

**DUNCANVILLE  
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2008**

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2008

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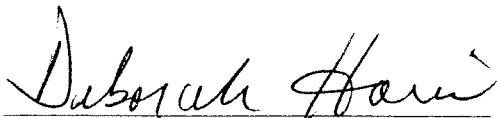
**CERTIFICATE OF BOARD**

Duncanville Independent School District  
Name of School District

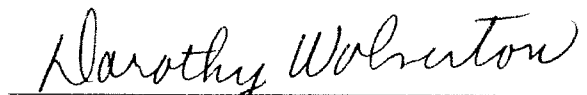
Dallas  
County

057-907  
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial report on the above named school district was reviewed and (check one) (☒) approved ( ☐ ) disapproved for the year ended August 31, 2008, at a meeting of the board of school trustee of such school district on the 12th day of January, 2009.



Signature of Board Secretary



Signature of Board President

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**Independent Auditor's Report**

Board of Trustees  
Duncanville Independent School District  
Duncanville, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Duncanville Independent School District (the District), as of and for the year ended August 31, 2008, 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 basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic 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 the District as of August 31, 2008, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2009, on our consideration of the District's internal control over financial reporting and 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 7 through 14 and 28 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, and statistical section, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. The other supplementary information, excluding the Fund Balance and Cash Flow Calculation Worksheet – General Fund (Exhibit J-3) which is marked unaudited and on which we express no opinion, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Hankins, Eastup, Deaton, Tonn & Seay*

Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

January 6, 2009

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Duncanville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2008. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

#### In accordance with GASB 34:

- The District's total combined net assets were \$5,347,348 at August 31, 2008. A total of \$6,815,953 is unrestricted and may be used to meet the District's ongoing obligations.
- During the year, the District's expenses were \$4,100,168 less than the \$113,820,508 generated in taxes and other revenues from governmental activities.
- The total cost of the District's programs was \$109,720,340.

#### In accordance with Fund Accounting:

- The District's governmental funds reported a combined fund balance of \$23,485,982. Of this amount, \$11,777,760 is available for spending at the District's discretion. \$5,903,535 is designated for future construction and technology projects approved through bond programs and \$815,000 is designated for the District's retirement plan.
- The District's general fund reported an unrestricted fund balance of \$11,290,428, or 13.9% of the total general fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *other 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.
  - *Governmental fund* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.
  - *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 remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.



## Government-wide Statements

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

The two government-wide statements, *statement of net assets* and *statement of activities*, 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, you need to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *governmental activities*. These statements recognize the District's functions, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration as being primarily supported by property taxes and intergovernmental revenues. The government-wide financial statements can be found on pages 17 and 19 of this report.

## Fund Financial Statements

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

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

The District has three kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because the focus of the governmental funds is shorter-term than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. In addition, reconciliations are provided following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances to aid in the comparison between *governmental funds* and *governmental activities*. The basic governmental fund financial statements can be found beginning on page 20 of this report. Page 28 also includes a Budgetary Comparison Schedule for the General Fund, which is required supplementary information.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. There are two types of proprietary funds:
  - *Internal service funds* are used to report activities that provide supplies and services for the District's other programs and activities—such as the District's Worker's Compensation Self Insurance Fund.

- *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District does not maintain any *enterprise funds*.

The basic proprietary fund financial statements can be found beginning on page 29 of this report.

- *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 that can be found on pages 32 and 33 of this report. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

## Notes to the Financial Statements

The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 34 of this report.

## Other Information

This report also presents certain *other information* required by the Texas Education Agency that further explains and supports the information in the financial statements. This information can be found on pages 68-73 of this report.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

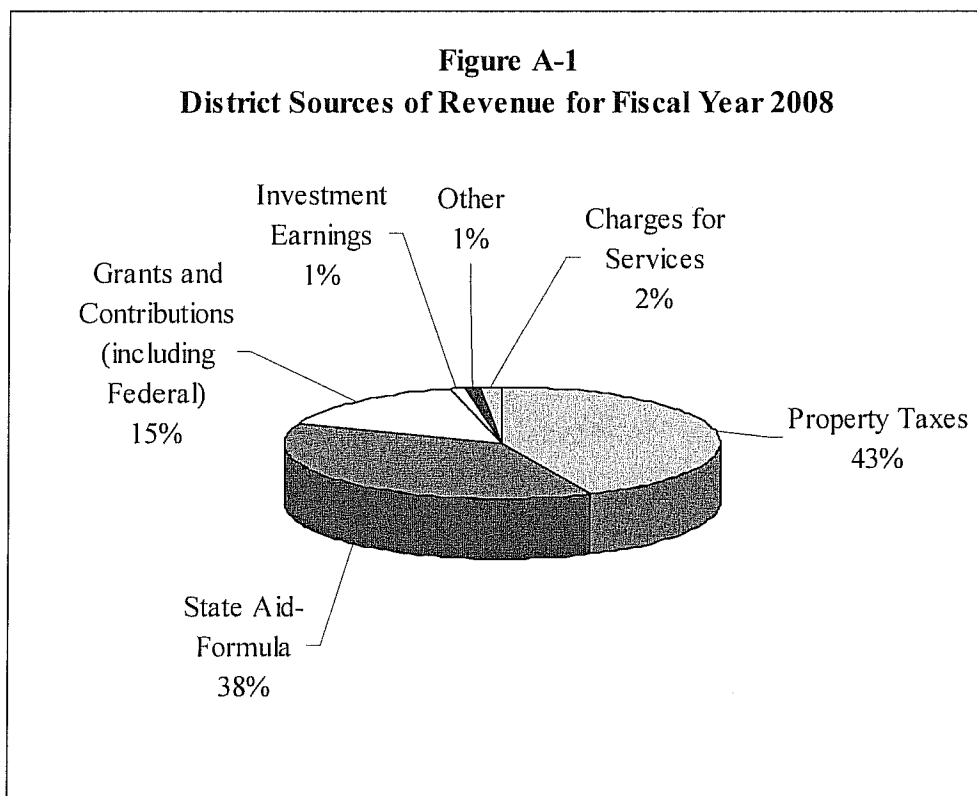
**Net assets.** The District’s *combined* net assets were \$5,347,348 at August 31, 2008. (See Table A-1).

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

	<b>Governmental Activities</b>		<b>Percentage Change</b>
	<b><u>2008</u></b>	<b><u>2007</u></b>	
Current and Other Assets	32,759,204	27,582,923	18.77%
Capital and Non-Current Assets	186,727,897	191,459,980	-2.47%
<b>Total Assets</b>	<b>219,487,101</b>	<b>219,042,903</b>	<b>0.20%</b>
Current Liabilities	4,344,286	3,708,372	17.15%
Long Term Liabilities	209,795,467	211,873,169	-0.98%
<b>Total Liabilities</b>	<b>214,139,753</b>	<b>215,581,541</b>	<b>-0.67%</b>
Net Assets			
Invested in Capital Assets			
net of related debt	(6,435,542)	(7,149,076)	9.98%
Restricted	4,966,937	3,319,201	49.64%
Unrestricted	6,815,953	7,291,237	-6.52%
<b>Total Net Assets</b>	<b>5,347,348</b>	<b>3,461,362</b>	<b>54.49%</b>

Investment in capital assets (e.g. land, buildings, furniture, and equipment) less any related debt used to acquire those assets is (\$6,435,542). This amount is negative primarily due to approximately \$6.5 million in current year depreciation and \$3.2 million in current year accreted interest on bonds. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional amount, \$4,966,937 (restricted net assets), represents resources that are subject to external limitations on how they may be used. The remaining \$6,815,953 (unrestricted net assets) represents resources available to fund the programs of the District next year.

**Changes in net assets.** The District's total revenues were \$113,820,508. A significant portion, 43 percent, of the District's revenue comes from taxes. (See Figure A-1.) 38 percent comes from state allocations – formula grants, while only 15 percent relates to grants and contributions (including federal funds).



**Governmental Activities.** The total cost of all programs and services was \$109,720,340 (See Table A-2); 53.3% of these costs are for instruction and instructional related services.

### Changes in the District's Net Assets

	<b>Governmental Activities</b>		<b>Total %</b>
	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>Change</u></b>
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	1,956,562	1,956,728	-0.01%
Operating Grants and Contributions	16,678,585	14,623,441	14.05%
<u>General Revenues</u>			
Property Taxes	49,220,417	56,580,459	-13.01%
State aid - formula	42,914,590	32,669,861	31.36%
Grants and Contributions	569,550	71,782	693.44%
Investment earnings	1,152,862	1,886,109	-38.88%
Other	1,327,942	721,662	84.01%
<b>Total Revenues</b>	<b>113,820,508</b>	<b>108,510,042</b>	<b>4.89%</b>
<b>Expenses</b>			
Instruction	55,306,325	53,732,109	2.93%
Instructional Resources & Media Services	1,729,364	1,629,981	6.10%
Curriculum & Staff Deveelopment	1,428,995	1,338,054	6.80%
Instructional Leadership	1,592,425	1,695,487	-6.08%
School Leadership	5,692,790	5,516,302	3.20%
Guidance, Counseling & Evaluation Services	4,256,834	4,135,105	2.94%
Social Work Services	43,984	43,470	1.18%
Health Services	995,790	933,312	6.69%
Student (Pupil) Transportation	3,002,489	2,940,952	2.09%
Food Services	5,304,789	5,783,361	-8.27%
Cocurricular/Extracurricular Activities	2,713,846	2,337,282	16.11%
General Administration	2,560,543	2,790,804	-8.25%
Plant Maintenance & Operations	10,913,535	10,583,230	3.12%
Security & Monitoring Services	1,077,174	1,167,767	-7.76%
Data Processing Services	1,303,677	1,235,464	5.52%
Community Services	406,653	350,779	15.93%
Debt Service - Interest, Issuance Cost and Fees	11,228,788	10,707,626	4.87%
Facilities Acquisition and Construction	25,028	175,333	-85.73%
Payments to Fiscal Agent/Member Districts of SSA	3,000	700	328.57%
Payments to Juvenile Justice Alternative Ed. Prg.	134,311	166,972	-19.56%
<b>Total Expenses</b>	<b>109,720,340</b>	<b>107,264,090</b>	<b>2.29%</b>
<b>Increase in Net Assets</b>	<b>4,100,168</b>	<b>1,245,952</b>	<b>229.08%</b>
<b>Beginning Net Assets</b>	<b>3,461,362</b>	<b>2,215,410</b>	<b>56.24%</b>
<b>Prior Period Adjustment</b>	<b>(2,214,182)</b>	<b>-</b>	<b>N/A</b>
<b>Ending Net Assets</b>	<b>5,347,348</b>	<b>3,461,362</b>	<b>54.49%</b>

