



Comprehensive Annual Financial Report

For fiscal year ending August 31, 2011

Lake Dallas ISD

315 E. Hundley

Lake Dallas, Texas 75065

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
LAKE DALLAS, TEXAS

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2011**

PREPARED BY:

**WESLEY C. EVERSOLE, RTSBA
DEPUTY SUPERINTENDENT/CFO**

**ANNE HAEHN
DIRECTOR OF ACCOUNTING**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2011

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CERTIFICATE OF BOARD

Lake Dallas Independent School District
Name of School District

Denton
County

061-912
Co. - Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2011, at a meeting of the Board of Trustees of such school district on the 23rd day of January, 2012.

Signature of Board Secretary

Signature of Board President



INTRODUCTORY SECTION



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

315 E. Hundley Drive • Box 548

LAKE DALLAS, TEXAS 75065

940-497-4039

Fax 940-497-3737

www.ldisd.net

January 17, 2012

Board of Trustees
Lake Dallas Independent School District
P.O. Box 548
Lake Dallas, Texas 75065

To the Board of Trustees and the Citizens of the Lake Dallas Independent School District:

The Comprehensive Annual Financial Report of the Lake Dallas Independent School District (District) for the fiscal year ended August 31, 2011, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The Lake Dallas Independent School District Board of Trustees (Board), a seven-member group, is the level of government, which has responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. The District received funding from local, state and federal funding sources. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Profile of the District

Lake Dallas ISD is adjacent to Lewisville Lake in North Texas. The school district covers 9.8 square miles in Denton County with the beauty of the lake as a backdrop. Lake Dallas, Shady Shores, Corinth and Hickory Creek are the four towns within the boundaries of Lake Dallas ISD. With a focus on family and community, Lake Dallas ISD is excited about the growth and achievement of the three elementary schools, one middle school and one high school. Our mission is to provide a quality education so that students may reach their full academic and social potential.

Located approximately 30 miles from downtown Dallas on the growing I-35 corridor, the District has recorded increased population over the past several decades. The character of the District has changed from a part-time recreational and retirement community to a year-round residential area. New home construction has been significant, but has slowed dramatically in the past year.

The Lake Dallas ISD is approximately twenty miles from the Dallas/Ft. Worth metroplex and from DFW International Airport. The Dallas-Ft. Worth area is an important center of trade, finance and other major services. The quality of life and diversified economic base make this area one of the choice home, industrial, and manufacturing places to locate. This economic footing should allow for sustained growth in the future.

Lake Dallas ISD educates approximately 4,100 students on five campuses. The District offers programs and educational opportunities that are suited to the needs of a broad spectrum of students. Student attendance is commendable. In LDISD, 96% of all students are present in school each day. Lake Dallas ISD schools, programs, staff and students earn state and regional recognition regularly.

A challenging curriculum, dedicated staff, and supportive community ensure exceptional educational opportunities for all students. Lake Dallas schools continually strive for educational excellence in all areas. Lake Dallas ISD is dedicated to giving every student the best possible education through an intensive core curriculum based on guidelines of the Texas Education Agency and an array of specialized, challenging instructional and career programs.

Lake Dallas ISD is committed to being one of the nation's best school systems, constantly improving and refining both instructional programs and managerial operations in the interest of effectiveness, productivity, and economy. Our standards for students and staff members are high, and we strive constantly to raise them still higher. That is how it must be if we are to play a decisive role in ensuring the future success of the dynamic community we serve.

Major Initiatives

District Curriculum is vertically aligned throughout all grade levels and based on the Texas Essential Knowledge and Skill (TEKS). The District has a vibrant, growing student population, an excellent array of programs, a strong curriculum, access to an array of intellectual resources and a progressive, innovative atmosphere. An educated School Board, a skilled administration and a professional, dedicated and inventive staff, as well as an involved community, make Lake Dallas ISD a leader in education.

Patrons of the District passed a bond package in the fall of 2002 for \$65,000,000 which included additions and renovations to Lake Dallas High School, Lake Dallas Middle School, and a new K-5 Elementary School. During the summer of 2005, the District completed work on its expansion and renovation of Lake Dallas Middle School. This 205,000 square foot facility now meets the needs of over 900 middle school students. During the summer of 2006, the District completed work on a new 125,000 square foot elementary school that was ready in time for the arrival of student during the fall of 2006.

A major addition to Lake Dallas High School was completed during the summer of 2007. This expansion included an instructional wing, and additional gym and locker space.

During 2007, voters approved the issuance of a \$25 million bond package. Those funds were used to build Lake Dallas Elementary School and to expand Falcon Stadium.

On October 4, 2008, the voters of Lake Dallas ISD approved a \$.13 tax increase which raised the Maintenance and Operations tax rate to \$1.17 per one hundred dollar valuation. These funds have been used to increase compensation to teachers and other staff members in an attempt to maintain a competitive salary schedule. Additional funds have also been used to supplement existing programs and to expand programs needed for greater academic success.

Financial Information

The Comprehensive Annual Financial Report for the year ended August 31, 2011 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). All funds of the District are covered by this report. Presented funds are organized into three types dictated by the nature of the activities involved.

Governmental Fund Types:

- General Fund
- Debt Service Fund
- Capital Projects Fund
- Special Revenue Funds

Proprietary Fund Types:
Internal Service Funds
Enterprise Fund

Fiduciary Fund Type:
Agency Funds

Financial Policies and Planning

The annual budget serves as the foundation for the District's financial planning and control. The objective of these budgetary controls is to ensure compliance with legal provisions and provide a roadmap to insure state and local goals are met.

Most of the District's planning effort is focused on the District's Improvement Plan. Campus Improvement plans are analyzed to form a cohesive District Plan. This plan includes criteria for measuring and ultimately reaching success. The District Improvement Plan also includes long term goals that form the basis of long term planning.

Increasing the capitalization level of \$5,000 per unit cost several years ago has an impact on the current period's financial statements. Items below this level are not capitalized and are expensed into the financial statements. This also affects the depreciation schedule by reducing the amount of annual depreciation.

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions in the annual appropriated budget approved by the Board of Trustees. Every school district in Texas is required by law to prepare and file a budget with the Texas Education Agency. Activities of the general fund, food service fund and debt service fund are included in the District's budget.

Budgetary control (the level at which expenditures cannot legally exceed appropriations) is maintained at the functional category level within each fund. These functional categories are defined by the Texas Education Agency and identify the purpose of the transactions. A listing of these categories as well as related financial information is included herein. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the District continues meeting its responsibility for sound financial management.

Internal Controls

The extent of internal controls that a school district should establish is a judgment that must be made by management. Management's judgment regarding the extent of internal control necessary is affected by circumstances such as the size of the organization and the number of personnel available. Consideration must be given to the relationship between costs and benefits. In addition, the nature of internal control is such that even appropriate internal control methods and systems will not guarantee that a school district's objectives will be achieved, nor will they ensure its success.

Internal controls procedures are established to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Reliability of financial reporting
- Effectiveness and efficiency of operations
- Compliance with applicable laws and regulations

Relevant Financial Policy

The School Board has been instrumental in maintaining and increasing reserves of the District. The Board recognizes that maintaining an appropriate fund balance is a critical factor in the district financial planning and budgeting processes. Although fund balance levels could be affected by legislative actions and the amount of available state and federal resources, the Board has been proactive in building the District's reserves to fund unanticipated expenditures or the offset future short term revenue reductions. In addition, the Board has maintained an appropriate fund balance to avoid short term borrowing and to demonstrate financial stability, therefore preserving or enhancing its bond rating.

State Funding

The current system in the State of Texas provides funding for public education via a financing formula which weight student's attendance levels, property value per student, the District's tax effort and regional variations in payroll and other costs.

Debt Administration

At August 31, 2011, the District had \$97,019,818 of general obligation bonds outstanding. The debt service fund will provide debt service of long-term loans.

Educational Accomplishments of the District

Texas Education Agency (TEA) recognized Lake Dallas Independent School District as an Academically Recognized school district. Since 1993, the TEA has worked closely with public school districts and others to develop an integrated accountability system. The system is based upon a number of guiding principles including the performance of its students on the Texas Assessment of Academic Skills. In addition, two campuses were rated exemplary, two campuses were rated recognized and one campus was rated academically acceptable. The District is proud of this accomplishment.

The result of the Texas Assessment of Knowledge and Skills (TAKS) test indicate the District has been successful in raising student performance. Significant gains were noted in all areas. All scores were at or above state averages. Highlights of the TAKS results include the subject areas listed below.

- Reading, in which 95 percent of all students tested met the state standard
- Writing, in which 92 percent of all students tested met the state standard
- Social Studies, in which 98 percent of all students tested met the state standard
- Math, in which 91 percent of all students tested met the state standard
- Science, in which 91 percent of all students tested met the state standard

The District's students exceeded state averages on college readiness, SAT and ACT college entrance exams.

Economic Condition and Outlook

Over the last several years, Lake Dallas ISD's local economy has experienced a slight downturn but remains strong. The diversity of businesses located in the area and the range of housing available combined with the transpiration grid of the metroplex and proximity to Dallas-Fort Worth and Alliance airports provide a degree of protection from the economic cycle affecting many other school districts.

The student population has gradually increased over the past five years at an average growth rate of approximately .84 percent annually. The school district plans its budget based on estimated student enrollment and state aid earned based on student attendance. Total enrollment for the year ended August 31, 2011 was 4,104 with an average daily attendance rate of 96.20%. Enrollment is projected to be the same for the 2011-2012 school year.

The school district's facilities are in excellent condition and the District maintains all of its facilities. The average age of buildings in the District is seventeen years.

During the 2011 Texas Legislative Session, the Legislature enacted a budget that cut \$4 billion from the Foundation School Program for the 2012-13 State fiscal biennium as compared to the funding level school districts were entitled to under the previous funding formulas. In addition, the Legislature cut approximately \$1.3 billion in various grants that were previously available to Districts across the State. Such cuts were made in light of a projected State deficit of up to \$27 billion for the 2012-13 State fiscal bienniums.

The focus for the District's 2011-2012 school year budget process was to address a decline in funding while maintaining current programs. Lake Dallas ISD is projected to lose over \$1.37 million in funding over the 2010-2011 school year general fund budget. With the elimination of state grant funding of \$114,000, the revenue decline is almost \$1.5 million. Budget reductions were made to the 2011-2012 school year budget to align expenditures to the anticipated revenues. No educational programs were eliminated.

The community is one of absolute support for the district. Lake Dallas ISD has a history of 4 bond elections since 1995. All four bond elections have passed with overwhelming support. The District also held a Tax Rate election in 2008 and won with an 84% passage rate. Residents continue to support the school and demand a quality education for their students.

Independent Audit

District policy and State law requires an annual audit performed by an independent certified public accountant. Lake Dallas ISD's School Board has selected the accounting firm of Hankins, Eastup, Deaton, Tonn and Seay to perform this audit. An audit report is generated and a presentation to the School Board is made each January by the audit firm. The audit, which is included in the financial section of this report, meets all state and federal reporting requirements.

Awards Programs

This District has submitted their comprehensive annual financial report (CAFR) to the Association of School Business Officials (ASBO) for the purpose of participating in their awards program. The ASBO Certificate of Excellence in Financial Reporting recognizes school districts that have met the highest standards of excellence in school financial reporting.

The purpose of the program is to:

- A. Encourage school systems to adopt and use generally accepted accounting principles.
- B. Encourage school systems to adopt sound budgetary and financial reporting procedures.
- C. Recognize excellence in school financial reporting.
- D. Contribute to their enhancement of credibility of financial management of school systems by recognizing and publicizing excellence in school financial reporting.

The District has also submitted their CAFR to the Government Finance Officers Association (GFOA) for their review. The GFOA Certificate of Achievement for Excellence in Financial Reporting is awarded to easily readable and efficiently organized Comprehensive Annual Financial Reports. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe that our current Comprehensive Annual Financial Report meets the GFOA's and ASBO's program requirements.

The District has received both of these prestigious awards for over fifteen consecutive years. We believe that our current report conforms to the Certificate of Excellence Program requirements.

The Texas Education Agency has also awarded the district a rating of Above Standard Achievement under Texas' Schools FIRST financial accountability rating system. This is the eighth year of Schools FIRST (Financial Accountability Rating System of Texas). This financial accountability system for Texas school districts was developed by the TEA in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

The Schools FIRST accountability rating ensures that Texas school districts are accountable not only for student learning, but also for achieving these results cost-effectively and efficiently. The information provided by the Schools FIRST system will guide us in our continued efforts to maximize each taxpayer dollar.

The Schools FIRST accountability rating system assigns one of four financial accountability ratings to Texas school districts, with the highest being "Superior Achievement," followed by "Above-Standard Achievement," "Standard Achievement" and "Substandard Achievement." Districts with serious data quality problems may receive the additional rating of Suspended-Data Quality." Districts that receive the 'Substandard Achievement of "Suspended -Data Quality" ratings under Schools FIRST must file a corrective action plan with the Texas Education Agency.

In Addition, Lake Dallas ISD received the State Comptroller's Texas Honors Circle award for academic progress and financial efficacy. FAST (Financial Allocation System of Texas) is a five-star rating system based on the Comptroller's report Connecting the Dots: School Spending and Student Progress, which identifies Texas school districts that achieve strong student performance while keeping spending growth to a minimum.

The report was a directive by the 2009 Texas State Legislature as "a method to compare school districts on a level playing field and determine which districts and campuses allocate their financial resources in a matter that contributes to high academic achievement and cost-effective operations," according to a statement from the Comptroller's office. The rating system is based on student progress in reading and math, and district spending from the 1998-99 school year to 2008-09. Of the 1,235 school districts and charter schools analyzed, only 43 received the maximum five-star FAST rating. Lake Dallas ISD was one of two school districts in Denton County to receive five stars.

Board of Trustees

The Board of Trustees holds its regular monthly meeting on the third Monday of each month in the Board Room located in Lake Dallas Middle School, 325 East Hundley, at 5:30 p.m. for executive session with the open meeting resuming beginning at approximately 6:30 pm. Special and emergency meetings are scheduled when necessary. Proper public notice is given for all meetings.

The Lake Dallas Board of Trustees welcomes public participation in its meetings and encourages citizens to express their views on matters affecting the students of our community.

Outstanding Staff

Highly competent, dedicated staff members work together at every level to promote high academic standards and to provide every student with educational opportunities to meet individual needs and interests. Teachers emphasize strong curriculum, effective instructional techniques, and consistent student discipline.

Lake Dallas staff members recognize the importance of personal attention. Both tutoring and enrichment programs are provided to enhance student development.

Many of Lake Dallas personnel pursue professional growth through university coursework and educational workshops and staff development sessions. Many have advanced degrees. Staff commitment to personal growth ensures continuing academic excellence for Lake Dallas ISD.

Supportive Community

Community support and involvement are evident in Lake Dallas ISD. Strong PTA groups provide support for the schools and a strong link between home and school. Parent volunteers serve hundreds of hours in various capacities - from helping with extracurricular activities to assisting students and teachers in the classrooms. The community has continually shown the value it places on quality education through the financial and personal support it has given the District.

Comprehensive Safety Program

The District takes every reasonable precaution regarding the safety of students, employees, visitors, and all others with whom it conducts business. The District has developed, implemented, and promoted a comprehensive safety program. The program includes guidelines and procedures for responding to emergencies. See policy CK (Local).

Policies are in place related to:

- Use, possession, or exhibition of a firearm, an illegal knife, a club, or a prohibited weapon, as those terms are defined in the Penal Code,
- Conduct that contains the elements of the offense of aggravated assault, sexual assault, aggravated sexual assault, arson, murder, capital murder, criminal attempt to commit murder or capital murder, indecency with a child, or aggravated kidnapping, as those offenses are defined in the Penal Code;
- Drug- or alcohol-related offenses described in Education Code 37.006
- Criminal mischief
- Persistent misbehavior

Each school has effective emergency procedures that can be implemented on short notice and that will ensure optimum safety for students and school personnel. Lake Dallas ISD has two resource officers to assist with safety issues. The Superintendent has the authority to dismiss school for a part of a day or for longer periods of time, if necessary, in case of unusual or emergency situations. Campus principals have designed and implemented a system to familiarize employees and students with evacuation procedures and shall ensure that evacuation diagrams are appropriately posted. Principals also conduct fire, tornado, or other emergency drills designed to assure the orderly movement of students and personnel to the safest areas available.

