

MAYPEARL INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2009*

Maypearl Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2009

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## *Introductory Section*

CERTIFICATE OF BOARD

Maypearl Independent School District  
Name of School District

Ellis  
County

070-915  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2009, at a meeting of the board of trustees of such school district on the 15 day of October, 2009.

  
Signature of Board Secretary

  
Signature of Board President

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

## *Financial Section*

# **HUDSON ANDERSON & ASSOCIATES, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA & CFP  
FRANK MARX, III, CPA  
DORI BOHL, CPA & CFE

## **Independent Auditors' Report on Financial Statements**

Board of Trustees  
Maypearl Independent School District  
P. O. Drawer 40  
Maypearl, Texas 76064

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maypearl Independent School District as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Maypearl Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

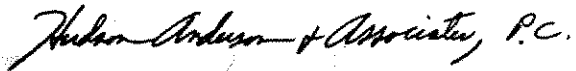
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Maypearl Independent School District as of August 31, 2009, and the respective changes in financial position 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 September 16, 2009, on our consideration of Maypearl Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents 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 performed for the purpose of forming opinions on the financial statements which collectively comprise the Maypearl Independent School District's basic financial statements. The accompanying supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Hudson Anderson & Associates, P.C.

September 16, 2009

# MAYPEARL INDEPENDENT SCHOOL DISTRICT

*"Building a World Class Learning Community"*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Maypearl Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2009. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total combined net assets on financial statement exhibit A-1 were \$9,383,502 at August 31, 2009.
- During the year, the District's primary government expenses on financial statement exhibit B-1 were \$855,737 less than the \$10,705,105 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs on financial statement exhibit C-2 increased \$533,197 from last year. An increase in instructional costs over the prior year accounted for this increase.
- The general fund reported a fund balance this year on financial statement exhibit C-1 of \$3,489,117. The District began the current year with a fund balance in the amount of \$2,827,352.

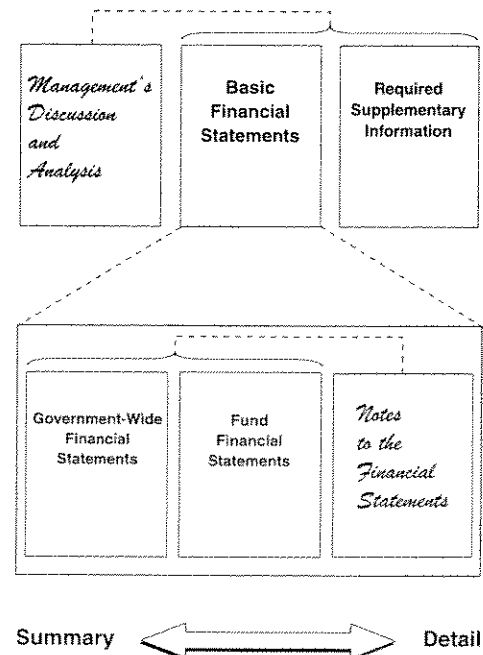
### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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





## Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net assets and how they have changed. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

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

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

## Fund Financial Statements

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

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

The District has the following kinds of funds:

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$9.4 million at August 31, 2009. (See Table A-1).

**Table A-1**  
Maypearl Independent School District's Net Assets  
(In million dollars)

	Governmental Activities		Total Percentage Change
	<u>2009</u>	<u>2008</u>	<u>2009-2008</u>
Current assets:			
Cash and cash equivalents	\$3.2	\$2.0	60
Investments	.4	.3	33
Due from other governments	.7	1.4	-56
Due from other funds	0	0	0
Other receivables	.2	.2	0
Inventories – supplies and materials	0	0	0
Total current assets:	<u>4.5</u>	<u>3.9</u>	15
Noncurrent assets:			
Land, furniture and equipment	28.0	27.5	1
Less accumulated depreciation	<u>(5.4)</u>	<u>(4.7)</u>	-14
Total noncurrent assets	<u>22.6</u>	<u>22.8</u>	-0
Total Assets	<u>27.1</u>	<u>26.7</u>	1
Current liabilities:			
Accounts payable and accrued liabilities	.5	.6	-16
Claims payable	0	0	0
Due to other funds	0	0	0
Deferred revenue	.1	.2	-50
Total current liabilities	<u>.6</u>	<u>.8</u>	-25
Long-term liabilities:			
Noncurrent liabilities due in one year	.5	.3	66
Noncurrent liabilities due more than 1 yr	<u>16.6</u>	<u>17.1</u>	-2
Total Liabilities	<u>17.7</u>	<u>18.2</u>	-2
Net Assets:			
Invested in capital assets, net of debt	5.4	5.3	1
Restricted	.3	.2	50
Unrestricted	<u>3.7</u>	<u>3.0</u>	23
Total Net Assets	<u>\$ 9.4</u>	<u>\$ 8.5</u>	10

The District has \$332,785 in restricted net assets that represent proceeds from debt service of \$303,526 and state and federal programs of \$29,259. These proceeds when spent, are restricted for the above purposes. The \$3,605,981 of unrestricted net assets represent resources to be available to fund the programs of the District next year.