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

- The cost of all *governmental* activities this year was \$109,720,340.
- The amount that our taxpayers paid for these activities through property taxes was \$49,220,417.
- Some of the cost was paid by those who directly benefited from the programs (\$1,956,562), or
- By operating grants and contributions (\$16,678,585).

#### Net Cost of Selected District Functions

	Total Cost of Services		% Change	Net Cost of Services		% Change
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>	
Instruction	55,306,325	53,732,109	2.93%	49,352,402	48,174,427	2.45%
Debt Service - Interest on Long Term Debt	11,228,788	10,707,626	4.87%	8,426,725	7,627,570	10.48%
Plant Maintenance & Operations	10,913,535	10,583,230	3.12%	10,441,032	10,176,682	2.60%
School Leadership	5,692,790	5,516,302	3.20%	5,350,281	5,220,210	2.49%
Food Services	5,304,789	5,783,361	-8.27%	373,057	898,639	-58.49%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from the general fund totaled \$85,287,328, an increase of 4.5% over the preceding year. Property tax values increased approximately 6%, while property tax revenues decreased 17%. The decrease in property tax revenues is due to House Bill 1 legislation that required all school districts to reduce their maintenance and operations tax rate to 66.66% of their 2005-2006 tax rate. The increase in state revenues is primarily a result of additional funding provided to offset the decline in local property tax rates. The increase in federal revenues is primarily due to SHARS (School Health and Related Services) revenues. The Texas Medicaid State Plan processed retroactive reimbursements to districts for personnel services for the past two years. This one time payment caused 2007-2008 federal revenues to be abnormally high.

### General Fund Budgetary Highlights

Over the course of the year, the District amended its budget several times. Even with these adjustments, actual expenditures were \$2,889,039 below final budget amounts. The most significant positive variances resulted from instruction, general administration, and transportation. The positive variances are primarily due to payroll costs being less than anticipated.

Additionally, resources available were \$2,612,459 above the final budgeted amounts. The positive variance is primarily due to increased student population resulting in additional funding.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2008, the District had invested \$274,742,038 in a broad range of capital assets, including land, land improvements, buildings and improvements, furniture and equipment, and construction in progress. (See Table A-4.) This amount represents a net decrease (including additions and deductions) of \$4,575,757 or 2.4 percent less than last year.

**Table A-4**  
**District's Capital Assets**

	Governmental Activities		Total % Change
	2008	2007	
Land	5,151,359	5,151,359	0.0%
Land Improvements	6,350,841	5,913,043	7.4%
Buildings and Improvements	248,566,046	248,566,146	0.0%
Furniture and Equipment	11,244,740	11,326,745	-0.7%
Construction in Progress	3,429,052	2,473,413	38.6%
<b>Totals at historical cost</b>	<b>274,742,038</b>	<b>273,430,706</b>	<b>0.5%</b>
<b>Total accumulated depreciation</b>	<b>(90,513,896)</b>	<b>(84,626,807)</b>	<b>7.0%</b>
<b>Net capital assets</b>	<b>184,228,142</b>	<b>188,803,899</b>	<b>-2.4%</b>

The District's fiscal year 2009 capital budget projects spending another million for capital projects; primarily technology projects and the completion of building renovations. More detailed information about the District's capital assets is presented in Note 5 on page 43 of the financial statements.

### Long-Term Debt

At year-end the District had \$209,795,467 in bonds, leases, and notes payable as shown in Table A-5. More detailed information about the District's long-term debt is presented in Notes 8 through 11 on pages 45-47 of the financial statements.

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

	<b>Governmental Activities</b>		<b>Total % Change</b>
	<b>2008</b>	<b>2007</b>	
General Obligation Bonds	174,686,552	181,758,417	-3.89%
Accreted Interest	21,317,608	18,828,469	13.22%
Maintenance Tax Note	986,849	1,088,986	-9.38%
Capital Leases	1,716,327	1,887,156	-9.05%
Loss on Refundings	(7,071,217)	(7,666,968)	-7.77%
Bond Premium/Discount	18,159,348	18,191,292	-0.18%
<b>Total Long-Term Debt</b>	<b>209,795,467</b>	<b>214,087,352</b>	<b>-2.00%</b>

### **Bond Ratings**

The District's bonds presently carry "AAA" ratings with underlying ratings as follows:  
Moody's Investor Services "A2" and Standard & Poors "A+"

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

- Appraised value used for the 2009 budget preparation is up only 0.3% from 2008.
- The District's 2009 refined average daily attendance is expected to remain steady at 11,592.
- District voters did not approve a tax ratification election in October 2008 to increase the tax rate by 13 cents.

These indicators were taken into account when adopting the general fund budget for 2009. Amounts available for appropriation in the general fund budget are \$82.8 million, an increase of 0.2% over the final 2008 budget of \$82.6 million. Expenditures are budgeted at \$82.6 million in 2009. Employee raises were contingent on the voters approving the tax ratification election; therefore, the cost of raises is not included in the general fund budget. General operating fund spending per student remains at approximately \$6,600 in the 2009 budget. The District has added no major new programs or initiatives to the 2009 budget.

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

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

## **BASIC FINANCIAL STATEMENTS**



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DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2008

Data		Primary Government
Control		
Codes		Governmental Activities
<hr/>		
ASSETS		
1110	Cash and Cash Equivalents	\$ 25,111,952
1220	Property Taxes Receivable (Delinquent)	4,044,644
1230	Allowance for Uncollectible Taxes	(217,282)
1240	Due from Other Governments	3,081,338
1267	Due from Fiduciary Funds	36
1290	Other Receivables, net	13,711
1300	Inventories	654,448
1410	Deferred Expenses	70,357
1420	Capitalized Bond Issuance Costs	2,499,755
Capital Assets:		
1510	Land and Land Improvements, Net	8,440,990
1520	Buildings, Net	168,465,012
1530	Furniture and Equipment, Net	3,893,088
1580	Construction in Progress	3,429,052
1000	Total Assets	<hr/> 219,487,101 <hr/>
LIABILITIES		
2110	Accounts Payable	980,473
2140	Accrued Interest Payable	324,463
2150	Payroll Deductions & Withholdings	36,195
2160	Accrued Wages Payable	2,282,571
2200	Accrued Expenses	574,710
2300	Deferred Revenues	145,874
Noncurrent Liabilities		
2501	Due Within One Year	8,865,822
2502	Due in More Than One Year	200,929,645
2000	Total Liabilities	<hr/> 214,139,753 <hr/>
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	(6,435,542)
3820	Restricted for Food Service Program	469,271
3850	Restricted for Debt Service	4,497,666
3900	Unrestricted Net Assets	6,815,953
3000	Total Net Assets	<hr/> \$ 5,347,348 <hr/>

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

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DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2008

EXHIBIT B-1

Data Control Codes	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	1	3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities	
<b>Primary Government:</b>					
GOVERNMENTAL ACTIVITIES:					
11 Instruction	\$ 55,306,325	\$ 175,368	\$ 5,778,555	\$ (49,352,402)	
12 Instructional Resources and Media Services	1,729,364	-	158,945	(1,570,419)	
13 Curriculum and Instructional Staff Development	1,428,995	-	612,730	(816,265)	
21 Instructional Leadership	1,592,425	-	279,314	(1,313,111)	
23 School Leadership	5,692,790	-	342,509	(5,350,281)	
31 Guidance, Counseling and Evaluation Services	4,256,834	-	523,656	(3,733,178)	
32 Social Work Services	43,984	-	2,403	(41,581)	
33 Health Services	995,790	-	626,127	(369,663)	
34 Student (Pupil) Transportation	3,002,489	-	505,117	(2,497,372)	
35 Food Services	5,304,789	1,398,946	4,278,900	373,057	
36 Extracurricular Activities	2,713,846	208,889	142,043	(2,362,914)	
41 General Administration	2,560,543	-	94,539	(2,466,004)	
51 Plant Maintenance and Operations	10,913,535	173,359	299,144	(10,441,032)	
52 Security and Monitoring Services	1,077,174	-	36,384	(1,040,790)	
53 Data Processing Services	1,303,677	-	127,913	(1,175,764)	
61 Community Services	406,653	-	42,735	(363,918)	
72 Debt Service - Interest on Long Term Debt	11,052,583	-	2,802,063	(8,250,520)	
73 Debt Service - Bond Issuance Cost and Fees	176,205	-	-	(176,205)	
81 Facilities Acquisition and Construction	25,028	-	22,508	(2,520)	
93 Payments to Fiscal Agent/Member Districts of SSA	3,000	-	3,000	-	
95 Payments to Juvenile Justice Alternative Ed. Prg.	134,311	-	-	(134,311)	
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 109,720,340	\$ 1,956,562	\$ 16,678,585	(91,085,193)	

