depreciation	(126,916,152)	(15,419,982)	8,410,246	-	(133,925,888)
Total Capital Assets being Depreciated, Net	283,395,265	(5,554,808)	(1,425,678)	107,095,229	383,510,008
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$407,362,010</u>	<u>\$ 11,921,959</u>	<u>\$(1,425,678)</u>	<u>\$ -</u>	<u>\$417,858,291</u>

Depreciation was charged to functions as follows: (Depreciation was distributed as a percentage of aggregate expenditures.)

	AMOUNT
Instruction	\$ 9,230,759
Instruction Resources and Media Services	229,837
Curriculum and Staff Development	366,302
Instructional Leadership	211,460
School Leadership	758,711
Guidance, Counseling, and Evaluation Services	505,150
Social Work Services	110,388
Health Services	132,156
Student Transportation	533,579
Food Services	784,648
Extracurricular Activities	239,305
General Administration	326,586
Plant Maintenance and Operations	1,520,290
Security and Monitoring Services	140,974
Data Processing Services	221,060
Community Services	108,777
TOTAL DEPRECIATION EXPENSE	<u>\$15,419,982</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 5: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity - Bonds

Bonded indebtedness of the District is reflected as governmental activities in the statement of net assets. Effective interest rates range from 2.00% to 6.0%.

A summary of changes in long-term debt for the year ended June 30, 2011 is as follows:

<u>DESCRIPTION</u>	<u>INTEREST RATE PAYABLE</u>	<u>AMOUNT ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING JULY 1, 2010</u>	<u>ISSUED</u>	<u>RETIRED</u>	<u>AMOUNT OUTSTANDING JUNE 30, 2011</u>
School Building Bonds Series 2002	4.25% to 6.00%	\$34,000,000	\$ 2,500,000	\$ -	\$1,000,000	\$ 1,500,000
School Building Bonds Series 2002A	3.25% to 5.25%	71,869,490	4,905,000	-	1,630,000	3,275,000
School Building Bonds Series 2003	2.00% to 5.00%	47,929,959	27,555,000	-	1,790,000	25,765,000
School Building Bonds Series 2005A	4.00% to 5.00%	9,549,944	5,388,004	-	855,471	4,532,533
School Building Bonds Series 2005B	4.00% to 5.00%	22,270,374	20,589,421	-	510,800	20,078,621
School Building Bonds Series 2007	4.00% to 5.63%	240,779,223	240,779,223	-	1,000,000	239,779,223
School Building Bonds Series 2008	2.65% to 5.00%	71,319,971	70,180,001	-	985,000	69,195,001
School Building Bonds Series 2010	3.00% To 5.00%	24,404,982	<u>24,404,982</u>	-	<u>3,600,000</u>	<u>20,804,982</u>
Totals			<u>396,301,631</u>	-	<u>11,371,271</u>	<u>384,930,360</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity - Bonds (Continued)

DESCRIPTION	AMOUNT ORIGINAL ISSUE	AMOUNT OUTSTANDING JULY 1, 2010	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2011
Capital Appreciation Bonds					
C.A.B.'s - Accreted Interest Series 2005A (2), (4)	\$9,549,944	\$ 1,789,504	\$ 361,443	\$ 319,529	\$ 1,831,418
C.A.B.'s - Accreted Interest Series 2005B (2), (4)	3,575,374	445,889	82,892	124,200	404,581
C.A.B.'s - Accreted Interest Series 2007 (2), (5)	5,689,223	1,651,122	598,279	-	2,249,401
C.A.B.'s - Accreted Interest Series 2010 (2), (7)	2,169,982	<u>27,165</u>	<u>170,322</u>	<u>-</u>	<u>197,487</u>
Total C.A.B.'s		<u>3,913,680</u>	<u>1,212,936</u>	<u>443,729</u>	<u>4,682,887</u>
TOTAL ALL BONDS		<u>\$ 400,215,311</u>	<u>\$ 1,212,936</u>	<u>\$ 11,815,000</u>	<u>\$ 389,613,247</u>

- (1) During the fiscal year ended June 30, 2003, the District issued bonds that were delivered on December 12, 2002. The District issued and received \$62,000,000 in bond proceeds and refinanced \$10,460,000 of Unlimited Tax School Building Bonds (\$6,280,000 of Series 1993 and \$4,180,000 of Series 1994). The total amount issued was \$71,869,490 of Unlimited School Building and Refunding Bonds, Series 2003 dated November 15, 2002. The bond issue consisted of \$57,255,000 Current Interest Bonds and \$14,614,490, Capital Appreciation Bonds. The purpose of the bonds are for the construction, renovation, and equipping of District facilities and to pay the costs associated with the issuance of the bonds. As a result, the refunded portions of the bonds are considered defeased. The purpose of the refunding was to restructure the overall debt service of the District in the years 2003 through 2006 to enable the District to obtain the full benefit of the instructional facilities allotment received from the State of Texas for the bonds authorized to be issued from the October 27, 2001 election. The refunding resulted in a present value savings of \$316,436.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity – Bonds (Continued)

- (2) Additions are made up of interest accreted on capital appreciation bonds for the year ended June 30, 2011. The capital appreciation bonds were originally recorded at their face value and have only been reduced as principal payments were made. Since these bonds mature at different dates the bonds are now included in bonds payable at their accreted value, for principal amounts due as of June 30, 2011.
- (3) During the fiscal year ended June 30, 2004, the District issued bonds that were delivered on December 30, 2003. The District issued and received \$35,000,000 in bond proceeds and refinanced \$13,420,000 of Unlimited Tax School Building and Bonds (\$3,580,000 of Series 1994, \$9,550,000 of Series 1996, and \$290,000 of Series 1998). The total amount issued was \$47,929,958 of Unlimited Tax School Building and Refunding Bonds, Series 2004, dated December 1, 2003. The bond issue consisted of \$47,190,000 current interest bonds and \$739,959 capital appreciation bonds. The purpose of the bonds is for the construction, renovation, and equipping of District facilities and to pay the costs associated with the issuance of the bonds. As a result, the refunded portions of the bonds are considered defeased. The purpose of the refunding was to restructure the overall debt service of the District to allow for additional debt to be issued and maintain a level debt service tax rate. The refunding resulted in a present value savings of \$149,554.
- (4) During the fiscal year ended June 30, 2005, the District issued bonds that were delivered on January 19, 2005. The District issued and received \$22,270,374 in bond proceeds and refinanced \$9,549,944 of Unlimited Tax School Building Bonds Series 1997. The bond issue consisted of \$18,695,000 current interest bonds and \$13,125,318 capital appreciation bonds. The purpose of the bonds is for the construction, renovation, and equipping of District facilities and to pay the costs associated with the issuance of the bonds. As a result, the refunded portions of the bonds are considered defeased. The purpose of the refunding was to restructure the overall debt service of the District to allow for additional debt to be issued and maintain a level debt service tax rate. The refunding resulted in a present value savings of \$267,646.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity - Bonds (Continued)

- (5) During the fiscal year ended June 30, 2007, the District issued bonds that were delivered on May 10, 2007. The District issued and received \$240,779,223 in bond proceeds including refunding \$9,400,000 of Unlimited Tax School Building Bonds Series 1999, \$28,950,000 of Unlimited Tax School Building Bonds Series 2002, and \$41,445,000 of Unlimited Tax School Building Bonds Series 2003. The bond issue consisted of \$95,330,000 current interest bonds and \$5,689,223 capital appreciation bonds. The purpose of the bonds are for the construction, renovation, and equipping of District facilities and to pay the costs associated with the issuance of the bonds. As a result, the refunded portions of the bonds are considered defeased. The purpose of the refunding was to restructure the overall debt service of the District to allow for additional debt to be issued and maintain a level debt service tax rate. The refunding resulted in a present value savings of \$3,249,804.
- (6) During the fiscal year ended June 30, 2008, the District issued bonds that were delivered on April 30, 2008. The District issued and received \$71,319,971 in bonds proceeds. The bond issue consisted of \$70,815,000 current interest bonds and \$504,971 capital appreciation bonds. The bonds are for the construction and equipping of District Schools and purchasing the necessary sites and to pay the costs associated with the issuance of the bonds.
- (7) During the fiscal year ended June 30, 2010, the District issued Judson Independent School District Unlimited Tax Refunding Bonds, Series 2010 for \$24,404,982 to refund a portion of the Unlimited Tax School Building Bonds, Series 1999, Series 2002, and Series 2003 in the amount of \$4,800,000, \$4,980,000, and \$14,625,000, respectively, by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As a result of the advanced refunding, the District reduced its total debt service requirements by \$2,276,150 and resulted in an economic gain of \$1,419,768. Bonds outstanding that are considered defeased as a result of the refunding total \$14,625,000.

Summary information on the capital appreciation bonds is as follows:

<u>SERIES</u>	<u>MATURITY DATE 2/1</u>	<u>ORIGINAL AMOUNT</u>	<u>ACCRETED VALUE JUNE 30, 2011</u>	<u>VALUE AT MATURITY</u>
2005A	2010-2014	\$9,549,944	\$ 1,831,418	\$13,280,000
2005B	2010-2014	3,575,374	404,581	4,445,000
2007	2026-2027	5,689,223	2,249,401	26,400,000
2010	2010-2019	2,169,982	197,487	4,015,000

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

A. Long-Term Obligation Activity - Bonds (Continued)

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2011 are as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 396,301,631	\$ -	\$ 11,371,271	\$ 384,930,360	\$ 8,593,274
C.A.B.'s - Accreted Interest	3,913,680	1,212,936	443,729	4,682,887	796,726
Tax Notes	4,865,000	-	895,000	3,970,000	940,000
Compensated Absences	<u>1,553,971</u>	<u>493,435</u>	<u>304,678</u>	<u>1,742,728</u>	<u>348,547</u>
 TOTAL GOVERNMENT ACTIVITIES	 <u>\$406,634,282</u>	 <u>\$1,706,371</u>	 <u>\$13,014,678</u>	 <u>\$395,325,975</u>	 <u>\$10,678,547</u>

The general fund, the primary governmental activity fund type, is typically used to liquidate compensated absences.

B. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2011, are as follows:

<u>YEAR ENDING JUNE 30,</u>	<u>BONDS PAYABLE</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	\$ 8,593,274	\$ 18,249,131	\$ 26,842,405
2013	8,683,019	18,167,886	26,850,905
2014	8,914,860	17,927,239	26,842,099
2015	10,435,000	16,538,068	26,973,068
2016	10,950,000	15,997,599	26,947,599
2017-2021	60,374,984	74,269,474	134,644,458
2022-2026	67,690,048	66,809,310	134,499,358
2027-2031	82,929,175	52,650,157	135,579,332
2032-2036	108,790,000	19,371,900	128,161,900
2037	<u>17,570,000</u>	<u>878,500</u>	<u>18,448,500</u>
 TOTALS	 <u>\$384,930,360</u>	 <u>\$300,859,264</u>	 <u>\$685,789,624</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

C. Tax Notes - Loan

The District has entered into limited maintenance tax notes to finance the acquisition of school buses.

The assets acquired with the tax notes are:

School Buses \$6,517,995

Debt service requirements on tax notes at June 30, 2011 are as follows:

<u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>TAX NOTES PAYABLE</u>		
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2012	940,000	111,349	1,051,349
2013	975,000	78,980	1,053,980
2014	1,010,000	45,005	1,055,005
2015	<u>1,045,000</u>	<u>22,886</u>	<u>1,067,886</u>
TOTALS	<u>\$ 3,970,000</u>	<u>\$ 258,220</u>	<u>\$ 4,228,220</u>

The effective interest rates range from 2.190% to 3.84%.

NOTE 6: COMMITMENTS UNDER NONCAPITALIZED LEASES

There are no significant commitments under operating (noncapitalized) lease agreements for facilities and equipment. Rental expense for the fiscal year ended June 30, 2011 was \$798,745

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 7: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters for which the District carries commercial insurance. During fiscal year 2011, the District purchased replacement value commercial property insurance with a \$50,000 deductible. There were no significant reductions in coverage in the past fiscal year.

NOTE 8: WORKER'S COMPENSATION SELF-INSURANCE

Judson Independent School District established a limited risk management program for worker's compensation effective September 1, 1991. During the year ended June 30, 2011, a total of \$680,493 was paid in benefits and \$233,898 in administrative costs. An excess coverage insurance policy covers individual claims in excess of \$300,000 for any one event up to a maximum limit of \$1,000,000. Accrued liabilities of \$1,282,785 represents the administrator's estimate of the aggregate liability for claims made.

	<u>BEGINNING OF FISCAL YEAR LIABILITY</u>	<u>CURRENT YEAR CLAIMS AND CHANGES IN ESTIMATES</u>	<u>CLAIM PAYMENTS</u>	<u>BALANCE AT FISCAL YEAR-END</u>
2009-2010	\$ 795,267	\$ 1,236,006	\$(376,335)	\$1,654,938
2010-2011	1,654,938	308,340	(680,493)	1,282,785

NOTE 9: ACCUMULATED UNPAID SICK LEAVE BENEFIT

Upon resignation from the District, employees with at least ten consecutive years of service are entitled to reimbursement for any unused state personal and sick leave or local sick leave earned at the District.

At June 30, 2011, the District's liability for accrued sick leave is as follows:

	<u>SICK LEAVE</u>
Balance, July 1, 2010	\$1,553,971
Additions	493,435
Deletions	<u>(304,678)</u>
 BALANCE AT JUNE 30, 2011	 <u>\$1,742,728</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 10: HEALTH CARE COVERAGE

During the year ended June 30, 2011, employees of the District were covered by a health insurance plan. The District paid premiums of \$225 per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The contract between the District and the licensed insurer is renewable January 1, 2011, and terms of coverage and premium costs are included in the contractual provisions. Latest financial statements for Blue Cross Blue Shield of Texas have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

NOTE 11: PENSION PLAN

A. Plan Description

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

B. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to authorize TRS' unfunded actuarial liabilities would be increased to a period that exceeds thirty-one (31) years, or, if the amortization period already exceeds thirty-one (31) years, the period would be increased by such action.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 11: PENSION PLAN (CONTINUED)

B. Funding Policy (Continued)

State law provides for a member contribution rate of 6.4% for fiscal years 2011 - 2009, and a state contribution rate of 6.644% for the fiscal years 2011 - 2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January through August 2010. State contributions to TRS made on behalf of the District's employees for the years ended June 30, 2011, 2010, and 2009 were \$7,038,320, \$6,943,342, and \$6,774,317, respectively. The District paid additional contributions for the years ended June 30, 2011, 2010, and 2009 in the amount of \$1,692,301, \$1,644,212, and \$1,507,421, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

NOTE 12: RETIREE HEALTH PLAN

A. Plan Description:

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

B. Funding Policy:

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010, and 2009. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2011, 2010, and 2009, the State's contribution to TRS-Care were \$1,243,830, \$1,227,985, and \$1,174,251, respectively, the active member contributions were \$808,490, \$798,190, and \$763,263, respectively, and the school district's contributions were \$684,107, \$675,392, and \$645,838, respectively, which equaled the required contributions each year.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 12: RETIREE HEALTH PLAN (CONTINUED)

C. Medicare Part D

Federal Legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One provision of the law allows TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible participants. These payments totaled \$283,806, \$308,917, and \$266,138 for fiscal years 2011, 2010, and 2009, respectively. Revenue and expenditures equal to the amount paid by the federal government were recognized during the 2011 fiscal year.

NOTE 13: COMMITMENTS AND CONTINGENCIES

A. Contingencies

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

B. Litigation

The District is a defendant in several lawsuits related to educating a diverse population. While the result of any litigation contains an element of uncertainty, the District's management believes that the amount of any liability and costs which might result would not have a material adverse effect on its operations or financial statements.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 13: COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Construction Commitments

As of June 30, 2011, the District was obligated under the terms of agreements for the construction of the following projects:

<u>PROJECT NAME</u>	<u>CONTRACT AMOUNT</u>	<u>PAID TO DATE</u>	<u>COMMITMENT BALANCE REMAINING</u>	<u>RETAINAGE PAYABLE AMOUNT *</u>
General Construction -				
Judson Early College Academy	\$ 1,253,000	\$ -	\$ 1,253,000	\$ -
Rolling Meadows Elementary School	14,116,000	13,323,110	792,890	214,354
Judson High School	<u>85,869,016</u>	<u>83,570,177</u>	<u>2,298,839</u>	<u>590,390</u>
TOTAL CONSTRUCTION COMMITMENTS	<u>\$101,238,016</u>	<u>\$96,893,287</u>	<u>\$ 4,344,729</u>	<u>\$ 804,744</u>

* Amount has been accrued and is included in accounts payable.

NOTE 14: INTERFUND BALANCES

Due to and from Other Funds

Balances due to and due from other funds at June 30, 2011, consisted of the following:

<u>DUE TO FUND</u>	<u>DUE FROM FUND</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
General Fund	Non-Major Funds	\$ 6,262,388	Short-Term Loans
Non-Major Funds	General Fund	1,501,055	Short-Term Loans
Capital Projects Funds	General Fund	<u>1</u>	Short-Term Loans
	TOTAL	<u>\$ 7,763,444</u>	

All amounts due are scheduled to be repaid within one year.

NOTE 15: DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

<u>REVENUE DESCRIPTION</u>	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
Deferred Revenue for Taxes Receivable	\$2,503,231	\$ 786,838	\$ -	\$3,290,069
Deferred Revenue from Debt Allotment	-	1,187,088	-	1,187,088
Deferred Revenue from Other	<u>-</u>	<u>-</u>	<u>3,358</u>	<u>3,358</u>
TOTAL DEFERRED REVENUE	<u>\$2,503,231</u>	<u>\$1,973,926</u>	<u>\$ 3,358</u>	<u>\$4,480,515</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 16: 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 June 30, 2011, are reported on the combined financial statements as due from other governments and are summarized below:

<u>FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>TOTAL</u>
General Fund:			
School Foundation/Available	<u>\$19,288,944</u>	<u>\$ -</u>	<u>\$19,288,944</u>
Other Governmental Funds:			
ESEA Title III, Homeless Education	-	5,238	5,238
ESEA Title I, Part A Basic	-	799,598	799,598
IDEA, Part B - Preschool Grant	-	32,274	32,274
Child Nutrition Program	-	75,154	75,154
Title V - Vocational Education Basic Grant	-	23,188	23,188
Title II, Part A - Teacher and Principal Training	-	36,187	36,187
English Language Acquisition and Enhancement	-	55,677	55,677
21st Century Community Learning Centers	-	43,917	43,917
State Fiscal Stabilization	-	2,002,377	2,002,377
ESEA Title I, SIP Academy Grant	-	215	215
Title II, Part D - Enhancing Education Through Technology - ARRA	-	10	10
Dept of Defense Education Activity	-	91,084	91,084
IDEA, Part B - Formula ARRA	-	2,061,883	2,061,883
IDEA, Part B - Preschool ARRA	-	110,269	110,269
ESEA Title I, Part A Basic - ARRA	-	280,927	280,927
ESEA Title I, SIP Academy Grant - ARRA	-	35	35
Life Skills Student Parents Foundation	10,607	-	10,607
Student Success Initiative - Accelerated Reading	120,662	-	120,662
Texas High School Initiative	80,918	-	80,918
Prekinder and Kindergarten Grants	61,738	-	61,738
LEP Student Success Initiative	110	-	110
Texas Fitness Now	8,008	-	8,008
District Awards Teachers Excellence	<u>1,477</u>	<u>-</u>	<u>1,477</u>
Total Other Governmental Funds	<u>283,520</u>	<u>5,618,033</u>	<u>5,901,553</u>
 TOTALS	 <u>\$19,572,464</u>	 <u>\$5,618,033</u>	 <u>\$25,190,497</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 17: LOCAL AND INTERMEDIATE REVENUES