**Changes in net assets.** The District's total revenues were \$10,705,105. A significant portion, 26 percent, of the District's revenue comes from taxes. (See Figure A-3.) 59 percent comes from state aid – formula grants, while only 1 percent relates to charges for services.

The total cost of all programs and services was \$9,849,368; 84 percent of these costs are for governmental activities associated with instructional and student services.

#### Governmental Activities

- Property tax rates declined 17%. Even with this decline, due to increased values tax revenues increased by \$298,345 or 11%.

**Table A-2**  
**Changes in Maypearl Independent School District's Net Assets**  
*(In million dollars)*

	Governmental Activities		Total % Change
	2009	2008	
Program Revenues:			
Charges for Services	\$ .2	\$ .2	0
Operating Grants and Contributions	1.4	1.3	7
Capital Grants and Contributions	0	0	0
General Revenues			
Property Taxes	2.9	2.6	11
State Aid -- Formula	6.0	6.0	0
Investment Earnings	.1	.1	0
Other	.1	.1	0
Total Revenues	10.7	10.3	3
Instruction	5.0	4.7	6
Instructional Resources and Media Services	.1	.1	0
Curriculum Dev. And Instructional Staff Dev.	0	0	0
Instructional Leadership	.1	.1	0
School Leadership	.5	.5	0
Guidance, Counseling and Evaluation Services	.2	.2	0
Social Work Services	0	0	0
Health Services	.1	.1	0
Student (Pupil) Transportation	.2	.2	0
Food Services	.4	.4	0
Curricular/Extracurricular Activities	.3	.3	0
General Administration	.4	.4	0
Plant Maintenance & Oper.	1.1	1.2	-8
Security & Monitoring Svcs.	0	0	0
Data Processing Services	.3	.3	0
Community Services	0	0	0
Debt Services	.8	.8	0
Facilities Acquisition and Construction	0	0	0
Contracted Instr. Services Between Public Schools	0	0	0
Increment Costs Associated Chapter 41 (WADA)	0	0	0
Payments to Fiscal Agent/Member Dist. - SSA	.3	.2	50
Public Education Grant Progr.	0	0	0
Payments to Juvenile Justice Alternative Ed. Program	0	0	0
Payments to Charter Schools	0	0	0
Payments to Tax Increment Fund	0	0	0
Total Expenses	9.8	9.5	3
Excess (Deficiency) Before Other Resources, Uses & Transfers	0	0	0
Other Resources (Uses)	0	0	0
Transfers In (Out)	0	0	0
Increase (Decrease) in Net Assets	\$ .9	\$ .8	12

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 \$9.8 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$2.9 million.
- Some of the cost was paid by those who directly benefited from the programs \$.2 million, or
- By grants and contributions \$1.4 million.

**Table A-3**  
**Net Cost of Selected District Functions**  
*(in millions of dollars)*

	Total Cost of Services		% Change	Net Cost of Services		% Change
	<u>2009</u>	<u>2008</u>		<u>2009</u>	<u>2008</u>	
Instruction	5.0	4.7	6	4.5	4.3	4
School administration	.4	.4	0	.4	.4	0
Plant Maintenance & Operations	1.1	1.2	-8	1.1	1.2	-8
Debt Service – Interest & Fiscal Charges	.8	.8	0	-.3	-.3	0

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$10.7 million, while the previous year it was \$10.3 million. The increase in local revenues is a result of state legislation that has required reductions in local tax rates but was offset by increased valuations. The increase in state revenues is a result of an increase in the number of students in average daily attendance and from the state revising its funding formula while local tax rates are reduced. The change in federal revenues is small due to the stability of federal program revenue distributed through other agencies.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 3 times. Actual expenditures were \$474,403 below final budget amounts.

On the other hand, resources available were \$455,325 above the final budgeted amount.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2009, the District had invested \$28,016,173 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$509,776 or 1% percent over last year.

**Table A-4**  
**District's Capital Assets**  
*(In millions of dollars)*

	Governmental Activities		Total Percentage Change <u>2009-2008</u>
	<u>2009</u>	<u>2008</u>	
Land	.767	.767	0
Interim Construction	0	0	**
Buildings and improvements	25.010	24.823	0
Vehicles	.783	.677	15
Equipment	1.456	1.239	17
Other	.000	.000	**
Totals at historical cost	28.016	27.506	1
Total accumulated depreciation	(5.412)	(4.727)	-12
Net capital assets	<u>22.604</u>	<u>22.779</u>	0

The District's fiscal year 2010 capital budget projects no major projects. More detailed information about the District's capital assets is presented in the notes to the financial statements.

### Long Term Debt

At year-end the District had \$17.127 million in bonds, leases and notes outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

### Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "A3" and Standard & Poors "A".