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	36,117,675
DT	Property Taxes, Levied for Debt Service	13,102,742
SF	State Aid - Formula Grants	42,914,590
GC	Grants and Contributions not Restricted	569,550
IE	Investment Earnings	1,152,862
MI	Miscellaneous Local and Intermediate Revenue	1,327,942
TR	Total General Revenues	95,185,361
CN	Change in Net Assets	4,100,168
NB	Net Assets--Beginning	3,461,362
PA	Prior Period Adjustment	(2,214,182)
NE	Net Assets--Ending	\$ 5,347,348

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2008

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 12,526,027	\$ 3,979,438	\$ 6,005,513
1220	Property Taxes - Delinquent	3,198,613	846,031	-
1230	Allowance for Uncollectible Taxes (Credit)	(170,882)	(46,400)	-
1240	Due from Other Governments	2,229,380	46,560	-
1260	Due from Other Funds	579,568	-	-
1290	Other Receivables	13,711	-	-
1300	Inventories	358,785	-	-
1410	Deferred Expenditures	70,357	-	-
1000	Total Assets	<u>\$ 18,805,559</u>	<u>\$ 4,825,629</u>	<u>\$ 6,005,513</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110	Accounts Payable	\$ 676,627	\$ 3,500	\$ 101,978
2150	Payroll Deductions and Withholdings Payable	36,195	-	-
2160	Accrued Wages Payable	2,147,806	-	-
2170	Due to Other Funds	66,484	-	-
2200	Accrued Expenditures	240,902	-	-
2300	Deferred Revenues	3,034,199	799,631	-
2000	Total Liabilities	<u>\$ 6,202,213</u>	<u>\$ 803,131</u>	<u>\$ 101,978</u>
Fund Balances:				
Reserved For:				
3410	Investments in Inventory	\$ 358,785	\$ -	\$ -
3420	Retirement of Long Term Debt	-	4,022,498	-
3430	Prepaid Items	70,357	-	-
3440	Outstanding Encumbrances	68,776	-	-
3450	Food Service	-	-	-
3490	Construction	-	-	5,903,535
Unreserved Designated For:				
3590	Other Purposes	815,000	-	-
Unreserved and Undesignated:				
3600	Reported in the General Fund	11,290,428	-	-
3610	Reported in Special Revenue Funds	-	-	-
3000	Total Fund Balances	<u>\$ 12,603,346</u>	<u>\$ 4,022,498</u>	<u>\$ 5,903,535</u>
4000	Total Liabilities and Fund Balances	<u>\$ 18,805,559</u>	<u>\$ 4,825,629</u>	<u>\$ 6,005,513</u>

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

	Other Funds	Total Governmental Funds
\$	843,655	\$ 23,354,633
	-	4,044,644
	-	(217,282)
	805,398	3,081,338
	68,073	647,641
	-	13,711
	295,663	654,448
	-	70,357
\$	2,012,789	\$ 31,649,490

\$	197,222	\$ 979,327
	-	36,195
	134,765	2,282,571
	584,793	651,277
	-	240,902
	139,406	3,973,236
\$	1,056,186	\$ 8,163,508

\$	-	\$ 358,785
	-	4,022,498
	-	70,357
	-	68,776
	469,271	469,271
	-	5,903,535
	-	815,000
	-	11,290,428
	487,332	487,332
\$	956,603	\$ 23,485,982

\$	2,012,789	\$ 31,649,490
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DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2008

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 23,485,982</b>
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,426,037
2 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.	274,742,038
3 Accumulated depreciation is not reported in the fund financial statements.	(90,513,896)
4 Bonds payable, notes payable, and capital leases payable are not reported in the fund financial statements.	(177,389,728)
5 Accreted interest on capital appreciation bonds is not reported in the fund financial statements.	(21,317,608)
6 Bond issuance cost is not capitalized in the fund financial statements.	2,499,755
7 Property tax revenue reported as deferred revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.	3,827,362
8 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(324,463)
9 Bond premiums and discounts are not recognized in the fund financial statements.	(18,159,348)
10 Deferred losses on bond refundings have not been recognized in the fund financial statements.	7,071,217
<b>19 Net Assets of Governmental Activities</b>	<b>\$ 5,347,348</b>

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



DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 38,656,416	\$ 13,338,651	\$ 254,782
5800 State Program Revenues	46,008,835	2,802,063	-
5900 Federal Program Revenues	622,077	-	-
5020 Total Revenues	85,287,328	16,140,714	254,782
EXPENDITURES:			
Current:			
0011 Instruction	45,491,245	-	400,103
0012 Instructional Resources and Media Services	1,438,743	-	-
0013 Curriculum and Instructional Staff Development	835,962	-	-
0021 Instructional Leadership	1,340,107	-	12,727
0023 School Leadership	5,524,257	-	13,343
0031 Guidance, Counseling and Evaluation Services	3,880,186	-	-
0032 Social Work Services	43,984	-	-
0033 Health Services	988,679	-	-
0034 Student (Pupil) Transportation	2,777,022	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	2,242,608	-	-
0041 General Administration	2,542,534	-	-
0051 Facilities Maintenance and Operations	10,738,280	-	86,141
0052 Security and Monitoring Services	1,036,384	-	-
0053 Data Processing Services	1,139,650	-	9,845
0061 Community Services	359,181	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	613,381	7,071,866	-
0072 Debt Service - Interest on Long Term Debt	130,808	7,825,556	-
0073 Debt Service - Bond Issuance Cost and Fees	500	7,474	11,905
Capital Outlay:			
0081 Facilities Acquisition and Construction	94,371	-	1,212,029
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	134,311	-	-
6030 Total Expenditures	81,352,193	14,904,896	1,746,093
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	3,935,135	1,235,818	(1,491,311)
OTHER FINANCING SOURCES (USES):			
7913 Capital Leases	340,413	-	-
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	340,413	-	-
1200 Net Change in Fund Balances	4,275,548	1,235,818	(1,491,311)
0100 Fund Balance - September 1 (Beginning)	8,327,798	2,786,680	7,394,846
3000 Fund Balance - August 31 (Ending)	\$ 12,603,346	\$ 4,022,498	\$ 5,903,535

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

	Other Funds	Total Governmental Funds
\$	2,304,565	\$ 54,554,414
	2,162,758	50,973,656
	7,997,442	8,619,519
	12,464,765	114,147,589
	4,647,815	50,539,163
	124,019	1,562,762
	593,019	1,428,981
	218,764	1,571,598
	89,794	5,627,394
	316,630	4,196,816
	-	43,984
	3,117	991,796
	21,550	2,798,572
	5,047,957	5,047,957
	454,778	2,697,386
	298	2,542,832
	183,677	11,008,098
	830	1,037,214
	82,526	1,232,021
	47,472	406,653
	-	7,685,247
	-	7,956,364
	-	19,879
	145,502	1,451,902
	3,000	3,000
	-	134,311
	11,980,748	109,983,930
	484,017	4,163,659
	-	340,413
	67,654	67,654
	(516)	(516)
	67,138	407,551
	551,155	4,571,210
	405,448	18,914,772
\$	956,603	\$ 23,485,982

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2008

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 4,571,210</b>
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net effect of this consolidation is to increase net assets.	406,645
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the 2008 capital asset additions is to increase net assets.	1,891,815
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets in the government-wide financial statements.	(6,467,572)
Current year long-term debt principal payments on bonds payable, notes payable, capital leases, and payments of accreted interest on capital appreciation bonds are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	8,413,378
Current year interest accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(3,217,273)
Current year amortization of bond issuance costs is not reflected in the fund financial statements, but is shown as a reduction in the bond issuance costs asset in the government-wide financial statements.	(156,327)
Current year amortization of the premium/discount on bonds payable is not recorded in the fund financial statements, but is shown as a reduction in long-term debt in the government-wide financial statements.	31,944
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed, net of an allowance for uncollectable amounts, in the government-wide financial statements.	(394,218)
Current year amounts financed through capital leases are other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.	(340,413)