Acknowledgments

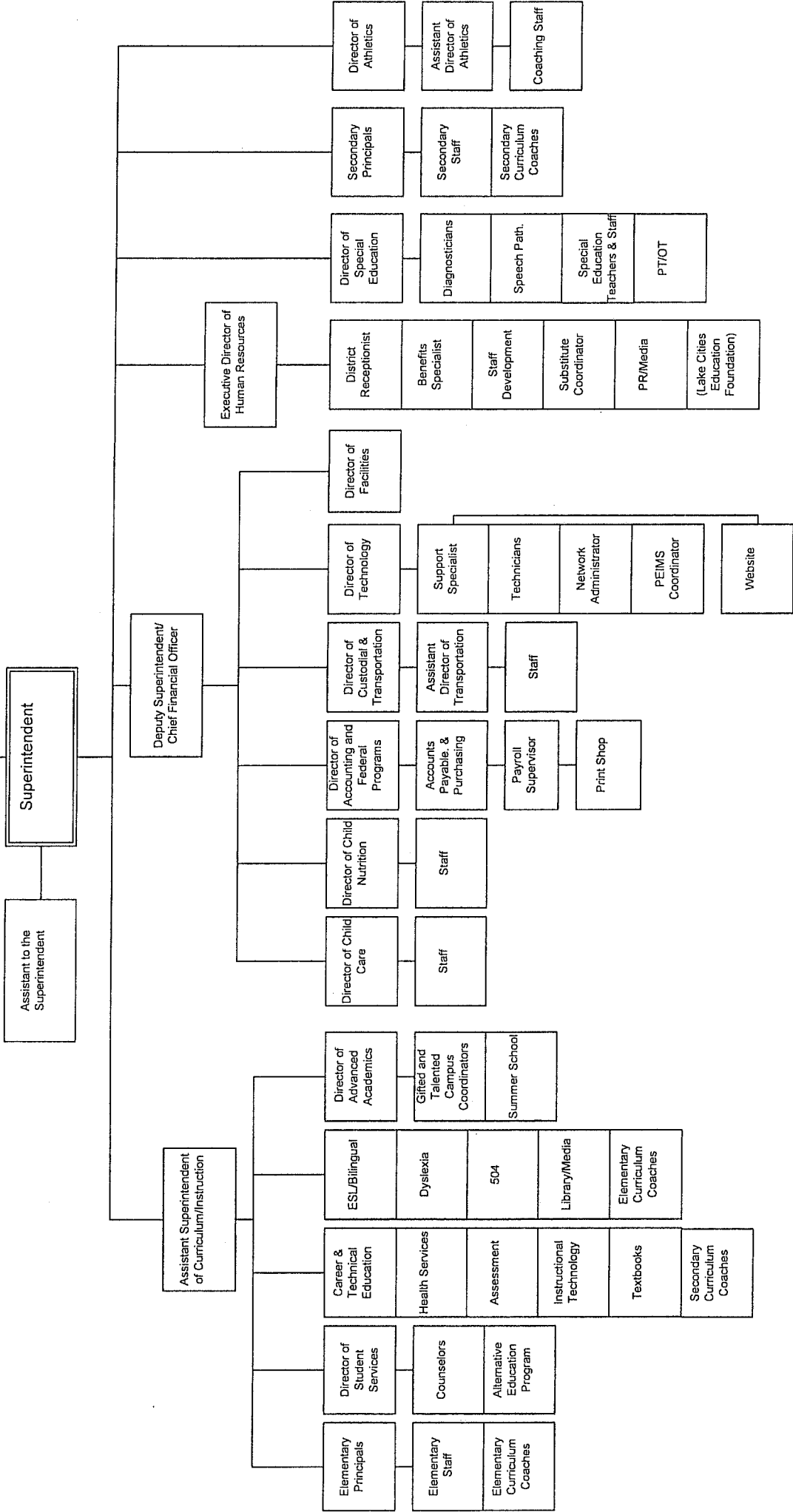
The preparation of this report could not have been accomplished without the services of the entire staff of the business office. In addition, the Board of Trustees should be commended for its continued support and leadership.

Gayle Stinson - Superintendent of Schools

Wes Eversole, RTSBA -Deputy Superintendent/
Chief Financial Officer

Anne Haehn -Director of Accounting

LDISD Board of Trustees



Lake Dallas Independent School District
Organization Chart 2010-2011

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

Consultants and Advisors

Audit Firm

Hankins, Eastup, Deaton, Tonn & Seay
Certified Public Accountants
902 North Locust
Denton, Texas 76202-0977

Bond Attorneys

Fulbright & Jaworski L.L.P.
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201-2784

Fiscal Agents

The Bank of New York Trust Company
of Florida
10161 Centurion Parkway
2nd Floor
Jacksonville, FL 32256

General Counsel

Walsh, Anderson, Brown, Schulze & Aldridge, P.C.
P.O. Box 2156
Austin, Texas 78768

Tax Attorney

Sawko and Burroughs
1100 Dallas Drive, Ste. 100
Denton, Texas 76201

Financial Advisors

BOSC, Inc.
7600 West Northwest Hwy.
Dallas, Texas 75225

Official Depository

Wells Fargo
101 S. Locust Street
Denton, Texas, 76201

Tax Collector

Denton County Tax Collector Assessor
P.O. Box 1249
Denton, Texas 76201

Tax Appraisal

Denton Central Appraisal District
3911 Morse St.
Denton, TX 76208

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

PRINCIPAL OFFICIALS AUGUST 31, 2011

Elected Officials:

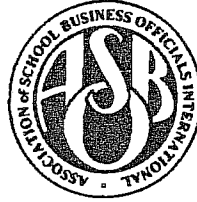
Board of Trustees:

Sandra Drusch	President
Lance Stacy	Vice President
Carol Jula	Secretary
Scott Baird	Member
Chad Thiessen	Member
Glen Gowens	Member
Tim Hicks	Member

Appointed Officials:

Gayle Stinson	Superintendent
Wesley Eversole, RTSBA	Deputy Superintendent/CFO
Marci Malcom	Assistant Superintendent of Curriculum and Instruction
Karla Landrum	Executive Director of Human Resources
Karen Dower	Director of Special Education
Wendy Konz	Director of Maintenance & Transportation
David Talbert	Director of Facilities
Anne Haehn	Director of Accounting
Charlotte Hicks	Director of Food Service
Stephanie Dawson	Director of Advanced Academic Services
Mike Dabney	Director of Technology
Scott Head	Athletic Director
Kristi Strickland	High School Principal
Jim Parker	Middle School Principal
Vangee Deussen	Shady Shores Elementary School Principal
Deon Quisenberry	Lake Dallas Elementary School Principal
Melody Carter	Corinth Elementary School Principal

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended August 31, 2010

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lake Dallas Independent
School District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2010

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



Linda C. Sandson

President

Jeffrey R. Ennis

Executive Director

FINANCIAL SECTION



Independent Auditor's Report

Board of Trustees
Lake Dallas Independent School District
Lake Dallas, Texas

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District (the District), as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's 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, business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District as of August 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2012, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 23 through 29 and 64, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, statistical section and the required TEA schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules, schedule of Changes in Agency Assets and Liabilities, the Schedules of Assets used in the operations of Governmental Funds and the required TEA schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

January 17, 2012

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2011
(UNAUDITED)**

As management of Lake Dallas Independent School District, we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2011. The District has implemented Government Accounting Standards Board Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". Please read this narrative in conjunction with the independent auditors' report on page 21, and the District's Basic Financial Statements that begin on page 33.

FINANCIAL HIGHLIGHTS

- The liabilities of Lake Dallas Independent School District exceeded its assets at the close of the most recent fiscal period by \$(5,400,572) (net assets). Of this amount, \$(11,386,057) (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fiscal policies.
- The District's total net assets decreased by \$1,642,195. The District has continued to use resources to build much needed new facilities. Although Lake Dallas ISD has a relatively high debt ratio, the District is close to completing its facility master plan. Upon the completion of this plan, no new facilities will be needed for many years to come. Overall the District's financial position decreased during the year.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$10,413,172. 76.8% of this total amount (\$7,997,172) is unassigned and available for use within the District's policies.
- At the end of the current fiscal period, unassigned fund balance for the general fund was \$7,997,172 or 26.89% of the total general fund expenditures, an increase of \$1,048,319 from the prior year. Budgeted revenues were based on no student growth. The actual growth rate was 0.6%. This increase in student attendance along with a budgeted surplus and budgetary cost cutting throughout the year account for this increase in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 33 through 35). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 36) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 45) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 33. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting (the basis used by private sector companies).

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities—The District charges a fee to “customers” to help it cover all or most of the cost of services it provides in the child care program.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 36 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's print shop and computer operations.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. The District's fiduciary activity is reported in a separate Statement of Fiduciary Net Assets on page 43. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District implemented GASB Statement #34 in a prior year. Therefore, our analysis presents both current and prior year data and discusses significant changes in the accounts. Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District's governmental and business-type activities.

Net assets of the District's governmental activities decreased from \$(3,759,805) to \$(5,400,572). Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$(11,386,057) at August 31, 2011. This decrease in governmental net assets was the result of depreciation and accreted interest expense.

In 2011, net assets of our business-type activities decreased by \$1,428, or 100%. This decrease is relatively insignificant to the overall operations of the District, but it represents significant services to the District through the Child Care program.

Table I
NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Current and other assets	14,476,925	15,540,639	1,555	128	14,478,480	15,540,767
Capital assets	108,735,440	106,409,585	-	-	108,735,440	106,409,585
Total assets	123,212,365	121,950,224	1,555	128	123,213,920	121,950,352
Long-term liabilities	124,464,091	124,126,726	-	-	124,464,091	124,126,726
Other liabilities	2,508,079	3,224,070	127	128	2,508,206	3,224,198
Total liabilities	126,972,170	127,350,796	127	128	126,972,297	127,350,924
Net Assets:						
Invested in capital assets net of related debt	4,377,808	4,569,899	-	-	4,377,808	4,569,899
Restricted	1,717,894	1,415,586	-	-	1,717,894	1,415,586
Unrestricted	(9,855,507)	(11,386,057)	1,428	-	(9,854,079)	(11,386,057)
Total net assets	(3,759,805)	(5,400,572)	1,428	-	(3,758,377)	(5,400,572)

Table II
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program Revenues:						
Charges for services	199,430	187,905	378,746	390,496	578,176	578,401
Operating grants and contributions	6,405,051	6,698,133	-	-	6,405,051	6,698,133
General Revenues:						
Maintenance and operations taxes	14,915,083	14,505,620	-	-	14,915,083	14,505,620
Debt service taxes	6,119,832	6,173,212	-	-	6,119,832	6,173,212
State aid	12,705,279	13,274,716	-	-	12,705,279	13,274,716
Investment earnings	26,956	56,595	-	-	26,956	56,595
Miscellaneous	86,741	149,499	-	-	86,741	149,499
Grants not Restricted	213,297	363,396	-	-	213,297	363,396
Total Revenue	40,671,669	41,409,076	378,746	390,496	41,050,415	41,799,572
Expenses:						
Instruction, curriculum and media services	21,889,288	21,578,536	-	-	21,889,288	21,578,536
Instructional and school leadership	2,175,126	2,135,492	-	-	2,175,126	2,135,492
Student support services	2,598,949	2,573,265	-	-	2,598,949	2,573,265
Child nutrition	1,679,715	1,743,118	-	-	1,679,715	1,743,118
Cocurricular activities	1,292,504	1,300,510	-	-	1,292,504	1,300,510
General administration	1,010,450	1,200,834	-	-	1,010,450	1,200,834
Plant maintenance, security & data processing	5,182,051	6,182,552	-	-	5,182,051	6,182,552
Community services	-	-	392,064	403,056	392,064	403,056
Debt services	5,987,568	6,149,304	-	-	5,987,568	6,149,304
Tax appraisal fees	178,174	175,100	-	-	178,174	175,100
Total Expenses	41,993,825	43,038,711	392,064	403,056	42,385,889	43,441,767
Nonoperating Revenues (Expenses)						
Transfers in (out)	-	(11,132)	-	11,132	-	-
Increase (Decrease) in net assets	(1,322,156)	(1,640,767)	(13,318)	(1,428)	(1,335,474)	(1,642,195)
Net assets at beginning of year	(5,713,439)	(3,759,805)	14,746	1,428	(5,698,693)	(3,758,377)
Adjustments to beginning capital assets	3,275,790	-	-	-	3,275,790	-
Net assets at end of year	(3,759,805)	(5,400,572)	1,428	-	(3,758,377)	(5,400,572)

The District took actions this year to compensate for some increases in costs and changes in state revenue.

- During the 2010-11 school year, the District maintained an average daily attendance (ADA) of 3,877, which was a .65% increase from the previous year.
- The District set the Maintenance and Operations property tax rate at \$1.17 and a Debt Service tax rate of \$.50 for fiscal year 2011.
- The Federal Government funded the Section 8002 Federal Impact Aid program again for the 2010-11 school year. The District received \$332,685 from the Federal Government for impact aid.

The cost of all governmental activities for the current fiscal year was \$43,038,711. However, as shown in the Statement of Activities on pages 34 and 35, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$20,678,832 because some of the costs were paid by those who directly benefited from the programs (\$187,905) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,698,133) or by State equalization funding (\$13,274,716).

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 36) reported a combined fund balance of \$10,413,172, which is \$387,968 higher than last year's total of \$10,025,204. Included in this year's total change in fund balance is an increase of \$1,047,765 in the District's General Fund. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted on page 25. The Debt Service Fund decreased by \$570,379 due to a decrease in tax revenues.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2010). The second category includes changes that the Board made during the year to reflect new information regarding revenue sources and expenditure needs. The third category involves amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

The District's General Fund balance of \$8,195,836 reported on page 36 differs from the General Fund's budgetary fund balance of \$6,976,399 reported in the budgetary comparison schedule on page 64. This is principally due to cost savings and increased revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2011, the District had \$106,409,585 (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net decrease of \$2,325,855, or 2.14 percent, below last year.

This fiscal period's major additions consisted of building improvements paid for out of the Capital Projects Fund.

More detailed information about the District's capital assets is presented in Note 4 to the financial statements.

Debt Administration

At year-end, the District had \$124,126,726 in bonds (including notes payable, accreted interest on bonds and discount/premium on debt issuance) versus \$124,464,091 last year—a decrease of .3 percent. The new debt incurred during the year was a note for \$658,262 and accreted interest of \$2,714,101.

More detailed information about the District's long-term debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's relationship with the local communities assures the development projects selected by the cities are also desirable for the community at large. With the opening of Lake Lewisville Bridge, the community hopes to eventually see economic growth and expansion of its commercial tax base.

Federal, state and local guidelines direct the budget development process. The Texas Education Agency (TEA) requires the General, Food Service and Debt Service funds to be budgeted, and adopted annually, by the District's Board of Trustees. The budget assumptions for the 2011-2012 school year were based on the same tax rate as the preceding year. The current \$1.67 tax rate is down from a high point in 05-06 of \$1.86. The tax rate has two components; the tax for maintenance and operations, and the tax to service long term debt.

Growth has slowed the past several years as the District reaches its housing capacity. The District grew 0.66% during the 2010-11 school year. The 2011-2012 General Fund Budget calculations are based on no student growth.

For years, schools were funded, in part, by property value increases. Schools used these funds to pay for the cost of educational programs. However, with the passage of HB1 in May 2006, a district is limited to the same target revenue per student as generated during prior year with no adjustments for inflation. A district's revenue is now distributed on this target revenue per student basis. Lake Dallas ISD's target revenue per student falls below State and Denton County averages.

With the passage of SB1 during the 2011 Special Legislative Session, the inequities of the target revenue system were maintained. State funding for public education was reduced by over \$5 billion over the biennium. As a result, State revenue per student was decreased substantially. Funding Changes affecting the 2011-2012 Budget include:

- General Fund funding decrease due to the passage of SB1
- Reduction of state technology funds estimated \$114,000 per year
- Education Jobs Fund of allotment \$661,038
- Loss of \$21,452 Student Success Initiative Funds
- IDEA B (Federal Special Education Funding) expected to decrease
- Loss of Mentoring Grant \$12,375
- Federal Impact Aid expected to decrease
- Federal Stabilization funds will stop – (Supplanted Funds \$1.6 million)

The focus of the District budget process has been to address a decline in funding while maintaining current programs. Issues addressed in the 2011-2012 budget included no enrollment growth (which is the basis of state funding), a projected revenue reduction of \$1.5 million, striving to reach federal, state and local goals, maintaining current programs, managing a reduction to operating budgets as a result of declining revenues and budgeting funds to adhere to all state and federal mandates.