**Table A-5**  
District's Long Term Debt  
(In millions of dollars)

	Governmental Activities		Total Percentage Change
	<u>2009</u>	<u>2008</u>	<u>2009-2008</u>
Leases payable	.000	.000	**
Bonds payable	17.127	17.368	-1
Notes payable	0	0	**
Less deferred amount			
On refundings	(0)	(0)	0
Total bonds & notes payable	<u>17.127</u>	<u>17.368</u>	-1

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

- Appraised value used for the 2010 budget preparation is up \$1,242,647, or less than .01% from 2009.
- General operating fund spending per student increases in the 2010 budget from \$7,915 to \$9,674. This is a 22.0% increase.
- The District's 2010 refined average daily attendance is expected to be 1,015, a relatively stable number.

These indicators were taken into account when adopting the general fund budget for 2010. Amounts available for appropriation in the general fund budget are \$9,819,549, an increase of 12 percent over the final 2009 budget.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2010.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Maypearl Independent School District's Business Services Department at P. O. Box 40, Maypearl, Texas 76064 or phone number 972-435-2116.

## *Basic Financial Statements*

**MAYPEARL INDEPENDENT SCHOOL DISTRICT****STATEMENT OF NET ASSETS**

AUGUST 31, 2009

1

Data Control Codes		Governmental Activities
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 3,233,891
1120	Current Investments	342,040
1225	Property Taxes Receivable (Net)	217,545
1240	Due from Other Governments	677,310
Capital Assets:		
1510	Land	767,106
1520	Buildings and Improvements, Net	20,942,979
1530	Furniture and Equipment, Net	894,353
1000	Total Assets	<u>27,075,224</u>
<b>LIABILITIES:</b>		
2110	Accounts Payable	81,030
2140	Interest Payable	32,497
2160	Accrued Wages Payable	309,893
2300	Deferred Revenue	141,097
Noncurrent Liabilities:		
2501	Due Within One Year	486,615
2502	Due in More Than One Year	16,640,590
2000	Total Liabilities	<u>17,691,722</u>
<b>NET ASSETS</b>		
3200	Invested in Capital Assets, Net of Related Debt	5,444,736
Restricted For:		
3820	State and Federal Programs	29,259
3850	Debt Service	303,526
3900	Unrestricted	3,605,981
3000	Total Net Assets	<u>\$ 9,383,502</u>

The accompanying notes are an integral part of this statement.

## MAYPEARL INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Assets
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 4,996,121	\$ --	\$ 491,030	\$ (4,505,091)
12	Instructional Resources and Media Services	127,935	--	--	(127,935)
13	Curriculum and Staff Development	17,310	--	710	(16,600)
21	Instructional Leadership	61,402	--	--	(61,402)
23	School Leadership	525,285	--	--	(525,285)
31	Guidance, Counseling, & Evaluation Services	204,926	--	--	(204,926)
33	Health Services	111,844	--	--	(111,844)
34	Student Transportation	157,494	--	--	(157,494)
35	Food Service	399,835	167,419	227,726	(4,690)
36	Cocurricular/Extracurricular Activities	265,683	35,881	--	(229,802)
41	General Administration	383,699	--	--	(383,699)
51	Plant Maintenance and Operations	1,113,308	--	--	(1,113,308)
52	Security and Monitoring Services	8,717	--	--	(8,717)
53	Data Processing Services	317,539	--	--	(317,539)
72	Interest on Long-term Debt	844,047	--	520,817	(323,230)
73	Bond Issuance Costs and Fees	2,223	--	--	(2,223)
93	Payments Related to Shared Services Arrangements	312,000	--	130,168	(181,832)
TG	Total Governmental Activities	9,849,368	203,300	1,370,451	(8,275,617)
TP	Total Primary Government	\$ 9,849,368	\$ 203,300	\$ 1,370,451	(8,275,617)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				2,181,056
DT	Property Taxes, Levied for Debt Service				669,221
IE	Investment Earnings				53,143
GC	Grants and Contributions Not Restricted to Specific Programs				6,117,375
MI	Miscellaneous				110,559
TR	Total General Revenues				9,131,354
CN	Change in Net Assets				855,737
NB	Net Assets - Beginning				8,527,765
NE	Net Assets - Ending				\$ 9,383,502

The accompanying notes are an integral part of this statement.