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2008

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Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are reported when due.	(43,270)
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Current year amortization of the deferred losses on bond refundings is not reflected in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(595,751)
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<b>Change in Net Assets of Governmental Activities</b>	<hr/> \$ 4,100,168
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The notes to the financial statements are an integral part of this statement.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 35,880,542	\$ 37,720,769	\$ 38,656,416	\$ 935,647
5800	State Program Revenues	46,290,600	44,790,600	46,008,835	1,218,235
5900	Federal Program Revenues	150,000	163,500	622,077	458,577
5020	Total Revenues	82,321,142	82,674,869	85,287,328	2,612,459
EXPENDITURES:					
Current:					
0011	Instruction	46,870,280	46,724,611	45,491,245	1,233,366
0012	Instructional Resources and Media Services	1,515,981	1,522,050	1,438,743	83,307
0013	Curriculum and Instructional Staff Development	890,364	962,200	835,962	126,238
0021	Instructional Leadership	1,574,908	1,555,617	1,340,107	215,510
0023	School Leadership	5,573,469	5,568,375	5,524,257	44,118
0031	Guidance, Counseling and Evaluation Services	3,816,396	4,020,671	3,880,186	140,485
0032	Social Work Services	49,420	49,520	43,984	5,536
0033	Health Services	948,711	1,022,191	988,679	33,512
0034	Student (Pupil) Transportation	2,450,469	3,004,503	2,777,022	227,481
0036	Extracurricular Activities	1,855,745	2,265,432	2,242,608	22,824
0041	General Administration	2,748,083	2,807,308	2,542,534	264,774
0051	Facilities Maintenance and Operations	10,566,369	10,935,129	10,738,280	196,849
0052	Security and Monitoring Services	1,133,068	1,189,151	1,036,384	152,767
0053	Data Processing Services	1,056,093	1,200,811	1,139,650	61,161
0061	Community Services	347,997	372,490	359,181	13,309
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	613,388	613,388	613,381	7
0072	Debt Service - Interest on Long Term Debt	130,828	130,828	130,808	20
0073	Debt Service - Bond Issuance Cost and Fees	-	1,000	500	500
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	116,384	94,371	22,013
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	179,573	179,573	134,311	45,262
6030	Total Expenditures	82,321,142	84,241,232	81,352,193	2,889,039
1100	Excess (Deficiency) of Revenues Over Expenditures	-	(1,566,363)	3,935,135	5,501,498
OTHER FINANCING SOURCES (USES):					
7913	Capital Leases	-	340,413	340,413	-
7080	Total Other Financing Sources (Uses)	-	340,413	340,413	-
1200	Net Change in Fund Balances	-	(1,225,950)	4,275,548	5,501,498
0100	Fund Balance - September 1 (Beginning)	8,327,798	8,327,798	8,327,798	-
3000	Fund Balance - August 31 (Ending)	\$ 8,327,798	\$ 7,101,848	\$ 12,603,346	\$ 5,501,498

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2008

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,757,319
Due from Other Funds	<u>3,672</u>
Total Assets	<u>1,760,991</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,146
Accrued Expenses	<u>333,808</u>
Total Liabilities	<u>334,954</u>
NET ASSETS	
Unrestricted Net Assets	<u>1,426,037</u>
Total Net Assets	<u><u>\$ 1,426,037</u></u>

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 968,435
Total Operating Revenues	<u>968,435</u>
OPERATING EXPENSES:	
Payroll Costs	181,912
Professional and Contracted Services	36,401
Supplies and Materials	46,998
Other Operating Costs	318,122
Total Operating Expenses	<u>583,433</u>
Operating Income	<u>385,002</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	<u>21,643</u>
Total Nonoperating Revenues (Expenses)	<u>21,643</u>
Change in Net Assets	406,645
Total Net Assets - September 1 (Beginning)	<u>1,019,392</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 1,426,037</u></u>

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from District	\$ 717,476
Internal Activity - Receipts from Other Funds	247,287
Cash Payments to Employees for Services	(181,912)
Cash Payments for Insurance Claims	(302,941)
Cash Payments for Suppliers	(84,942)
Net Cash Provided by Operating Activities	<u>394,968</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>21,643</u>
Net Increase in Cash and Cash Equivalents	416,611
Cash and Cash Equivalents at Beginning of the Year:	<u>1,340,708</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 1,757,319</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>	
Operating Income:	\$ 385,002
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Due from Other Funds	(3,672)
Increase (decrease) in Accounts Payable	(1,543)
Increase (decrease) in Accrued Expenses	15,181
Net Cash Provided by Operating Activities	<u>\$ 394,968</u>

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



DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2008

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 72,156	\$ 116,043
Total Assets	<u>72,156</u>	<u>\$ 116,043</u>
<b>LIABILITIES</b>		
Accounts Payable	5,300	\$ -
Due to Other Funds	-	36
Due to Student Groups	-	116,007
Total Liabilities	<u>5,300</u>	<u>\$ 116,043</u>
<b>NET ASSETS</b>		
Unrestricted Net Assets	<u>66,856</u>	
Total Net Assets	<u>\$ 66,856</u>	

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

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	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 14,426
Total Additions	<u>14,426</u>
DEDUCTIONS:	
Other Operating Costs	<u>15,218</u>
Total Deductions	<u>15,218</u>
Change in Net Assets	(792)
 Total Net Assets - September 1 (Beginning)	 <u>67,648</u>
 Total Net Assets - August 31 (Ending)	 <u><u>\$ 66,856</u></u>

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

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity and the District is not included in any other governmental reporting entity.

**Government-Wide and Fund Financial Statements**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Duncanville Independent School District non-fiduciary activities with most of the inter-fund activities removed. Governmental activities include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included in the fund Statement of Net Assets. Net assets are segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

**Fund Accounting**

The District reports the following major governmental funds:

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

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Fund Accounting – continued**

2. **Debt Service Fund** – The debt service fund is utilized to account for the accumulation of resources and the payment of general long-term debt principal, interest, and related costs arising from general obligation bonds.
3. **Capital Projects Fund** – The capital projects fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived from proceeds of General Obligation Bonds and interest earned on such monies and local sources designated for such purpose.

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

**Governmental Funds**

**Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**Proprietary Funds**

**Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are for transportation, a print shop, and Worker's Compensation Self-Insurance.

**Fiduciary Funds**

**Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are scholarship funds that are awarded to current and former students for post-secondary education purposes.

**Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

**Cash and Cash Equivalents**

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

**Investments**

In accordance with GASB Statement No. 31, 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-

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Investments – continued**

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

**Supplies and Materials**

Supplies and materials to be utilized in governmental funds are recorded as expenditures under the consumption method. Under the consumption method, cost is recorded as an expenditure in the period supplies and materials are utilized. Supplies and materials purchased for the subsequent year are recorded by specific identification. All inventories are capitalized at cost using the first-in, first-out valuation method.

**Property Taxes**

Property taxes are levied by October 1, on the assessed value listed as of the January 1 for all real and business personal property located in the District 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

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

**Capital Assets**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**Capital Assets – continued**

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	7-30
Vehicles	5-10
Office equipment	5-20
Computer equipment	5

**Long-Term Debt**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Net Assets**

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation's adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net assets are available for the general use of the District.

When both restricted and unrestricted net assets are available, restricted net assets are expended before unrestricted net assets if such use is consistent with the restricted purpose.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation until expended or accrued as a liability of the fund, is employed as an integral part of the accounting system. There were \$68,776 of encumbrances outstanding as of year-end recorded as a reservation of fund balance.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued**

**Data Control Codes**

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

**Estimates**

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

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of August 31, 2008 will change.

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Data**

The Board of Trustees adopts an "appropriated budget" on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget Statement appears as Exhibit C-5 and the other two reports are reflected as other supplementary information.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by the approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. The following amendments were significant.
  - a. Student Transportation budget was increased by \$554,034.
  - b. Extracurricular Activities budget was increased by \$409,687.



**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – continued**

**Budgetary Data - continued**

4. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency. The budget should not be exceeded in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are used in this report.

**NOTE 3. DEPOSITS AND INVESTMENTS**

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

1. Cash Deposits:

At August 31, 2008, the carrying amount of the District's deposits (checking accounts and interest-bearing demand accounts) was \$(772,459) and the bank balance was \$941,415. The District's cash deposits at August 31, 2008 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. There was one banking day during the year ended August 31, 2008 when the District's cash deposits exceeded the combined FDIC insurance and pledged collateral.

2. Investments:

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

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 3. DEPOSITS AND INVESTMENTS – continued**

- a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of August 31, 2008, the District's cash deposits totaled \$941,415. This entire amount was either collateralized with securities held by the District's agent or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk. There was one banking day during the year ended August 31, 2008 when the District's cash deposits exceeded the combined FDIC insurance and pledged collateral.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2008, the District held investments in four public funds investment pools. Investments in external investment pools are considered unclassified as to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.
- c. Credit Risk: This is the risk that an issuer or other counterparty to an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for Lone Star Investment Pool at year-end was AA+ (Standard & Poor's). The credit quality rating for TexPool Investment Pool at year-end was AA+ (Standard & Poor's). The credit quality rating for LOGIC at year-end was AAA/MR1+ (Moody's). The credit quality rating for MBIA Texas CLASS at year-end was AAA/v1+ (Fitch).
- d. Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District's investment in external investment pools is less than 60 days.
- e. Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2008, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools and U.S. Government Securities are excluded from the 5 percent disclosure requirement.

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

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 3. DEPOSITS AND INVESTMENTS – continued**

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

The District's investments at August 31, 2008, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Lone Star Investment Pool	\$ 9,490,006	\$ 9,490,006
LOGIC Investment Pool	1,311,022	1,311,022
MBIA Texas CLASS Investment Pool	1,636,572	1,636,572
TexPool Investment Pool	<u>13,559,791</u>	<u>13,559,791</u>
	<u>\$25,997,391</u>	<u>\$25,997,391</u>

**NOTE 4. INTERFUND BALANCES AND ACTIVITIES**

Interfund receivables and payables at August 31, 2008 represented short-term advances between funds. These amounts are expected to be repaid in less than one year from August 31, 2008.

