

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
LAKE DALLAS, TEXAS

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2010**

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, 2010

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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, 2010, at a meeting of the Board of Trustees of such school district on the ____ day of January, 2011.

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, 2011

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

Members of the Board:

The Comprehensive Annual Financial Report of the Lake Dallas Independent School District (District) for the fiscal year ended August 31, 2010, 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. 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 Lake Dallas ISD, 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 950 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. Both projects were completed in 2009.

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, 2010 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 deprecation 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

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.

Cash Management

Investments are governed by the District's investment policy. This policy is reviewed and approved by the School Board annually. Cash temporarily idle during the year was invested in a local bank and government investment pools.

The investment policy is written to ensure that funds are invested safely, meet current liquidity needs of the District and maximize financial returns within current market conditions. Investments shall be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio. All investments made by the District shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules or regulations. *Gov't Code 2256.026*.

Debt Administration

At August 31, 2010, the District had \$100,051,298 of general obligation bonds outstanding. The debt service fund will provide debt service of long-term loans.

Risk Management

Lake Dallas Independent School District is committed to maintain a safe and secure teaching and learning environment. Pupil incidents, vehicle accidents, employee accidents and work-related illness, crime losses, third-party liability claims for injury or property loss, fires, vandalism and other related property losses are all recorded and dealt with promptly. The primary technique used for risk financing is the purchase of insurance policies from commercial insurers to cover possible losses.

Service Efforts and 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.

Lake Dallas ISD currently has one campus with Exemplary accreditation and four campuses with Recognized accreditation from the Texas Education Agency. Our progress towards graduating productive citizens is made possible because of a high quality staff and research-based programs. The benefits to our community of having high quality graduates include a superior workforce, as well as a population capable of contributing to the tax base instead of relying on social services. The District's future ability to fund these programs that have been so successful is so heavily influenced by the amount of revenue that can be generated.

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 above state averages. Highlights of the TAKS results include the subject areas listed below.

- Reading, in which 94 percent of all students tested met the state standard
- Writing, in which 95 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 90 percent of all students tested met the state standard

The District's students exceeded state averages on SAT and ACT college entrance exams. On the ACT exam, students earned the highest composite score in the District in 7 years.

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 seventh 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 shows 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" or "Suspended-Data Quality" ratings under Schools FIRST must file a corrective action plan with the Texas Education Agency.

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.

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 meeting beginning at 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

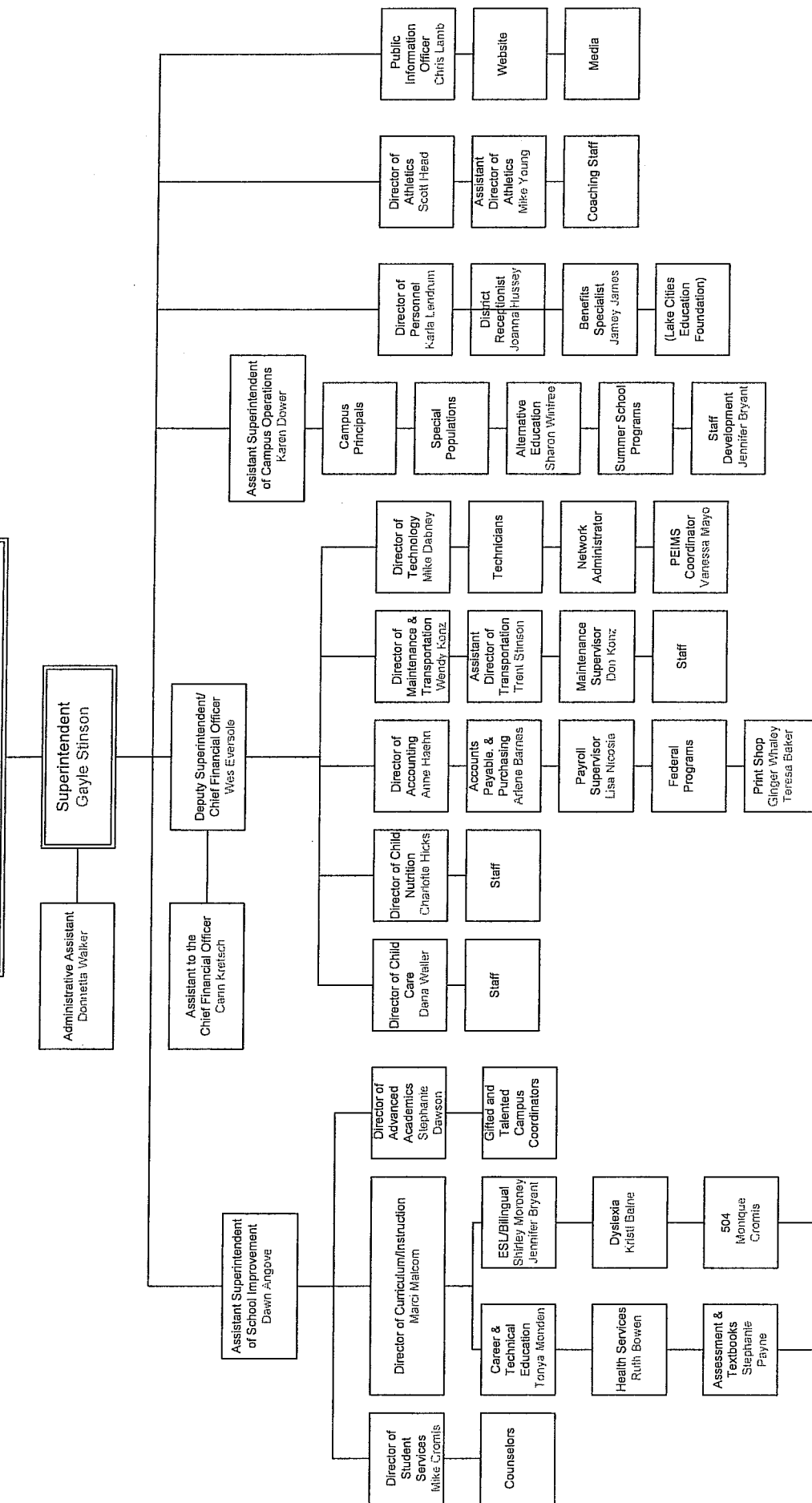
The preparation of this report could not have been accomplished without the services of the entire staff of the business office. In addition, the Board of Trustees should be commended for its continued support and leadership.