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

<u>REVENUE DESCRIPTION</u>	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>REVENUE AMOUNT</u>
Property Taxes:					
Current Year	\$60,898,359	\$24,762,178	\$ -	\$ -	\$85,660,537
Prior Years	1,019,532	390,862	-	-	1,410,394
Penalty and Interest	<u>472,074</u>	<u>178,304</u>	-	-	<u>650,378</u>
Total Property Taxes	62,389,965	25,331,344	-	-	87,721,309
Investment Interest Revenue	84,974	16,630	40,066	9,980	151,650
Food Service Revenue	-	-	-	2,549,449	2,549,449
Athletic Revenue	365,242	-	-	-	365,242
Tuition Revenue	1,159,476	-	-	-	1,159,476
Rental Income	68,525	-	-	-	68,525
Gifts and Bequests	95,860	-	-	4,927	100,787
Other Revenue	<u>856,701</u>	-	-	-	<u>856,701</u>
 TOTALS	 <u>\$65,020,743</u>	 <u>\$25,347,974</u>	 <u>\$ 40,066</u>	 <u>\$ 2,564,356</u>	 <u>\$92,973,139</u>

NOTE 18: GENERAL FUND FEDERAL REVENUE SOURCES

During the year, federal revenue recorded in the general fund consisted of the following:

<u>PROGRAM OR SOURCE</u>	<u>REVENUE AMOUNT</u>
Impact Aid (PL 81-874)	\$ 282,710
Air Force Junior Reserve Officer Training Corp (AFJROTC)	217,669
School Health and Related Services (SHARS)	1,207,591
Indirect Cost from Federal Programs	
ESEA Title I, Part A, Improving Basic Programs	3,035
IDEA-B, Preschool	243
Title III, Part A - Limited English Proficiency	700
Education for the Homeless Children	242
Title II, Part A - Training and Recruiting	862
ESEA Title IV, Part A, Safe and Drug Free Schools	<u>40</u>
 TOTAL FEDERAL REVENUE IN GENERAL FUND	 <u>\$1,713,092</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2011

NOTE 19: SHARED SERVICES ARRANGEMENTS

The District participates in a shared services arrangement (SSA) for a federal program with the following school districts:

Fort Sam Houston Independent School District
East Central Independent School District
Randolph Field Independent School District
North East Independent School District
San Antonio Independent School District

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District does not have joint ownership interest in fixed assets purchased by the fiscal agent, North East Independent School District, nor does the District have a net equity interest in the fiscal agent. The fiscal agent does not accumulate significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

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REQUIRED SUPPLEMENTARY INFORMATION

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

JUDSON INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2011

EXHIBIT G-1

DATA CONTROL CODES		BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
		ORIGINAL	FINAL		POSITIVE (NEGATIVE)
	REVENUES				
5700	Local and Intermediate Sources	\$ 64,385,689	\$ 64,494,773	\$ 65,020,743	\$ 525,970
5800	State Program Revenues	91,485,788	87,442,805	87,465,908	23,103
5900	Federal Program Revenues	800,000	1,627,157	1,713,092	85,935
5020	Total Revenues	<u>156,671,477</u>	<u>153,564,735</u>	<u>154,199,743</u>	<u>635,008</u>
	EXPENDITURES				
	Current				
	Instruction and Instructional Related Services				
0011	Instruction	95,185,979	96,583,196	94,930,216	1,652,980
0012	Instructional Resources and Media Services	2,406,793	2,711,404	2,685,636	25,768
0013	Curriculum and Staff Development	2,209,341	2,216,871	1,966,227	250,644
	Total Instruction and Instructional Related Services	<u>99,802,113</u>	<u>101,511,471</u>	<u>99,582,079</u>	<u>1,929,392</u>
	Instructional and School Leadership				
0021	Instructional Leadership	2,111,210	2,213,261	1,979,098	234,163
0023	School Leadership	8,580,175	8,579,370	8,550,951	28,419
	Total Instructional and School Leadership	<u>10,691,385</u>	<u>10,792,631</u>	<u>10,530,049</u>	<u>262,582</u>
	Support Services - Student (Pupil)				
0031	Guidance, Counseling, and Evaluation Services	5,561,284	5,599,469	5,568,124	31,345
0032	Social Work Services	1,298,974	1,342,230	1,091,379	250,851
0033	Health Services	1,470,521	1,556,415	1,448,582	107,833
0034	Student (Pupil) Transportation	6,465,339	7,765,339	6,269,252	1,496,087
0036	Cocurricular/Extracurricular Activities	2,921,958	2,941,027	2,804,205	136,822
	Total Support Services - Student (Pupil)	<u>17,718,076</u>	<u>19,204,480</u>	<u>17,181,542</u>	<u>2,022,938</u>
	Administrative Support Services				
0041	General Administrative	3,826,220	4,137,411	3,905,614	231,797
	Total Administrative Support Services	<u>3,826,220</u>	<u>4,137,411</u>	<u>3,905,614</u>	<u>231,797</u>
	Support Services - Nonstudent Based				
0051	Plant Maintenance and Operations	17,571,877	16,336,201	14,786,265	1,549,936
0052	Security and Monitoring Services	2,058,635	1,875,964	1,626,867	249,097
0053	Data Processing Services	2,418,223	2,551,279	2,517,696	33,583
	Total Support Services - Nonstudent Based	<u>22,048,735</u>	<u>20,763,444</u>	<u>18,930,828</u>	<u>1,832,616</u>
	Ancillary Services				
0061	Community Services	1,224,929	1,178,484	1,083,333	95,151
	Total Ancillary Services	<u>1,224,929</u>	<u>1,178,484</u>	<u>1,083,333</u>	<u>95,151</u>
	Debt Service				
0071	Principal on Long-Term Debt	794,220	895,000	895,000	-
0072	Interest on Long-Term Debt	-	117,997	118,394	(397)
0073	Bond Issuance Costs and Fees	-	800	400	400
	Total Debt Service	<u>794,220</u>	<u>1,013,797</u>	<u>1,013,794</u>	<u>3</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
YEAR ENDED JUNE 30, 2011

EXHIBIT G-1

DATA CONTROL CODES		BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		ORIGINAL	FINAL		
	EXPENDITURES (CONTINUED)				
	Capital Outlay				
0081	Capital Outlay	\$ -	\$ 1,353,611	\$ 1,036,142	\$ 317,469
	Total Capital Outlay	-	1,353,611	1,036,142	317,469
	Intergovernmental Charges				
0095	Payments to Juvenile Justice Alternative Education Programs	50,000	50,000	7,743	42,257
0099	Other Intergovernmental Charges	512,000	500,511	491,911	8,600
	Total Intergovernmental Charges	562,000	550,511	499,654	50,857
6030	Total Expenditures	156,667,678	160,505,840	153,763,035	6,742,805
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	3,799	(6,941,105)	436,708	7,377,813
	Other Financing Sources (Uses)				
7912	Sale of Real or Personal Property	-	(15,000)	18,021	33,021
7080	Total Other Financing Sources (Uses)	-	(15,000)	18,021	33,021
1200	Net Change in Fund Balance	3,799	(6,956,105)	454,729	7,410,834
0100	FUND BALANCE - BEGINNING	37,114,469	37,114,469	37,114,469	-
3000	FUND BALANCE - ENDING	\$ 37,118,268	\$ 30,158,364	\$ 37,569,198	\$ 7,410,834

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OTHER SUPPLEMENTARY INFORMATION

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

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

<u>YEAR ENDED</u> <u>JUNE 30,</u>		TAX RATES		3 ASSESSED/APPRAISED VALUE FOR SCHOOL TAX PURPOSES
		1 <u>MAINTENANCE</u>	2 <u>DEBT SERVICE</u>	
2002 and Prior Years	Note 1	\$ Various	\$ Various	\$ Various
2003	Note 1	1.50	.2760	3,045,062,546
2004	Note 1	1.50	.2760	3,459,140,968
2005	Note 1	1.50	.2760	3,700,378,101
2006	Note 1	1.50	.2760	3,998,603,415
2007	Note 1	1.37	.2660	4,633,711,395
2008	Note 1	1.04	.3700	5,406,886,452
2009	Note 1	1.04	.4250	5,915,790,255
2010	Note 1	1.04	.4230	5,949,171,839
2011 (School Year Under Audit)	Note 1, 2	1.04	.4230	5,874,251,128
1000 TOTALS				

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

Note 1 - The District changed its fiscal year from August 31 to June 30.

Note 2 - The Bexar County Appraisal District has established a levy for late rendition penalty for business personal property. The levy for this year was \$28,119 and collections during this year of \$18,989 are included in the amounts above.