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Major Governmental Funds:		
General Fund:		
Special Revenue Funds:		
ESEA Title IV	\$ 703	\$ -
IDEA-B, Preschool	3,331	-
ESEA I, Part A	66,176	-
IDEA-B, Formula	142,731	-
Food Service	-	14,533
Vocational Education	7,044	-
Title III, Part A	4,608	-
ESEA Title II, Part A	14,795	-
Optional Extended Year	49,579	-
Student Success Initiative	259,713	-
Pregnancy, Education and Parenting	12,323	-
Campus Activity Funds	4,412	48,279
Texas Ed. Excellence Award	14,117	-
Internal Service Funds	-	3,672
Agency Funds	<u>36</u>	<u>-</u>
	<u>579,568</u>	<u>66,484</u>

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 4. INTERFUND BALANCES AND ACTIVITIES - continued**

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Nonmajor Governmental Funds:		
Special Revenue Funds:		
General Fund	62,812	579,532
Special Revenue Funds	<u>5,261</u>	<u>5,261</u>
Total Nonmajor Governmental Funds	<u>68,073</u>	<u>584,793</u>
Proprietary Funds:		
Internal Service Funds:		
General Fund	<u>3,672</u>	<u>-</u>
Agency Funds:		
General Fund	<u>-</u>	<u>36</u>
Total	<u>\$ 651,313</u>	<u>\$ 651,313</u>

**NOTE 5. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2008, was as follows:

	<u>Balance September 1</u>	<u>Additions/ Completions</u>	<u>Retirement/ Adjustments</u>	<u>Balance August 31</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 5,151,359	\$ -	\$ -	\$ 5,151,359
Construction in Progress	<u>2,473,413</u>	<u>956,059</u>	<u>420</u>	<u>3,429,052</u>
Total Capital assets not being depreciated	<u>7,624,772</u>	<u>956,059</u>	<u>420</u>	<u>8,580,411</u>
Capital assets, being depreciated				
Land Improvements	5,913,043	437,798	-	6,350,841
Buildings	248,566,146	-	100	248,566,046
Furniture and Equipment	<u>11,326,745</u>	<u>498,478</u>	<u>580,483</u>	<u>11,244,740</u>
Total capital assets being depreciated	<u>265,805,934</u>	<u>936,276</u>	<u>580,583</u>	<u>266,161,627</u>
Less accumulated depreciation for:				
Land Improvements	(2,691,490)	(369,720)	-	(3,061,210)
Buildings	(74,962,956)	(5,138,078)	-	(80,101,034)
Furniture and Equipment	<u>(6,972,361)</u>	<u>(959,774)</u>	<u>(580,483)</u>	<u>(7,351,652)</u>
Total accumulated depreciation	<u>(84,626,807)</u>	<u>(6,467,572)</u>	<u>(580,483)</u>	<u>(90,513,896)</u>
Total capital assets, being depreciated, net	<u>181,179,127</u>	<u>(5,531,296)</u>	<u>100</u>	<u>175,647,731</u>
Governmental activities capital assets, net	<u>\$188,803,899</u>	<u>\$ (4,575,237)</u>	<u>\$ 520</u>	<u>\$184,228,142</u>

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 5. CAPITAL ASSET ACTIVITY - continued**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$5,023,890
Instruction resources and media services	166,603
Curriculum/Staff development	14
Instructional leadership	20,827
School leadership	65,396
Guidance, counseling and evaluation services	60,018
Health services	3,994
Student (pupil) transportation	570,749
Food services	263,005
Cocurricular/Extracurricular activities	16,460
General administration	24,653
Plant maintenance and operations	101,299
Security and monitoring services	39,960
Data Processing	<u>110,704</u>
Total depreciation expense	<u>\$6,467,572</u>

**NOTE 6. DUE FROM STATE AGENCIES**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2008, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Local Governments</u>	<u>Total</u>
General	\$ 2,229,380	\$ -	\$ -	\$ 2,229,380
Special Revenue	346,466	458,932	-	805,398
Debt Service	<u>46,560</u>	<u>-</u>	<u>-</u>	<u>46,560</u>
Total	<u>\$ 2,622,406</u>	<u>\$ 458,932</u>	<u>\$ -</u>	<u>\$ 3,081,338</u>

**NOTE 7. DEFERRED REVENUE**

Deferred revenue at August 31, 2008 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net Tax Revenue	\$3,027,731	\$ -	\$799,631	\$3,827,362
Athletic Receipts	6,468	-	-	6,468
Federal Food Commodities	-	124,572	-	124,572
Advance Funding	<u>-</u>	<u>14,834</u>	<u>-</u>	<u>14,834</u>
Total	<u>\$3,034,199</u>	<u>\$139,406</u>	<u>\$799,631</u>	<u>\$3,973,236</u>

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 8. BONDS**

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

A summary of bonds payable for the year ended August 31, 2008 is as follows:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Original Issue</u>	<u>Amounts Outstanding 9/01/07</u>	<u>Issued</u>	<u>Retired</u>	<u>Amounts Outstanding 8/31/08</u>	<u>Amounts Due Within One Year</u>
Unlimited tax refunding bonds, Series 1993	2.60-5.20%	\$16,740,000	\$ 4,455,000	\$ -	\$1,400,000	\$ 3,055,000	\$1,485,000
Unlimited tax school building and refunding bonds – Series 1995	4.80-5.30%	4,870,000	130,000	-	40,000	90,000	45,000
Unlimited tax refunding bonds - Series 1997	4.15-5.00%	8,245,000	1,790,000	-	570,000	1,220,000	595,000
Unlimited tax school building and refunding bonds – Series 1999	3.80-4.85%	19,675,490	6,196,446	-	180,000	6,016,446	185,000
Unlimited tax school building bonds – Series 2001	3.35-4.125%	3,140,000	585,000	-	585,000	-	-
Unlimited tax school building bonds – Series 2001A	3.50-4.42%	7,186,418	4,175,851	-	1,555,851	2,620,000	2,620,000
Unlimited tax school building and refunding bonds – Series 2001B	3.90-6.10%	126,774,891	14,744,115	-	576,014	14,168,101	962,469
Unlimited tax school building and refunding bonds – Series 2003	2.00-4.70%	36,965,000	32,590,000	-	2,165,000	30,425,000	1,980,000
Unlimited tax refunding bonds – Series 2005	3.00-5.00%	47,166,096	46,761,096	-	-	46,761,096	-
Unlimited tax refunding bonds – Series 2006	4.00-5.00%	71,105,909	<u>70,330,909</u>	<u>-</u>	<u>-</u>	<u>70,330,909</u>	<u>-</u>
Total Bonded Debt Payable			<u>\$181,758,417</u>	<u>\$ -</u>	<u>\$ 7,071,865</u>	<u>\$174,686,552</u>	<u>\$7,872,469</u>

Debt service requirements are as follows:

<u>Years Ending August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 7,872,469	\$ 7,217,332	\$ 15,089,801
2010	6,796,498	8,490,379	15,286,877
2011	7,205,588	8,279,372	15,484,960
2012	2,558,347	11,877,006	14,435,353
2013	2,105,485	12,507,224	14,612,709
2014-2018	16,015,957	59,127,746	75,143,703
2019-2023	19,486,497	51,155,756	70,642,253
2024-2028	47,350,711	21,191,006	68,541,717
2029-2033	65,295,000	8,011,669	73,306,669
2034-2038	-	-	-
	<u>\$174,686,552</u>	<u>\$187,857,490</u>	<u>\$362,544,042</u>

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 8. BONDS – continued**

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions.

**NOTE 9. DEBT ISSUANCES AND DEFEASED DEBT**

The District issued \$1,200,000 of Maintenance Tax Notes in November 2006 to fund a renovation project for a newly acquired building. The notes have an interest rate of 4.139%.

Maintenance tax note repayment requirements are as follows:

Years ending August 31:

	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2009	\$ 106,409	\$ 39,756	\$ 146,165
2010	110,859	35,306	146,165
2011	115,494	30,670	146,164
2012	120,324	25,840	146,164
2013	125,356	20,809	146,165
2014-2017	408,407	30,087	438,494
Thereafter	-	-	-
Totals	<u>\$ 986,849</u>	<u>\$182,468</u>	<u>\$1,169,317</u>

The District's 2003, 2005 and 2006 Bond Series included an advance refunding of certain bonds from the 1995, 1999 and 2001B Bond Series. The advanced refundings met the requirements of an in-substance debt defeasance and the refunded unlimited tax building bonds were removed from the District's Long-Term Debt. On August 31, 2008, \$119,372,005 of defeased bonds remain outstanding.

**NOTE 10. CAPITAL LEASES**

The District is obligated under leases for buses accounted for as a capital lease. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one, which transfers benefits and risks of ownership to the lessee.