## MAYPEARL INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 3,203,702	\$ 157	\$ 30,032	\$ 3,233,891
1120 Current Investments	81,252	260,788	--	342,040
1225 Taxes Receivable, Net	174,964	42,581	--	217,545
1240 Due from Other Governments	670,372	--	6,938	677,310
1260 Due from Other Funds	2,383	--	--	2,383
1000 Total Assets	<u>\$ 4,132,673</u>	<u>\$ 303,526</u>	<u>\$ 36,970</u>	<u>\$ 4,473,169</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 81,030	\$ --	\$ --	\$ 81,030
2160 Accrued Wages Payable	303,743	--	4,158	307,901
2170 Due to Other Funds	--	--	2,383	2,383
2200 Accrued Expenditures	1,595	--	397	1,992
2300 Unearned Revenue	257,188	42,581	--	299,769
2000 Total Liabilities	<u>643,556</u>	<u>42,581</u>	<u>6,938</u>	<u>693,075</u>
<b>FUND BALANCES:</b>				
Reserved Fund Balances:				
3420 Debt Service	--	260,945	--	260,945
3450 Reserve for Food Service	--	--	29,259	29,259
Designated Fund Balance:				
3510 Construction	2,450,000	--	773	2,450,773
3600 Unreserved	1,039,117	--	--	1,039,117
3000 Total Fund Balances	<u>3,489,117</u>	<u>260,945</u>	<u>30,032</u>	<u>3,780,094</u>
4000 Total Liabilities and Fund Balances	<u>\$ 4,132,673</u>	<u>\$ 303,526</u>	<u>\$ 36,970</u>	<u>\$ 4,473,169</u>

The accompanying notes are an integral part of this statement.

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**AUGUST 31, 2009**

Total fund balances - governmental funds balance sheet	\$ 3,780,094
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	22,604,438
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	217,545
Payables for bond principal which are not due in the current period are not reported in the funds.	(16,086,650)
Payables for bond interest which are not due in the current period are not reported in the funds.	(1,073,052)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(58,873)
Net assets of governmental activities - statement of net assets	\$ <u>9,383,502</u>

The accompanying notes are an integral part of this statement.

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2009**

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ 2,419,858	\$ 676,068	\$ 167,458	\$ 3,263,384
5800 <i>State Program Revenues</i>	6,328,849	520,817	161,463	7,011,129
5900 <i>Federal Program Revenues</i>	130,168	--	321,195	451,363
5020 <b>Total Revenues</b>	<u>8,878,875</u>	<u>1,196,885</u>	<u>650,116</u>	<u>10,725,876</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	4,733,283	--	117,391	4,850,674
0012 <i>Instructional Resources and Media Services</i>	117,837	--	--	117,837
0013 <i>Curriculum and Staff Development</i>	15,250	--	694	15,944
0021 <i>Instructional Leadership</i>	54,403	--	2,153	56,556
0023 <i>School Leadership</i>	483,825	--	--	483,825
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	54,057	--	134,694	188,751
0033 <i>Health Services</i>	103,016	--	--	103,016
0034 <i>Student Transportation</i>	220,213	--	--	220,213
0035 <i>Food Service</i>	--	--	368,276	368,276
0036 <i>Cocurricular/Extracurricular Activities</i>	244,713	--	--	244,713
0041 <i>General Administration</i>	353,414	--	--	353,414
0051 <i>Plant Maintenance and Operations</i>	1,212,011	--	--	1,212,011
0052 <i>Security and Monitoring Services</i>	8,029	--	--	8,029
0053 <i>Data Processing Services</i>	292,476	--	--	292,476
0071 <i>Principal on Long-term Debt</i>	--	279,807	--	279,807
0072 <i>Interest on Long-term Debt</i>	12,583	793,236	--	805,819
0073 <i>Bond Issuance Costs and Fees</i>	--	4,578	--	4,578
0093 <i>Payments to Shared Service Arrangements</i>	312,000	--	--	312,000
6030 <b>Total Expenditures</b>	<u>8,217,110</u>	<u>1,077,621</u>	<u>623,208</u>	<u>9,917,939</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>				
1100 <b>Expenditures</b>	<u>661,765</u>	<u>119,264</u>	<u>26,908</u>	<u>807,937</u>
1200 <b>Net Change in Fund Balances</b>	<u>661,765</u>	<u>119,264</u>	<u>26,908</u>	<u>807,937</u>
0100 <b>Fund Balances - Beginning</b>	2,827,352	141,681	3,124	2,972,157
3000 <b>Fund Balances - Ending</b>	<u>\$ 3,489,117</u>	<u>\$ 260,945</u>	<u>\$ 30,032</u>	<u>\$ 3,780,094</u>

The accompanying notes are an integral part of this statement.

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2009

Net change in fund balances - total governmental funds	\$ 807,937
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	509,776
The depreciation of capital assets used in governmental activities is not reported in the funds.	(685,139)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(20,771)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	279,807
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	2,355
The accretion of interest on capital appreciation bonds is not reported in the funds.	(38,803)
(Increase) decrease in accrued interest from beginning of period to end of period.	575
Change in net assets of governmental activities - statement of activities	\$ <u>855,737</u>

The accompanying notes are an integral part of this statement.

**MAYPEARL INDEPENDENT SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****AUGUST 31, 2009**

		Agency Fund
Data Control Codes		Student Activity
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 109,905
1120	Current Investments	62,109
1000	Total Assets	172,014
<b>LIABILITIES:</b>		
Current Liabilities:		
2190	Due to Student Groups	172,014
2000	Total Liabilities	172,014
<b>NET ASSETS</b>		
3000	Total Net Assets	\$ --

The accompanying notes are an integral part of this statement.