EXHIBIT J-1

10 BEGINNING BALANCE JULY 1, 2010	20 CURRENT YEAR'S TOTAL LEVY	31 MAINTENANCE COLLECTIONS	32 DEBT SERVICE COLLECTIONS	40 ENTIRE YEAR'S ADJUSTMENTS	50 ENDING BALANCE JUNE 30, 2011
\$ 315,266	\$ -	\$ 12,662	\$ 3,306	\$ (335)	\$ 298,963
192,044	-	1,857	342	(71)	189,774
128,217	-	3,249	598	25,528	149,898
178,616	-	14,033	2,582	61,482	223,483
197,582	-	24,802	4,563	62,094	230,311
211,827	-	9,880	1,849	30,934	231,032
273,382	-	23,218	8,176	9,214	251,202
496,838	-	97,960	40,012	(36,737)	322,129
2,130,392	-	917,477	372,769	(225,323)	614,823
-	<u>85,940,294</u>	<u>60,898,362</u>	<u>24,762,173</u>	<u>1,361,836</u>	<u>1,641,595</u>
<u>\$4,124,164</u>	<u>\$85,940,294</u>	<u>\$ 62,003,500</u>	<u>\$ 25,196,370</u>	<u>\$ 1,288,622</u>	<u>\$ 4,153,210</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

JUDSON INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
GENERAL FUND
JUNE 30, 2011

EXHIBIT J-3

DATA CONTROL CODES	EXPLANATION	AMOUNT
1	Total General Fund Balance as of June 30, 2011 (Exhibit C-1 Object 3000 for the General Fund Only)	\$37,569,198
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - Total of Object 3400s for the General Fund Only)	2,128,772
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - Total of Object 3500s for the General Fund Only)	2,000,000
4	Estimated Amount Needed to Cover Fall Cash Flow Deficits in the General Fund (Net of Borrowed Funds and Funds Representing Deferred Revenues)	-
5	Estimate of Two & One-half Month's Average Cash Disbursements During the Regular School Session (September 1, 2010 - May 31, 2011)	30,400,000
6	Estimate of Delayed Payments from State Sources (58XX) Including August Payment Delays	-
7	Estimate of Underpayment from State Sources Equal to Variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's Calculated Earned State Aid Amount	-
8	Estimate of Delayed Payments from Federal Sources (59XX)	-
9	Estimate of Expenditures to be Reimbursed to General Fund from Capital Projects Fund (Uses of General Fund Cash After Bond Referendum and Prior to Issuance of Bonds)	<u>4,000,000</u>
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	<u>38,528,772</u>
11	EXCESS (DEFICIT) UNDESIGNATED UNRESERVED GENERAL FUND BALANCE (LINE 1 MINUS LINE 10)	<u>\$ (959,574)</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2011

EXHIBIT J-4

DATA CONTROL CODES		1	2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
		BUDGETED AMOUNTS		ACTUAL	
		ORIGINAL	FINAL		
REVENUES					
5700	Local and Intermediate Sources	\$2,620,000	\$2,559,000	\$2,559,429	\$ 429
5800	State Program Revenues	50,000	50,000	64,346	14,346
5900	Federal Program Revenues	<u>7,100,000</u>	<u>7,300,000</u>	<u>7,824,383</u>	<u>524,383</u>
5020	Total Revenues	<u>9,770,000</u>	<u>9,909,000</u>	<u>10,448,158</u>	<u>539,158</u>
EXPENDITURES					
Current					
Support Services - Student (Pupil)					
0035	Food Services	9,336,158	10,154,434	9,224,990	929,444
0036	Cocurricular/Extracurricular Activities	-	-	-	-
	Total Support Services - Student (Pupil)	<u>9,336,158</u>	<u>10,154,434</u>	<u>9,224,990</u>	<u>929,444</u>
Support Services - Nonstudent Based					
0051	Plant Maintenance and Operations	<u>274,842</u>	<u>274,842</u>	<u>255,077</u>	<u>19,765</u>
	Total Support Services - Nonstudent Based	<u>274,842</u>	<u>274,842</u>	<u>255,077</u>	<u>19,765</u>
6030	Total Expenditures	<u>9,611,000</u>	<u>10,429,276</u>	<u>9,480,067</u>	<u>949,209</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>159,000</u>	<u>(520,276)</u>	<u>968,091</u>	<u>1,488,367</u>
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real or Personal Property	-	25,000	26,540	(1,540)
7080	Total Other Financing Sources (Uses)	-	25,000	26,540	(1,540)
1200	Net Change in Fund Balance	159,000	(495,276)	994,631	1,489,907
0100	FUND BALANCE - BEGINNING	<u>4,304,791</u>	<u>4,304,791</u>	<u>4,304,791</u>	-
3000	FUND BALANCE - ENDING	<u>\$4,463,791</u>	<u>\$3,809,515</u>	<u>\$5,299,422</u>	<u>\$ 1,489,907</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2011

EXHIBIT J-5

<u>DATA CONTROL CODES</u>	1		2	3	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>BUDGETED AMOUNTS</u>			<u>ACTUAL</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>			
REVENUES					
5700	Local and Intermediate Sources	\$24,756,988	\$25,151,988	\$25,347,974	\$ 195,986
5800	State Program Revenues	4,854,099	2,219,099	2,223,952	4,853
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>29,611,087</u>	<u>27,371,087</u>	<u>27,571,926</u>	<u>200,839</u>
EXPENDITURES					
Debt Service					
0071	Principal on Long-Term Debt	29,470,152	11,371,271	11,371,271	-
0072	Interest on Long-Term Debt	-	18,078,881	18,045,029	33,852
0073	Bond Issuance Costs and Fees	-	20,000	2,807	17,193
	Total Debt Service	<u>29,470,152</u>	<u>29,470,152</u>	<u>29,419,107</u>	<u>51,045</u>
6030	Total Expenditures	<u>29,470,152</u>	<u>29,470,152</u>	<u>29,419,107</u>	<u>51,045</u>
1200	Net Change in Fund Balance	140,935	(2,099,065)	(1,847,181)	251,884
0100	FUND BALANCE - BEGINNING	<u>15,051,017</u>	<u>15,051,017</u>	<u>15,051,017</u>	-
3000	FUND BALANCE - ENDING	<u>\$15,191,952</u>	<u>\$12,951,952</u>	<u>\$13,203,836</u>	<u>\$ 251,884</u>

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

Board of School Trustees
Judson Independent School District
San Antonio, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Judson Independent School District (the District) as of and for the year ended June 30, 2011 which collectively comprise the District's basic financial statements and have issued our report thereon dated November 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and 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 instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the board of trustees and management of the District in a separate letter dated November 17, 2011.

This report is intended solely for the information and use of management, others within the District, the board of trustees, the Texas Education Agency, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Williams, Biediger, Koster & Young, P.C.

Certified Public Accountants

San Antonio, Texas

November 17, 2011



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

Board of School Trustees
Judson Independent School District
San Antonio, Texas

Compliance

We have audited Judson 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 June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, others within the District, the board of trustees, the Texas Education Agency, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thompson, Williams, Brediger, Koster & Young, P.C.

Certified Public Accountants

San Antonio, Texas

November 17, 2011

JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

A. Summary of Auditor's Results

1. Financial Statements

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? _____ Yes x No

Significant Deficiency(ies) Identified that are not Considered to be Material Weaknesses? _____ Yes x None Reported

Noncompliance Material to Financial Statements Noted? _____ Yes x No

2. Federal Awards

Internal Control Over Major Programs:

Material Weakness(es) Identified? _____ Yes x No

Significant Deficiency(ies) Identified that are not Considered to be Material Weaknesses? _____ Yes x None Reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unqualified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with Section 510(a) of Circular A-133? _____ Yes x No

Identification of Major Programs:

<u>CFDA NUMBER(S)</u>	<u>NAME OF FEDERAL PROGRAM OR CLUSTER</u>
84.010/84.389	Title I, Part A and Title I, Part A ARRA
84.394	Title XIV State Fiscal Stabilization ARRA
10.553/10.559/10.555	Child Nutrition Cluster

Dollar Threshold used to Distinguish between Type A and Type B Programs: \$742,998

Auditee Qualified as Low-Risk Auditee? _____ Yes x No

B. Financial Statement Findings

NONE

JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2011

C. Federal Award Findings and Questioned Costs

None

JUDSON INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011

DEPARTMENT OF EDUCATION

2010-1 Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) – CFDA NO. 84.010; Grant No. S010A090043; Grant Period: Year Ended June 30, 2010 and Title I Grants to Local Educational Agencies, Recovery Act – CFDA No. 84.389; Grant No. S389A090043A; Grant Period: Year Ended June 30, 2010

Condition: Allowable activities and costs under the program are activities which support the program objectives were misinterpreted.

Recommendation: We recommend the District become more familiar with allowable activities and costs as they relate to parental involvement under the program.

Current Status: The recommendation was adopted during the fiscal year ended June 30, 2011. No similar findings were noted in the 2011 audit.