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 show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Lake Dallas Independent School District, 315 E. Hundley Drive, Lake Dallas, Texas 75065, (940) 497-4039.



BASIC FINANCIAL STATEMENTS



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2011

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 11,003,176	\$ 1,054	\$ 11,004,230
1220	Property Taxes Receivable (Delinquent)	413,506	-	413,506
1230	Allowance for Uncollectible Taxes	(41,351)	-	(41,351)
1240	Due from Other Governments	1,953,042	-	1,953,042
1260	Internal Balances	926	(926)	-
1290	Other Receivables, net	560,739	-	560,739
1300	Inventories	46,876	-	46,876
1410	Deferred Expenses	198,664	-	198,664
1420	Capitalized Bond and Other Debt Issuance Costs	1,405,061	-	1,405,061
Capital Assets:				
1510	Land	3,414,396	-	3,414,396
1520	Buildings, Net	101,648,259	-	101,648,259
1530	Furniture and Equipment, Net	1,346,930	-	1,346,930
1000	Total Assets	121,950,224	128	121,950,352
LIABILITIES				
2110	Accounts Payable	1,884,978	-	1,884,978
2150	Payroll Deductions & Withholdings	1,850	-	1,850
2160	Accrued Wages Payable	1,075,972	-	1,075,972
2180	Due to Other Governments	19,905	-	19,905
2200	Accrued Expenses	231,909	128	232,037
2300	Deferred Revenues	9,456	-	9,456
Noncurrent Liabilities				
2501	Due Within One Year	3,216,599	-	3,216,599
2502	Due in More Than One Year	120,910,127	-	120,910,127
2000	Total Liabilities	127,350,796	128	127,350,924
NET ASSETS				
3200	Invested in Capital Assets, Net of Related Debt	4,569,899	-	4,569,899
Restricted for:				
3820	Restricted for Federal and State Programs	476,951	-	476,951
3850	Restricted for Debt Service	916,427	-	916,427
3870	Restricted for Campus Activities	22,208	-	22,208
3900	Unrestricted Net Assets	(11,386,057)	-	(11,386,057)
3000	Total Net Assets	\$ (5,400,572)	\$ -	\$ (5,400,572)

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 20,218,443	\$ 11,810	\$ 2,212,924
12 Instructional Resources and Media Services	611,435	-	27,005
13 Curriculum and Staff Development	748,658	-	108,682
21 Instructional Leadership	311,479	-	12,665
23 School Leadership	1,824,013	-	86,163
31 Guidance, Counseling and Evaluation Services	1,096,335	-	65,042
33 Health Services	345,364	-	19,096
34 Student (Pupil) Transportation	1,131,566	-	354,642
35 Food Services	1,743,118	-	1,636,960
36 Extracurricular Activities	1,300,510	115,525	96,722
41 General Administration	1,200,834	-	97,487
51 Plant Maintenance and Operations	5,425,032	60,570	1,555,809
52 Security and Monitoring Services	118,717	-	-
53 Data Processing Services	638,803	-	80,617
72 Debt Service - Interest on Long Term Debt	6,087,851	-	344,319
73 Debt Service - Bond Issuance Cost and Fees	61,453	-	-
99 Tax Appraisal Fees	175,100	-	-
[TG] Total Governmental Activities:	43,038,711	187,905	6,698,133
BUSINESS-TYPE ACTIVITIES:			
01 Child Care Program	403,056	390,496	-
[TB] Total Business-Type Activities:	403,056	390,496	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 43,441,767	\$ 578,401	\$ 6,698,133

Data
Control
Codes

General Revenues:

Taxes:

MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
SF	State Aid - Formula Grants
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
FR	Transfers In (Out)
TR	Total General Revenues & Transfers
CN	Change in Net Assets
NB	Net Assets--Beginning
NE	Net Assets--Ending

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

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (17,993,709)	\$ -	\$ (17,993,709)
(584,430)	-	(584,430)
(639,976)	-	(639,976)
(298,814)	-	(298,814)
(1,737,850)	-	(1,737,850)
(1,031,293)	-	(1,031,293)
(326,268)	-	(326,268)
(776,924)	-	(776,924)
(106,158)	-	(106,158)
(1,088,263)	-	(1,088,263)
(1,103,347)	-	(1,103,347)
(3,808,653)	-	(3,808,653)
(118,717)	-	(118,717)
(558,186)	-	(558,186)
(5,743,532)	-	(5,743,532)
(61,453)	-	(61,453)
(175,100)	-	(175,100)
(36,152,673)	-	(36,152,673)
-	(12,560)	(12,560)
-	(12,560)	(12,560)
(36,152,673)	(12,560)	(36,165,233)
14,505,620	-	14,505,620
6,173,212	-	6,173,212
13,274,716	-	13,274,716
363,396	-	363,396
56,595	-	56,595
149,499	-	149,499
(11,132)	11,132	-
34,511,906	11,132	34,523,038
(1,640,767)	(1,428)	(1,642,195)
(3,759,805)	1,428	(3,758,377)
\$ (5,400,572)	\$ -	\$ (5,400,572)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 9,322,816	\$ 481,096	\$ 1,089,637	\$ 10,893,549
1220 Property Taxes - Delinquent	306,968	106,538	-	413,506
1230 Allowance for Uncollectible Taxes (Credit)	(30,697)	(10,654)	-	(41,351)
1240 Receivables from Other Governments	404,484	-	1,548,558	1,953,042
1260 Due from Other Funds	23,318	417,607	341,070	781,995
1290 Other Receivables	533,127	-	-	533,127
1410 Deferred Expenditures	198,664	-	-	198,664
1000 Total Assets	<u>\$ 10,758,680</u>	<u>\$ 994,587</u>	<u>\$ 2,979,265</u>	<u>\$ 14,732,532</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 280,926	\$ -	\$ 1,592,261	\$ 1,873,187
2150 Payroll Deductions and Withholdings Payable	1,850	-	-	1,850
2160 Accrued Wages Payable	1,075,972	-	-	1,075,972
2170 Due to Other Funds	758,677	-	25,413	784,090
2180 Due to Other Governments	-	-	19,905	19,905
2200 Accrued Expenditures	203,567	-	28,253	231,820
2300 Deferred Revenues	241,852	81,228	9,456	332,536
2000 Total Liabilities	<u>2,562,844</u>	<u>81,228</u>	<u>1,675,288</u>	<u>4,319,360</u>
Fund Balances:				
Nonspendable Fund Balance:				
3430 Prepaid Items	198,664	-	-	198,664
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	476,951	476,951
3480 Retirement of Long-Term Debt	-	913,359	-	913,359
Committed Fund Balance:				
3510 Campus Activities	-	-	22,208	22,208
Assigned Fund Balance:				
3550 Construction	-	-	804,818	804,818
3600 Unassigned Fund Balance	7,997,172	-	-	7,997,172
3000 Total Fund Balances	<u>8,195,836</u>	<u>913,359</u>	<u>1,303,977</u>	<u>10,413,172</u>
4000 Total Liabilities and Fund Balances	<u>\$ 10,758,680</u>	<u>\$ 994,587</u>	<u>\$ 2,979,265</u>	<u>\$ 14,732,532</u>

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

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

Total Fund Balances - Governmental Funds	\$ 10,413,172
1 The assets and liabilities of the Internal Service Funds are included in governmental activities, but are not reported in the fund financial statements.	175,256
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	132,346,408
3 Accumulated depreciation has not been included in the fund financial statements.	(25,936,823)
4 Bonds payable have not been included in the fund financial statements.	(97,019,818)
5 Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(22,287,040)
6 Bond issuance cost is not capitalized in the fund financial statements.	1,405,061
7 Bond discounts and premiums are not recognized in the fund financial statements.	(4,161,606)
8 Notes payable have not been included in the fund financial statements.	(658,262)
9 Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	323,080
19 Net Assets of Governmental Activities	<u>\$ (5,400,572)</u>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 14,830,834	\$ 6,176,136	\$ 936,509	\$ 21,943,479
5800 State Program Revenues	14,955,832	344,319	401,372	15,701,523
5900 Federal Program Revenues	359,089	-	3,406,981	3,766,070
5020 Total Revenues	30,145,755	6,520,455	4,744,862	41,411,072
EXPENDITURES:				
Current:				
0011 Instruction	17,499,258	-	1,115,011	18,614,269
0012 Instructional Resources and Media Services	558,438	-	-	558,438
0013 Curriculum and Instructional Staff Development	617,696	-	72,341	690,037
0021 Instructional Leadership	281,755	-	2,985	284,740
0023 School Leadership	1,664,544	-	1,500	1,666,044
0031 Guidance, Counseling and Evaluation Services	991,608	-	10,621	1,002,229
0033 Health Services	315,429	-	-	315,429
0034 Student (Pupil) Transportation	1,153,028	-	-	1,153,028
0035 Food Services	-	-	1,636,960	1,636,960
0036 Extracurricular Activities	1,139,142	-	53,261	1,192,403
0041 General Administration	1,096,750	-	-	1,096,750
0051 Facilities Maintenance and Operations	2,895,049	-	1,438,845	4,333,894
0052 Security and Monitoring Services	108,427	-	-	108,427
0053 Data Processing Services	532,196	-	56,100	588,296
Debt Service:				
0071 Principal on Long Term Debt	-	3,031,480	-	3,031,480
0072 Interest on Long Term Debt	-	4,051,998	-	4,051,998
0073 Bond Issuance Cost and Fees	-	7,356	-	7,356
Capital Outlay:				
0081 Facilities Acquisition and Construction	716,700	-	446,656	1,163,356
Intergovernmental:				
0099 Other Intergovernmental Charges	175,100	-	-	175,100
6030 Total Expenditures	29,745,120	7,090,834	4,834,280	41,670,234
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	400,635	(570,379)	(89,418)	(259,162)
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	658,262	-	-	658,262
8911 Transfers Out (Use)	(11,132)	-	-	(11,132)
7080 Total Other Financing Sources (Uses)	647,130	-	-	647,130
1200 Net Change in Fund Balances	1,047,765	(570,379)	(89,418)	387,968
0100 Fund Balance - September 1 (Beginning)	7,148,071	1,483,738	1,393,395	10,025,204
3000 Fund Balance - August 31 (Ending)	\$ 8,195,836	\$ 913,359	\$ 1,303,977	\$ 10,413,172

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

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

Total Net Change in Fund Balances - Governmental Funds	\$ 387,968
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of reclassifying the 2011 capital outlays is to increase net assets.	498,085
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets in the government-wide financial statements.	(2,823,940)
Current year long-term debt principal payments on bonds payable 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.	3,031,480
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 liabilities in the government-wide financial statements.	(2,180,581)
Bond issuance costs are not amortized in the fund financial statements, but are shown net of amortization in the government-wide financial statements.	(54,097)
Loan proceeds are shown as other resources in the governmental fund but are shown as increases in long term debt in the statement of net assets.	(658,262)
Bond premiums and discounts are not amortized in the governmental funds but are capitalized in the statement of net assets.	144,728
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 uncollectible amounts, in the government-wide financial statements.	(1,996)
The net income (loss) of the Internal Service Funds is reported with governmental activities but not in the fund financial statements.	15,848
Change in Net Assets of Governmental Activities	\$ (1,640,767)

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2011

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,054	\$ 109,627
Due from Other Funds	-	3,021
Other Receivables	-	27,612
Inventories	-	46,876
Total Current Assets	<u>1,054</u>	<u>187,136</u>
Noncurrent Assets:		
Capital Assets:		
Depreciation on Furniture and Equipment	-	(17,711)
District Defined Capital Assets	-	17,711
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>1,054</u>	<u>187,136</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	11,791
Due to Other Funds	926	-
Accrued Expenses	128	89
Total Liabilities	<u>1,054</u>	<u>11,880</u>
NET ASSETS		
Unrestricted Net Assets	<u>-</u>	<u>175,256</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 175,256</u>

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

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

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 366,971	\$ 487,908
State Program Revenues	23,525	4,143
Total Operating Revenues	<u>390,496</u>	<u>492,051</u>
OPERATING EXPENSES:		
Payroll Costs	374,800	62,324
Professional and Contracted Services	19,432	77,998
Supplies and Materials	7,806	280,365
Other Operating Costs	1,018	-
Capital Outlay	-	55,516
Total Operating Expenses	<u>403,056</u>	<u>476,203</u>
Operating Income (Loss)	<u>(12,560)</u>	<u>15,848</u>
NONOPERATING REVENUES (EXPENSES):		
Transfers In	11,132	-
Total Nonoperating Revenues (Expenses)	<u>11,132</u>	<u>-</u>
Change in Net Assets	(1,428)	15,848
Total Net Assets - September 1 (Beginning)	<u>1,428</u>	<u>159,408</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ 175,256</u></u>

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

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

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from District	\$ -	\$ 483,006
Cash Received from Employees	367,897	-
Cash Payments for Payroll Costs	(351,275)	(58,181)
Cash Payments for Supplies and Materials	(7,805)	(378,726)
Cash Payments for Other Expenses	(1,018)	(55,516)
Cash Payments for Purchased Services	(19,432)	(77,998)
Net Cash Used for Operating Activities	(11,633)	(87,415)
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer In	11,132	-
Net Decrease in Cash and Cash Equivalents	(501)	(87,415)
Cash and Cash Equivalents at Beginning of the Year:	1,555	197,042
Cash and Cash Equivalents at the End of the Year:	\$ 1,054	\$ 109,627
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>		
Operating Income (Loss):	\$ (12,560)	\$ 15,848
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	-	22,709
Decrease (increase) in Inventories	-	4,441
Decrease (increase) in Other Receivables	-	(27,612)
Increase (decrease) in Accounts Payable	1	(102,802)
Increase (decrease) in Due to Other Funds	926	1
Net Cash Used for Operating Activities	\$ (11,633)	\$ (87,415)

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
AUGUST 31, 2011

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 469,597
Other Receivables	15
Total Assets	<u>\$ 469,612</u>
LIABILITIES	
Accounts Payable	\$ 79,273
Due to Student Groups	390,339
Total Liabilities	<u>\$ 469,612</u>

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



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Lake Dallas Independent School District's (the "District") combined financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

A. REPORTING ENTITY

The Board of Trustees, a seven member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The board of trustees are elected by the public. The trustees as a body corporate have 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 (Agency) or to the State Board of Education are reserved for the trustees, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards.

The District's Basic financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

Based on the aforementioned criteria, the Lake Dallas Independent School District has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements, however interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which 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 program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

Fund Financial Statements:

The District segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The District has presented the following major governmental funds:

1. **General Fund** - This fund is established to account for resources financing the fundamental operations of the District, in partnership with the community, in enabling and motivating students to reach their full potential. All revenues and expenditures not required to be accounted for in other funds are included here. This is a budgeted fund and any fund balances are considered resources available for current operations. Fund balances may be appropriated by the Board of Trustees to implement its responsibilities.
2. **Debt Service Fund** - This fund is established to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which a tax has been dedicated. This is a budgeted fund. Any unused sinking fund balances are transferred to the General Fund after all of the related debt obligations have been met.

Additionally, the District reports the following fund types:

1. **Special Revenue Funds** - These funds are established to account for federally financed or expenditures legally restricted for specified purposes. In many special revenue funds, any unused balances are returned to the grantor at the close of specified project periods. For funds in this fund type, project accounting is employed to maintain integrity for the various sources of funds.
2. **Capital Projects Fund** - This fund is established to account for proceeds, from the sale of bonds and other resources to be used for Board authorized acquisition, construction, or renovation, as well as, furnishings and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.
3. **Enterprise Fund** - The District utilizes an enterprise fund to account for the Districts' activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities. The District uses this fund to account for its child care program, because the child care program is self-supporting and does not require subsidies from the general fund.
4. **Internal Service Funds** - The District utilizes Internal Service Funds to account for revenues and expenses related to services provided to parties inside the District on a cost reimbursement basis. These funds facilitate distribution of support costs to the users of support services. The District has internal service funds for its print shop and computer operations.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

5. **Agency Funds** - These custodial funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the Agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. If any unused resources are declared surplus by the student groups, they are transferred to the General Fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

The enterprise fund and internal service funds are proprietary fund types. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Agency fund uses the accrual, rather than the modified accrual, basis of accounting.

The Agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. This fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, organization, and/or other funds. The Student Activity Fund accounts for the receipts and disbursement of monies from student activity organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Trustees. This accounting reflects the District's agency relationship with the student activity organizations.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments or earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidance). The District has chosen not to apply future FASB standards.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time the liability is incurred.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. A 90 day availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenue susceptible to accrual are property taxes, charges for services, interest income and intergovernmental revenues. All other Governmental Fund Type revenues are recognized when received.

Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred. Funds received but unearned are reflected as deferred revenues, and funds expended but not yet received are shown as receivables.

Revenue from investments, including governmental external investment pool, is based upon fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Most investments are reported at amortized cost when the investments have remaining maturities of one year or less at time of purchase. External investment pool are permitted to report short-term debt investments at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer, or other factors. For that purpose, a pool's short-term investments are those with remaining maturities of up to ninety days.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR.

D. BUDGETARY CONTROL

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's FAR module, and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given. The budget is prepared by fund, function, object, and organization. The budget is controlled at the organizational level by the appropriate department head or campus principal within Board allocations. Therefore, organizations may transfer appropriations as necessary without the approval of the board unless the intent is to cross fund, function or increase the overall budget allocations. Control of appropriations by the Board of Trustees is maintained within Fund Groups at the function code level and revenue object code level.

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Child Nutrition Fund and the Debt Service Fund. The special revenue funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget is amended throughout the year by the Board of Trustees. Such amendments are reflected in the official minutes of the Board.

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2011 that were subsequently provided for in the 2011-12 budget.

F. DEFERRED EXPENDITURES

Deferred expenditures are for payments made by the District in the current year to provide services occurring in the subsequent fiscal year using the consumption method, and the nonspendable fund balance for deferred expenditures has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

G. INVENTORIES

The consumption method is used to account for inventories of printing supplies and computer equipment. Under this method, these items are carried in an inventory account of the respective fund at cost, using the first-in, first-out method of accounting and are subsequently charged to expenditures when consumed.

H. INTERFUND RECEIVABLES AND PAYABLES

Short-term amounts owed between funds are classified as "Due to/from other funds". Interfund loans are classified as "Advances to/from other funds" and are offset by a fund balance reserve account. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances" and "internal advances".

I. CAPITAL ASSETS

Capital assets, which includes property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment.

Assets capitalized have an original cost of \$5,000 or more and over one-year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

Buildings and Improvements	50 Years
Furniture and Equipment	7-10 Years

J. COMPENSATED ABSENCES

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

K. CASH EQUIVALENTS

For purposes of the statement of cash flows, investments are considered to be cash equivalents if they are highly liquid with maturities of three months or less.

L. 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 depreciations, 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 legislations 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 general governmental uses. When both restricted and unrestricted net assets are available, restricted net assets are expended before unrestricted net assets is such use is consistent with the restricted purpose.

M. LONG-TERM OBLIGATIONS

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

O. 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.

NOTE 2. FUND BALANCE

Beginning with the fiscal year ending August 31, 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are to be used for future servicing of the District's bonded debt and are restricted through debt covenants. Federal and State grant resources are being restricted because their use is restricted pursuant to the mandates of the Federal or State grants.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Trustees. The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This can also be done through adoption and amendment of the budget. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Trustees have committed resources as of August 31, 2011 for campus activities.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Trustees or through the Board of Trustees delegating this responsibility to other individuals in the District. Under the District's adopted policy, the Superintendent has been given the authority to assign amounts for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes all amounts not included in other spendable classifications, including the residual fund balance for the General Fund.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications. The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 36) and are described below:

General Fund

The General Fund has unassigned fund balance of \$7,997,172 at August 31, 2011. Deferred expenditures (prepaid items) of \$198,664 are considered nonspendable fund balance.

Other Major Funds

The Debt Service Fund has restricted funds of \$913,359 at August 31, 2011 consisting primarily of property tax collections that are restricted for debt service payments on bonded debt.

Other Funds

The fund balance of \$22,208 of the Campus Activity Fund (a special revenue fund) is shown as committed due to Board policy committing those funds to campus activities. The fund balance of \$336,184 in the Food Service Fund is shown as restricted for food service operations. The Capital Projects Fund has assigned funds of \$804,818 at August 31, 2011 consisting primarily of unspent bond funds. The other fund balances of \$140,767 in the other special revenue funds are restricted due to grant agreements.

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, 2011, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$8,480,401 which includes \$5,244 petty cash and the combined bank balance was \$7,349,711. The District's cash deposits at August 31, 2011 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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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:

- 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, 2011, the District's cash balances totaled \$7,349,711. This entire amount was either collateralized with securities held by the District's financial institution's agent in the District's name or covered by FDIC insurance. Thus, the District's deposits are not exposed to custodial credit risk at August 31, 2011.
- 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, 2011, the District held all of its investments in four public funds investment pools (TexPool, Lone Star, LOGIC and TxTerm). 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. Credit risk is monitored and controlled by purchasing quality related instruments that have been evaluated by agencies such as Standard and Poor's or Moody's Investment Services.

The District utilizes government investment pools as part of its investment strategy.

Board policy states that investment pools must:

1. Have an average weighted maturity of less than two years;
2. Are invested exclusively in obligations approved by Government Code Chapter 2256, Subchapter A, regarding authorized investments (Public Funds Investment Act);
3. Are continuously rated by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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4. Conform to the requirements in Government Code Section 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

The credit quality rating for the four investment pools range from AAA (Standard and Poor's) to AAAm (Standard and Poor's)

- 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 each of the four investment pools is less than 120 days. The District follows its investment policy to limit investments only in government investments pools with average maturities of less than 120 days.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2011, 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 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.

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, 2011, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity Date</u>
TexPool	\$ 154,448	\$ 154,448	N/A
TxTerm	2,406,700	2,406,700	N/A
Lone Star	3,857	3,857	N/A
LOGIC	<u>428,421</u>	<u>428,421</u>	N/A
Total	<u>\$2,993,426</u>	<u>\$2,993,426</u>	

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2011, 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	\$ 3,414,396	\$ -	\$ -	\$ 3,414,396
Total capital assets, not being depreciated	<u>3,414,396</u>	<u>-</u>	<u>-</u>	<u>3,414,396</u>
Capital assets, being depreciated:				
Buildings and improvements	123,595,326	346,965	-	123,942,291
Furniture and equipment	4,838,601	151,120	-	4,989,721
Total capital assets, being depreciated	<u>128,433,927</u>	<u>498,085</u>	<u>-</u>	<u>128,932,012</u>
Less accumulated depreciation for:				
Buildings and improvements	(19,775,752)	(2,518,280)	-	(22,294,032)
Furniture and equipment	(3,337,131)	(305,660)	-	(3,642,791)
Total accumulated depreciation	<u>(23,112,883)</u>	<u>(2,823,940)</u>	<u>-</u>	<u>(25,936,823)</u>
Total capital assets, being depreciated, net	<u>105,321,044</u>	<u>(2,325,855)</u>	<u>-</u>	<u>102,995,189</u>
Governmental activities capital assets, net	<u>\$108,735,440</u>	<u>\$ (2,325,855)</u>	<u>\$ -</u>	<u>\$106,409,585</u>

Depreciation expense was charged as direct expense to programs of the District as follows:

Governmental activities:	
Instruction	\$1,640,255
Instructional Resources & Media Services	52,997
Curriculum & Instructional Staff Development	58,621
Instructional Leadership	26,739
School Leadership	157,969
Guidance, Counseling & Evaluation Services	94,106
Health Services	29,935
Student (Pupil) Transportation	109,425
Food Services	106,158
Cocurricular/Extracurricular Activities	108,107
General Administration	104,084
Plant Maintenance and Operations	274,747
Security	10,290
Data Processing Services	50,507
Total depreciation expense-Governmental activities	<u>\$2,823,940</u>

NOTE 5. LONG-TERM DEBT

Long-term debt includes par bonds, capital appreciation (deep discount) serial bonds and a loan. All long-term debt represents transactions in the District's governmental activities. No long-term debt exists in the District's business-type activities.

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas (SID), 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.

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The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2011:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 9/1/10</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Amounts Outstanding 8/31/11</u>	<u>Due Within One Year</u>
Bonded Indebtedness:						
1999 Bldg/Refunding	4.40-6.06%	\$ 7,516,712	\$ -	\$ 356,945	\$ 7,159,767	\$ 353,254
2001 Bldg/Refunding	4.00-5.70%	5,484,871	-	-	5,484,871	-
2002 Bldg/Refunding	2.40-5.89%	10,980,531	-	114,535	10,865,996	65,657
2004 Bldg/Refunding	2.50-4.16%	28,120,000	-	530,000	27,590,000	570,000
2005 Bldg/Refunding	3.00-4.62%	10,680,000	-	1,680,000	9,000,000	1,740,000
2007 Bldg/Refunding	3.75-4.93%	23,914,184	-	-	23,914,184	44,258
2008 Building	4.00-6.89%	7,400,000	-	-	7,400,000	-
2010 Refunding	2.00-4.50%	5,955,000	-	350,000	5,605,000	360,000
Total Bonded Indebtedness		<u>100,051,298</u>	<u>-</u>	<u>3,031,480</u>	<u>97,019,818</u>	<u>3,133,169</u>
State Energy Conservation Loan	2.00%	-	658,262	-	658,262	83,430
Accreted Interest	4.05-5.15%	20,106,459	2,714,101	533,520	22,287,040	-
Discount/Premium on Issuance of Debt		<u>4,306,334</u>	<u>-</u>	<u>144,728</u>	<u>4,161,606</u>	<u>-</u>
Total Other Obligations		<u>24,412,793</u>	<u>3,372,363</u>	<u>678,248</u>	<u>27,106,908</u>	<u>83,430</u>
Total Obligations of District		<u>\$124,464,091</u>	<u>\$ 3,372,363</u>	<u>\$ 3,709,728</u>	<u>\$124,126,726</u>	<u>\$3,216,599</u>

The 1999, 2001, 2002, 2004, 2005, 2007 and 2008 bond series include outstanding capital appreciation bonds in the principal amount of \$24,561,297. The bonds mature variously through 2035. Interest accrues on these bonds each February 15 and August 15, even though the interest is not paid until maturity. The accrued interest of \$22,287,040 is accounted for as Accrued Interest Payable-Capital Appreciation Bonds.

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the District. General Obligation Bonds require the District to compute, at the time taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The District is in compliance with this requirement.

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2011.

Presented below is a summary of general obligation bond requirements to maturity:

<u>Year Ended August 31,</u>	<u>General Obligation</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 3,133,169	\$ 3,989,497	\$ 7,122,666
2013	2,534,995	4,630,872	7,165,867
2014	2,390,496	5,018,445	7,408,941
2015	2,502,050	5,156,292	7,658,342
2016	2,528,037	5,250,105	7,778,142
2017-2021	14,198,735	26,405,139	40,603,874
2022-2026	13,937,730	27,518,189	41,455,919
2027-2031	11,964,686	29,669,771	41,634,457
2032-2036	24,769,920	16,864,456	41,634,376
2037-2041	12,515,000	8,605,175	21,120,175
2042-2046	3,935,000	4,953,850	8,888,850
2047-2049	<u>2,610,000</u>	<u>237,300</u>	<u>2,847,300</u>
	<u>\$ 97,019,818</u>	<u>\$138,299,091</u>	<u>\$235,318,909</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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NOTE 6. NOTE PAYABLE

The District entered into a note agreement with the State Energy Conservation Office to finance energy conservation projects within the District. As of August 31, 2011 the District had been advanced \$658,262 on this project. The note is for 7.89 years at a rate of 2%. The final amount of the note will be set when the project is completed and a repayment schedule will be set at that time. The principal payment for 2011-12 year based on the amount borrowed in 2010-11 will be \$83,430 and interest of \$13,165, for a total payment of \$96,595.

NOTE 7. DEFEASED BONDS OUTSTANDING

In prior years, the District issued refunding bonds to defease certain outstanding bonds for the purpose of consolidation and to achieve debt service savings. The District has placed the proceeds from the refunding issues in irrevocable escrow accounts with a trust agent to ensure payment of debt service on the refunded bonds.

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On August 31, 2011, \$20,097,680 of bonds outstanding are considered defeased.

NOTE 8. PROPERTY TAXES

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 on the assessed (appraised) value listed as of the prior 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 upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll upon which the levy for the 2010-11 fiscal year was based was \$1,205,064,272. Taxes are delinquent if not paid by August 31. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2011, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$0.50 per \$100 valuation, respectively, for a total of \$1.67 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2011 were 99.0% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting 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. As of August 31, 2011, property taxes receivable, net of estimated uncollectible taxes, totaled \$276,271 and \$95,884 for the General and Debt Service Funds, respectively.

Property taxes are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9. PENSION PLAN OBLIGATIONS

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 under the authority of provisions contained primarily in Texas Government code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. The System's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 233-8778.

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 6.644% of the District's covered payroll. In certain instances the District is required to make all or a portion of the state's 6.644% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution 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 the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. The District's employees' contributions to the System for the years ending August 31, 2009, 2010, and 2011 were \$1,452,126, \$1,500,678 and \$1,512,823, 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 ending August 31, 2009, 2010, and 2011 were \$230,886, \$166,923 and \$155,364, respectively, equal to the required contributions for each year. The amounts contributed by the State, for the years ended August 31, 2009, 2010 and 2011 were \$1,492,968, \$1,494,866 and \$1,530,176, respectively, and are reflected in the financial statements in the General Fund as equal revenues and expenditures/expenses by the respective function, in accordance with Governmental Accounting Standards Board Statement No. 24.

NOTE 10. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description. Lake Dallas 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, 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
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Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010 and 2009. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2011, 2010, and 2009, the State's contributions to TRS-Care were \$236,379, \$234,481, and \$226,895, respectively. The on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. The active member contributions were \$153,647, \$152,413, and \$147,482, respectively, and the school district's contribution were \$130,040, \$128,965, and \$124,793, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended August 31, 2011, the contribution made on behalf of the District was \$56,254.

NOTE 11. HEALTH CARE

During the year ended August 31, 2011, employees of Lake Dallas Independent School District were covered by the TRS-Active Care health insurance plan (the Plan). The District contributed \$225 per month per employee to the Plan and employees, at their option, authorized payroll withholdings to pay any additional contribution and contributions for dependents. All contributions were paid to a self-funded pool. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

Virtually all of the above interfund balances are short-term loans due to the fact that checking account balances for most governmental funds are pooled into one demand account. There are no interfund balances that are not expected to be repaid within one year.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

Interfund receivables and payables at August 31, 2011, were as follows:

<u>Fund</u>	<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>
<u>Major Funds:</u>		
General Fund:		
Special Revenue Funds	\$ 22,392	\$ -
Debt Service Fund	-	417,607
Capital Projects Fund	-	341,070
Enterprise Fund	926	-
Debt Service Fund:		
General Fund	<u>417,607</u>	<u>-</u>
Total Major Funds	<u>440,925</u>	<u>758,677</u>
<u>Non-Major Funds:</u>		
Capital Projects Fund:		
General Fund	341,070	-
Internal Service Fund	-	1,843
Special Revenue Funds:		
General Fund	-	22,392
Internal Service Funds	-	1,178
Enterprise Fund:		
General Fund	-	926
Internal Service Funds:		
Special Revenue Fund	1,178	-
Capital Projects Fund	<u>1,843</u>	<u>-</u>
Total Non-Major Funds	<u>344,091</u>	<u>26,339</u>
	<u>\$ 785,016</u>	<u>\$ 785,016</u>

NOTE 13. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2011, are summarized below. 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 Fund	\$404,484	\$ -	\$ -	\$ 404,484
Special Revenue	<u>95,504</u>	<u>1,453,054</u>	<u>-</u>	<u>1,548,558</u>
	<u>\$499,988</u>	<u>\$1,453,054</u>	<u>\$ -</u>	<u>\$1,953,042</u>

NOTE 14. CONTINGENT LIABILITIES

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments which exceed bond issue stated interest rates. The exact amount of liability, if any, will not be known until as long as five years from the bond issuance date. At August 31, 2011 there was no estimated rebate liability.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2011

NOTE 15. LITIGATION AND CONTINGENCIES

The District is not a party to any legal actions, accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such contingencies.