The following schedule lists personal property leased:

<u>Description</u>	<u>Interest Rate</u>	<u>Date of Agreement</u>	<u>Original Property Value</u>
School Buses	3.79%	9/05	\$ 668,046
School Buses	3.79%	7/06	840,466
School Buses	3.94%	2/07	617,716
School Buses	4.21%	9/07	341,213
Less accumulated depreciation			<u>(623,865)</u>
			<u>\$1,843,576</u>

The lease terms are for 5 years. The terms call for annual payments over the life of the leases. The capital lease obligation is payable from the General Fund.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 10. CAPITAL LEASES - continued**

The following schedule shows the future minimum lease payments under the capitalized lease together with the present value of the net minimum lease payments as of August 31, 2008:

<u>Years Ending</u> <u>August 31,</u>	<u>Annual Lease</u> <u>Payments</u>
2009	\$ 598,026
2010	598,026
2011	451,572
2012	215,440
Thereafter	<u>-</u>
Total minimum lease payments	1,863,064
Less: Amount representing interest	<u>146,737</u>
Present value of net minimum lease payments	<u>\$1,716,327</u>

**NOTE 11. CHANGES IN LONG-TERM LIABILITIES**

Long-term liabilities activity for the year ended August 31, 2008 was as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Bonds, Notes Payable, and Capital Leases:					
General Obligation Bonds	\$181,758,417	\$ -	\$7,071,865	\$174,686,552	\$7,872,469
Accreted Interest	18,828,469	3,217,273	728,134	21,317,608	355,890
Maintenance Tax Note	1,088,986	-	102,137	986,849	106,409
Capital Leases	1,887,156	340,413	511,242	1,716,327	531,054
Deferred Loss on Bond Refundings	(7,666,968)	-	(595,751)	(7,071,217)	-
Bond Premium/Discount	<u>18,191,292</u>	<u>-</u>	<u>31,944</u>	<u>18,159,348</u>	<u>-</u>
Total Governmental Activities Long-term Liabilities	<u>\$214,087,352</u>	<u>\$ 3,557,686</u>	<u>\$7,849,571</u>	<u>\$209,795,467</u>	<u>\$8,865,822</u>



**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 12. DEFINED BENEFIT PENSION PLAN**

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

*Funding Policy* – State law provides for a state contribution rate of 6.58% for fiscal year 2008 and a member contribution rate of 6.4%. The state contribution rate was 6.0% for fiscal years 2007 and 2006. In certain instances the reporting district is required to make all or a portion of the state's 6.58% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the members' annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceed 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. The District's employees' contributions to the System, for the years ended August 31, 2008, 2007, and 2006 were \$3,988,737, \$3,945,664 and \$3,744,707 respectively, equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ended August 31, 2008, 2007, and 2006 were \$935,485, \$825,762 and \$595,962, respectively, equal to the required contributions for each year. The amounts contributed by the State for the years ended August 31, 2008, 2007, and 2006 were \$3,122,144, \$3,401,807 and \$3,150,933, respectively, and are reflected in the financial statements in the General Fund by respective function, in accordance with Governmental Accounting Standards Board Statement No. 24.

**NOTE 13. SCHOOL DISTRICT RETIREE HEALTH PLAN**

*Plan Description.* Duncanville Independent School 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 authority to establish and amend the basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

**DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2008**

**NOTE 13. SCHOOL DISTRICT RETIREE HEALTH PLAN - continued**

*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 2008, 2007 and 2006. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2008, 2007, and 2006, the State's contributions to TRS-Care were \$623,337, \$616,510, and \$585,110, respectively, the active member contributions were \$405,107, \$400,732, and \$380,322, respectively, and the school district's contribution were \$342,779, \$339,081, and \$321,811, respectively, which equaled the required contributions each year.

**NOTE 14. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There were no significant reductions in coverage in the past fiscal year, and there were not settlements exceeding insurance coverage for each of the past three fiscal years.

The District maintains a self insured worker's compensation plan. For this plan, stop-loss coverage was in effect for individual claims exceeding \$200,000 with an aggregate limit of \$1,000,000.

Settled claims have not exceeded the aggregate coverage in any of the past three fiscal years. Insurance coverage has not been reduced for the year from the prior year. Self insurance fund revenues and expenses are recognized on the accrual basis. Unpaid claims filed prior to August 31 and subsequently approved by the administrator of the plan are recorded as a liability.

The District accrues a liability for incurred but not reported claims if considered material.

	<u>2008</u>	<u>2007</u>
Claims payable, beginning of year	\$ 318,627	\$ 741,134
Claims incurred and changes in estimates	318,122	(84,483)
Claims payments	<u>(302,941)</u>	<u>(338,024)</u>
Claims payable, end of year	<u>\$ 333,808</u>	<u>\$ 318,627</u>

**NOTE 15. PRIOR PERIOD ADJUSTMENT**

Exhibit B-1 includes a prior period adjustment to government-wide net assets which decreases government-wide net assets by \$2,214,182 as of the beginning of the year. The adjustment was due to a correction to long-term debt related to original issue premiums on capital appreciation bonds.

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## **COMBINING SCHEDULES**

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2008

Data Control Codes		204	211	224
		ESEA Title IV Safe & Drug Free Schools	ESEA I, A Improving Basic Program	IDEA - Part B Formula
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	703	89,566	231,699
1260	Due from Other Funds	-	-	-
1300	Inventories	-	-	-
1000	Total Assets	<u>\$ 703</u>	<u>\$ 89,566</u>	<u>\$ 231,699</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110	Accounts Payable	\$ -	\$ 12,161	\$ 2,804
2160	Accrued Wages Payable	-	11,229	80,903
2170	Due to Other Funds	703	66,176	147,992
2300	Deferred Revenues	-	-	-
2000	Total Liabilities	<u>703</u>	<u>89,566</u>	<u>231,699</u>
Fund Balances:				
Reserved For:				
3450	Food Service	-	-	-
Unreserved and Undesignated:				
3610	Reported in Special Revenue Funds	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 703</u>	<u>\$ 89,566</u>	<u>\$ 231,699</u>

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	247 Vocational Ed Curriculum Development	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs
\$ -	\$ 337,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4,726	101,477	-	7,044	18,011	-	5,706	-
-	14,533	-	-	-	-	-	-
-	295,663	-	-	-	-	-	-
<u>\$ 4,726</u>	<u>\$ 748,918</u>	<u>\$ -</u>	<u>\$ 7,044</u>	<u>\$ 18,011</u>	<u>\$ -</u>	<u>\$ 5,706</u>	<u>\$ -</u>
\$ -	\$ 155,075	\$ -	\$ -	\$ 2,861	\$ -	\$ 190	\$ -
1,395	-	-	-	355	-	908	-
3,331	-	-	7,044	14,795	-	4,608	-
-	124,572	-	-	-	-	-	-
<u>4,726</u>	<u>279,647</u>	<u>-</u>	<u>7,044</u>	<u>18,011</u>	<u>-</u>	<u>5,706</u>	<u>-</u>
-	469,271	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>469,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,726</u>	<u>\$ 748,918</u>	<u>\$ -</u>	<u>\$ 7,044</u>	<u>\$ 18,011</u>	<u>\$ -</u>	<u>\$ 5,706</u>	<u>\$ -</u>

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2008

Data Control Codes		288 One Community/ One Child	289 Summer School LEP	385 Visually Impaired	393 Texas Successful Schools Prog.
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 2,080	\$ -	\$ -	\$ 847
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 2,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 847</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2300	Deferred Revenues	2,080	-	-	-
2000	Total Liabilities	<u>2,080</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	847
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>847</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 847</u>

394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	425 Texas Ed. Excellence Award	426 NAAE Horticulture Grant
\$ -	\$ 4,983	\$ -	\$ -	\$ -	\$ 63,314	\$ -	\$ 650
13,313	-	49,579	259,713	-	9,744	14,117	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 13,313</u>	<u>\$ 4,983</u>	<u>\$ 49,579</u>	<u>\$ 259,713</u>	<u>\$ -</u>	<u>\$ 73,058</u>	<u>\$ 14,117</u>	<u>\$ 650</u>
\$ 990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
12,323	-	49,579	259,713	-	-	14,117	-
-	-	-	-	-	12,060	-	650
<u>13,313</u>	<u>-</u>	<u>49,579</u>	<u>259,713</u>	<u>-</u>	<u>12,060</u>	<u>14,117</u>	<u>650</u>
-	-	-	-	-	-	-	-
-	4,983	-	-	-	60,998	-	-
-	4,983	-	-	-	60,998	-	-
<u>\$ 13,313</u>	<u>\$ 4,983</u>	<u>\$ 49,579</u>	<u>\$ 259,713</u>	<u>\$ -</u>	<u>\$ 73,058</u>	<u>\$ 14,117</u>	<u>\$ 650</u>



DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2008

Data Control Codes		428 High School Allotment	429 Read to Succeed	461 Campus Activity Funds	491 Education Foundation Grants
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 40,262	\$ 445	\$ 391,443	\$ 2,386
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	53,540	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 40,262</u>	<u>\$ 445</u>	<u>\$ 444,983</u>	<u>\$ 2,386</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ 23,141	\$ -
2160	Accrued Wages Payable	39,975	-	-	-
2170	Due to Other Funds	-	-	4,412	-
2300	Deferred Revenues	-	44	-	-
2000	Total Liabilities	<u>39,975</u>	<u>44</u>	<u>27,553</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	287	401	417,430	2,386
3000	Total Fund Balances	<u>287</u>	<u>401</u>	<u>417,430</u>	<u>2,386</u>
4000	Total Liabilities and Fund Balances	<u>\$ 40,262</u>	<u>\$ 445</u>	<u>\$ 444,983</u>	<u>\$ 2,386</u>

495		Total Nonmajor Governmental Funds
Target Grant		
\$ -	\$	843,655
-		805,398
-		68,073
-		295,663
\$ -	\$	2,012,789
\$ -	\$	197,222
-		134,765
-		584,793
-		139,406
-		1,056,186
-		469,271
-		487,332
-		956,603
\$ -	\$	2,012,789

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	40,881	1,077,919	2,033,691
5020	Total Revenues	40,881	1,077,919	2,033,691
EXPENDITURES:				
Current:				
0011	Instruction	-	764,589	1,667,608
0012	Instructional Resources and Media Services	-	46,513	-
0013	Curriculum and Instructional Staff Development	-	123,907	8,777
0021	Instructional Leadership	-	119,183	98,770
0023	School Leadership	-	-	1,949
0031	Guidance, Counseling and Evaluation Services	40,881	710	251,664
0033	Health Services	-	-	-
0034	Student (Pupil) Transportation	-	6,315	1,168
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	20	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	16,682	755
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	3,000
6030	Total Expenditures	40,881	1,077,919	2,033,691
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):				
7915	Transfers In	-	-	-
8911	Transfers Out (Use)	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -

225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	247 Vocational Ed Curriculum Development	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs
\$ -	\$ 1,412,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	176,748	-	-	-	-	-	-
38,931	4,102,151	111,332	49,851	297,736	21,714	176,664	37,317
38,931	5,691,065	111,332	49,851	297,736	21,714	176,664	37,317
38,931	-	102,293	49,792	14,087	12,797	151,920	11,272
-	-	-	-	-	-	-	-
-	-	5,353	59	263,670	8,233	23,825	16,993
-	-	99	-	712	-	-	-
-	-	-	-	16,344	684	150	-
-	-	3,587	-	2,289	-	-	9,052
-	-	-	-	634	-	-	-
-	-	-	-	-	-	-	-
-	5,047,957	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	173,837	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	769	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
38,931	5,221,794	111,332	49,851	297,736	21,714	176,664	37,317
-	469,271	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	469,271	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ 469,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		288 One Community/ One Child	289 Summer School LEP	385 Visually Impaired	393 Texas Successful Schools Prog.
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	3,172	-
5900	Federal Program Revenues	7,476	1,779	-	-
5020	Total Revenues	7,476	1,779	3,172	-
EXPENDITURES:					
Current:					
0011	Instruction	-	1,779	-	-
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	3,172	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	7,476	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of	-	-	-	-
6030	Total Expenditures	7,476	1,779	3,172	-
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	847
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 847

394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	410 State Textbook Fund	411 Technology Allotment	425 Texas Ed. Excellence Award	426 NAAE Horticulture Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27,469	7,638	49,578	276,620	2,028	343,937	189,617	-
-	-	-	-	-	-	-	-
27,469	7,638	49,578	276,620	2,028	343,937	189,617	-
7,049	1,721	49,578	243,669	2,028	104,688	170,965	-
-	-	-	-	-	41,810	1,543	-
-	13,172	-	2,450	-	121,372	522	-
-	-	-	-	-	-	-	-
-	-	-	11,577	-	-	14,253	-
-	-	-	2,655	-	-	2,334	-
-	-	-	2,448	-	-	-	-
-	-	-	13,821	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
290	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	82,392	-	-
20,130	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
27,469	14,893	49,578	276,620	2,028	350,262	189,617	-
-	(7,255)	-	-	-	(6,325)	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(7,255)	-	-	-	(6,325)	-	-
-	12,238	-	-	-	67,323	-	-
\$ -	\$ 4,983	\$ -	\$ -	\$ -	\$ 60,998	\$ -	\$ -

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes	428 High School Allotment	429 Read to Succeed	461 Campus Activity Funds	491 Education Foundation Grants
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 823,549	\$ 67,850
5800 State Program Revenues	940,449	-	145,502	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	940,449	-	969,051	67,850
EXPENDITURES:				
Current:				
0011 Instruction	940,449	-	243,823	67,777
0012 Instructional Resources and Media Services	-	-	34,153	-
0013 Curriculum and Instructional Staff Development	-	-	4,686	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	44,837	-
0031 Guidance, Counseling and Evaluation Services	-	-	286	-
0033 Health Services	-	-	35	-
0034 Student (Pupil) Transportation	-	-	246	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	454,568	190
0041 General Administration	-	-	298	-
0051 Facilities Maintenance and Operations	-	-	9,550	-
0052 Security and Monitoring Services	-	-	830	-
0053 Data Processing Services	-	-	134	-
0061 Community Services	-	-	1,660	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	145,502	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of	-	-	-	-
6030 Total Expenditures	940,449	-	940,608	67,967
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	28,443	(117)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	-	67,654	-
8911 Transfers Out (Use)	-	-	(516)	-
7080 Total Other Financing Sources (Uses)	-	-	67,138	-
1200 Net Change in Fund Balance	-	-	95,581	(117)
0100 Fund Balance - September 1 (Beginning)	287	401	321,849	2,503
3000 Fund Balance - August 31 (Ending)	\$ 287	\$ 401	\$ 417,430	\$ 2,386

495	Total
Target	Nonmajor
Grant	Governmental
	Funds
\$ 1,000	\$ 2,304,565
-	2,162,758
-	7,997,442
1,000	12,464,765

1,000	4,647,815
-	124,019
-	593,019
-	218,764
-	89,794
-	316,630
-	3,117
-	21,550
-	5,047,957
-	454,778
-	298
-	183,677
-	830
-	82,526
-	47,472

-	145,502
---	---------

-	3,000
---	-------

1,000	11,980,748
-------	------------

-	484,017
---	---------

-	67,654
---	--------

-	(516)
---	-------

-	67,138
---	--------

-	551,155
---	---------

-	405,448
---	---------

\$ -	\$ 956,603
------	------------



DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2008

	751	752	753	Total Internal Service Funds
	Transpor- tation	Print Shop	Insurance	
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 157,285	\$ 6,045	\$ 1,593,989	\$ 1,757,319
Due from Other Funds	3,672	-	-	3,672
Total Assets	160,957	6,045	1,593,989	1,760,991
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	-	512	634	1,146
Accrued Expenses	-	-	333,808	333,808
Total Liabilities	-	512	334,442	334,954
<b>NET ASSETS</b>				
Unrestricted Net Assets	160,957	5,533	1,259,547	1,426,037
Total Net Assets	\$ 160,957	\$ 5,533	\$ 1,259,547	\$ 1,426,037

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2008

	751	752	753	Total Internal Service Funds
	Transpor- tation	Print Shop	Insurance	
<b>OPERATING REVENUES:</b>				
Local and Intermediate Sources	\$ 219,281	\$ 31,678	\$ 717,476	\$ 968,435
Total Operating Revenues	219,281	31,678	717,476	968,435
<b>OPERATING EXPENSES:</b>				
Payroll Costs	99,451	9,040	73,421	181,912
Professional and Contracted Services	17,744	4,417	14,240	36,401
Supplies and Materials	30,160	12,688	4,150	46,998
Other Operating Costs	-	-	318,122	318,122
Total Operating Expenses	147,355	26,145	409,933	583,433
Operating Income	71,926	5,533	307,543	385,002
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Earnings from Temporary Deposits & Investments	-	-	21,643	21,643
Total Nonoperating Revenues (Expenses)	-	-	21,643	21,643
Change in Net Assets	71,926	5,533	329,186	406,645
Total Net Assets - September 1 (Beginning)	89,031	-	930,361	1,019,392
Total Net Assets - August 31 (Ending)	\$ 160,957	\$ 5,533	\$ 1,259,547	\$ 1,426,037

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2008

	751	752	753	Total Internal Service Funds
	Transpor- tation	Print Shop	Insurance	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from District	\$ -	\$ -	\$ 717,476	\$ 717,476
Internal Activity - Receipts from Other Funds	215,609	31,678	-	247,287
Cash Payments to Employees for Services	(99,451)	(9,040)	(73,421)	(181,912)
Cash Payments for Insurance Claims	-	-	(302,941)	(302,941)
Cash Payments for Suppliers	(47,904)	(16,593)	(20,445)	(84,942)
Net Cash Provided by Operating Activities	68,254	6,045	320,669	394,968
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends on Investments	-	-	21,643	21,643
Net Increase in Cash and Cash Equivalents	68,254	6,045	342,312	416,611
Cash and Cash Equivalents at Beginning of the Year:	89,031	-	1,251,677	1,340,708
Cash and Cash Equivalents at the End of the Year:	\$ 157,285	\$ 6,045	\$ 1,593,989	\$ 1,757,319
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>				
Operating Income:	\$ 71,926	\$ 5,533	\$ 307,543	\$ 385,002
Effect of Increases and Decreases in Current Assets and Liabilities:				
Decrease (increase) in Due from Other Funds	(3,672)	-	-	(3,672)
Increase (decrease) in Accounts Payable	-	512	(2,055)	(1,543)
Increase (decrease) in Accrued Expenses	-	-	15,181	15,181
Net Cash Provided by Operating Activities	\$ 68,254	\$ 6,045	\$ 320,669	\$ 394,968

## **REQUIRED TEA SCHEDULES**

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2008

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1999 and prior years	\$ 1.326800	\$ 0.280000	\$ 2,061,295,918
2000	1.410000	0.230000	2,265,780,221
2001	1.450000	0.230000	2,319,662,883
2002	1.470000	0.200000	2,456,542,155
2003	1.470000	0.280000	2,652,695,034
2004	1.470000	0.385000	2,755,466,841
2005	1.470000	0.366000	2,858,070,731
2006	1.500000	0.366000	3,009,283,125
2007	1.370000	0.366000	3,222,226,655
2008 (School year under audit)	1.040000	0.378000	3,458,119,294
100 TOTALS			

(10) Beginning Balance 9/1/2007		(20) Current Year's Total Levy		(31) Maintenance Collections		(32) Debt Service Collections		(40) Entire Year's Adjustments		(50) Ending Balance 8/31/2008	
\$	825,103	\$	-	\$	6,637	\$	1,390	\$	17,799	\$	834,875
	138,872		-		2,797		456		4,763		140,382
	149,900		-		32,275		5,120		3,361		115,866
	143,412		-		5,088		692		(5,079)		132,553
	195,498		-		8,501		1,619		3,154		188,532
	238,887		-		33,002		8,643		(1,689)		195,553
	303,943		-		37,373		9,305		1,923		259,188
	508,542		-		93,966		22,928		(32,288)		359,360
	1,939,611		-		917,144		245,018		(192,073)		585,376
	-		47,701,526		34,815,898		12,654,240		1,001,571		1,232,959
\$	4,443,768	\$	47,701,526	\$	35,952,681	\$	12,949,411	\$	801,442	\$	4,044,644