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

EXHIBIT K-1

DATA CONTROL CODES	(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) FEDERAL CFDA NUMBER	(3) PASS-THROUGH ENTITY IDENTIFYING NUMBER	(4) EXPENDITURES INDIRECT COSTS OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed Through Texas Health and Human Services Commission:				
313	Medicaid Administration Claim Program (MAC)	93.778	015-916	\$ 58,220
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Passed Through Texas Education Agency:				
211	ESEA Title I Part A - Improving Basic Programs *	84.010A	10610101015916	258,232
211	ESEA Title I SIP *	84.010A	11610101015916	3,105,541
	Total CFDA Number 84.010A			<u>3,363,773</u>
276	ESEA Title SIP Academy Grant	84.377A	10610104015916044	2,414
276	ESEA Title SIP Academy Grant	84.377A	11610104015916044	40,991
	Total CFDA Number 84.377A			<u>43,405</u>
224	IDEA-B Formula *	84.027	106600010159166600	308,100
224	IDEA-B Formula *	84.027	116600010159166600	1,081,676
	Total CFDA Number 84.027			<u>1,389,776</u>
244	Carl D Perkins, Basic Grant	84.048A	11420006015916	<u>200,249</u>
225	IDEA-B Preschool *	84.173	106610010159166610	5,368
225	IDEA-B Preschool *	84.173	116610010159166610	91,414
	Total CFDA Number 84.173			<u>96,782</u>
204	ESEA Title IV Part A - Safe and Drug-Free Schools and Communities Act	84.186A	10691001015916	<u>17,172</u>
265	21ST Century Community Learning Centers	84.287C	096950137110059	9,837
265	21ST Century Community Learning Centers	84.287C	106950137110035	146,752
				<u>156,589</u>
262	Title II, Part D - Enhancing Education Through Technology	84.318X	10630001015916	<u>1,681</u>
263	Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	10671001015916	48,517
263	Title III, Part A - English Language Acquisition and Language Enhancement	84.365A	11671001015916	169,054
				<u>217,571</u>
431	ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	10694501015916	62,643
431	ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	11694501015916	402,566
	Total CFDA Number 84.367A			<u>465,209</u>
279	Title II, Part D - ARRA - Enhancing Education Through Technology *	84.386A	10553001015916	<u>32,115</u>
283	IDEA B - ARRA - Formula *	84.391A	10554001015916	<u>2,542,413</u>
284	IDEA B - ARRA - Preschool*	84.392A	10555001015916	<u>110,511</u>
285	ESEA Title I Part A - Improving Basic Programs - ARRA *	84.389A	10551001015916	<u>1,165,295</u>

**JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT K-1

DATA CONTROL CODES	(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	(2) FEDERAL CFDA NUMBER	(3) PASS-THROUGH ENTITY IDENTIFYING NUMBER	(4) EXPENDITURES INDIRECT COSTS OR AWARD AMOUNT
<u>U.S. DEPARTMENT OF EDUCATION (CONTINUED)</u>				
Passed Through Texas Education Agency(Continued):				
286	ESEA Title SIP Academy Grant - ARRA*	84.388A	10551004015916044	\$ 154
286	ESEA Title SIP Academy Grant - ARRA*	84.388A	11551004015916044	<u>10,867</u>
	Total of CFDA Number 84.388A			<u>11,021</u>
266	Title XIV - ARRA - State Fiscal Stabilization	84.394A	10557001015916	279,328
266	Title XIV - ARRA - State Fiscal Stabilization	84.394A	11557001015916	<u>6,054,538</u>
	Total of CFDA Number 84.394A			<u>6,333,866</u>
	Total Passed Through Texas Education Agency			<u>16,147,428</u>
Passed Through Education Service Center Region X/XX:				
295	SSA ESEA Title III Part B - Ed for the Homeless Children *	84.196	189233	10,483
280	Education For The Homeless Children - ARRA *	84.387	A09-033	<u>2,342</u>
	Total Passed Through Education Service Center Region X/XX			<u>12,825</u>
Passed Through Direct Program:				
311	Impact Aid - P.L. 81-874	84.041	015-916	<u>282,710</u>
	Total U.S. Department of Education			<u>282,710</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>				
Passed Through Direct Program:				
314	Air Force Junior Reserve Officers Training Corp (AFJROTC)	12.000	015-916	217,669
497	Department of Defense Education Activity	12.030	HE1254-09-1-0003	<u>223,028</u>
	Total U.S. Department of Defense			<u>440,697</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed Through Texas Department of Agriculture				
559	School Breakfast Program *	10.553	015-916	1,776,745
240	National School Lunch Program *	10.555	015-916	5,443,171
242	Summer Feeding	10.559	015-916	75,155
558	USDA Commodity Food Donation Program	10.565	015-916	<u>529,312</u>
	Total Passed Through Texas Department of Agriculture			<u>7,824,383</u>
	Total Expenditures of Federal Awards			24,766,263
	School Health and Related Services (SHARS)			<u>1,207,591</u>
	TOTAL FEDERAL REVENUE PER EXHIBIT C-2			<u>\$ 25,973,854</u>

* Indicates Clustered Program under OMB Circular A-133 Compliance Supplement

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Basis of Presentation

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

NOTE 1

A total of \$1,713,092 included in the schedule of expenditures of federal awards is recorded in the general fund. See Note 18 in the notes to the financial statements section.

The District utilizes the fund types specified in the Texas Education Agency 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. Generally, unused balances are returned to the grantor at the close of specified project periods.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and agency funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the special revenue funds, a component of the governmental fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net assets.

The modified accrual basis of accounting is used for the governmental fund types. This basis of accounting recognizes revenues in the accounting period, in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on 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.

JUDSON INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 (CONTINUED)

Commodity Supplement (CFDA 10.565) received like-kind goods and no grant revenue received was reported on the schedule for the monetary value of these goods. The monetary value of these goods was \$529,312 for the year ended June 30, 2011.

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds or any money received may be required and the collectability of any related receivable at June 30, 2011, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

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JUDSON INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2011

EXHIBIT K-2

<u>DATA CONTROL CODE</u>		<u>RESPONSES</u>
SF2	Were there any disclosures in the annual financial report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the District receive a clean audit? - Was there an unqualified opinion in the annual financial report?	Yes
SF5	Did the annual financial report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the annual financial report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year end?	\$4,682,887

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2011

DATA CONTROL CODES	204	206	211	224
	ESEA TITLE IV SDFSC	ESEA TITLE III HOMELESS EDUCATION	ESEA TITLE I IMPROVING BASIC PROGRAMS	IDEA-B FORMULA
ASSETS				
1110	Cash and Temporary Investments	\$ -	\$ -	\$ -
	Receivables			
1240	Due from Other Governments	-	5,237	799,598
1260	Due from Other Funds	-	1,303	-
1290	Other Receivables	-	-	15
1310	Inventories, at Cost	-	-	-
1410	Deferred Expenditures	-	-	-
1000	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 6,540</u>	<u>\$ 799,613</u>
LIABILITIES				
Current Liabilities				
2110	Accounts Payable	\$ -	\$ 6,540	\$ 157,421
2150	Payroll Deduction and Withholdings	-	-	-
2160	Accrued Wages Payable	-	-	507,114
2170	Due to Other Funds	-	-	135,078
2180	Due to Other Governments	-	-	-
2300	Unearned Revenue	-	-	953,080
2000	Total Liabilities	<u>-</u>	<u>6,540</u>	<u>799,613</u>
FUND EQUITY				
Fund Balances				
3410	Non-Spendable - Inventories	-	-	-
3430	Non-Spendable - Prepaid Items	-	-	-
3450	Restricted - Grant Funds	-	-	-
3600	Unassigned	-	-	-
3000	Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ 6,540</u>	<u>\$ 799,613</u>

EXHIBIT O-1

225 IDEA-B PRESCHOOL GRANT	240 NATIONAL SCHOOL BREAKFAST/LUNCH PROGRAM	244 VOC ED BASIC GRANT	255 ESEA TITLE II TRAINING AND RECRUITING	262 ENHANCING EDUCATION THROUGH TECHNOLOGY	263 ENGLISH LANGUAGE ACQUISITION AND ENHANCEMENT
\$ -	\$ 7,269,220	\$ -	\$ -	\$ -	\$ -
32,274	75,154	23,187	36,187	-	55,677
-	975	-	4,626	-	-
-	15	-	-	-	107
-	70,504	-	-	-	-
-	5,699	1,250	-	-	-
<u>\$ 32,274</u>	<u>\$ 7,421,567</u>	<u>\$ 24,437</u>	<u>\$ 40,813</u>	<u>\$ -</u>	<u>\$ 55,784</u>
\$ -	\$ 85,981	\$ 2,362	\$ 2,178	\$ -	\$ 1,180
-	1,994,779	-	-	-	-
20,519	15,258	2,134	36,235	-	44,193
11,755	26,127	19,941	2,400	-	10,411
-	-	-	-	-	-
-	-	-	-	-	-
<u>32,274</u>	<u>2,122,145</u>	<u>24,437</u>	<u>40,813</u>	<u>-</u>	<u>55,784</u>
-	70,504	-	-	-	-
-	5,699	1,250	-	-	-
-	5,223,219	-	-	-	-
-	-	(1,250)	-	-	-
-	5,299,422	-	-	-	-
<u>\$ 32,274</u>	<u>\$ 7,421,567</u>	<u>\$ 24,437</u>	<u>\$ 40,813</u>	<u>\$ -</u>	<u>\$ 55,784</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2011

<u>DATA CONTROL CODES</u>	<u>265 21st CENTURY COMMUNITY LEARNING CENTERS</u>	<u>266 STATE FISCAL STABILIZATION</u>	<u>272 MEDICAID ADMIN CLAIMING PROGRAM</u>	<u>276 TITLE I SIP ACADEMY GRANT</u>
ASSETS				
1110	Cash and Temporary Investments	\$ -	\$ -	\$ -
	Receivables			
1240	Due from Other Governments	43,917	2,002,377	215
1260	Due from Other Funds	-	-	35
1290	Other Receivables	-	-	-
1310	Inventories, at Cost	-	-	-
1410	Deferred Expenditures	-	-	-
1000	TOTAL ASSETS	<u>\$ 43,917</u>	<u>\$ 2,002,377</u>	<u>\$ 250</u>
LIABILITIES				
Current Liabilities				
2110	Accounts Payable	\$ 16,677	\$ -	\$ -
2150	Payroll Deduction and Withholdings	-	-	-
2160	Accrued Wages Payable	9,219	-	-
2170	Due to Other Funds	18,021	2,002,377	250
2180	Due to Other Governments	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>43,917</u>	<u>2,002,377</u>	<u>250</u>
FUND EQUITY				
Fund Balances				
3410	Non-Spendable - Inventories	-	-	-
3430	Non-Spendable - Prepaid Items	-	-	-
3450	Restricted - Grant Funds	-	-	-
3600	Unassigned	-	-	-
3000	Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>
4000	TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 43,917</u>	<u>\$ 2,002,377</u>	<u>\$ 250</u>