The District participates in numerous state and Federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2011 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

NOTE 16. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$14,362,286	\$ -	\$ 6,118,947	\$ -	\$20,481,233
Food Sales	-	868,652	-	-	868,652
Investment Income	49,574	-	5,992	1,029	56,595
Penalties, interest and other tax related income	148,398	-	51,197	-	199,595
Co-curricular student activities	96,290	19,235	-	-	115,525
Other	174,286	47,593	-	-	221,879
Total	<u>\$14,830,834</u>	<u>\$ 935,480</u>	<u>\$ 6,176,136</u>	<u>\$ 1,029</u>	<u>\$21,943,479</u>

NOTE 17. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Net Tax Revenue	\$ 241,852	\$ -	\$81,228	\$ 323,080
Deferred Grants	-	9,456	-	9,456
	<u>\$ 241,852</u>	<u>\$ 9,456</u>	<u>\$81,228</u>	<u>\$ 332,536</u>

NOTE 18. GENERAL FUND FEDERAL SOURCE REVENUES

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
General Fund:			
Impact Aid	84.041	\$332,685	\$332,685
Federal Flood Control	10.904	26,404	26,404
Total for General Fund		<u>\$359,089</u>	<u>\$359,089</u>



**BUDGETARY COMPARISON REPORTING –
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 14,460,239	\$ 14,615,063	\$ 14,830,834	\$ 215,771
5800 State Program Revenues	15,947,624	14,318,135	14,955,832	637,697
5900 Federal Program Revenues	270,000	377,685	359,089	(18,596)
5020 Total Revenues	30,677,863	29,310,883	30,145,755	834,872
EXPENDITURES:				
Current:				
0011 Instruction	17,610,344	17,637,364	17,499,258	138,106
0012 Instructional Resources and Media Services	562,869	564,402	558,438	5,964
0013 Curriculum and Instructional Staff Development	612,890	650,858	617,696	33,162
0021 Instructional Leadership	272,117	289,076	281,755	7,321
0023 School Leadership	1,605,593	1,665,282	1,664,544	738
0031 Guidance, Counseling and Evaluation Services	997,150	996,838	991,608	5,230
0033 Health Services	319,775	320,573	315,429	5,144
0034 Student (Pupil) Transportation	1,452,217	1,226,768	1,153,028	73,740
0036 Extracurricular Activities	942,227	1,149,930	1,139,142	10,788
0041 General Administration	1,159,605	1,155,466	1,096,750	58,716
0051 Facilities Maintenance and Operations	4,388,741	2,912,391	2,895,049	17,342
0052 Security and Monitoring Services	116,971	116,971	108,427	8,544
0053 Data Processing Services	553,784	553,784	532,196	21,588
Capital Outlay:				
0081 Facilities Acquisition and Construction	56,952	718,342	716,700	1,642
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	10,800	10,800	-	10,800
0099 Other Intergovernmental Charges	-	175,100	175,100	-
6030 Total Expenditures	30,662,035	30,143,945	29,745,120	398,825
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	15,828	(833,062)	400,635	1,233,697
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	-	661,390	658,262	(3,128)
8911 Transfers Out (Use)	-	-	(11,132)	(11,132)
7080 Total Other Financing Sources (Uses)	-	661,390	647,130	(14,260)
1200 Net Change in Fund Balances	15,828	(171,672)	1,047,765	1,219,437
0100 Fund Balance - September 1 (Beginning)	7,148,071	7,148,071	7,148,071	-
3000 Fund Balance - August 31 (Ending)	\$ 7,163,899	\$ 6,976,399	\$ 8,195,836	\$ 1,219,437

OTHER SUPPLEMENTARY INFORMATION:

NONMAJOR GOVERNMENTAL FUNDS



NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Activities accounted for in the Special Revenue Funds are:

ESEA Title I, A Improving Basic Program
IDEA-Part B, Formula
IDEA-Part B, Preschool
National Breakfast and Lunch Program
Career and Technical - Basic Grant
ESEA, Title II, A Training and Recruiting
Title III, A English Lang. Acquisition
Title XIV ARRA State Stabilization
IDEA-Part B ARRA Formula
IDEA-Part B ARRA Preschool
Summer School LEP

State Programs:

Advanced Placement Incentives
Student Success Initiative
Technology Allotment
Teacher Induction and Mentoring
Rural School Technology
AP/IB Campus Awards
Reading Recovery Co-op
Campus Activity Funds

Capital Projects Fund

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2011

Data Control Codes		211 ESEA Title I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 372,800
1240	Receivables from Other Governments	47,184	151,596	3,428	32,184
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 47,184</u>	<u>\$ 151,596</u>	<u>\$ 3,428</u>	<u>\$ 404,984</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 47,184	\$ 151,596	\$ 3,428	\$ 40,547
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	28,253
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>47,184</u>	<u>151,596</u>	<u>3,428</u>	<u>68,800</u>
Fund Balances:					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	336,184
Committed Fund Balance:					
3510	Campus Activities	-	-	-	-
Assigned Fund Balance:					
3550	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>336,184</u>
4000	Total Liabilities and Fund Balances	<u>\$ 47,184</u>	<u>\$ 151,596</u>	<u>\$ 3,428</u>	<u>\$ 404,984</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 Title XIV ARRA State Stabilization	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	288 Summer School LEP	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,473
-	22,646	11,399	1,096,565	81,938	-	6,114	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 22,646</u>	<u>\$ 11,399</u>	<u>\$ 1,096,565</u>	<u>\$ 81,938</u>	<u>\$ -</u>	<u>\$ 6,114</u>	<u>\$ 9,473</u>
\$ -	\$ 22,646	\$ 11,399	\$ 1,096,565	\$ 81,938	\$ -	\$ 6,114	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,456
-	22,646	11,399	1,096,565	81,938	-	6,114	9,456
-	-	-	-	-	-	-	17
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	17
<u>\$ -</u>	<u>\$ 22,646</u>	<u>\$ 11,399</u>	<u>\$ 1,096,565</u>	<u>\$ 81,938</u>	<u>\$ -</u>	<u>\$ 6,114</u>	<u>\$ 9,473</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2011

Data Control Codes		404 Student Success Initiative	411 Technology Allotment	425 Teacher Induction and Mentoring	429 Rural School Technology
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 140,750	\$ -	\$ -
1240	Receivables from Other Governments	18,475	-	2,255	74,774
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 18,475</u>	<u>\$ 140,750</u>	<u>\$ 2,255</u>	<u>\$ 74,774</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 18,475	\$ -	\$ 2,255	\$ 74,774
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>18,475</u>	<u>-</u>	<u>2,255</u>	<u>74,774</u>
Fund Balances:					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	140,750	-	-
Committed Fund Balance:					
3510	Campus Activities	-	-	-	-
Assigned Fund Balance:					
3550	Construction	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>140,750</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 18,475</u>	<u>\$ 140,750</u>	<u>\$ 2,255</u>	<u>\$ 74,774</u>

459 Reading Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	608 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 19,905	\$ 47,321	\$ 590,249	\$ 499,388	\$ 1,089,637
-	-	1,548,558	-	1,548,558
-	-	-	341,070	341,070
<u>\$ 19,905</u>	<u>\$ 47,321</u>	<u>\$ 2,138,807</u>	<u>\$ 840,458</u>	<u>\$ 2,979,265</u>
\$ -	\$ 1,543	\$ 1,558,464	\$ 33,797	\$ 1,592,261
-	23,570	23,570	1,843	25,413
19,905	-	19,905	-	19,905
-	-	28,253	-	28,253
-	-	9,456	-	9,456
<u>19,905</u>	<u>25,113</u>	<u>1,639,648</u>	<u>35,640</u>	<u>1,675,288</u>
-	-	476,951	-	476,951
-	22,208	22,208	-	22,208
-	-	-	804,818	804,818
<u>-</u>	<u>22,208</u>	<u>499,159</u>	<u>804,818</u>	<u>1,303,977</u>
<u>\$ 19,905</u>	<u>\$ 47,321</u>	<u>\$ 2,138,807</u>	<u>\$ 840,458</u>	<u>\$ 2,979,265</u>

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

Data Control Codes		211 ESEA Title I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 887,887
5800	State Program Revenues	-	-	-	10,508
5900	Federal Program Revenues	127,172	483,133	11,275	828,954
5020	Total Revenues	127,172	483,133	11,275	1,727,349
EXPENDITURES:					
Current:					
0011	Instruction	122,283	473,313	11,275	-
0013	Curriculum and Instructional Staff Development	4,889	452	-	-
0021	Instructional Leadership	-	2,985	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	6,383	-	-
0035	Food Services	-	-	-	1,636,960
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0053	Data Processing Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	127,172	483,133	11,275	1,636,960
1200	Net Change in Fund Balance	-	-	-	90,389
0100	Fund Balance - September 1 (Beginning)	-	-	-	245,795
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ 336,184

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	266 Title XIV ARRA State Stabilization	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	288 Summer School LEP	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	1,800
29,022	61,436	25,787	1,494,945	327,429	11,714	6,114	-
29,022	61,436	25,787	1,494,945	327,429	11,714	6,114	1,800
25,022	1,500	25,787	-	323,191	11,714	6,114	1,783
4,000	58,436	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,500	-	-	-	-	-	-
-	-	-	-	4,238	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,438,845	-	-	-	-
-	-	-	56,100	-	-	-	-
-	-	-	-	-	-	-	-
29,022	61,436	25,787	1,494,945	327,429	11,714	6,114	1,783
-	-	-	-	-	-	-	17
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17

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

Data Control Codes		404 Student Success Initiative	411 Technology Allotment	425 Teacher Induction and Mentoring	429 Rural School Technology
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	22,230	114,289	4,564	75,789
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>22,230</u>	<u>114,289</u>	<u>4,564</u>	<u>75,789</u>
EXPENDITURES:					
Current:					
0011	Instruction	22,230	15,010	-	75,789
0013	Curriculum and Instructional Staff Development	-	-	4,564	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0053	Data Processing Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>22,230</u>	<u>15,010</u>	<u>4,564</u>	<u>75,789</u>
1200	Net Change in Fund Balance	-	99,279	-	-
0100	Fund Balance - September 1 (Beginning)	-	41,471	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 140,750</u>	<u>\$ -</u>	<u>\$ -</u>

459 Reading Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	608 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 47,593	\$ 935,480	\$ 1,029	\$ 936,509
-	1,607	230,787	170,585	401,372
-	-	3,406,981	-	3,406,981
-	49,200	4,573,248	171,614	4,744,862
-	-	1,115,011	-	1,115,011
-	-	72,341	-	72,341
-	-	2,985	-	2,985
-	-	1,500	-	1,500
-	-	10,621	-	10,621
-	-	1,636,960	-	1,636,960
-	53,261	53,261	-	53,261
-	-	1,438,845	-	1,438,845
-	-	56,100	-	56,100
-	-	-	446,656	446,656
-	53,261	4,387,624	446,656	4,834,280
-	(4,061)	185,624	(275,042)	(89,418)
-	26,269	313,535	1,079,860	1,393,395
\$ -	\$ 22,208	\$ 499,159	\$ 804,818	\$ 1,303,977

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 859,923	\$ 859,923	\$ 887,887	\$ 27,964
5800	State Program Revenues	11,619	11,619	10,508	(1,111)
5900	Federal Program Revenues	737,635	781,203	828,954	47,751
5020	Total Revenues	1,609,177	1,652,745	1,727,349	74,604
EXPENDITURES:					
0035	Food Services	1,608,300	1,651,868	1,636,960	14,908
6030	Total Expenditures	1,608,300	1,651,868	1,636,960	14,908
1200	Net Change in Fund Balances	877	877	90,389	89,512
0100	Fund Balance - September 1 (Beginning)	245,795	245,795	245,795	-
3000	Fund Balance - August 31 (Ending)	\$ 246,672	\$ 246,672	\$ 336,184	\$ 89,512

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 6,096,254	\$ 6,096,254	\$ 6,176,136	\$ 79,882
5800	State Program Revenues	364,563	364,563	344,319	(20,244)
5020	Total Revenues	6,460,817	6,460,817	6,520,455	59,638
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	3,031,480	3,031,480	3,031,480	-
0072	Interest on Long Term Debt	4,051,999	4,051,999	4,051,998	1
0073	Bond Issuance Cost and Fees	10,000	10,000	7,356	2,644
6030	Total Expenditures	7,093,479	7,093,479	7,090,834	2,645
1200	Net Change in Fund Balances	(632,662)	(632,662)	(570,379)	62,283
0100	Fund Balance - September 1 (Beginning)	1,483,738	1,483,738	1,483,738	-
3000	Fund Balance - August 31 (Ending)	\$ 851,076	\$ 851,076	\$ 913,359	\$ 62,283



OTHER SUPPLEMENTARY INFORMATION:
INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of services provided by one department to other departments of the District on a cost reimbursement basis.

Print Shop - This fund accounts for the printing services provided by the District Print Shop.

Computer Operations - This fund accounts for technology services provided to other departments.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2011

	752	754	Total Internal Service Funds
	Print Shop	Computer Operations	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 46,001	\$ 63,626	\$ 109,627
Due from Other Funds	1,178	1,843	3,021
Other Receivables	-	27,612	27,612
Inventories	33,790	13,086	46,876
Total Current Assets	<u>80,969</u>	<u>106,167</u>	<u>187,136</u>
Noncurrent Assets:			
Capital Assets:			
Depreciation on Furniture and Equipment	(17,711)	-	(17,711)
District Defined Capital Assets	17,711	-	17,711
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>80,969</u>	<u>106,167</u>	<u>187,136</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	6,893	4,898	11,791
Accrued Expenses	89	-	89
Total Liabilities	<u>6,982</u>	<u>4,898</u>	<u>11,880</u>
NET ASSETS			
Unrestricted Net Assets	<u>73,987</u>	<u>101,269</u>	<u>175,256</u>
Total Net Assets	<u>\$ 73,987</u>	<u>\$ 101,269</u>	<u>\$ 175,256</u>

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

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 205,475	\$ 282,433	\$ 487,908
State Program Revenues	4,143	-	4,143
Total Operating Revenues	209,618	282,433	492,051
OPERATING EXPENSES:			
Payroll Costs	62,324	-	62,324
Professional and Contracted Services	77,998	-	77,998
Supplies and Materials	54,320	226,045	280,365
Capital Outlay	-	55,516	55,516
Total Operating Expenses	194,642	281,561	476,203
Operating Income	14,976	872	15,848
Total Net Assets - September 1 (Beginning)	59,011	100,397	159,408
Total Net Assets - August 31 (Ending)	\$ 73,987	\$ 101,269	\$ 175,256

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

	752	754	
	Print Shop	Computer Operations	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ 204,742	\$ 278,264	\$ 483,006
Cash Payments for Payroll Costs	(58,181)	-	(58,181)
Cash Payments for Supplies and Materials	(44,894)	(333,832)	(378,726)
Cash Payments for Other Expenses	-	(55,516)	(55,516)
Cash Payments for Purchased Services	(77,998)	-	(77,998)
Net Cash Provided by (Used for) Operating Activities	23,669	(111,084)	(87,415)
Net Increase (Decrease) in Cash and Cash Equivalents	23,669	(111,084)	(87,415)
Cash and Cash Equivalents at Beginning of the Year:	22,332	174,710	197,042
Cash and Cash Equivalents at the End of the Year:	\$ 46,001	\$ 63,626	\$ 109,627
<u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income:	\$ 14,976	\$ 872	\$ 15,848
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	(734)	23,443	22,709
Decrease (increase) in Inventories	6,540	(2,099)	4,441
Decrease (increase) in Other Receivables	-	(27,612)	(27,612)
Increase (decrease) in Accounts Payable	2,886	(105,688)	(102,802)
Increase (decrease) in Due to Other Funds	1	-	1
Net Cash Provided by (Used for) Operating Activities	\$ 23,669	\$ (111,084)	\$ (87,415)

OTHER SUPPLEMENTARY INFORMATION:

AGENCY FUND

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED AUGUST 31, 2011

	BALANCE SEPTEMBER 1 2010	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2011
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 372,609	\$ 646,620	\$ 549,632	\$ 469,597
Other Receivables	15	-	-	15
Total Assets	<u>\$ 372,624</u>	<u>\$ 646,620</u>	<u>\$ 549,632</u>	<u>\$ 469,612</u>
Liabilities:				
Accounts Payable	\$ 42,310	\$ 36,963	\$ -	\$ 79,273
Due to Student Groups	330,314	609,657	549,632	390,339
Total Liabilities	<u>\$ 372,624</u>	<u>\$ 646,620</u>	<u>\$ 549,632</u>	<u>\$ 469,612</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 372,609	\$ 646,620	\$ 549,632	\$ 469,597
Other Receivables	15	-	-	15
Total Assets	<u>\$ 372,624</u>	<u>\$ 646,620</u>	<u>\$ 549,632</u>	<u>\$ 469,612</u>
Liabilities:				
Accounts Payable	\$ 42,310	\$ 36,963	\$ -	\$ 79,273
Due to Student Groups	330,314	609,657	549,632	390,339
Total Liabilities	<u>\$ 372,624</u>	<u>\$ 646,620</u>	<u>\$ 549,632</u>	<u>\$ 469,612</u>

OTHER SUPPLEMENTARY INFORMATION:
REQUIRED TEA SCHEDULES

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2011

Last 10 Years Ended August 31	(1) Tax Rates		(2)		(3) Assessed/Appraised Value for School Tax Purposes	
	Maintenance		Debt Service			
2002 and prior years	Various	*	Various	*	\$	Various
2003	1.500000		0.190000			887,673,893
2004	1.500000		0.240000			950,046,055
2005	1.500000		0.295000			966,191,284
2006	1.500000		0.360000			1,003,428,703
2007	1.370000		0.420000			1,084,411,297
2008	1.040000		0.480000			1,184,109,629
2009	1.170000		0.480000			1,232,048,465
2010	1.170000		0.480000			1,235,565,492
2011 (School year under audit)	1.170000		0.500000			1,205,064,272
1000 TOTALS						

* Dollars per \$100 valuation.