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 2009-2010

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, 2010

Elected Officials:

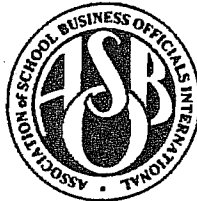
Board of Trustees:

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

Appointed Officials:

Gayle Stinson	Superintendent
Dawn Angove, Ed.D.	Assistant Superintendent of School Improvement
Wesley Eversole, RTSBA	Deputy Superintendent/CFO
Karen Dower	Assistant Superintendent of Campus Operations
Wendy Konz	Director of Maintenance & Transportation
Scott Head	Athletic Director
Charlotte Hicks	Director of Food Service
David Ketcher	High School Principal
Jim Parker	Middle School Principal
Jennie Taylor	Shady Shores Elementary School Principal
Deon Quisenberry	Lake Dallas Elementary School Principal
Ellen Smith	Corinth Elementary School Principal
Stephanie Dawson	Director of Advanced Academic Services
Anne Haehn	Director of Accounting
Karla Landrum	Director of Personnel
Marci Malcom	Director of Curriculum and Instruction
Mike Dabney	Director of Technology

**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, 2009

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

Erin Green

President

John D. Mueso

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, 2009

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.



President

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, 2010, 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, 2010, 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, 2011, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, excluding the Fund Balance and Cash Flow Calculation Worksheet (Exhibit J-3) which is marked unaudited and on which we express no opinion, 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, 2011

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2010
(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, 2010. 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 \$(3,758,377) (net assets). Of this amount, \$(9,854,079) (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fund designation and fiscal policies.
- The District's total net assets increased by \$1,940,316. 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 increased during the year.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$10,025,204. 70.0% of this total amount (\$7,016,593) is unreserved and undesignated and available for use within the District's designation and policies.
- At the end of the current fiscal period, unreserved fund balance for the general fund was \$6,948,853 or 23.91% of the total general fund expenditures, an increase of \$821,634 from the prior year. Budgeted revenues were based on no student growth. The actual growth rate was 1.1%. 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 increased from \$(5,713,439) to \$(3,759,805). 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 \$(9,855,507) at August 31, 2010. This increase in governmental net assets was the result in large part to a prior year adjustment which increased fixed assets.

In 2010, net assets of our business-type activities decreased by \$13,318, about 90%. 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	
	2009	2010	2009	2010	2009	2010
Current and other assets	15,688,543	14,476,925	16,451	1,555	15,704,994	14,478,480
Capital assets	107,658,514	108,735,440	-	-	107,658,514	108,735,440
Total assets	123,347,057	123,212,365	16,451	1,555	123,363,508	123,213,920
Long-term liabilities	125,412,735	124,464,091	-	-	125,412,735	124,464,091
Other liabilities	3,647,761	2,508,079	1,705	127	3,649,466	2,508,206
Total liabilities	129,060,496	126,972,170	1,705	127	129,062,201	126,972,297
Net Assets:						
Invested in capital assets net of related debt	441,644	4,377,808	-	-	441,644	4,377,808
Restricted	2,227,407	1,717,894	-	-	2,227,407	1,717,894
Unrestricted	(8,382,490)	(9,855,507)	14,746	1,428	(8,367,744)	(9,854,079)
Total net assets	(5,713,439)	(3,759,805)	14,746	1,428	(5,698,693)	(3,758,377)

Table II
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program Revenues:						
Charges for services	179,154	199,430	326,428	378,746	505,582	578,176
Operating grants and contributions	5,297,124	6,405,051	-	-	5,297,124	6,405,051
General Revenues:						
Maintenance and operations taxes	15,017,155	14,915,083	-	-	15,017,155	14,915,083
Debt service taxes	6,160,837	6,119,832	-	-	6,160,837	6,119,832
State aid	12,721,949	12,705,279	-	-	12,721,949	12,705,279
Investment earnings	224,907	26,956	-	-	224,907	26,956
Miscellaneous	92,413	86,741	-	-	92,413	86,741
Grants not Restricted	207,418	213,297	-	-	207,418	213,297
Total Revenue	39,900,957	40,671,669	326,428	378,746	40,227,385	41,050,415
Expenses:						
Instruction, curriculum and media services	21,215,083	21,889,288	-	-	21,215,083	21,889,288
Instructional and school leadership	2,005,465	2,175,126	-	-	2,005,465	2,175,126
Student support services	2,444,671	2,598,949	-	-	2,444,671	2,598,949
Child nutrition	1,653,001	1,679,715	-	-	1,653,001	1,679,715
Cocurricular activities	1,184,279	1,292,504	-	-	1,184,279	1,292,504
General administration	1,004,457	1,010,450	-	-	1,004,457	1,010,450
Plant maintenance, security & data processing	4,901,304	5,182,051	-	-	4,901,304	5,182,051
Community services	36,960	-	335,778	392,064	372,738	392,064
Debt services	7,111,887	5,987,568	-	-	7,111,887	5,987,568
Tax appraisal fees	183,487	178,174	-	-	183,487	178,174
Total Expenses	41,740,594	41,993,825	335,778	392,064	42,076,372	42,385,889
Increase (Decrease) in net assets	(1,839,637)	(1,322,156)	(9,350)	(13,318)	(1,848,987)	(1,335,474)
Net assets at beginning of year	(3,873,802)	(5,713,439)	24,096	14,746	(3,849,706)	(5,698,693)
Adjustments to beginning capital assets	-	3,275,790	-	-	-	3,275,790
Net assets at end of year	(5,713,439)	(3,759,805)	14,746	1,428	(5,698,693)	(3,758,377)

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

- During the 2009-10 school year, the District maintained an average daily attendance (ADA) of 3,852, which was a 1.1% 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 \$.48 for fiscal year 2010.
- The Federal Government funded the Section 8002 Federal Impact Aid program again for the 2009-10 school year. The District received \$166,940 from the Federal Government for impact aid.
- Due to decreasing interest rates, the District saw over a 75% decrease in local investment revenue from the previous year.