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

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

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

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

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

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

The District reports the following major governmental funds:

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

**Debt Service Fund:** This is the District's fund that accounts for funds collected for the purpose of retiring bonded debt and accounts for expenditures that service this debt.

In addition, the District reports the following fund types:

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

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

Agency Funds (a fiduciary fund) are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. The District's only Agency Fund is the Student Activity Fund.

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

a. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period, however, an allowance for doubtful collection of \$32,910 is included.

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

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Building Improvements	20
Vehicles	5-10
Office Equipment	7
Computer Equipment	3

d. Receivable and Payable Balances

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

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

e. Interfund Activity

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

f. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

g. Data Control Codes

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



**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

**B. Compliance and Accountability**

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

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

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

**2. Deficit Fund Balance or Fund Net Assets of Individual Funds**

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

**C. Deposits and Investments**

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

**1. Cash Deposits:**

At August 31, 2009, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,549,925 and the bank balance was \$3,795,824. The District's cash deposits at August 31, 2009 and during the year ended August 31, 2009, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

**2. Investments:**

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

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

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

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

The District's investments at August 31, 2009 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	N/A	\$ 26,006
Total Investments		<u>\$ 26,006</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

At August 31, 2009, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, contain no significant credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

Investment Accounting Policy

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

Public Funds Investment Pools

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

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

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 767,106	\$ --	\$ --	\$ 767,106
Total capital assets not being depreciated	767,106	--	--	767,106
<i>Capital assets being depreciated:</i>				
Buildings and improvements	24,822,880	186,952	--	25,009,832
Equipment	1,239,375	217,269	--	1,456,644
Vehicles	677,036	105,555	--	782,591
Total capital assets being depreciated	26,739,291	509,776	--	27,249,067
Less accumulated depreciation for:				
Buildings and improvements	(3,578,942)	(487,911)	--	(4,066,853)
Equipment	(842,292)	(148,274)	--	(990,566)
Vehicles	(305,362)	(48,954)	--	(354,316)
Total accumulated depreciation	(4,726,596)	(685,139)	--	(5,411,735)
Total capital assets being depreciated, net	22,012,695	(175,363)	--	21,837,332
Governmental activities capital assets, net	\$ 22,779,801	\$ (175,363)	\$ --	\$ 22,604,438

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

Depreciation was charged to functions as follows:

Instruction	\$ 393,121
Instructional Resources and Media Services	10,098
Curriculum and Staff Development	1,366
Instructional Leadership	4,846
School Leadership	41,460
Guidance, Counseling, & Evaluation Services	16,175
Health Services	8,828
Student Transportation	12,431
Food Services	31,559
Extracurricular Activities	20,970
General Administration	30,285
Plant Maintenance and Operations	88,249
Security and Monitoring Services	688
Data Processing Services	25,063
	<u>\$ 685,139</u>

**E. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at August 31, 2009, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 2,383	Short-term loans
	Total	<u>\$ 2,383</u>	

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

**2. Transfers To and From Other Funds**

There were no transfers during the year.

**F. Short-Term Debt Activity**

The District accounts for short-term debts for maintenance purposes through the General Fund. The activities from loans are shown in the financial statements as short term debt repayment in the liability section.

The District approved a loan for up to \$390,000 on September 20, 2007 to be used for capital improvements. On February 11, 2009, the loan was repaid.

<u>Description</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Note Payable from Bank	\$ 225,000	\$ --	\$ (225,000)	\$ --

**G. Long-Term Obligations**

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

# MAYPEARL INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2009, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 12,895,020	\$ --	\$ (95,020)	\$ 12,800,000	\$ 390,000
General obligation bonds Capital Appreciation	3,471,437	--	(184,787)	3,286,650	96,615
Accretion on Capital App Bd	1,001,752	38,803	--	1,040,555	--
Total governmental activities	<u>\$ 17,368,209</u>	<u>\$ 38,803</u>	<u>\$ (279,807)</u>	<u>\$ 17,127,205</u>	<u>\$ 486,615</u>

#### General Obligation Bonds

General obligation school building bonds payable at August 31, 2009, with their outstanding balance are comprised of the following individual issue.

The District issued \$4,499,998 of Schoolhouse and Refunding Bonds, Series 2000 during the year ended August 31, 2000 for the purposes of construction. Interest rates vary from 3.3% to 5.6% with installments varying from \$75,000 to \$410,000. The total balance on this issue at August 31, 2009 is \$1,034,997 with a \$139,997 portion reflected as Capital Appreciation Bonds.

The District issued \$9,449,993 of Unlimited Tax Refunding Bonds, Series 2004 during the year ended August 31, 2004 for the purposes of construction. Interest rates vary from 2.5% to 5.55% with installments varying from \$75,685 to \$1,081,375. The balance on this issue at August 31, 2009 is \$9,341,653 with a \$3,146,653 portion reflected as Capital Appreciation Bonds.