Source of information: Annual Financial Report

(10) Beginning Balance 9/1/2010		(20) Current Year's Total Levy		(31) Maintenance Collections		(32) Debt Service Collections		(40) Entire Year's Adjustments		(50) Ending Balance 8/31/2011	
\$	44,101	\$	-	\$	2,301	\$	291	\$	(13,177)	\$	28,332
	14,624		-		865		110		454		14,103
	16,071		-		1,465		234		440		14,812
	20,350		-		1,812		356		495		18,677
	21,695		-		1,874		450		2,931		22,302
	31,841		-		7,342		2,251		3,874		26,122
	33,066		-		9,003		4,155		6,748		26,656
	55,286		-		18,103		7,427		9,081		38,837
	216,747		-		116,065		47,617		2,552		55,617
	-		20,124,573		14,217,437		6,075,828		336,740		168,048
<u>\$</u>	<u>453,781</u>	<u>\$</u>	<u>20,124,573</u>	<u>\$</u>	<u>14,376,267</u>	<u>\$</u>	<u>6,138,719</u>	<u>\$</u>	<u>350,138</u>	<u>\$</u>	<u>413,506</u>

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

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$	- \$	- \$	227,626 \$	611,606 \$	- \$	- \$ 839,232
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	76,246	-	-	-	76,246
6212	Audit Services	-	-	-	21,000	-	-	21,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	175,100	-	-	-	-	175,100
621X	Other Professional Services	66	7,512	-	4,426	-	-	12,004
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	700	-	2,098	-	-	-	2,798
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	5,468	-	-	5,468
6290	Miscellaneous Contr.	-	-	-	6,965	-	-	6,965
6320	Textbooks and Reading	-	-	435	1,237	-	-	1,672
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	532	-	1,785	25,149	-	-	27,466
6410	Travel, Subsistence, Stipends	1,615	-	4,247	10,524	-	-	16,386
6420	Ins. and Bonding Costs	-	-	-	12,169	-	-	12,169
6430	Election Costs	75	-	-	-	-	-	75
6490	Miscellaneous Operating	5,003	-	2,572	66,434	-	-	74,009
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	1,260	1,260
6000	TOTAL	\$ 7,991	\$ 182,612	\$ 315,009	\$ 764,978	\$ -	\$ 1,260	\$ 1,271,850

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 34,132,743

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 988,970
Total Debt & Lease(6500)	(11) -
Plant Maintenance (Function 51, 6100-6400)	(12) 4,333,894
Food (Function 35, 6341 and 6499)	(13) 671,310
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	764,978

SubTotal:

6,759,151

Net Allowed Direct Cost

\$ 27,373,591

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 123,942,291
Historical Cost of Building over 50 years old	(16) \$ -
Amount of Federal Money in Building Cost (Net of #16)	(17) \$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$ 4,989,721
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ -

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
 \$175,100 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

**STATISTICAL
SECTION
(UNAUDITED)**



Statistical Section

This part of the Lake Dallas Independent School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	94
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	103
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	110
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	116
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
Operating Information	122
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS

Fiscal Year	2003	2004	2005
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 5,364,491	\$ 3,812,005	\$ 4,089,957
Restricted for Federal and State Programs	60,661	149,528	206,485
Restricted for Debt Service	972,035	858,588	887,607
Restricted for Campus Activities	-	-	-
Unrestricted Net Assets	<u>(2,446,055)</u>	<u>(2,303,719)</u>	<u>(3,489,053)</u>
Total Governmental Activities Net Assets	<u>\$ 3,951,132</u>	<u>\$ 2,516,402</u>	<u>\$ 1,694,996</u>
Business-Type Activities:			
Unrestricted Net Assets	<u>\$ (6,088)</u>	<u>\$ (17,283)</u>	<u>\$ (29,238)</u>
Total Business-Type Activities	<u>\$ (6,088)</u>	<u>\$ (17,283)</u>	<u>\$ (29,238)</u>
Primary Government:			
Invested in Capital Assets, Net of Related Debt	\$ 5,364,491	\$ 3,812,005	\$ 4,089,957
Restricted for Federal and State Programs	60,661	149,528	206,485
Restricted for Debt Service	972,035	858,588	887,607
Restricted for Campus Activities	-	-	-
Unrestricted Net Assets	<u>(2,452,143)</u>	<u>(2,321,002)</u>	<u>(3,518,291)</u>
Total Primary Government	<u>\$ 3,945,044</u>	<u>\$ 2,499,119</u>	<u>\$ 1,665,758</u>

Source: The Statement of Net Assets for the Lake Dallas Independent School District.

2006	2007	2008	2009	2010	2011
\$ (1,630,749)	\$ (341,313)	\$ (8,580,508)	\$ 441,644	\$ 4,377,808	\$ 4,569,899
246,485	210,121	230,752	216,840	245,795	476,951
927,820	1,053,559	1,192,495	2,010,567	1,472,099	916,427
-	-	-	-	-	22,208
(5,138,783)	(9,307,446)	3,283,459	(8,382,490)	(9,855,507)	(11,386,057)
<u>\$ (5,595,227)</u>	<u>\$ (8,385,079)</u>	<u>\$ (3,873,802)</u>	<u>\$ (5,713,439)</u>	<u>\$ (3,759,805)</u>	<u>\$ (5,400,572)</u>
\$ (10,178)	\$ 13,701	\$ 24,096	\$ 14,746	\$ 1,428	\$ -
<u>\$ (10,178)</u>	<u>\$ 13,701</u>	<u>\$ 24,096</u>	<u>\$ 14,746</u>	<u>\$ 1,428</u>	<u>\$ -</u>
\$ (1,630,749)	\$ (341,313)	\$ (8,580,508)	\$ 441,644	\$ 4,377,808	\$ 4,569,899
246,485	210,121	230,752	216,840	245,795	476,951
927,820	1,053,559	1,192,495	2,010,567	1,472,099	916,427
-	-	-	-	-	22,208
(5,148,961)	(9,293,745)	3,307,555	(8,367,744)	(9,854,079)	(11,386,057)
<u>\$ (5,605,405)</u>	<u>\$ (8,371,378)</u>	<u>\$ (3,849,706)</u>	<u>\$ (5,698,693)</u>	<u>\$ (3,758,377)</u>	<u>\$ (5,400,572)</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS

Fiscal Year	2003	2004	2005	2006
Expenses				
Governmental Activities:				
Instruction	\$ 15,120,838	\$ 13,906,300	\$ 14,728,768	\$ 16,096,074
Instructional Resources & Media Services	632,035	572,241	551,845	583,209
Curriculum & Staff Development	244,369	213,756	282,928	291,106
Instructional Leadership	308,598	304,072	310,852	309,237
School Leadership	1,316,759	1,286,346	1,407,465	1,487,023
Guidance, Counseling & Evaluation Services	481,634	784,815	885,973	1,023,468
Health Services	271,590	277,676	269,615	277,386
Student (Pupil) Transportation	965,237	1,095,915	1,108,438	1,227,723
Food Services	966,127	1,025,925	1,089,572	1,299,852
Cocurricular/Extracurricular Activities	714,123	722,014	706,941	873,958
General Administration	713,373	722,417	773,417	788,743
Plant Maintenance & Operations	2,504,981	2,595,500	2,508,369	3,390,448
Security Monitoring Services	30,262	29,661	43,056	61,496
Data Processing Services	433,950	449,549	454,542	543,667
Community Services	24,299	22,963	23,457	22,542
Debt Service - Interest and Fees	2,947,127	3,356,462	4,546,717	5,074,909
Facilities Furnishings - Noncapital	1,505,018	1,047,059	-	2,707,345
Shared Services Special Education	5,519	-	-	1,155
Juvenile Justice Alternative Education Program	15,094	16,649	1,807	12,640
Tax Appraisal Fees	-	-	-	-
Total Expenses	<u>29,200,933</u>	<u>28,429,320</u>	<u>29,693,762</u>	<u>36,071,981</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	53,351	60,431	63,091	53,846
Cocurricular/Extracurricular Activities	57,885	58,343	88,898	133,260
Plant Maintenance & Operations	12,571	20,953	6,109	13,465
Operating Grants and Contributions	<u>4,028,071</u>	<u>3,845,893</u>	<u>4,030,420</u>	<u>4,932,434</u>
Total Governmental Program Revenues	<u>4,151,878</u>	<u>3,985,620</u>	<u>4,188,518</u>	<u>5,133,005</u>
Total Governmental Net (Expense) Revenue	<u>\$ (25,049,055)</u>	<u>\$ (24,443,700)</u>	<u>\$ (25,505,244)</u>	<u>\$ (30,938,976)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes - General Purposes	\$ 13,828,297	\$ 14,698,928	\$ 15,255,610	\$ 15,839,273
Property Taxes - Debt Service	1,744,629	2,349,337	2,995,471	3,788,211
State Aid-Formula Grants	5,803,130	5,691,197	5,130,235	5,872,277
Grants and Contributions not Restricted	-	-	214,857	338,716
Investment Earnings	312,536	193,372	969,972	1,481,431
Miscellaneous	164,413	76,136	117,693	14,590
Transfers Out	-	-	-	-
Total General Revenues and Other Changes				
in Net Assets Governmental Activities	<u>21,853,005</u>	<u>23,008,970</u>	<u>24,683,838</u>	<u>27,334,498</u>
Change in Net Assets Governmental Activities	<u>(3,196,050)</u>	<u>(1,434,730)</u>	<u>(821,406)</u>	<u>(3,604,478)</u>
Business-Type Activities:				
Revenue-Charge for Service	161,761	157,131	221,013	272,019
Expense-Day Care Service	164,994	168,326	232,968	252,959
Transfer In	-	-	-	-
Change in Net Assets-Business-Type Activities	<u>(3,233)</u>	<u>(11,195)</u>	<u>(11,955)</u>	<u>19,060</u>
Total Primary Government Change in Net Assets	<u>\$ (3,199,283)</u>	<u>\$ (1,445,925)</u>	<u>\$ (833,361)</u>	<u>\$ (3,585,418)</u>

Source: The Statement of Activities for the Lake Dallas Independent School District.

2007	2008	2009	2010	2011
\$ 17,031,722	\$ 18,618,562	\$ 19,948,477	\$ 20,514,458	\$ 20,218,443
573,950	621,989	610,741	652,911	611,435
389,617	563,731	655,865	721,919	748,658
268,790	292,536	312,293	362,333	311,479
1,652,339	1,654,181	1,693,172	1,812,793	1,824,013
1,008,512	1,003,009	1,025,167	1,127,716	1,096,335
295,597	343,534	349,182	344,154	345,364
1,152,628	1,096,735	1,070,322	1,127,079	1,131,566
1,363,536	1,425,098	1,653,001	1,679,715	1,743,118
973,200	1,064,968	1,184,279	1,292,504	1,300,510
1,003,391	1,073,763	1,004,457	1,010,450	1,200,834
3,638,734	3,938,155	4,269,938	4,529,637	5,425,032
52,711	76,523	90,721	117,424	118,717
563,187	520,145	540,645	534,990	638,803
27,796	1,263	36,960	-	-
9,465,248	5,538,878	7,111,887	5,987,568	6,149,304
546,343	-	-	-	-
6,430	19,220	-	-	-
9,314	11,659	9,167	-	-
-	-	174,320	178,174	175,100
<u>40,023,045</u>	<u>37,863,949</u>	<u>41,740,594</u>	<u>41,993,825</u>	<u>43,038,711</u>
43,555	40,625	31,540	26,044	11,810
95,349	104,080	89,924	132,819	115,525
22,727	54,454	57,690	40,567	60,570
<u>4,947,941</u>	<u>5,388,855</u>	<u>5,297,124</u>	<u>6,405,051</u>	<u>6,698,133</u>
<u>5,109,572</u>	<u>5,588,014</u>	<u>5,476,278</u>	<u>6,604,481</u>	<u>6,886,038</u>
<u>\$ (34,913,473)</u>	<u>\$ (32,275,935)</u>	<u>\$ (36,264,316)</u>	<u>\$ (35,389,344)</u>	<u>\$ (36,152,673)</u>
\$ 15,997,317	\$ 12,879,069	\$ 15,017,155	\$ 14,915,083	\$ 14,505,620
4,879,035	5,906,285	6,160,837	6,119,832	6,173,212
8,515,595	11,977,292	12,721,949	12,705,279	13,274,716
738,688	304,610	207,418	213,297	363,396
1,708,150	943,230	224,907	26,956	56,595
294,836	67,442	92,413	86,741	149,499
-	-	-	-	(11,132)
<u>32,133,621</u>	<u>32,077,928</u>	<u>34,424,679</u>	<u>34,067,188</u>	<u>34,511,906</u>
<u>(2,779,852)</u>	<u>(198,007)</u>	<u>(1,839,637)</u>	<u>(1,322,156)</u>	<u>(1,640,767)</u>
307,535	326,932	326,428	378,746	390,496
283,656	316,537	335,778	392,064	403,056
-	-	-	-	11,132
<u>23,879</u>	<u>10,395</u>	<u>(9,350)</u>	<u>(13,318)</u>	<u>(1,428)</u>
<u>\$ (2,755,973)</u>	<u>\$ (187,612)</u>	<u>\$ (1,848,987)</u>	<u>\$ (1,335,474)</u>	<u>\$ (1,642,195)</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Nonspendable Fund Balance:					
Deferred Expenditures	\$ 109,574	\$ 141,070	\$ 168,192	\$ 93,256	\$ 133,496
Unassigned	<u>1,939,125</u>	<u>1,619,834</u>	<u>2,755,875</u>	<u>3,295,897</u>	<u>3,135,056</u>
Total General Fund	<u>\$ 2,048,699</u>	<u>\$ 1,760,904</u>	<u>\$ 2,924,067</u>	<u>\$ 3,389,153</u>	<u>\$ 3,268,552</u>
All Other Governmental Funds					
Restricted Fund Balance:					
Retirement of Long-Term Debt	\$ 853,262	\$ 906,284	\$ 788,333	\$ 810,773	\$ 845,110
Federal or State Grants	7,864	63,403	156,469	215,085	256,991
Assigned Fund Balance:					
Construction	11,394,080	16,635,116	32,547,475	32,988,387	19,939,084
Committed Fund Balance:					
Campus Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 12,255,206</u>	<u>\$ 17,604,803</u>	<u>\$ 33,492,277</u>	<u>\$ 34,014,245</u>	<u>\$ 21,041,185</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 141,024	\$ 197,003	\$ 195,349	\$ 199,218	\$ 198,664
<u>5,102,517</u>	<u>4,919,456</u>	<u>6,131,088</u>	<u>6,948,853</u>	<u>7,997,172</u>
<u>\$ 5,243,541</u>	<u>\$ 5,116,459</u>	<u>\$ 6,326,437</u>	<u>\$ 7,148,071</u>	<u>\$ 8,195,836</u>
\$ 936,960	\$ 1,218,981	\$ 2,010,881	\$ 1,483,738	\$ 913,359
215,754	249,514	216,840	287,266	476,951
18,925,050	11,350,521	1,504,055	1,079,860	804,818
<u>4,897</u>	<u>15,736</u>	<u>13,536</u>	<u>26,269</u>	<u>22,208</u>
<u>\$ 20,082,661</u>	<u>\$ 12,834,752</u>	<u>\$ 3,745,312</u>	<u>\$ 2,877,133</u>	<u>\$ 2,217,336</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Fiscal Year	2002	2003	2004	2005
REVENUES:				
Total Local and Intermediate Sources	\$ 15,011,097	\$ 17,009,387	\$ 18,146,446	\$ 20,179,490
State Program Revenues	9,131,837	8,106,494	7,307,978	7,196,564
Federal Program Revenues	968,597	1,092,044	1,530,329	1,485,043
Total Revenues	<u>25,111,531</u>	<u>26,207,925</u>	<u>26,984,753</u>	<u>28,861,097</u>
EXPENDITURES:				
Current:				
Instruction	13,454,166	14,561,508	13,121,418	13,845,024
Instructional Resources & Media Services	600,930	580,690	529,803	507,011
Curriculum & Instructional Staff Development	227,345	235,484	202,773	271,080
Instructional Leadership	277,725	295,117	287,408	292,876
School Leadership	1,249,864	1,227,598	1,176,132	1,288,571
Guidance, Counseling & Evaluation Services	444,489	458,993	756,827	855,781
Health Services	239,746	259,437	262,653	253,409
Student (Pupil) Transportation	824,153	824,690	930,359	924,252
Food Services	845,594	899,947	954,174	1,015,525
Cocurricular/Extracurricular Activities	577,840	693,912	697,311	680,469
General Administration	662,500	690,701	694,392	743,185
Plant Maintenance and Operations	2,272,486	2,429,967	2,504,715	2,719,067
Security and Monitoring Services	16,074	30,262	29,661	43,056
Data Processing Services	422,058	417,911	429,723	433,155
Community Services	46,698	23,176	21,574	21,959
Debt Service:				
Debt Service - Principal on long-term debt	871,922	483,991	878,551	599,813
Debt Service - Interest on long-term debt	1,717,828	1,996,265	2,262,694	3,024,206
Debt Service - Bond Issuance Cost and Fees	-	1,860	1,091,700	173,260
Capital Outlay:				
Facilities Acquisition and Construction	9,028,987	10,044,001	13,239,855	8,348,797
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	11,069	5,519	-	1,807
Payments to Juvenile Justice Alternative Ed. Prg.	21,063	15,094	16,649	-
Other Intergovernmental Charges	-	-	-	-
Total Expenditures	<u>33,812,537</u>	<u>36,176,123</u>	<u>40,088,372</u>	<u>36,042,303</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(8,701,006)</u>	<u>(9,968,198)</u>	<u>(13,103,619)</u>	<u>(7,181,206)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	-	-
Operating Transfers Out	-	-	-	-
Bonds Issued	13,635,433	15,446,338	30,088,700	13,502,024
Premium or discount on Issuance of Bonds	-	-	-	-
Sale of Real or Personal Property	-	-	-	-
Capital Lease Proceeds	48,150	-	65,556	-
Non-current Loan	-	-	-	-
Payments to Bond Refunding Escrow Agent	(1,190,562)	(446,338)	-	(5,333,764)
Total Other Financing Sources (Uses)	<u>12,493,021</u>	<u>15,000,000</u>	<u>30,154,256</u>	<u>8,168,260</u>
Net Change in Fund Balances	<u>\$ 3,792,015</u>	<u>\$ 5,031,802</u>	<u>\$ 17,050,637</u>	<u>\$ 987,054</u>
Debt service as a percentage of noncapital expenditures				
	10.4%	9.5%	15.8%	13.7%