The cost of all governmental activities for the current fiscal year was \$41,993,825. 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 \$21,034,915 because some of the costs were paid by those who directly benefited from the programs (\$199,430) or by other governments and organizations that subsidized certain programs with grants and contributions (\$6,405,051) or by State equalization funding (\$12,705,279).

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 36 and 37) reported a combined fund balance of \$10,025,204, which is \$46,545 lower than last year's total of \$10,071,749. Included in this year's total change in fund balance is an increase of \$821,634 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 \$527,143 due to a decrease in tax revenues and state funding.

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 2009). 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 \$7,148,071 reported on page 36 differs from the General Fund's budgetary fund balance of \$6,429,156 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, 2010, the District had \$108,735,440 (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 \$2,198,864, or 2.04 percent, below last year.

This fiscal period's major additions consisted of furniture and equipment paid for out of the General Fund.

More detailed information about the District's capital assets is presented in Note 3 to the financial statements.

Debt Administration

At year-end, the District had \$124,464,091 in bonds (including accreted interest on bonds and discount/premium on debt issuance) versus \$125,412,735 last year—a decrease of .8 percent. The new debt incurred during the year was bonds of \$6,340,000 and accreted interest of \$1,910,594.

More detailed information about the District's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The Texas Legislature significantly changed the way all schools across the state are funded. Based on House Bill 1, the District's funding was frozen at the amount we received during the 2005-2006 school year. Funding is now based on the number of students who attend class each day. As property values increase, the resulting increase in tax revenue simply decreases the amount of state aid received. The total target revenue amount per student does not change. The current funding system does not allow for educational program growth nor inflation.

In addition, the revenue per student is different for each school district. Lake Dallas ISD target revenue is almost 7% less than the state average and 16.6% less than the average of all Denton County Districts.

On October 4th, 2008 the voters of Lake Dallas ISD approved a tax increase of 13 cents. Combines with a debt service tax rate of 50 cents the overall tax rate of \$1.67 for the 2010-11 school year remains lower than it has been in eight out of the past nine years.

Like many other districts in the state, without a tax rate increase, Lake Dallas ISD was facing a deficit budget. The state funding formula, unfunded mandates from the state, escalating educational program expenses, the increased costs associated with employee raises, and the rising costs related to operating our campuses were all factors in the decision to increase the tax rate.

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, 2010

EXHIBIT A-1

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 11,284,256	\$ 1,555	\$ 11,285,811
1220	Property Taxes Receivable (Delinquent)	453,781	-	453,781
1230	Allowance for Uncollectible Taxes	(45,378)	-	(45,378)
1240	Due from Other Governments	1,046,410	-	1,046,410
1267	Due from Fiduciary Funds	28,063	-	28,063
1290	Other Receivables, net	100	-	100
1300	Inventories	51,317	-	51,317
1410	Deferred Expenses	199,218	-	199,218
1420	Capitalized Bond and Other Debt Issuance Costs	1,459,158	-	1,459,158
Capital Assets:				
1510	Land	3,414,396	-	3,414,396
1520	Buildings, Net	103,819,574	-	103,819,574
1530	Furniture and Equipment, Net	1,501,470	-	1,501,470
1000	Total Assets	123,212,365	1,555	123,213,920
LIABILITIES				
2110	Accounts Payable	1,092,226	-	1,092,226
2160	Accrued Wages Payable	1,140,686	-	1,140,686
2180	Due to Other Governments	19,905	-	19,905
2190	Due to Student Groups	105	-	105
2200	Accrued Expenses	245,701	127	245,828
2300	Unearned Revenues	9,456	-	9,456
Noncurrent Liabilities				
2501	Due Within One Year	3,031,480	-	3,031,480
2502	Due in More Than One Year	121,432,611	-	121,432,611
2000	Total Liabilities	126,972,170	127	126,972,297
NET ASSETS				
3200	Invested in Capital Assets, Net of Related Debt	4,377,808	-	4,377,808
Restricted for:				
3820	Restricted for Food Services	245,795	-	245,795
3850	Restricted for Debt Service	1,472,099	-	1,472,099
3900	Unrestricted Net Assets	(9,855,507)	1,428	(9,854,079)
3000	Total Net Assets	\$ (3,759,805)	\$ 1,428	\$ (3,758,377)

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, 2010

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 20,514,458	\$ 26,044	\$ 2,326,264
12 Instructional Resources and Media Services	652,911	-	29,126
13 Curriculum and Staff Development	721,919	-	102,285
21 Instructional Leadership	362,333	-	18,228
23 School Leadership	1,812,793	-	86,865
31 Guidance, Counseling and Evaluation Services	1,127,716	-	98,417
33 Health Services	344,154	-	19,568
34 Student (Pupil) Transportation	1,127,079	-	418,894
35 Food Services	1,679,715	-	1,573,557
36 Extracurricular Activities	1,292,504	132,819	82,146
41 General Administration	1,010,450	-	42,332
51 Plant Maintenance and Operations	4,529,637	40,567	1,297,060
52 Security and Monitoring Services	117,424	-	409
53 Data Processing Services	534,990	-	21,940
72 Debt Service - Interest on Long Term Debt	5,987,568	-	287,960
99 Tax Appraisal Fees	178,174	-	-
[TG] Total Governmental Activities:	41,993,825	199,430	6,405,051
BUSINESS-TYPE ACTIVITIES:			
01 Child Care Program	392,064	378,746	-
[TB] Total Business-Type Activities:	392,064	378,746	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 42,385,889	\$ 578,176	\$ 6,405,051