The District issued \$6,219,359 of Unlimited Tax School Building and Refunding Bonds, Series 2005 during the year ended August 31, 2005 for the purposes of construction. Interest rates vary from 3.0% to 5.0% with installments varying from \$20,365 to \$448,461. The total balance on this issue at August 31, 2009 is \$5,710,000 with no portion remaining as Capital Appreciation Bonds.

### 2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2009, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 486,615	\$ 606,113	\$ 1,092,728
2011	517,690	600,000	1,117,690
2012	356,715	786,022	1,142,737
2013	357,097	800,282	1,157,379
2014	561,499	615,316	1,176,815
2015-2019	2,520,782	3,334,942	5,855,724
2020-2024	2,329,727	3,683,276	6,013,003
2025-2029	3,021,525	3,355,554	6,377,079
2030-2034	5,935,000	779,375	6,714,375
Totals	<u>\$ 16,086,650</u>	<u>\$ 14,560,880</u>	<u>\$ 30,647,530</u>

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

H. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2009, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Pension Plan

1. Plan Description

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

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.58% of the District's covered payroll. The District's employees' contributions to the System for the years ending August 31, 2009, 2008 and 2007 were \$319,973, \$315,102 and \$307,942, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending August 31, 2009, 2008 and 2007 were \$41,051, \$37,527 and \$33,272, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$334,646 for the year ended August 31, 2009.

J. Retiree Health Care Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web 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.

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

2. 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 2009, 2008 and 2007. 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, 2009, 2008, and 2007, the State's contributions to TRS-Care were \$11,343, \$11,209, and \$10,093, respectively, the active member contributions were \$268,226, \$279,999, and \$208,226, respectively, and the District's contributions were \$167,400, \$178,350, and \$165,600, respectively, which equaled the required contributions each year.

K. Employee Health Care Coverage

During the year ended August 31, 2009, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 30, 2009, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the TRS-Active Care are available for the year ended December 31, 2008, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

L. Commitments and Contingencies

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

M. Shared Services Arrangements

Shared Services Arrangement - Membership

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

Member Districts

Avalon ISD  
Italy ISD  
Milford ISD  
Ferris ISD  
Palmer ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Ferris ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

## MAYPEARL INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

#### N. Self Funded Workman's Compensation Insurance

On September 1, 1991 the District joined a self-funded workers compensation plan known as East Texas Educational Insurance Association along with other Texas School Districts. The District pays an administrative fee based on total payroll costs multiplied by an experience modifier. The service agreement provides that the association will be self-sustaining through member premiums. Excess worker's compensation insurance is carried by Midwest Employers Casualty Co.. The specific retention is \$225,000, aggregate limit \$5,000,000. Liabilities are reported when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated.

Statement of Change in Liability	2009	2008
Unpaid (overpayment) claims at September 1	\$ 33,674	\$ 64,381
Net claims incurred or (adjusted) during the year	7,277	(16,984)
Payments of claims during the year	(12,049)	(13,723)
Unpaid claims at August 31	\$ 28,902	\$ 33,674

The above amount is reflected as a liability on the financial statements as of August 31, 2009.

#### O. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present final amended budgeted revenues and expenditures for each of these funds along with the adopted budget for the General Fund. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J4 and J5.

The following procedures are followed in establishing the budgetary data reflected in the basic 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 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. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	August 31, 2009
	<u>Fund Balance</u>
Appropriated Budget Funds	\$ <u>29,259</u>



**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2009**

P. Accumulated Unpaid Vacation and Personal Leave Benefits

At August 31, 2009, the District had no liability for accrued sick leave or vacation leave.

District employees accumulate personal leave at the rate of 5 days per year with no accumulation limit.

The District has non vested sick and personal leave benefits at August 31, 2009 which are not recorded on the financial statements in the amount of \$389,661. These benefits are recorded as expenditures as used.

Q. Deferred Career and Technology State Revenue

Due to underspending in 2008, the District began the year with \$155,238 in deferred revenue in its Career and Technology category. By increasing its spending in this program during the year, the District was able to recognize \$73,014 as revenue, leaving \$82,224 in deferred revenue.

R. Change in Accounting Principles

For fiscal year 2009, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic accrual-basis measurement and recognition of other postemployment benefit (OPEB) costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan.

This change was implemented prospectively.