2006	2007	2008	2009	2010	2011
\$ 22,124,692	\$ 23,561,135	\$ 21,223,107	\$ 22,720,345	\$ 22,375,369	\$ 21,943,479
8,490,924	11,219,154	14,702,215	15,332,379	14,866,301	15,701,523
1,856,276	2,127,382	1,961,291	1,899,106	3,483,106	3,766,070
<u>32,471,892</u>	<u>36,907,671</u>	<u>37,886,613</u>	<u>39,951,830</u>	<u>40,724,776</u>	<u>41,411,072</u>
15,095,064	15,689,032	17,384,167	18,109,264	18,786,723	18,614,269
533,291	561,116	598,575	571,522	595,200	558,438
277,274	373,254	553,746	620,958	664,300	690,037
288,251	243,963	279,337	292,786	330,923	284,740
1,348,223	1,488,133	1,562,131	1,584,960	1,652,965	1,666,044
988,221	966,814	977,529	964,593	1,031,802	1,002,229
258,467	273,215	306,576	326,800	313,734	315,429
1,019,165	1,108,994	1,010,828	1,001,740	1,277,001	1,153,028
1,220,538	1,283,940	1,398,585	1,546,843	1,573,557	1,636,960
843,427	905,087	1,044,538	1,110,974	1,181,592	1,192,403
753,449	961,636	1,052,989	939,982	921,136	1,096,750
3,279,602	3,505,738	3,872,274	3,996,021	4,232,782	4,333,894
61,496	52,711	76,523	90,721	107,045	108,427
518,699	533,648	504,076	534,485	487,702	588,296
20,793	25,727	-	-	-	-
1,330,964	2,176,762	2,538,016	2,671,613	2,867,990	3,031,480
3,484,541	3,622,939	3,892,668	4,073,213	4,085,652	4,051,998
5,750	346,498	4,671	241,454	79,985	7,356
14,224,543	15,251,782	8,205,496	17,431,861	481,289	1,163,356
1,155	6,430	19,220	-	-	-
12,640	9,314	11,659	9,167	-	-
-	-	-	174,320	178,174	175,100
<u>45,565,553</u>	<u>49,386,733</u>	<u>45,293,604</u>	<u>56,293,277</u>	<u>40,849,552</u>	<u>41,670,234</u>
<u>(13,093,661)</u>	<u>(12,479,062)</u>	<u>(7,406,991)</u>	<u>(16,341,447)</u>	<u>(124,776)</u>	<u>(259,162)</u>
-	585	-	4,086	-	-
-	(585)	-	(4,086)	-	(11,132)
-	24,023,006	-	7,400,000	6,340,000	-
-	3,295,209	-	1,061,985	365,428	-
-	150,000	32,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	658,262
-	(13,972,688)	-	-	(6,627,197)	-
-	13,495,527	32,000	8,461,985	78,231	647,130
<u>\$(13,093,661)</u>	<u>\$ 1,016,465</u>	<u>\$ (7,374,991)</u>	<u>\$ (7,879,462)</u>	<u>\$ (46,545)</u>	<u>\$ 387,968</u>
15.4%	17.7%	17.1%	17.7%	17.5%	17.22%



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (UNAUDITED)

Fiscal Year	ASSESSED VALUE			Total Estimated Taxable Value	Total Direct Rate
	Residential or Real Property	Personal Property	Less Exemptions		
2002	873,288,400	119,157,559	188,202,742	804,243,217	1.690
2003	956,922,206	104,374,979	173,623,292	887,673,893	1.690
2004	980,824,504	101,085,015	131,863,464	950,046,055	1.740
2005	1,046,427,535	72,972,229	153,208,480	966,191,284	1.795
2006	1,165,110,028	91,091,019	252,772,344	1,003,428,703	1.860
2007	1,250,070,787	89,164,695	254,824,185	1,084,411,297	1.790
2008	1,272,106,611	104,073,475	192,070,457	1,184,109,629	1.520
2009	1,288,945,048	96,346,363	153,242,946	1,232,048,465	1.650
2010	1,242,409,700	80,744,730	87,588,938	1,235,565,492	1.650
2011	1,270,631,001	74,685,726	140,252,455	1,205,064,272	1.670

Source: Denton County Tax Collector

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS (UNAUDITED)

Lake Dallas Independent School District Direct Rates				
Fiscal Year	Maintenance and Operations (2)	Debt Service	Total	
2002	\$ 1.500	\$ 0.190	\$	1.690
2003	1.500	0.190		1.690
2004	1.500	0.240		1.740
2004	1.500	0.295		1.795
2006	1.500	0.360		1.860
2007	1.370	0.420		1.790
2008	1.040	0.480		1.520
2009	1.170	0.480		1.650
2010	1.170	0.480		1.650
2011	1.170	0.500		1.670

Source: Appropriate government entities' tax departments.

Notes:

(1) Includes levies for operating and debt service costs.

(2) The state statutory maximum tax rate for maintenance and operations was \$1.50 per \$100 assessed value, until 2007 when it was changed to 1.37, then down to 1.04 in 2008, then up to \$1.17 with voter approval in 2009.

Overlapping Rates (1)				
County of Denton	City of Lake Dallas	City of Corinth	Town of Hickory Creek	Corinth MUD #1
\$ 0.24897	\$ 0.56170	\$ 0.52600	\$ 0.299340	\$ 0.316
0.24717	0.57980	0.54975	0.319390	0.310
0.25480	0.63185	0.56062	0.340200	0.310
0.24648	0.64935	0.55698	0.340200	0.310
0.23192	0.67000	0.55698	0.340200	0.310
0.23589	0.69000	0.55698	0.445620	0.310
0.23589	0.69000	0.55698	0.445620	0.310
0.23577	0.71000	0.57698	0.445620	0.310
0.24980	0.71000	0.57698	0.424290	0.210
0.27390	0.71000	0.59292	0.424287	0.150

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Description	2011		Percentage of Total Taxable Assessed Value
		Taxable Assessed Value (in thousands)	Rank	
Denton County Elec Coop	Utility	\$ 15,086,139	1	1.25%
Wal-mart Stores Real Estate	Retail	14,102,641	2	1.17%
Goldfield, Alan H & Shirley M	Real Estate	12,649,353	3	1.05%
Oncor Electric Delivery Co	Utility	8,625,660	4	0.72%
United Aircraft Services	Services	7,022,656	5	0.58%
Tower Ridge Corinth, Ltd.	Real Estate	6,299,659	6	0.52%
HD Supply Utilities, Ltd.	Warehouse	5,743,418	7	0.48%
RRC (TX) LP	Real Estate	5,000,000	8	0.41%
Kensington Square LP PS	Apartment	4,850,000	9	0.40%
AV Ashleye Village, LP	Real Estate	4,671,871	10	0.39%
Boeing Aerospace & Electronics	Avionic Manufacturing			
ACLP Kensington Park	Retail			
Texas Utilities Electric Co.	Utility			
Payless Cashways, Inc.	Warehouse			
Century Telephone	Utility			
Standard Pacific of Texas	Real Estate			
Albertsons, Inc.	Retail			
TOTAL		<u>\$ 84,051,397</u>		<u>6.97%</u>

The 2011 taxable valuation is based on the 2010-2011 tax roll with a total assessed value of \$1,205,064,272

Source of information: Denton Central Appraisal District

2002		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 9,341,450	5	1.16%
11,948,796	4	1.49%
15,237,762	2	1.89%
9,099,400	6	1.13%
7,383,698	9	0.92%
<hr/>		
43,154,435	1	5.37%
15,102,080	3	1.88%
8,514,763	7	1.06%
7,476,959	8	0.93%
<u>7,139,982</u>	10	<u>0.89%</u>
<u>\$ 134,399,325</u>		<u>16.72%</u>

The 2002 taxable valuation is based on the 2001-2002 tax roll with a total assessed value of \$804,243,217

Source of information: Denton Central Appraisal District

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>Levy Year</u>	<u>Total Adjusted Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>
2001	13,896,725	13,262,066	95.43%	197,437	13,459,503
2002	15,420,902	15,113,031	98.00%	439,298	15,552,329
2003	16,874,169	16,628,620	98.54%	269,343	16,897,963
2004	18,110,316	17,781,163	98.18%	222,823	18,003,986
2005	19,422,040	19,051,119	98.09%	299,932	19,351,051
2006	20,426,020	20,123,191	98.52%	381,172	20,504,363
2007	18,517,986	18,290,322	98.77%	486,185	18,776,507
2008	21,026,564	20,789,892	98.87%	261,819	21,051,711
2009	20,881,712	20,664,965	98.96%	209,670	20,874,635
2010	20,461,313	20,293,265	99.18%	221,721	20,714,581

(1) Does not include prior delinquent taxes or penalty and interest.

(2) The percentage of levy exceeds 100% due to the inclusion of delinquent taxes collected from prior years compared to current year levy.

Source of information: Annual Financial Report.

Total Collected as % of Current Tax Levy		Outstanding Delinquent Taxes (1)	Outstanding Delinquent Taxes as % of Tax Levy
96.85%		634,659	4.57%
100.85%	(2)	307,871	2.00%
100.14%	(2)	245,549	1.46%
99.41%		329,153	1.82%
99.63%		370,921	1.91%
99.62%		302,829	1.48%
101.40%	(2)	227,664	1.23%
100.12%	(2)	236,672	1.13%
99.97%		216,747	1.04%
101.24%	(2)	168,048	0.82%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds	Accreted Interest on Bonds	Capital Leases	Loan	Total Primary Government	Percentage of Personal Income *
2002	\$ 41,981,178	\$ 3,858,273	\$ 191,692	\$ -	\$ 46,031,143	10.45%
2003	56,288,440	5,534,518	95,685	-	61,918,643	12.88%
2004	84,499,572	7,143,565	71,558	-	91,714,695	17.54%
2005	91,764,453	8,618,158	36,864	-	100,419,475	17.57%
2006	90,456,681	10,167,479	13,672	-	100,637,832	16.24%
2007	100,953,917	13,405,650	-	-	114,359,567	16.82%
2008	98,415,901	15,096,169	-	-	113,512,070	16.14%
2009	103,144,288	18,195,865	-	-	121,340,153	16.75%
2010	100,051,298	20,106,459	-	-	120,157,757	16.28%
2011	97,019,818	22,287,040	-	658,262	119,965,120	16.12%

Source: District Records

* See Exhibit S-13 for personal income

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF AUGUST 31, 2011
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Corinth, City of	\$ 32,230,000	42.44%	\$ 13,678,412
Denton County	477,705,000	2.65%	12,659,183
Hickory Creek, Town of	6,345,000	100.00%	6,345,000
Lake Dallas, City of	5,810,000	100.00%	<u>5,810,000</u>
Subtotal, overlapping bonded debt			38,492,595
Lake Dallas ISD	97,019,818	100.000%	<u>97,019,818</u>
Total direct and overlapping debt			<u>\$ 135,512,413</u>

Source: Taxable value data used to estimate applicable percentages provided by the Municipal Advisory Council. Debt outstanding data provided by each governmental unit.

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

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of each entity's taxable assessed value that is within the District's boundaries and dividing it by each entity's total taxable assessed value.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 RATIO OF NET BONDED DEBT TO ASSESSED VALUE AND NET BONDED
 DEBT PER CAPITA
 LAST TEN FISCAL YEARS
 (UNAUDITED)

Fiscal Year	Population	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2002	16,456	\$ 804,243,217	\$ 46,031,143	\$ 853,262	\$ 45,177,881	5.62%	\$ 2,745
2003	17,361	887,673,893	61,918,643	906,284	61,012,359	6.87%	3,514
2004	18,403	950,046,055	91,714,695	788,333	90,926,362	9.57%	4,941
2005	19,544	966,191,284	100,419,475	810,773	99,608,702	10.31%	5,097
2006	20,638	1,003,428,703	100,637,832	845,110	99,792,722	9.95%	4,835
2007	21,876	1,084,411,297	114,359,567	936,960	113,422,607	10.46%	5,185
2008	22,139	1,184,109,629	113,512,070	1,218,981	112,293,089	9.48%	5,072
2009	22,342	1,232,048,465	121,340,153	2,010,881	119,329,272	9.69%	5,341
2010	22,601	1,235,565,492	120,157,757	1,483,738	118,674,019	9.60%	5,251
2011	22,756	1,205,064,272	119,965,120	913,359	119,051,761	9.88%	5,232

Source: North Central Council of Governments, District Financial Statements,
 and Denton Central Appraisal District.