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
TR	Total General Revenues
CN	Change in Net Assets
NB	Net Assets--Beginning
PA	Prior Period Adjustment
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
\$ (18,162,150)	\$ -	\$ (18,162,150)
(623,785)	-	(623,785)
(619,634)	-	(619,634)
(344,105)	-	(344,105)
(1,725,928)	-	(1,725,928)
(1,029,299)	-	(1,029,299)
(324,586)	-	(324,586)
(708,185)	-	(708,185)
(106,158)	-	(106,158)
(1,077,539)	-	(1,077,539)
(968,118)	-	(968,118)
(3,192,010)	-	(3,192,010)
(117,015)	-	(117,015)
(513,050)	-	(513,050)
(5,699,608)	-	(5,699,608)
(178,174)	-	(178,174)
(35,389,344)	-	(35,389,344)
-	(13,318)	(13,318)
-	(13,318)	(13,318)
(35,389,344)	(13,318)	(35,402,662)
14,915,083	-	14,915,083
6,119,832	-	6,119,832
12,705,279	-	12,705,279
213,297	-	213,297
26,956	-	26,956
86,741	-	86,741
34,067,188	-	34,067,188
(1,322,156)	(13,318)	(1,335,474)
(5,713,439)	14,746	(5,698,693)
3,275,790	-	3,275,790
\$ (3,759,805)	\$ 1,428	\$ (3,758,377)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2010

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 8,343,188	\$ 1,373,535	\$ 1,370,491	\$ 11,087,214
1220 Property Taxes - Delinquent	340,294	113,487	-	453,781
1230 Allowance for Uncollectible Taxes (Credit)	(34,029)	(11,349)	-	(45,378)
1240 Receivables from Other Governments	236,843	86,225	723,342	1,046,410
1260 Due from Other Funds	28,040	-	111,660	139,700
1290 Other Receivables	100	-	-	100
1410 Deferred Expenditures	199,218	-	-	199,218
1000 Total Assets	<u>\$ 9,113,654</u>	<u>\$ 1,561,898</u>	<u>\$ 2,205,493</u>	<u>\$ 12,881,045</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 248,961	\$ -	\$ 728,672	\$ 977,633
2160 Accrued Wages Payable	1,140,686	-	-	1,140,686
2170 Due to Other Funds	111,660	-	25,707	137,367
2180 Due to Other Governments	-	-	19,905	19,905
2190 Due to Student Groups	-	-	105	105
2200 Accrued Expenditures	217,360	-	28,253	245,613
2300 Deferred Revenues	246,916	78,160	9,456	334,532
2000 Total Liabilities	<u>1,965,583</u>	<u>78,160</u>	<u>812,098</u>	<u>2,855,841</u>
Fund Balances:				
Reserved For:				
3420 Retirement of Long Term Debt	-	1,483,738	-	1,483,738
3430 Deferred Expenditures	199,218	-	-	199,218
3450 Food Service/Federal or State Funds	-	-	245,795	245,795
Unreserved Designated For:				
3510 Construction	-	-	1,079,860	1,079,860
Unreserved and Undesignated:				
3600 Reported in the General Fund	6,948,853	-	-	6,948,853
3610 Reported in Special Revenue Funds	-	-	67,740	67,740
3000 Total Fund Balances	<u>7,148,071</u>	<u>1,483,738</u>	<u>1,393,395</u>	<u>10,025,204</u>
4000 Total Liabilities and Fund Balances	<u>\$ 9,113,654</u>	<u>\$ 1,561,898</u>	<u>\$ 2,205,493</u>	<u>\$ 12,881,045</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, 2010

Total Fund Balances - Governmental Funds	\$ 10,025,204
1 The assets and liabilities of the Internal Service Funds are included in governmental activities, but are not reported in the fund financial statements.	159,408
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	131,848,323
3 Accumulated depreciation has not been included in the fund financial statements.	(23,112,883)
4 Bonds payable have not been included in the fund financial statements.	(100,051,298)
5 Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(20,106,459)
6 Bond issuance cost is not capitalized in the fund financial statements.	1,459,158
7 Bond discounts and premiums are not recognized in the fund financial statements.	(4,306,334)
8 Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	325,076
19 Net Assets of Governmental Activities	<u><u>\$ (3,759,805)</u></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, 2010

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 15,253,998	\$ 6,140,293	\$ 981,078	\$ 22,375,369
5800 State Program Revenues	14,414,401	287,960	163,940	14,866,301
5900 Federal Program Revenues	213,297	-	3,269,809	3,483,106
5020 Total Revenues	29,881,696	6,428,253	4,414,827	40,724,776
EXPENDITURES:				
Current:				
0011 Instruction	17,536,464	-	1,250,259	18,786,723
0012 Instructional Resources and Media Services	595,139	-	61	595,200
0013 Curriculum and Instructional Staff Development	594,251	-	70,049	664,300
0021 Instructional Leadership	323,948	-	6,975	330,923
0023 School Leadership	1,648,382	-	4,583	1,652,965
0031 Guidance, Counseling and Evaluation Services	989,208	-	42,594	1,031,802
0033 Health Services	313,734	-	-	313,734
0034 Student (Pupil) Transportation	1,104,943	-	172,058	1,277,001
0035 Food Services	-	-	1,573,557	1,573,557
0036 Extracurricular Activities	1,143,891	-	37,701	1,181,592
0041 General Administration	921,136	-	-	921,136
0051 Facilities Maintenance and Operations	3,061,600	-	1,171,182	4,232,782
0052 Security and Monitoring Services	107,045	-	-	107,045
0053 Data Processing Services	487,702	-	-	487,702
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	-	2,867,990	-	2,867,990
0072 Debt Service - Interest on Long Term Debt	-	4,085,652	-	4,085,652
0073 Debt Service - Bond Issuance Cost and Fees	-	79,985	-	79,985
Capital Outlay:				
0081 Facilities Acquisition and Construction	54,445	-	426,844	481,289
Intergovernmental:				
0099 Other Intergovernmental Charges	178,174	-	-	178,174
6030 Total Expenditures	29,060,062	7,033,627	4,755,863	40,849,552
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	821,634	(605,374)	(341,036)	(124,776)
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	6,340,000	-	6,340,000
7916 Premium or Discount on Issuance of Bonds	-	365,428	-	365,428
8949 Other (Uses)	-	(6,627,197)	-	(6,627,197)
7080 Total Other Financing Sources (Uses)	-	78,231	-	78,231
1200 Net Change in Fund Balances	821,634	(527,143)	(341,036)	(46,545)
0100 Fund Balance - September 1 (Beginning)	6,326,437	2,010,881	1,734,431	10,071,749
3000 Fund Balance - August 31 (Ending)	\$ 7,148,071	\$ 1,483,738	\$ 1,393,395	\$ 10,025,204