### *Required Supplementary Information*

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

# MAYPEARL INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

## GENERAL FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes		1	2	3	Variance with
		Budgeted Amounts		Actual	Final Budget Positive (Negative)
		Original	Final		
	REVENUES:				
5700	Local and Intermediate Sources	\$ 2,106,680	\$ 2,143,528	\$ 2,419,858	\$ 276,330
5800	State Program Revenues	6,170,022	6,170,022	6,328,849	158,827
5900	Federal Program Revenues	110,000	110,000	130,168	20,168
5020	Total Revenues	8,386,702	8,423,550	8,878,875	455,325
	EXPENDITURES:				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	4,695,897	4,777,428	4,733,283	44,145
0012	Instructional Resources and Media Services	128,768	128,768	117,837	10,931
0013	Curriculum and Staff Development	16,655	16,655	15,250	1,405
	Total Instruction & Instr. Related Services	4,841,320	4,922,851	4,866,370	56,481
	Instructional and School Leadership:				
0021	Instructional Leadership	66,100	66,100	54,403	11,697
0023	School Leadership	505,193	505,193	483,825	21,368
	Total Instructional & School Leadership	571,293	571,293	538,228	33,065
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	54,737	54,737	54,057	680
0033	Health Services	103,350	103,350	103,016	334
0034	Student (Pupil) Transportation	292,410	295,865	220,213	75,652
0036	Cocurricular/Extracurricular Activities	249,150	249,150	244,713	4,437
	Total Support Services - Student (Pupil)	699,647	703,102	621,999	81,103
	Administrative Support Services:				
0041	General Administration	377,321	377,321	353,414	23,907
	Total Administrative Support Services	377,321	377,321	353,414	23,907
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	1,200,120	1,392,142	1,212,011	180,131
0052	Security and Monitoring Services	17,500	45,303	8,029	37,274
0053	Data Processing Services	316,501	316,501	292,476	24,025
	Total Support Services - Nonstudent Based	1,534,121	1,753,946	1,512,516	241,430
	Debt Service:				
0071	Principal on Long-Term Debt	31,000	31,000	--	31,000
0072	Interest on Long-Term Debt	--	20,000	12,583	7,417
0073	Bond Issuance Costs and Fees	20,000	--	--	--
	Total Debt Service	51,000	51,000	12,583	38,417
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member Dist.-SSA	312,000	312,000	312,000	--
	Total Intergovernmental Charges	312,000	312,000	312,000	--
6030	Total Expenditures	8,386,702	8,691,513	8,217,110	474,403
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(267,963)	661,765	929,728
1200	Net Change in Fund Balance	--	(267,963)	661,765	929,728
0100	Fund Balance - Beginning	2,827,352	2,827,352	2,827,352	--
3000	Fund Balance - Ending	\$ 2,827,352	\$ 2,559,389	\$ 3,489,117	\$ 929,728

### *Other Supplementary Information*

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

# MAYPEARL INDEPENDENT SCHOOL DISTRICT

## SCHEDULE OF DELINQUENT TAXES RECEIVABLE

FOR THE YEAR ENDED AUGUST 31, 2009

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2000 and Prior Years	\$	Various	\$	Various	\$	Various
2001		1.32		.21		86,156,345
2002		1.3764		.1736		101,349,760
2003		1.38		.17		113,707,162
2004		1.45		.13		125,860,759
2005		1.45		.329		136,076,391
2006		1.457		.294		151,554,890
2007		1.348		.30		165,447,964
2008		1.348		.30		185,475,597
2009 (School Year Under Audit)		1.04		.32		208,757,353
1000 Totals						

10 Beginning Balance 9/1/08	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/09
\$ 25,768	\$ --	\$ 1,844	\$ 294	\$ (16,026)	\$ 7,604
10,943	--	668	106	(5,093)	5,076
14,069	--	1,008	127	(5,826)	7,108
14,810	--	2,304	284	(2,693)	9,529
17,202	--	3,908	350	(587)	12,357
25,585	--	5,550	1,259	(607)	18,169
36,524	--	10,529	2,099	1,199	25,095
46,999	--	15,056	3,351	1,609	30,201
82,468	--	23,494	6,777	(13,339)	38,858
--	2,839,100	2,093,331	644,102	(5,209)	96,458
<u>\$ 274,368</u>	<u>\$ 2,839,100</u>	<u>\$ 2,157,692</u>	<u>\$ 658,749</u>	<u>\$ (46,572)</u>	<u>\$ 250,455</u>

# MAYPEARL INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

## SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2010-2011 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2009

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 206,979	\$ 172,762	\$ --	\$ --	\$ 379,741
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	--	--	21,525	--	21,525
6212	Audit Services	--	--	--	11,175	--	--	11,175
6213	Tax Appraisal and Collection	--	28,396	--	--	--	--	28,396
621X	Other Prof. Services	--	6,262	1,397	4,090	7,202	6,636	25,587
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	7,890	7,890
6240	Contr. Maint. and Repair	--	--	--	--	5,849	--	5,849
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	3,978	--	3,978
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	5,537	697	--	5,608	11,842
6410	Travel, Subsistence, Stipends	8,465	--	4,246	--	3,712	152	16,575
6420	Ins. and Bonding Costs	--	--	--	--	--	7,183	7,183
6430	Election Costs	610	--	--	--	--	--	610
6490	Miscellaneous Operating	1,512	--	2,677	1,939	--	120	6,248
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 10,587 \$ 34,658 \$ 220,836 \$ 190,663 \$ 42,266 \$ 27,589 \$ 526,599