EXHIBIT O-1

279 ENHANCING EDUCATION THROUGH TECHNOLOGY - ARRA	280 EDUCATION FOR THE HOMELESS CHILDREN AND YOUTH - ARRA	281 DEPARTMENT OF DEFENSE EDUCATION ACTIVITY	283 IDEA PART B FORMULA ARRA	284 IDEA PART B Preschool ARRA	285 ESEA, TITLE I, PART A IMPROVING BASIC PROGRAMS - ARRA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	-	91,084	2,061,883	110,269	280,927
-	2,780	-	-	-	-
-	-	-	1,128	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11</u>	<u>2,780</u>	<u>91,084</u>	<u>\$2,063,011</u>	<u>\$ 110,269</u>	<u>\$ 280,927</u>
\$ -	\$ 2,725	\$ -	\$ 69,175	\$ -	\$ 180,271
-	-	-	-	-	-
-	-	12,816	79,488	-	75,244
11	-	78,268	1,914,348	110,269	25,412
-	-	-	-	-	-
-	55	-	-	-	-
<u>11</u>	<u>2,780</u>	<u>91,084</u>	<u>2,063,011</u>	<u>110,269</u>	<u>280,927</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11</u>	<u>2,780</u>	<u>91,084</u>	<u>\$2,063,011</u>	<u>\$ 110,269</u>	<u>\$ 280,927</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2011

<u>DATA CONTROL CODES</u>	<u>286</u> TITLE I SIP ACADEMY GRANT ARRA	<u>392</u> ON-EDUCATION COMMUNITY-BASED SUPPORT	<u>394</u> LIFE SKILLS STUDENT PARENTS FOUNDATION	<u>397</u> ADVANCED PLACEMENT INCENTIVES	
ASSETS					
1110	Cash and Temporary Investments	\$ -	\$ -	\$ -	\$ 56,233
Receivables					
1240	Due from Other Governments	35	-	10,607	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1310	Inventories, at Cost	-	-	-	-
1410	Deferred Expenditures	-	-	-	5,080
1000	TOTAL ASSETS	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 10,607</u>	<u>\$ 61,313</u>
LIABILITIES					
Current Liabilities					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 2,425
2150	Payroll Deduction and Withholdings	-	-	-	-
2160	Accrued Wages Payable	-	-	10,514	-
2170	Due to Other Funds	35	-	93	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>35</u>	<u>-</u>	<u>10,607</u>	<u>2,425</u>
FUND EQUITY					
Fund Balances					
3410	Non-Spendable - Inventories	-	-	-	-
3430	Non-Spendable - Prepaid Items	-	-	-	5,080
3450	Restricted - Grant Funds	-	-	-	53,808
3600	Unassigned	-	-	-	-
3000	Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,888</u>
4000	TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 10,607</u>	<u>\$ 61,313</u>

EXHIBIT O-1

399	404	409	411	415	423 LEP
<u>FSP CAPITAL INVESTMENT</u>	<u>STUDENT SUCCESS INITIATIVE</u>	<u>TEXAS HIGH SCHOOL INITIATIVE</u>	<u>TECHNOLOGY ALLOTMENT</u>	<u>PREKINDER EARLY START GRANT</u>	<u>STUDENT SUCCESS INITIATIVE</u>
\$ -	\$ -	\$ 9	\$ 351,075	\$ -	\$ -
-	120,662	80,918	-	61,738	110
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 120,662</u>	<u>\$ 80,927</u>	<u>\$ 351,075</u>	<u>\$ 61,738</u>	<u>\$ 110</u>
\$ -	\$ 60,919	\$ -	\$ -	\$ 14,217	\$ -
-	-	-	-	-	-
-	54,725	7,014	90,730	27,333	110
-	5,018	70,610	712	20,188	-
-	-	-	-	-	-
-	-	3,303	-	-	-
<u>-</u>	<u>120,662</u>	<u>80,927</u>	<u>91,442</u>	<u>61,738</u>	<u>110</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	259,633	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>259,633</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 120,662</u>	<u>\$ 80,927</u>	<u>\$ 351,075</u>	<u>\$ 61,738</u>	<u>\$ 110</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2011

<u>DATA CONTROL CODES</u>	424	427	429	482
	<u>READING TO SUCCEED LICENSE</u>	<u>TEXAS FITNESS NOW</u>	<u>DISTRICT AWARDS TEACHERS EXCELLENCE</u>	<u>TRINITY UNIVERSITY</u>
ASSETS				
1110	Cash and Temporary Investments	\$ -	\$ -	\$ -
	Receivables			\$ 3,267
1240	Due from Other Governments	-	8,008	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1310	Inventories, at Cost	-	-	-
1410	Deferred Expenditures	-	-	-
1000	TOTAL ASSETS	<u>\$ -</u>	<u>\$ 8,008</u>	<u>\$ 3,267</u>
LIABILITIES				
Current Liabilities				
2110	Accounts Payable	\$ -	\$ 2,880	\$ 119
2150	Payroll Deduction and Withholdings	-	-	-
2160	Accrued Wages Payable	-	-	872
2170	Due to Other Funds	-	5,128	487
2180	Due to Other Governments	-	-	-
2300	Unearned Revenue	-	-	-
2000	Total Liabilities	<u>-</u>	<u>8,008</u>	<u>1,478</u>
FUND EQUITY				
Fund Balances				
3410	Non-Spendable - Inventories	-	-	-
3430	Non-Spendable - Prepaid Items	-	-	-
3450	Restricted - Grant Funds	-	-	3,267
3600	Unassigned	-	-	-
3000	Total Fund Equity	<u>-</u>	<u>-</u>	<u>3,267</u>
4000	TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>\$ 8,008</u>	<u>\$ 3,267</u>

EXHIBIT O-1

488	98	97
	<u>TOTALS</u>	
SAN ANTONIO WATER SYSTEM GRANT	<u>JUNE 30, 2011</u>	<u>JUNE 30, 2010</u>
\$ 13	\$ 7,679,817	\$ 6,753,547
-	5,901,553	8,453,299
-	1,501,055	147,484
-	1,265	2,480
-	70,504	47,406
-	<u>12,029</u>	<u>8,988</u>
<u>\$ 13</u>	<u>\$15,166,223</u>	<u>\$15,413,204</u>
\$ -	\$ 606,881	\$ 172,748
-	1,994,779	1,994,811
-	1,511,817	1,477,003
-	4,475,085	6,971,362
-	953,080	-
-	<u>3,358</u>	<u>-</u>
<u>-</u>	<u>9,545,000</u>	<u>10,615,924</u>
-	70,504	47,406
-	12,029	8,988
13	5,539,940	4,740,886
-	<u>(1,250)</u>	<u>-</u>
<u>13</u>	<u>5,621,223</u>	<u>4,797,280</u>
<u>\$ 13</u>	<u>\$15,166,223</u>	<u>\$15,413,204</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2011

DATA CONTROL CODES	204 ESEA TITLE IV SDFSC	206 ESEA TITLE III HOMELESS EDUCATION	211 ESEA TITLE I IMPROVING BASIC PROGRAMS	224 IDEA-B FORMULA
REVENUES				
5700	\$ -	\$ -	\$ -	\$ -
5800	-	-	-	-
5900	<u>17,132</u>	<u>10,483</u>	<u>3,360,738</u>	<u>1,389,776</u>
5020	<u>17,132</u>	<u>10,483</u>	<u>3,360,738</u>	<u>1,389,776</u>
EXPENDITURES				
0011	941	5,246	2,542,236	1,217,785
0012	-	-	1,478	-
0013	-	-	482,968	925
0021	7,651	-	93,058	69,669
0023	-	-	86,527	1,291
0031	-	-	-	90,303
0032	-	-	118,722	-
0033	-	-	3,283	9,803
0034	-	-	-	-
0035	-	-	-	-
0036	-	-	-	-
0041	-	-	-	-
0051	-	-	209	-
0052	8,540	-	-	-
0053	-	-	-	-
0061	-	5,237	32,257	-
0093	-	-	-	-
6030	<u>17,132</u>	<u>10,483</u>	<u>3,360,738</u>	<u>1,389,776</u>
1100	-	-	-	-
Other Financing Sources				
	-	-	-	-
7020	-	-	-	-
	-	-	-	-
1200	-	-	-	-
0100	-	-	-	-
3000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT O-2

225 IDEA-B PRESCHOOL GRANT	240 NATIONAL SCHOOL BREAKFAST/LUNCH PROGRAM	244 VOC ED BASIC GRANT	255 ESEA TITLE II TRAINING AND RECRUITING	262 ENHANCING EDUCATION THROUGH TECHNOLOGY	263 ENGLISH LANGUAGE ACQUISITION AND ENHANCEMENT
\$ -	\$ 2,559,429	\$ -	\$ -	\$ -	\$ -
-	64,346	-	-	-	-
<u>96,782</u>	<u>7,824,383</u>	<u>200,249</u>	<u>465,208</u>	<u>1,681</u>	<u>216,871</u>
<u>96,782</u>	<u>10,448,158</u>	<u>200,249</u>	<u>465,208</u>	<u>1,681</u>	<u>216,871</u>
96,782	-	145,206	5,575	1,109	75,133
-	-	-	35	-	-
-	-	26,703	442,594	572	134,335
-	-	8,947	1,006	-	-
-	-	-	15,998	-	2,593
-	-	19,393	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,224,990	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	255,077	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,810
-	-	-	-	-	-
<u>96,782</u>	<u>9,480,067</u>	<u>200,249</u>	<u>465,208</u>	<u>1,681</u>	<u>216,871</u>
-	<u>968,091</u>	-	-	-	-
-	<u>26,540</u>	-	-	-	-
-	<u>26,540</u>	-	-	-	-
-	<u>26,540</u>	-	-	-	-
-	994,631	-	-	-	-
-	<u>4,304,791</u>	-	-	-	-
<u>\$ -</u>	<u>\$ 5,299,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2011