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, 2010

Total Net Change in Fund Balances - Governmental Funds	\$ (46,545)
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 2010 capital outlays is to increase net assets.	619,022
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.	(2,817,886)
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.	2,867,990
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.	(1,910,594)
Bond issuance costs are not amortized in the fund financial statements, but are shown net of amortization in the government-wide financial statements.	88,663
Bond issuances are shown as other resources in the governmental fund but are shown as increases in long term debt in the statement of net assets.	(6,340,000)
Premium on discounts are shown as other resources in the governmental funds but are capitalized and amortized in the statement of net assets.	(365,428)
Payments to bond refunding escrow agent are shown as other uses in the governmental fund but are shown as reductions to long-term debt in the governmental financial statements.	6,627,197
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.	(53,107)
The net income (loss) of the Internal Service Funds is reported with governmental activities but not in the fund financial statements.	8,532
Change in Net Assets of Governmental Activities	<u><u>\$ (1,322,156)</u></u>

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, 2010

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,555	\$ 197,042
Due from Other Funds	-	25,730
Inventories	-	51,317
Total Current Assets	<u>1,555</u>	<u>274,089</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>1,555</u>	<u>274,089</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	114,593
Accrued Expenses	127	88
Total Liabilities	<u>127</u>	<u>114,681</u>
NET ASSETS		
Unrestricted Net Assets	<u>1,428</u>	<u>159,408</u>
Total Net Assets	<u><u>\$ 1,428</u></u>	<u><u>\$ 159,408</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, 2010

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	\$ -	\$ 403,669
Cash Received from Employees	356,771	-
Cash Payments for Payroll Costs	(342,633)	(57,380)
Cash Payments for Supplies and Materials	(9,154)	(118,868)
Cash Payments for Other Expenses	(841)	(78,594)
Cash Payments for Purchased Services	(19,039)	(67,487)
Net Cash Provided by (Used for) Operating Activities	(14,896)	81,340
Net Increase (Decrease) in Cash and Cash Equivalents	(14,896)	81,340
Cash and Cash Equivalents at Beginning of the Year:	16,451	115,702
Cash and Cash Equivalents at the End of the Year:	<u>\$ 1,555</u>	<u>\$ 197,042</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ (13,318)	\$ 8,532
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	-	849
Decrease (increase) in Inventories	-	(31,120)
Increase (decrease) in Accounts Payable	(1,578)	103,309
Increase (decrease) in Due to Other Funds	-	(230)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (14,896)</u>	<u>\$ 81,340</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, 2010

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 356,771	\$ 403,050
State Program Revenues	21,975	4,047
Total Operating Revenues	378,746	407,097
OPERATING EXPENSES:		
Payroll Costs	364,608	61,427
Professional and Contracted Services	19,039	67,487
Supplies and Materials	7,576	85,895
Other Operating Costs	841	-
Capital Outlay	-	183,756
Total Operating Expenses	392,064	398,565
Operating Income (Loss)	(13,318)	8,532
Total Net Assets - September 1 (Beginning)	14,746	150,876
Total Net Assets - August 31 (Ending)	\$ 1,428	\$ 159,408

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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2010

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 372,609
Other Receivables	15
Total Assets	<u>\$ 372,624</u>
LIABILITIES	
Accounts Payable	\$ 14,247
Due to Other Funds	28,063
Due to Student Groups	330,314
Total Liabilities	<u>\$ 372,624</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, 2010

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, 2010

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.
3. **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.

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. **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.
3. **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, 2010

4. **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.

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.

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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

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.

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, 2010 that were subsequently provided for in the 2010-11 budget.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

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 reserve 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:

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. NATURE AND PURPOSE OF RESERVATIONS AND DESIGNATIONS OF FUND BALANCES

The District classifies fund balances as follows:

- A. Reserves – Used to denote that portion of fund balance, which is not appropriable for expenditure or is legally segregated for specific future use.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

1. Reserve for funded indebtedness represents that portion of fund balance legally restricted to debt service.
2. Reserve for prepaid costs represents that portion of fund balance already disbursed on insurance premiums, lease contracts and other items which are expenditures of a future period.
3. Reserve for construction represents management's intent to utilize resources for construction.

B. Undesignated – Used to denote that portion of fund balance which is available for appropriation.

L. 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.

M. 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.

N. 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

O. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For fiscal year 2002, the District implemented GASB Statement No. 33 (GASB 33), "Accounting and Financial Reporting for Nonexchange Transactions", GASB Statement No. 34 (GASB 34), "Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments", GASB Statement No. 37 (GASB 37), "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus" and GASB Statements No. 38 (GASB 38), "Certain Financial Statement Disclosures".

GASB 34 created new Basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

The government-wide financial statements split the District programs between governmental and business-type activities.