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	2002	2003	2004	2005
Total Assessed Value	\$ 804,243,217	\$ 887,673,893	\$ 950,046,055	\$ 966,191,284
Debt Limit (10% of Total Assessed Value)	\$ 80,424,322	\$ 88,767,389	\$ 95,004,606	\$ 96,619,128
Debt Applicable to Limit:				
General Obligation Bonds	\$ 41,981,178	\$ 56,288,440	\$ 84,499,572	\$ 91,764,453
Less Net Assets in Debt Service Fund	853,262	906,284	788,333	810,773
Total Amount of Debt Applicable to Debt Limit	41,127,916	55,382,156	83,711,239	90,953,680
Legal Debt Margin	\$ 39,296,406	\$ 33,385,233	\$ 11,293,367	\$ 5,665,448
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	51.14%	62.39%	88.11%	94.14%

Source of Information: Denton Central Appraisal District and District Financial Information

Note: Under state finance law, Lake Dallas Independent School District's outstanding general obligation debt should not exceed 10 percent of the total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>\$1,003,428,703</u>	<u>\$1,084,411,297</u>	<u>\$1,184,109,629</u>	<u>\$1,232,048,465</u>	<u>\$1,235,565,492</u>	<u>\$1,205,064,272</u>
<u>\$ 100,342,870</u>	<u>\$ 108,441,130</u>	<u>\$ 118,410,963</u>	<u>\$ 123,204,847</u>	<u>\$ 123,556,549</u>	<u>\$ 120,506,427</u>
<u>\$ 90,456,681</u>	<u>\$ 100,953,917</u>	<u>\$ 98,415,901</u>	<u>\$ 103,144,288</u>	<u>\$ 100,051,298</u>	<u>\$ 97,019,818</u>
<u>845,110</u>	<u>936,960</u>	<u>1,218,981</u>	<u>2,010,881</u>	<u>1,483,738</u>	<u>913,359</u>
<u>89,611,571</u>	<u>100,016,957</u>	<u>97,196,920</u>	<u>101,133,407</u>	<u>98,567,560</u>	<u>96,106,459</u>
<u>\$ 10,731,299</u>	<u>\$ 8,424,173</u>	<u>\$ 21,214,043</u>	<u>\$ 22,071,440</u>	<u>\$ 24,988,989</u>	<u>\$ 24,399,968</u>
89.31%	92.23%	82.08%	82.09%	79.78%	79.75%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS
 (UNAUDITED)

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate *</u>
2002	16,456	\$ 440,339,570	\$ 26,759	5.2%
2003	17,361	480,817,785	27,695	5.5%
2004	18,403	522,918,190	28,415	4.5%
2005	19,544	571,443,952	29,239	4.6%
2006	20,638	619,737,823	30,029	4.4%
2007	21,876	679,914,366	31,080	3.9%
2008	22,139	703,134,640	31,760	4.7%
2009	22,342	724,600,519	32,432	5.2%
2010	22,601	737,764,443	32,643	5.4%
2011	22,756	744,075,688	32,968	6.7%

Source: North Central Texas Council of Governments

* Texas Workforce Commission

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 (UNAUDITED)
 AUGUST 31, 2011

Student Data

Student Ethnicity:	
White	67.7%
Hispanic	22.4%
Black	6.0%
Other	3.9%
Attendance Rate:	96.2%
Dropout Rate:	0.024%
Number of Students per Campus:	
Lake Dallas	
Elementary	715
Middle School	1007
High School	1187
Corinth	
Elementary	622
Shady Shores	
Elementary	<u>573</u>
Total Students	4,104

Faculty Data

Teachers	286.9
Counselors	11.5
Administrators	14
Educational Aides	40.5
Advance Degrees/Certifications:	
Master Degrees	54
Doctoral Degrees	4
Average Experience of Teachers	10.6 Years
Student/Teacher Ratio	14.3 to 1
Cost per Student based on expenses reported in the governmental financial statements	7,105
Percentage of Student population who received free or reduced meals	35.0%

Source of Information: District enrollment and financial records



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
ENROLLMENT AND ATTENDANCE DATA
LAST TEN FISCAL YEARS
(UNAUDITED)

		<u>Average Daily Attendance</u>		
	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Percent of Enrollment</u>
2001/02	3,312	3,135	3.5%	94.65%
2002/03	3,440	3,271	4.3%	95.09%
2003/04	3,538	3,406	4.0%	96.30%
2004/05	3,711	3,559	4.3%	95.92%
2005/06	3,882	3,716	4.2%	95.71%
2006/07	3,923	3,751	0.9%	95.60%
2007/08	3,923	3,771	0.5%	96.11%
2008/09	3,964	3,811	1.0%	96.14%
2009/10	4,016	3,852	1.1%	95.90%
2010/11	4,030	3,877	0.6%	96.20%

Source of information: Superintendent's Annual Report.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	Description	2011		Percentage of Total City Employment
		Employees	Rank	
Labinal	Avionic Manufacturing	720	1	27.32%
Lake Dallas ISD	School District	607	2	23.04%
Wal-Mart	Retail	400	3	15.18%
Coserve	Electric Utility	331	4	12.56%
City of Corinth	Government	154	5	5.84%
Video Plus	Media/Marketing Comm.	154	6	5.84%
Albertsons	Grocery	110	7	4.17%
Llano Utility	Utility/Construction	95	8	3.61%
HD Supply	Wholesale Distribution	64	9	2.44%
Gold Distributing Co.	Beverages			
Upper Trinity Water Dist.	Utility			
Lake Cities Fire Dept.	Fire Protection			
City of Lake Dallas	Government			
TOTAL		2,635		100.00%

Source of Information: Lake Cities Chamber of Commerce

Note: Information for 2002 not available, 2006 first year available

2006		
Employees	Rank	Percentage of Total City Employment
800	1	36.56%
552	2	25.23%
300	3	13.71%
220	4	10.05%
33	9	1.51%
130	5	5.94%
45	6	2.06%
40	7	1.83%
40	8	1.83%
28	10	1.28%
<u>2,188</u>		<u>100.00%</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures</u>	<u>Cost Per Pupil</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Pupil/ Teacher Ratio</u>
2001-2002	3,306	24,416,443	7,385	7.06%	263	12.6
2002-2003	3,439	25,923,091	7,538	2.06%	271	12.7
2003-2004	3,568	26,160,785	7,332	-2.73%	251	14.2
2004-2005	3,744	20,639,615	5,513	-24.81%	256	14.6
2005-2006	3,932	21,669,378	5,511	-0.03%	274	14.4
2006-2007	3,937	23,878,762	6,073	10.20%	282	14.0
2007-2008	3,978	27,508,475	6,915	13.86%	291	13.7
2008-2009	3,978	28,639,211	7,199	4.11%	285	13.9
2009-2010	4,090	29,060,062	7,105	-1.31%	281	14.5
2010-2011	4,104	29,745,120	7,248	2.01%	287	14.3

Source of Information: AEIS Report

<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>
494	101
632	124
643	150
763	167
808	204
834	237
1272	263
1115	259
1321	240
1436	236

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STAFF INFORMATION
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Teachers</u>	<u>Professional Support</u>	<u>Campus Administration</u>	<u>Central Administration</u>	<u>Total Professional Staff</u>	<u>Educational Aides</u>
2001-2002	263.2	31.7	15.0	8.5	318.4	61.7
2002-2003	271.0	37.7	14.1	10.0	332.8	64.1
2003-2004	251.1	44.0	13.0	4.0	312.1	64.2
2004-2005	256.3	45.1	14.0	5.0	320.4	71.8
2005-2006	273.7	55.5	14.0	5.0	348.2	70.7
2006-2007	282.0	55.8	16.0	4.0	357.4	73.3
2007-2008	291.5	46.7	15.0	4.0	357.2	59.8
2008-2009	285.3	46.7	14.0	5.0	351.0	53.6
2009-2010	281.4	54.5	14.0	4.5	354.4	47.6
2010-2011	286.9	55.5	14.0	4.0	360.4	40.5

Source of Information: AEIS Report

Auxiliary Staff	Total Staff	% Change
128.8	508.9	33.10%
118.3	515.2	1.24%
124.8	501.1	-2.74%
125.4	517.6	3.29%
140.6	559.5	8.10%
141.5	572.1	2.25%
176.5	593.5	3.74%
172.3	576.9	-2.80%
182.4	584.4	1.30%
185.2	586.1	0.29%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
TEACHERS SALARY DATA
2010-11 SCHOOL YEAR

<u>Years of Experience</u>	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
0	\$ 41,500	\$ 43,000	\$ 44,000
1	41,600	43,100	44,100
2	41,700	43,200	44,200
3	41,800	43,300	44,300
4	41,900	43,400	44,400
5	42,000	43,500	44,500
6	42,500	44,000	45,000
7	43,400	44,900	45,900
8	44,100	45,600	46,600
9	44,600	46,100	47,100
10	44,900	46,400	47,400
11	45,200	46,700	47,700
12	45,600	47,100	48,100
13	46,600	48,100	49,100
14	47,600	49,100	50,100
15	48,600	50,100	51,100
16	49,600	51,100	52,100
17	50,600	52,100	53,100
18	51,600	53,100	54,100
19	52,600	54,100	55,100
20	53,600	55,100	56,100
21	54,600	56,100	57,100
22	55,600	57,100	58,100
23	56,600	58,100	59,100
24	57,300	58,800	59,800
25	57,800	59,300	60,300
26	58,150	59,650	60,650
27	58,250	59,750	60,750
28	58,450	59,950	60,950
29	58,850	60,350	61,350
30	59,450	60,950	61,950
31	60,050	61,550	62,550
32	60,150	61,650	62,650
33	60,250	61,750	62,750
34	60,350	61,850	62,850
35	60,450	61,950	62,950
36	60,550	62,050	63,050
37	60,650	62,150	63,150
38	60,750	62,250	63,250
39	60,850	62,350	63,350
40	60,950	62,450	63,450

Average Salary by Years of Experience

Beginning Teachers	\$ 42,555
1-5 Years of Experience	\$ 43,618
6-10 Years of Experience	\$ 46,454
11-20 Years of Experience	\$ 50,076
Over -20 Years of Experience	\$ 60,522

Average Actual Salaries

Teachers	\$ 48,320
Professional Staff	\$ 56,093
Campus Administration	\$ 73,099
Central Administration	\$ 115,514



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSET INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Schools	2002	2003	2004	2005	2006
Elementary *					
Buildings	4	4	4	4	4
Square Feet	191,654	191,654	191,654	191,654	191,654
Capacity	1,450	1,450	1,450	1,450	1,450
Enrollment	1,906	1,996	2,048	2,111	1,946
Middle **					
Buildings	1	1	1	1	1
Square Feet	65,278	65,278	65,278	65,278	205,360
Capacity	500	500	500	500	1,150
Enrollment	548	576	572	599	912
High ***					
Buildings	1	1	1	1	1
Square Feet	169,936	169,936	169,936	169,936	169,936
Capacity	900	900	900	900	900
Enrollment	858	868	945	1,034	1,074
Non - instructional					
Buildings	3	3	3	3	3
Square Feet	15,824	15,824	15,824	15,824	15,824
Portable Buildings					
Buildings	22	28	32	32	27
Square Feet	26,400	33,600	38,400	38,400	32,400
Total Square Feet	469,092	476,292	481,092	481,092	615,174
Athletics					
Stadiums	1	1	1	1	1
Football/Soccer Practice Fields	1	4	4	4	4
Running Tracks	1	2	2	2	2
Baseball/Softball Fields	2	2	2	2	2
Playgrounds	4	4	4	4	4
Concession Stands	2	3	3	3	3

Source: District Records

* Elementary Grades K-6 for years 2002-2005 K-5 years 2006-2010

** Middle School Grades 7-8 for years 2002-2005 6-8 years 2006-2011

*** High School Grades 9-12

2007	2008	2009	2010	2011
4	4	4	3	3
252,270	252,270	252,270	347,486	347,486
1,800	1,800	1,800	2,400	2,400
1,963	1,957	1,920	1,951	1,910
1	1	1	1	1
205,360	205,360	205,360	205,360	205,360
1,150	1,150	1,150	1,150	1,150
884	895	920	957	1,007
1	1	1	1	1
272,048	272,048	272,048	272,048	272,048
1,300	1,300	1,300	1,300	1,300
1,090	1,126	1,138	1,182	1,187
3	3	3	5	5
15,824	15,824	15,824	116,246	116,246
17	17	17	8	8
20,400	20,400	20,400	9,600	9,600
765,902	765,902	765,902	950,740	950,740
1	1	1	1	1
4	4	4	4	4
2	2	2	2	2
2	2	2	2	2
4	4	4	4	4
3	3	3	3	3



**COMPLIANCE AND
FEDERAL AWARDS SECTION**



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

Board of Trustees
Lake Dallas Independent School District
Lake Dallas, Texas

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District (the "District") as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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
A Professional Corporation
Certified Public Accountants

January 17, 2012

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

Board of Trustees
Lake Dallas Independent School District
Lake Dallas, Texas

Compliance

We have audited Lake Dallas Independent School District's (the "District") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011. 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 the 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 compliance requirements referred to above that could have a direct and material effect on each of the its major federal programs for the year ended August 31, 2011.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the Texas Education Agency, 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
A Professional Corporation
Certified Public Accountants

January 17, 2012

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

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 required 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
- 84.173A IDEA-Part B, Preschool
- 84.391 IDEA, Part B, Formula-ARRA
- 84.392 IDEA, Part B, Preschool-ARRA

84.394A Title XIV, State Fiscal Stabilization Fund-ARRA

Child Nutrition Cluster:

- 10.553 School Breakfast Program
- 10.555 National School Lunch Program-Cash Assistance
- 10.555 National School Lunch Program-Non Cash Assistance

81.041 SECO/ARRA-Building Efficiency and Retrofit Program, Round 2

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

The audit disclosed no findings or questioned costs to be reported.

III. Other Findings

None

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2011

FINDING/NONCOMPLIANCE

FINDING 2010-1 The District exceeded appropriations in one functional category in the Debt Service Fund.

STATUS OF PRIOR YEAR'S FINDING/NONCOMPLIANCE

The District did improve on monitoring expenses as compared to budget, there were no exceptions in 2010-2011.

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041		\$ 332,685
Total Direct Programs			\$ 332,685
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	11-610101061912	\$ 127,172
*IDEA - Part B, Formula	84.027	11-660001061912	483,133
*IDEA - Part B, Preschool	84.173	11-661001061912	11,275
*IDEA, Part B, Formula - ARRA	84.391	10-554001061912	327,429
*IDEA, Part B, Preschool - ARRA	84.392	10-555001061912	11,714
Total Special Education Cluster (IDEA)			833,551
Career and Technical - Basic Grant	84.048	11-420006061912	29,022
Title III, Part A - English Language Acquisition	84.365A	10-671001061912	25,787
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	11-694501061912	61,436
Title IV, Part A - Summer School LEP	84.369A	69550902	6,114
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	11-557001061912	1,494,945
Total Passed Through State Department of Education			\$ 2,578,027
TOTAL DEPARTMENT OF EDUCATION			\$ 2,910,712
U.S. DEPARTMENT OF ENERGY			
<u>Passed Through State Energy Conservation Office</u>			
SECO/ARRA-Bldg Effic and Retrofit Program, Round 2	81.041	CLS0014	\$ 658,262
Total Passed Through State Energy Conservation Office			\$ 658,262
TOTAL DEPARTMENT OF ENERGY			\$ 658,262
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401001	\$ 144,833
*National School Lunch Program - Cash Assistance	10.555	71301101	590,944
*National School Lunch Prog. - Non-Cash Assistance	10.555	061912	93,177
Total CFDA Number 10.555			684,121
Total Child Nutrition Cluster			828,954
Watershed Protection & Flood Control	10.904		26,404
Total Passed Through the State Department of Agriculture			\$ 855,358
TOTAL DEPARTMENT OF AGRICULTURE			\$ 855,358
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,424,332

*Clustered Programs

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2011

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, 2011, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.