Total expenditures for General and Special Revenue Funds (9) \$ 8,840,318

#### LESS: Deductions of Unallowable Costs

#### FISCAL YEAR

Total Capital Outlay (6600) (10) \$ 509,776  
 Total Debt & Lease (6500) (11) 12,583  
 Plant Maintenance (Function 51, 6100-6400) (12) 1,013,081  
 Food (Function 35, 6341 and 6499) (13) --  
 Stipends (6413) (14) --  
 Column 4 (above) - Total Indirect Cost 190,663

Subtotal 1,726,103

Net Allowed Direct Cost \$ 7,114,215

#### CUMULATIVE

Total Cost of Buildings Before Depreciation (1520) (15) \$ 25,009,832  
 Historical Cost of Buildings over 50 years old (16) --  
 Amount of Federal Money in Building Cost (Net of #16) (17) --  
 Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540) (18) 1,456,644  
 Historical Cost of Furniture & Equipment over 16 years old (19) --  
 Amount of Federal Money in Furniture & Equipment (Net of #19) (20) --

(8) Note A - \$173,185 in Function 53 expenditures and \$28396 in Function 99 expenditures are included in this report on administrative costs.

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)

GENERAL FUND

AS OF AUGUST 31, 2009

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2009 (Exhibit C-1 object 3000 for the General Fund only)	\$ 3,489,117
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	--
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	2,450,000
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 (9/1/09 - 5/31/10)	720,000
6	Estimate of delayed payments from state sources (58XX) including August payment delays	--
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
8	Estimate of delayed payments from federal sources (59XX)	--
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	3,170,000
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ 319,117

Above amount to be used for future capital additions



# MAYPEARL INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 192,000	\$ 167,458	\$ (24,542)
5800 <i>State Program Revenues</i>	10,551	10,157	(394)
5900 <i>Federal Program Revenues</i>	180,900	217,569	36,669
5020 Total Revenues	383,451	395,184	11,733
<b>EXPENDITURES:</b>			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	383,451	368,276	15,175
Total Support Services - Student (Pupil)	383,451	368,276	15,175
6030 Total Expenditures	383,451	368,276	15,175
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	26,908	26,908
1200 Net Change in Fund Balance	--	26,908	26,908
0100 Fund Balance - Beginning	2,351	2,351	--
3000 Fund Balance - Ending	\$ 2,351	\$ 29,259	\$ 26,908

# MAYPEARL INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

## DEBT SERVICE FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 611,964	\$ 676,068	\$ 64,104
5800 <i>State Program Revenues</i>	467,091	520,817	53,726
5020 <i>Total Revenues</i>	<u>1,079,055</u>	<u>1,196,885</u>	<u>117,830</u>
<b>EXPENDITURES:</b>			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	280,300	279,807	493
0072 <i>Interest on Long-Term Debt</i>	793,255	793,236	19
0073 <i>Bond Issuance Costs and Fees</i>	5,500	4,578	922
<i>Total Debt Service</i>	<u>1,079,055</u>	<u>1,077,621</u>	<u>1,434</u>
6030 <i>Total Expenditures</i>	<u>1,079,055</u>	<u>1,077,621</u>	<u>1,434</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	--	119,264	119,264
1200 <i>Net Change in Fund Balance</i>	--	119,264	119,264
0100 <i>Fund Balance - Beginning</i>	141,681	141,681	--
3000 <i>Fund Balance - Ending</i>	<u>\$ 141,681</u>	<u>\$ 260,945</u>	<u>\$ 119,264</u>

# **HUDSON ANDERSON & ASSOCIATES, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA & CFP  
FRANK MARX, III, CPA  
DORI BOHL, CPA & CFE

## **Independent Auditors' Report**

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees  
Maypearl Independent School District  
P. O. Drawer 40  
Maypearl, Texas 76064

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maypearl Independent School District as of and for the year ended August 31, 2009, which collectively comprise the Maypearl Independent School District's basic financial statements and have issued our report thereon dated September 16, 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 Maypearl Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Maypearl Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Maypearl Independent School 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 Maypearl Independent School 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 Maypearl Independent School District's financial statements that is more than inconsequential will not be prevented by the Maypearl Independent School District's internal control.

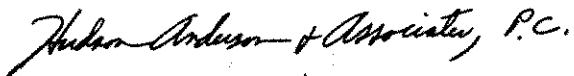
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Maypearl Independent School District's internal control.

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 considered to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

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



Hudson Anderson & Associates, P.C.

September 16, 2009

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED AUGUST 31, 2009*

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?

\_\_\_\_\_ Yes        X   No

One or more significant deficiencies identified that  
are not considered to be material weaknesses?

\_\_\_\_\_ Yes        X   None Reported

Noncompliance material to financial  
statements noted?

\_\_\_\_\_ Yes        X   No

B. Financial Statement Findings

None Noted

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2009*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
The District failed to spend 90% of its Career and Technology state mandated funds.	Corrected	

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2009*

None noted, so none required.

**MAYPEARL INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2009*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 1,040,555