P. 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 2010, 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.

Q. 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. 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, 2010, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$4,382,147 which includes \$11,249 petty cash and the combined bank balance was \$3,801,729. The District's cash deposits at August 31, 2010 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

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, 2010, the District's cash balances totaled \$3,801,729. 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, 2010.
- 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, 2010, 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

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, 2010, 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, 2010, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity Date</u>
TexPool	\$ 925,335	\$ 925,335	N/A
TxTerm	1,766,776	1,766,776	N/A
Lone Star	4,156,601	4,156,601	N/A
LOGIC	<u>427,561</u>	<u>427,561</u>	N/A
Total	<u>\$7,276,273</u>	<u>\$7,276,273</u>	

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2010, 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	123,527,428	67,897	-	123,595,326
Furniture and equipment	4,287,476	551,125	-	4,838,601
Total capital assets, being depreciated	<u>127,814,905</u>	<u>619,022</u>	<u>-</u>	<u>128,433,927</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,302,643)	(2,473,109)	-	(19,775,752)
Furniture and equipment	(2,992,354)	(344,777)	-	(3,337,131)
Total accumulated depreciation	<u>(20,294,997)</u>	<u>(2,817,886)</u>	<u>-</u>	<u>(23,112,883)</u>
Total capital assets, being depreciated, net	<u>107,519,908</u>	<u>(2,198,864)</u>	<u>-</u>	<u>105,321,044</u>
Governmental activities capital assets, net	<u>\$110,934,304</u>	<u>\$ (2,198,864)</u>	<u>\$ -</u>	<u>\$108,735,440</u>

The balance September 1 column above includes an increase in beginning net governmental activities capital assets of \$1,269,401 to reflect corrections to the historical costs of certain prior year assets. The beginning accumulated depreciation column includes a decrease of \$2,006,389 to accumulated depreciation to reflect corrections to the beginning depreciation amounts.

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

Governmental activities:	
Instruction	\$1,616,942
Instructional Resources & Media Services	57,711
Curriculum & Instructional Staff Development	57,619
Instructional Leadership	31,410
School Leadership	159,828
Guidance, Counseling & Evaluation Services	95,914
Health Services	30,420
Student (Pupil) Transportation	107,136
Food Services	106,158
Cocurricular/Extracurricular Activities	110,912
General Administration	89,314
Plant Maintenance and Operations	296,855
Data Processing Services	10,379
Community Services	47,288
Total depreciation expense-Governmental activities	<u>\$2,817,886</u>

NOTE 4. LONG-TERM DEBT

Long-term debt includes par bonds and capital appreciation (deep discount) serial bonds. 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2010:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 9/1/09</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Amounts Outstanding 8/31/10</u>	<u>Due Within One Year</u>
Bonded Indebtedness:						
1998 Bldg/Refunding	3.60-4.75%	\$ 6,565,000	\$ -	\$6,565,000	\$ -	\$ -
1999 Bldg/Refunding	4.40-6.06%	7,878,241	-	361,529	7,516,712	356,945
2001 Bldg/Refunding	4.00-5.70%	5,484,871	-	-	5,484,871	-
2002 Bldg/Refunding	2.40-5.89%	11,031,992	-	51,461	10,980,531	114,535
2004 Bldg/Refunding	2.50-4.16%	28,605,000	-	485,000	28,120,000	530,000
2005 Bldg/Refunding	3.00-4.62%	12,265,000	-	1,585,000	10,680,000	1,680,000
2007 Bldg/Refunding	3.75-4.93%	23,914,184	-	-	23,914,184	-
2008 Building	4.00-6.89%	7,400,000	-	-	7,400,000	-
2010 Refunding	2.00-4.50%	-	6,340,000	385,000	5,955,000	350,000
Total Bonded Indebtedness		<u>103,144,288</u>	<u>6,340,000</u>	<u>9,432,990</u>	<u>100,051,298</u>	<u>3,031,480</u>
Accrued Interest	4.05-5.15%	18,195,865	2,362,604	452,010	20,106,459	-
Discount/Premium on Issuance of Debt		<u>4,072,582</u>	<u>365,429</u>	<u>131,677</u>	<u>4,306,334</u>	<u>-</u>
Total Other Obligations		<u>22,268,447</u>	<u>2,728,033</u>	<u>583,687</u>	<u>24,412,793</u>	<u>-</u>
Total Obligations of District		<u>\$125,412,735</u>	<u>\$ 9,068,033</u>	<u>\$10,016,677</u>	<u>\$124,464,091</u>	<u>\$3,031,480</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 \$20,106,459 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, 2010.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

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

Year Ended August 31,	<u>General Obligation</u>		Total <u>Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2011	\$ 3,031,480	\$ 4,051,998	\$ 7,083,478
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
2016-2020	13,848,732	26,266,540	40,115,272
2021-2025	14,220,451	27,175,499	41,395,950
2026-2030	12,481,602	29,152,312	41,633,914
2031-2035	20,033,323	21,600,909	41,634,232
2036-2040	17,920,000	8,329,150	26,249,150
2041-2045	4,150,000	6,513,975	10,663,975
2046-2049	3,805,000	465,600	4,270,600
	<u>\$100,051,298</u>	<u>\$142,351,089</u>	<u>\$242,402,387</u>

NOTE 5. DEBT ISSUANCE AND DEFEASED BONDS OUTSTANDING

On March 1, 2010 the District issued \$6,340,000 (par value) in unlimited tax refunding bonds (current interest bonds) to advance refund \$6,565,000 of unlimited tax school building bonds. The bonds were issued at a premium of \$409,614, and, after paying issuance costs of \$78,231 and a discount on current interest bonds of \$44,186 the net proceeds were \$6,627,197. \$6,627,197 of the net proceeds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments on the refunded bonds until the bonds mature. The advanced refunding met the requirements of an in-substance debt defeasance and the unlimited tax school building bonds were removed from the District's General Long-Term Debt. The advance refunding resulted in a present value economic gain (difference between present value of debt service payments on the old and new debt) of \$689,841.

In the current year and 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, 2010, \$21,927,680 of bonds outstanding are considered defeased.