DATA CONTROL CODES	265 21st CENTURY COMMUNITY LEARNING CENTERS	266 STATE FISCAL STABILIZATION	272 MEDICAID ADMIN CLAIMING PROGRAM	276 TITLE I SIP ACADEMY GRANT
REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	<u>155,727</u>	<u>6,333,866</u>	<u>58,220</u>
5020	Total Revenues	<u>155,727</u>	<u>6,333,866</u>	<u>58,220</u>
EXPENDITURES				
0011	Instruction	58,673	3,607,340	-
0012	Instructional Resources & Media Services	-	14,179	-
0013	Curriculum Development and Instructional Staff Development	374	829	-
0021	Instructional Leadership	-	2,438	-
0023	School Leadership	-	61,573	-
0031	Guidance, Counseling, & Evaluation Services	-	25,602	-
0032	Social Work Services	-	9,159	-
0033	Health Services	-	12,864	58,220
0034	Student (Pupil) Transportation	-	-	2,241
0035	Food Services	-	-	-
0036	Curricular/Extracurricular Activities	-	-	-
0041	General Administrative	-	-	-
0051	Plant Maintenance and Operations	30	2,596,149	-
0052	Security and Monitoring Services	-	599	-
0053	Data Processing Services	-	2,954	-
0061	Community Services	96,650	180	-
0093	Payments Related to Shared Service Arrangements	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total Expenditures	<u>155,727</u>	<u>6,333,866</u>	<u>58,220</u>
1100	Excess (Deficiency) Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources				
	Proceeds from Sale of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
7020	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
	Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Excess (Deficiency) of Revenues and Other Resources Over (Under) Expenditures and Other Uses	-	-	-
0100	Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EXHIBIT O-2

279 ENHANCING EDUCATION THROUGH TECHNOLOGY - ARRA	280 EDUCATION FOR THE HOMELESS CHILDREN AND YOUTH - ARRA	281 DEPT OF DEFENSE EDUCATION ACTIVITY	283 IDEA PART B FORMULA ARRA	284 IDEA PART B Preschool ARRA	285 ESEA, TITLE I, PART A IMPROVING BASIC PROGRAMS - ARRA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>32,115</u>	<u>2,100</u>	<u>223,028</u>	<u>2,542,413</u>	<u>110,269</u>	<u>1,165,295</u>
<u>32,115</u>	<u>2,100</u>	<u>223,028</u>	<u>2,542,413</u>	<u>110,269</u>	<u>1,165,295</u>
-	2,100	153,265	1,978,867	110,269	772,796
-	-	-	-	-	-
32,115	-	50,328	11,151	-	260,505
-	-	13,414	177,936	-	57,087
-	-	1,410	-	-	8,075
-	-	-	203,289	-	-
-	-	-	-	-	58,330
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	8,670	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,611	-	-	8,502
-	-	-	<u>162,500</u>	-	-
<u>32,115</u>	<u>2,100</u>	<u>223,028</u>	<u>2,542,413</u>	<u>110,269</u>	<u>1,165,295</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2011

DATA CONTROL CODES	286 TITLE I SIP ACADEMY GRANT ARRA	392 NON-EDUCATIONAL COMMUNITY-BASED SUPPORT	394 LIFE SKILLS STUDENT PARENTS FOUNDATION	397 ADVANCED PLACEMENT INCENTIVES
REVENUES				
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	1,756	25,850
5900	Federal Program Revenues	<u>11,021</u>	<u>-</u>	<u>-</u>
5020	Total Revenues	<u>11,021</u>	<u>1,756</u>	<u>25,850</u>
EXPENDITURES				
0011	Instruction	8,760	-	1,853
0012	Instructional Resources & Media Services	-	-	-
0013	Curriculum Development and Instructional Staff Development	2,261	-	12,875
0021	Instructional Leadership	-	-	45,549
0023	School Leadership	-	-	241
0031	Guidance, Counseling, & Evaluation Services	-	-	-
0032	Social Work Services	-	-	8,805
0033	Health Services	-	-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Curricular/Extracurricular Activities	-	-	-
0041	General Administrative	-	-	-
0051	Plant Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	1,756	1,581
0093	Payments Related to Shared Service Arrangements	<u>-</u>	<u>-</u>	<u>-</u>
6030	Total Expenditures	<u>11,021</u>	<u>1,756</u>	<u>58,029</u>
1100	Excess (Deficiency) Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources				
	Proceeds from Sale of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
7020	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
	Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200	Excess (Deficiency) of Revenues and Other Resources Over (Under) Expenditures and Other Uses	-	-	-
0100	Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,888</u>

EXHIBIT O-2

399	404	409	411	415	423
FSP CAPITAL INVESTMENT	STUDENT SUCCESS INITIATIVE	TEXAS HIGH SCHOOL INITIATIVE	TECHNOLOGY ALLOTMENT	PREKINDER EARLY START GRANT	LEP STUDENT SUCCESS INITIATIVE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
32,991	271,829	391,010	610,434	397,140	98,738
-	-	-	-	-	-
<u>32,991</u>	<u>271,829</u>	<u>391,010</u>	<u>610,434</u>	<u>397,140</u>	<u>98,738</u>
-	241,603	338,521	232,132	286,086	1,644
-	-	-	-	-	-
3,857	12,533	3,475	559,401	101,752	97,094
-	-	-	-	3,179	-
-	15,316	22,734	-	164	-
-	-	4,609	-	-	-
-	-	785	-	-	-
-	1,218	15,576	-	-	-
-	-	-	-	-	-
-	-	713	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,387	-	-	-
-	-	-	-	-	-
29,134	1,159	3,210	-	5,959	-
-	-	-	-	-	-
<u>32,991</u>	<u>271,829</u>	<u>391,010</u>	<u>791,533</u>	<u>397,140</u>	<u>98,738</u>
-	-	-	(181,099)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(181,099)	-	-
-	-	-	440,732	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259,633</u>	<u>\$ -</u>	<u>\$ -</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2011

DATA CONTROL CODES	424 READING TO SUCCEED LICENSE	427 TEXAS FITNESS NOW	429 DISTRICT AWARDS TEACHERS EXCELLENCE	482 TRINITY UNIVERSITY	
REVENUES					
5700	Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	32	32,407	1,491,672	-
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>32</u>	<u>32,407</u>	<u>1,491,672</u>	<u>-</u>
EXPENDITURES					
0011	Instruction	-	29,498	1,181,996	-
0012	Instructional Resources & Media Services	32	-	807	-
0013	Curriculum Development and Instructional Staff Development	-	2,909	91,149	-
0021	Instructional Leadership	-	-	26,115	774
0023	School Leadership	-	-	147,090	-
0031	Guidance, Counseling, & Evaluation Services	-	-	27,648	-
0032	Social Work Services	-	-	10,639	-
0033	Health Services	-	-	4,188	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Curricular/Extracurricular Activities	-	-	-	-
0041	General Administrative	-	-	-	-
0051	Plant Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	2,040	-
0061	Community Services	-	-	-	-
0093	Payments Related to Shared Service Arrangements	-	-	-	-
6030	Total Expenditures	<u>32</u>	<u>32,407</u>	<u>1,491,672</u>	<u>774</u>
1100	Excess (Deficiency) Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(774)</u>
Other Financing Sources					
	Proceeds from Sale of Fixed Assets	-	-	-	-
7020	Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Excess (Deficiency) of Revenues and Other Resources Over (Under) Expenditures and Other Uses	-	-	-	(774)
0100	Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,041</u>
3000	FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,267</u>

EXHIBIT O-2

488 SAN ANTONIO WATER SYSTEM GRANT	TOTALS	
	98 JUNE 30, 2011	97 JUNE 30, 2010
\$ 4,927	\$ 2,564,356	\$ 2,710,362
-	3,476,234	3,052,022
-	<u>24,260,762</u>	<u>22,918,366</u>
<u>4,927</u>	<u>30,301,352</u>	<u>28,680,750</u>
4,914	13,127,546	13,599,522
-	16,531	15,649
-	2,340,388	1,777,835
-	506,823	516,337
-	368,581	303,407
-	370,844	692,668
-	206,440	27,113
-	105,152	125,846
-	2,241	43,812
-	9,224,990	8,208,829
-	9,383	11,856
-	-	365
-	2,851,465	2,334,743
-	10,526	597
-	4,994	4,479
-	195,545	137,737
-	<u>162,500</u>	-
<u>4,914</u>	<u>29,503,949</u>	<u>27,800,795</u>
<u>13</u>	<u>797,403</u>	<u>879,955</u>
-	<u>26,540</u>	<u>9,829</u>
-	<u>26,540</u>	<u>9,829</u>
-	<u>26,540</u>	<u>9,829</u>
13	823,943	889,784
-	<u>4,797,280</u>	<u>3,907,496</u>
<u>\$ 13</u>	<u>\$ 5,621,223</u>	<u>\$ 4,797,280</u>

JUDSON INDEPENDENT SCHOOL DISTRICT
STATEMENT OF SCHOOL TAX ASSESSOR-COLLECTOR ACCOUNT (UNAUDITED)
YEAR ENDED JUNE 30, 2011

EXHIBIT S-1

CHARGES		
Original Roll as Approved (Certified by BCAD)	\$85,940,294	
Add: Supplemental Roll	1,834,693	
Add: Certificate of Error Roll	<u>(472,857)</u>	
Total Taxes to Account For		\$87,302,130
CREDITS		
Cash Collections	<u>85,660,535</u>	<u>85,660,535</u>
BALANCE CURRENT ROLL, JUNE 30, 2011		<u>\$ 1,641,595</u>
CASH ACCOUNT (Tax Year)		
Current Roll Collections	\$85,660,535	
Delinquent Taxes-2009	1,290,246	
Delinquent Taxes-2008	137,972	
Delinquent Taxes-2007	31,394	
Delinquent Taxes-2006	11,728	
Delinquent Taxes-2005	29,365	
Delinquent Taxes-2004	16,614	
Delinquent Taxes-2003	3,847	
Delinquent Taxes-2002	2,199	
Delinquent Taxes-2001 and Prior	<u>15,970</u>	\$87,199,870
Penalty and Interest		<u>650,380</u>
TOTAL CASH COLLECTED		<u>\$87,850,250</u>
TOTAL CASH REMITTED TO DISTRICT		<u>\$87,850,250</u>

NOTE: The delinquent tax collections above are net of tax refunds.