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2009-2010  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2008

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 1,352	\$ -	\$ 248,761	\$ 1,066,390	\$ 584,646	\$ -	\$ 1,901,149
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	7,012	14,822	34,372	-	10,348	-	66,554
6212	Audit Services	-	-	-	29,000	-	-	29,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	237,673	-	-	-	-	237,673
621X	Other Professional Services	-	-	20	-	-	-	20
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	220,858	140	-	220,998
6240	Contr. Maint. and Repair	-	-	-	-	81,814	-	81,814
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	28,160	973	-	29,133
6290	Miscellaneous Contr.	-	-	43,033	42,734	73,543	-	159,310
6320	Textbooks and Reading	17	-	-	2,366	409	-	2,792
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,600	-	6,439	29,090	14,593	-	51,722
6410	Travel, Subsistence, Stipends	9,727	-	12,358	15,112	10,539	-	47,736
6420	Ins. and Bonding Costs	-	-	-	27,729	-	-	27,729
6430	Election Costs	51,584	-	-	-	-	-	51,584
6490	Miscellaneous Operating	13,382	-	3,634	36,106	11,671	-	64,793
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	6,942	6,942
6000	TOTAL	\$ 84,674	\$ 252,495	\$ 348,617	\$ 1,497,545	\$ 788,676	\$ 6,942	\$ 2,978,949

Total expenditures/expenses for General and Special Revenue Funds:

(9) \$ 93,332,941

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600) (10) \$ 669,091

Total Debt & Lease(6500) (11) 744,689

Plant Maintenance (Function 51, 6100-6400) (12) 10,916,417

Food (Function 35, 6341 and 6499) (13) 1,717,259

Stipends (6413) (14) -

Column 4 (above) - Total Indirect Cost 1,497,545

SubTotal:

15,545,001

Net Allowed Direct Cost

\$ 77,787,940

CUMULATIVE

Total Cost of Buildings before Depreciation (1520) (15) \$ 253,712,344

Historical Cost of Building over 50 years old (16) \$ 2,373,000

Amount of Federal Money in Building Cost (Net of #16) (17) \$ -

Total Cost of Furniture & Equipment before Depreciation (1530 & 1540) (18) \$ 11,480,620

Historical Cost of Furniture & Equipment over 16 years old (19) \$ 1,282,641

Amount of Federal Money in Furniture & Equipment (Net of #19) (20) \$ 425,119

(8) NOTE A: \$436,117 in Function 53 expenditures are included in this report on administrative costs.

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

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET  
GENERAL FUND AS OF AUGUST 31, 2008

**UNAUDITED**

1	Total General Fund Balance as of 8/31/08 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 12,603,346
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 497,918	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	815,000	
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 one month's average cash disbursements during the regular school session (9/1/08-5/31/09).	6,889,309	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	7,157,875	
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)	-	
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		15,360,102
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		\$ (2,756,756)



DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,598,000	\$ 1,323,700	\$ 1,412,166	\$ 88,466
5800	State Program Revenues	128,000	188,000	176,748	(11,252)
5900	Federal Program Revenues	3,140,000	4,015,000	4,102,151	87,151
5020	Total Revenues	4,866,000	5,526,700	5,691,065	164,365
EXPENDITURES:					
0035	Food Services	4,751,000	5,280,960	5,047,957	233,003
0051	Facilities Maintenance and Operations	115,000	250,000	173,837	76,163
6030	Total Expenditures	4,866,000	5,530,960	5,221,794	309,166
1200	Net Change in Fund Balances	-	(4,260)	469,271	473,531
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ (4,260)	\$ 469,271	\$ 473,531

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 12,824,424	\$ 12,824,424	\$ 13,338,651	\$ 514,227
5800	State Program Revenues	2,083,000	2,083,000	2,802,063	719,063
5020	Total Revenues	14,907,424	14,907,424	16,140,714	1,233,290
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	7,071,867	7,071,867	7,071,866	1
0072	Debt Service - Interest on Long Term Debt	7,825,557	7,825,557	7,825,556	1
0073	Debt Service - Bond Issuance Cost and Fees	10,000	10,000	7,474	2,526
6030	Total Expenditures	14,907,424	14,907,424	14,904,896	2,528
1200	Net Change in Fund Balances	-	-	1,235,818	1,235,818
0100	Fund Balance - September 1 (Beginning)	2,786,680	2,786,680	2,786,680	-
3000	Fund Balance - August 31 (Ending)	\$ 2,786,680	\$ 2,786,680	\$ 4,022,498	\$ 1,235,818

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## **FEDERAL AWARDS SECTION**

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

Board of Trustees  
Duncanville Independent School District  
Duncanville, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Duncanville Independent School District (the "District") as of and for the year ended August 31, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 6, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

*Hankins, Eastup, Deaton, Tonn & Seay*

Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

January 6, 2009

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees  
Duncanville Independent School District  
Duncanville, Texas

**Compliance**

We have audited the compliance of Duncanville Independent School District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2008.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that a noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

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

*Hankins, Eastup, Deaton, Tonn & Seay*

Hankins, Eastup, Deaton, Tonn & Seay  
A Professional Corporation  
Certified Public Accountants

January 6, 2009

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDING AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2008

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unqualified
2. No internal control findings required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No internal control findings require to be reported in this schedule were disclosed in the audit of the major programs.
5. Type of auditor's report on compliance for major programs: Unqualified.
6. Did the audit disclose findings which are required to be reported under Sec. 510(a): No
7. Major programs include:

Special Education Cluster:

- 84.027 – IDEA - Part B, Formula
- 84.173 – IDEA - Part B, Preschool
- 84.010A – ESEA, Title I, Part A - Improving Basic Programs
- 84.367A – ESEA, Title II, Part A - Teacher/Principal Training
- 10.565 – Commodity Supplemental Food Program

8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

None

III. Other Findings

Finding 2008-1 – Cash balances in excess of pledged collateral

Criteria: The Texas Education Code requires the District's depository bank to pledge securities to the District to fully secure any bank balances in excess of the FDIC insurance coverage on District bank balances.

Condition Found: The District's cash balances on deposit with its depository bank exceeded the sum of FDIC insurance and pledged collateral securities on one day during the year ended August 31, 2008.

Questioned Costs: None

Cause: The District processed a transfer to its depository bank one day before the date specified in the District's cash management procedures.

Effect: District balances were not fully secured at all times during the year. District balances were under-secured by approximately \$2.25 million for one day.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
AUGUST 31, 2008

FINDING/NONCOMPLIANCE:

None

STATUS:

N/A

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
AUGUST 31, 2008

**CORRECTIVE ACTION PLAN**

Contact for Corrective Action Plan:  
Jennifer Wilson  
Chief Financial Officer

Finding 2008-1 – Cash balances in excess of pledged collateral

The District will review its cash management procedures with all District personnel involved with making transfers to insure appropriate schedules and deadlines are communicated and adhered to. This corrective action plan will be implemented immediately.

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2008

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Region 10 Service Center</u>			
IDEA - Part B, Discretionary	84.027	057907	\$ 1,080
One Community/One Child	84.999	057907	7,476
Total Passed Through Region 10 Service Center			\$ 8,556
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	08610101057907	\$ 1,037,682
ESEA, Title I, Part A - Improving Basic Programs	84.010A	09610101057907	54,746
Total CFDA Number 84.010A			1,092,428
IDEA - Part B, Formula	84.027	086600010579076600	1,954,884
IDEA - Part B, Formula	84.027	096600010579076600	106,140
Total CFDA Number 84.027			2,061,024
Career and Technical - Basic Grant	84.048	08420006057907	111,332
Career and Technical - Curriculum Development	84.048A	074200187110010	50,000
IDEA - Part B, Preschool	84.173	086610010579076610	38,067
IDEA - Part B, Preschool	84.173	096610010579076610	1,395
Total CFDA Number 84.173			39,462
ESEA Title IV - Safe and Drug-Free Schools	84.186A	08691001057907	40,414
ESEA Title IV - Safe and Drug-Free Schools	84.186A	09691001057907	703
Total CFDA Number 84.186A			41,117
Title V, Part A - Innovative Programs	84.298	08685001057907	37,317
Title II, Part D -Enhancing Ed. Through Technology	84.318	08630001057907	22,022
Title III, Part A - English Language Acquisition	84.365A	08671001057907	177,444
Title III, Part A - English Language Acquisition	84.365A	09671001057907	1,701
Total CFDA Number 84.365A			179,145
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	08694501057907	285,692
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	09694501057907	16,039
Total CFDA Number 84.367A			301,731
Summer School LEP	84.369A	057907	1,779
Total Passed Through State Department of Education			\$ 3,937,357
<b>TOTAL DEPARTMENT OF EDUCATION</b>			\$ 3,945,913
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast & Lunch Program*	10.555	057907	\$ 3,737,439
Commodity Supplemental Food Program	10.565	057907	364,712
Total Passed Through the State Department of Agriculture			\$ 4,102,151
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			\$ 4,102,151
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 8,048,064

\*Clustered Programs as required by Compliance Supplement March, 2008

DUNCANVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2008

1. The District uses the fund types specified in Texas Education Agency's Financial Accountability System Resource Guide. Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. The 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 of any money received may be required and the collectability of any related receivable at August 31, 2008, 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 has been recorded in the accompanying combined financial statements for such contingencies.

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