NOTE 6. 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 2009-10 fiscal year was based was \$1,235,565,492. 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

The tax rates assessed for the year ended August 31, 2010, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.17 and \$0.48 per \$100 valuation, respectively, for a total of \$1.65 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2010 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, 2010, property taxes receivable, net of estimated uncollectible taxes, totaled \$306,265 and \$102,138 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.

NOTE 7. 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, 2008, 2009, and 2010 were \$1,376,575, \$1,452,126 and \$1,500,678, 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, 2008, 2009, and 2010 were \$172,345, \$230,886 and \$166,923, respectively, equal to the required contributions for each year. The amounts contributed by the State, for the years ended August 31, 2008, 2009 and 2010 were \$1,327,645, \$1,492,968 and \$1,494,866, 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

NOTE 8. 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.

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 2010, 2009 and 2008. 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, 2010, 2009, and 2008, the State's contributions to TRS-Care were \$234,481, \$226,895, and \$215,090, respectively. The on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. The active member contributions were \$152,413, \$147,482, and \$139,808, respectively, and the school district's contribution were \$128,965, \$124,793, and \$118,299, 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, 2010, the contribution made on behalf of the District was \$59,936.

NOTE 9. HEALTH CARE

During the year ended August 31, 2010, 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 10. 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, 2010

Interfund receivables and payables at August 31, 2010, 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	\$ 25,707	\$ -
Capital Projects Fund	-	111,660
Agency Funds	<u>2,333</u>	<u>-</u>
Total Major Funds	<u>28,040</u>	<u>111,660</u>
<u>Non-Major Funds:</u>		
Capital Projects Fund:		
General Fund	111,660	-
Special Revenue Funds:		
General Fund	-	25,707
Internal Service Fund:		
Agency Fund	25,730	-
Agency Fund:		
General Fund	-	2,333
Internal Service Fund	<u>-</u>	<u>25,730</u>
Total Non-Major Funds	<u>137,390</u>	<u>53,770</u>
	<u>\$ 165,430</u>	<u>\$ 165,430</u>

NOTE 11. 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, 2010, 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	\$236,843	\$ -	\$ -	\$ 236,843
Debt Service Fund	86,225	-	-	86,225
Special Revenue	<u>4,040</u>	<u>719,302</u>	<u>-</u>	<u>723,342</u>
	<u>\$327,108</u>	<u>\$719,302</u>	<u>\$ -</u>	<u>\$1,046,410</u>

NOTE 12. 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, 2010 there was an estimated rebate liability of \$102,066.

NOTE 13. 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

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, 2010 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 14. 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	\$14,825,914	\$ -	\$ 6,081,831	\$ -	\$20,907,745
Food Sales	-	833,729	-	-	833,729
Investment Income	15,484	-	8,823	2,649	26,956
Penalties, interest and other tax related income	130,638	-	49,639	-	180,277
Co-curricular student activities	132,819	18,337	-	-	151,156
Other	149,143	126,363	-	-	275,506
Total	<u>\$15,253,998</u>	<u>\$ 978,429</u>	<u>\$ 6,140,293</u>	<u>\$ 2,649</u>	<u>\$22,375,369</u>

NOTE 15. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Net Tax Revenue	\$ 246,916	\$ -	\$78,160	\$ 325,076
Deferred Grants	-	9,456	-	9,456
	<u>\$ 246,916</u>	<u>\$ 9,456</u>	<u>\$78,160</u>	<u>\$ 334,532</u>

NOTE 16. 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	\$166,940	\$166,940
Federal Flood Control	10.904	46,357	46,357
Total for General Fund		<u>\$213,297</u>	<u>\$213,297</u>

NOTE 17. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency required the budgets for the Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category in the Debt Service Fund for the year ended August 31, 2010.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2010

NOTE 18. PRIOR PERIOD ADJUSTMENT TO NET ASSETS

A prior period adjustment to net assets consists of a prior period correction to fixed assets and accumulated depreciation of \$3,275,790.



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

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2010

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	\$ 15,089,793	\$ 15,222,658	\$ 15,253,998	\$ 31,340
5800	State Program Revenues	14,896,221	13,887,030	14,414,401	527,371
5900	Federal Program Revenues	241,000	241,000	213,297	(27,703)
5020	Total Revenues	30,227,014	29,350,688	29,881,696	531,008
EXPENDITURES:					
Current:					
0011	Instruction	17,435,830	17,563,600	17,536,464	27,136
0012	Instructional Resources and Media Services	591,404	597,046	595,139	1,907
0013	Curriculum and Instructional Staff Development	544,913	599,469	594,251	5,218
0021	Instructional Leadership	365,921	367,990	323,948	44,042
0023	School Leadership	1,642,298	1,654,882	1,648,382	6,500
0031	Guidance, Counseling and Evaluation Services	976,095	1,004,467	989,208	15,259
0033	Health Services	314,936	329,899	313,734	16,165
0034	Student (Pupil) Transportation	1,336,388	1,115,855	1,104,943	10,912
0036	Extracurricular Activities	857,914	1,146,432	1,143,891	2,541
0041	General Administration	1,122,162	954,109	921,136	32,973
0051	Facilities Maintenance and Operations	4,269,669	3,065,879	3,061,600	4,279
0052	Security and Monitoring Services	111,824	111,899	107,045	4,854
0053	Data Processing Services	487,189	490,515	487,702	2,813
Capital Outlay:					
0081	Facilities Acquisition and Construction	56,952	56,952	54,445	2,507
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	10,800	10,800	-	10,800
0099	Other Intergovernmental Charges	-	178,175	178,174	1
6030	Total Expenditures	30,124,295	29,247,969	29,060,062	187,907
1200	Net Change in Fund Balances	102,719	102,719	821,634	718,915
0100	Fund Balance - September 1 (Beginning)	6,326,437	6,326,437	6,326,437	-
3000	Fund Balance - August 31 (Ending)	\$ 6,429,156	\$ 6,429,156	\$ 7,148,071	\$ 718,915

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 IV Safe & Drug Free Schools
ESEA 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
Ready to Read
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, 2010