JUDSON INDEPENDENT SCHOOL DISTRICT
ATHLETIC FUND
STATEMENT OF REVENUES AND EXPENDITURES (UNAUDITED)
YEAR ENDED JUNE 30, 2011

EXHIBIT S-2

REVENUES

\$ 387,137

EXPENDITURES

Payroll Costs:

Salaries	\$101,753	
Group Health and Life Insurance	6,271	
Teacher's Retirement	912	
Payroll Taxes (FICA)	<u>1,637</u>	110,573

Purchased and Contracted Services:

Equipment Maintenance and Repairs	34,256	
Game Officials and Security	142,596	
Electricity	448	
Rents	<u>12,323</u>	189,623

Supplies and Materials:

Athletic Supplies	<u>372,596</u>	372,596
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Other Operating Expenses:

Travel and Subsistence	62,259	
Insurance and Bonding Expense	56,745	
Dues	3,660	
Miscellaneous Operating Fees	26,111	
Reclassified Transportation Expense	<u>75,183</u>	223,958

Capital Outlay:

Furniture and Equipment	<u>15,775</u>	<u>15,775</u>
Total Expenditures		<u>912,525</u>

EXPENDITURES IN EXCESS OF REVENUES

\$(525,388)

NOTE: This statement of revenues and expenditures is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, General fund, Exhibit C-2.

JUDSON INDEPENDENT SCHOOL DISTRICT
CHILD NUTRITION AND CONCESSION FUNDS
BALANCE SHEET (UNAUDITED)
JUNE 30, 2011

EXHIBIT S-3

ASSETS

Cash and Cash Equivalents	\$ 6,656
Temporary Investments	7,262,564
Accounts Receivable	76,145
Inventory	70,504
Deferred Expenses	<u>5,699</u>

TOTAL ASSETS	<u>\$ 7,421,567</u>
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LIABILITIES

Accounts Payable	\$ 85,982
Accrued Wages	15,257
Workmen's Compensation-Future Pay	1,994,779
Due to General Fund	<u>26,128</u>
Total Liabilities	2,122,146

FUND EQUITY

5,299,421

TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 7,421,567</u>
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NOTE: This balance sheet is included in the Balance Sheet - Governmental Fund, Other Governmental Funds, Exhibit C-1.

JUDSON INDEPEND-ENT SCHOOL DISTRICT
CHILD NUTRITION AND CONCESSION FUNDS
STATEMENT OF REVENUES AND EXPENDITURES (UNAUDITED)
YEAR ENDED JUNE 30, 2011

EXHIBIT S-4

REVENUES

Food Service Revenues	\$ 2,549,100	
State Matching Funds	64,696	
Child Nutrition Programs	7,219,916	
Commodities Receipts	529,312	
Other Resources	101,695	
Interest	<u>9,980</u>	
Total Revenues		\$10,474,699

EXPENDITURES

<u>Payroll Costs</u>		
Salaries-Food Service	2,900,607	
Uniform Allowance	1,920	
Group Health and Life Insurance	357,793	
Teacher's Retirement	199,159	
Employee Benefits	26,619	
Payroll Taxes (FICA)	<u>50,592</u>	3,536,690
<u>Purchased and Contracted Services:</u>		
Equipment Repair	134,073	
Water	22,602	
Electricity	52,458	
Gas	5,197	
Other Professional Services	<u>98,886</u>	313,216
<u>Supplies and Materials:</u>		
Vehicle - Supplies/Repairs and Gasoline	27,625	
Food and Milk	3,945,991	
Commodities	546,839	
Nonfood Consumed	458,545	
General Supplies	<u>263,998</u>	5,242,998
<u>Other Operating Expenses</u>		
Travel	24,065	
Dues	587	
Other	3,993	
Insurance and Bonding Expenses	<u>3,696</u>	32,341
<u>Capital Outlay</u>		
Equipment	<u>354,823</u>	<u>354,823</u>
Total Expenditures		<u>9,480,068</u>

REVENUES IN EXCESS OF EXPENDITURES		<u>\$ 994,631</u>
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NOTE: This statement of revenues and expenditures is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances, Other Governmental Funds, Exhibit C-2.

JUDSON INDEPENDENT SCHOOL DISTRICT
CHILD NUTRITION AND CONCESSION FUNDS
STATEMENT OF CHANGES IN FUND EQUITY (UNAUDITED)
YEAR ENDED JUNE 30, 2011

EXHIBIT S-5

Fund Equity at July 1, 2010	\$4,304,791
Revenues in Excess of Expenditures - Year Ended June 30, 2011	<u>994,631</u>
 FUND EQUITY AT JUNE 30, 2011	 <u><u>\$5,299,422</u></u>

NOTE: Judson Independent School District maintains a separate group of accounts for control purposes for recording transactions in the Food Service Fund. At June 30, 2011 the accounts of this fund are reflected with the current fund accounts and this statement of changes in fund equity is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances, Other Governmental Funds, Exhibit C-2.

JUDSON INDEPENDENT SCHOOL DISTRICT
STUDENT/CAMPUS ACTIVITY FUNDS
COMBINED BALANCE SHEET (UNAUDITED)
JUNE 30, 2011

EXHIBIT S-6

ASSETS

Cash in Bank, Twenty-six Accounts	\$ 855,830
Temporary Investments	<u> -</u>

TOTAL ASSETS	<u>\$ 855,830</u>
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EQUITY

Equity Balance at July 1, 2010	\$ 806,177
Revenues in Excess of Expenditures for the Fiscal Year Ending June 30, 2011	<u> 49,653</u>

TOTAL EQUITY	<u>\$ 855,830</u>
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NOTE: This balance sheet is included in the statement of fiduciary net assets on Exhibit E-1.

JUDSON INDEPENDENT SCHOOL DISTRICT
STUDENT/CAMPUS ACTIVITY FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN EQUITY (UNAUDITED)
YEAR ENDED JUNE 30, 2011

EXHIBIT S-7

	<u>EQUITY</u> <u>JULY 1,</u> <u>2010</u>	<u>REVENUES</u>	<u>EXPENDITURES</u>	<u>NET</u> <u>INCREASE</u> <u>(DECREASE)</u>	<u>EQUITY</u> <u>JUNE 30,</u> <u>2011</u>
Judson High School	\$ 238,412	\$ 753,991	\$ 811,823	\$(57,832)	\$ 180,580
Wagner High School	104,034	297,000	288,491	8,509	112,543
Judson Early College Academy	10,471	50,723	32,984	17,739	28,210
Kirby Middle School	14,301	123,651	110,158	13,493	27,794
Kitty Hawk Middle School	148,922	216,198	213,185	3,013	151,935
Woodlake Hills Middle School	43,752	114,537	100,284	14,253	58,005
Metzger Middle School	23,365	99,337	96,933	2,404	25,769
Judson Middle School	-	101,481	83,513	17,968	17,968
Converse Elementary	29,682	15,752	14,925	827	30,509
Hopkins Elementary	11,533	16,922	13,586	3,336	14,869
Franz Elementary	11,302	16,452	16,416	36	11,338
Coronado Village Elementary	11,195	37,509	28,262	9,247	20,442
Park Village Elementary	2,751	27,462	25,020	2,442	5,193
Crestview Elementary	29,978	33,792	30,286	3,506	33,484
Woodlake Elementary	5,805	33,738	32,610	1,128	6,933
Olympia Elementary	15,765	35,078	43,011	(7,933)	7,832
Spring Meadows Elementary	5,543	24,921	14,825	10,096	15,639
Miller's Point Elementary	17,428	22,818	23,931	(1,113)	16,315
Candlewood Elementary	5,980	18,488	22,685	(4,197)	1,783
Elof Elementary	15,378	32,454	32,415	39	15,417
Paschall Elementary	27,928	25,954	24,885	1,069	28,997
Hartman Elementary	3,098	40,669	37,612	3,057	6,155
Salinas Elementary	13,232	21,733	27,889	(6,156)	7,076
Masters Elementary	4,901	32,127	29,519	2,608	7,509
Rolling Meadows Elementary	-	34,786	23,013	11,773	11,773
JISD Activity Fund	11,421	6,671	6,330	341	11,762
FUND TOTALS	<u>\$ 806,177</u>	<u>\$2,234,244</u>	<u>\$ 2,184,591</u>	<u>\$ 49,653</u>	<u>\$ 855,830</u>