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	2,707	43,933	253,808	3,070
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 2,707</u>	<u>\$ 43,933</u>	<u>\$ 253,808</u>	<u>\$ 3,070</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 2,707	\$ 43,933	\$ 253,808	\$ 3,070
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>2,707</u>	<u>43,933</u>	<u>253,808</u>	<u>3,070</u>
Fund Balances:					
Reserved For:					
3450	Food Service/Federal or State Funds Restriction	-	-	-	-
Unreserved Designated For:					
3510	Construction	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,707</u>	<u>\$ 43,933</u>	<u>\$ 253,808</u>	<u>\$ 3,070</u>

240 National Breakfast and Lunch Program	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	289 Summer School LEP
\$ 247,862	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
26,368	-	23,511	5,184	354,298	1,659	4,764	-
-	-	-	-	-	-	-	-
<u>\$ 274,230</u>	<u>\$ -</u>	<u>\$ 23,511</u>	<u>\$ 5,184</u>	<u>\$ 354,298</u>	<u>\$ 1,659</u>	<u>\$ 4,764</u>	<u>\$ -</u>
\$ 182	\$ -	\$ 23,511	\$ 5,184	\$ 354,298	\$ 1,659	\$ 4,764	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
28,253	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>28,435</u>	<u>-</u>	<u>23,511</u>	<u>5,184</u>	<u>354,298</u>	<u>1,659</u>	<u>4,764</u>	<u>-</u>
245,795	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>245,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 274,230</u>	<u>\$ -</u>	<u>\$ 23,511</u>	<u>\$ 5,184</u>	<u>\$ 354,298</u>	<u>\$ 1,659</u>	<u>\$ 4,764</u>	<u>\$ -</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2010

Data Control Codes		397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	427 Ready to Read
ASSETS					
1110	Cash and Cash Equivalents	\$ 9,456	\$ -	\$ 41,123	\$ -
1240	Receivables from Other Governments	-	2,974	1,066	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 9,456</u>	<u>\$ 2,974</u>	<u>\$ 42,189</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 2,974	\$ 718	\$ -
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Deferred Revenues	9,456	-	-	-
2000	Total Liabilities	<u>9,456</u>	<u>2,974</u>	<u>718</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service/Federal or State Funds Restriction	-	-	-	-
Unreserved Designated For:					
3510	Construction	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	41,471	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>41,471</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 9,456</u>	<u>\$ 2,974</u>	<u>\$ 42,189</u>	<u>\$ -</u>

428 AP/IB Campus Awards	459 Ready Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	608 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 19,905	\$ 52,885	\$ 371,231	\$ 999,260	\$ 1,370,491
-	-	-	723,342	-	723,342
-	-	-	-	111,660	111,660
<u>\$ -</u>	<u>\$ 19,905</u>	<u>\$ 52,885</u>	<u>\$ 1,094,573</u>	<u>\$ 1,110,920</u>	<u>\$ 2,205,493</u>
\$ -	\$ -	\$ 804	\$ 697,612	\$ 31,060	\$ 728,672
-	-	25,707	25,707	-	25,707
-	19,905	-	19,905	-	19,905
-	-	105	105	-	105
-	-	-	28,253	-	28,253
-	-	-	9,456	-	9,456
-	19,905	26,616	781,038	31,060	812,098
-	-	-	245,795	-	245,795
-	-	-	-	1,079,860	1,079,860
-	-	26,269	67,740	-	67,740
-	-	26,269	313,535	1,079,860	1,393,395
<u>\$ -</u>	<u>\$ 19,905</u>	<u>\$ 52,885</u>	<u>\$ 1,094,573</u>	<u>\$ 1,110,920</u>	<u>\$ 2,205,493</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, 2010

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	7,855	158,406	641,709	11,467
5020	Total Revenues	7,855	158,406	641,709	11,467
EXPENDITURES:					
Current:					
0011	Instruction	7,855	155,043	620,075	11,467
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	3,363	1,380	-
0021	Instructional Leadership	-	-	6,975	-
0023	School Leadership	-	-	4,583	-
0031	Guidance, Counseling and Evaluation Services	-	-	8,696	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	7,855	158,406	641,709	11,467
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	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	289 Summer School LEP
\$ 852,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10,916	-	-	-	-	-	-	-
739,530	27,831	69,131	28,800	1,170,493	405,202	7,332	2,053
<u>1,602,512</u>	<u>27,831</u>	<u>69,131</u>	<u>28,800</u>	<u>1,170,493</u>	<u>405,202</u>	<u>7,332</u>	<u>2,053</u>
-	23,826	9,862	28,800	-	198,714	5,832	2,053
-	-	-	-	-	-	-	-
-	4,005	59,269	-	-	532	1,500	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	33,898	-	-
-	-	-	-	-	172,058	-	-
1,573,557	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,170,493	-	-	-
-	-	-	-	-	-	-	-
<u>1,573,557</u>	<u>27,831</u>	<u>69,131</u>	<u>28,800</u>	<u>1,170,493</u>	<u>405,202</u>	<u>7,332</u>	<u>2,053</u>
28,955	-	-	-	-	-	-	-
216,840	-	-	-	-	-	-	-
<u>\$ 245,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2010

Data Control Codes		397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	427 Ready to Read
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	413	30,217	114,239	61
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>413</u>	<u>30,217</u>	<u>114,239</u>	<u>61</u>
EXPENDITURES:					
Current:					
0011	Instruction	413	30,217	72,768	-
0012	Instructional Resources and Media Services	-	-	-	61
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>413</u>	<u>30,217</u>	<u>72,768</u>	<u>61</u>
1200	Net Change in Fund Balance	-	-	41,471	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,471</u>	<u>\$ -</u>

428 AP/IB Campus Awards	459 Ready Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	608 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ 77,052	\$ 49,311	\$ 978,429	\$ 2,649	\$ 981,078
2,438	3,844	1,812	163,940	-	163,940
-	-	-	3,269,809	-	3,269,809
2,438	80,896	51,123	4,412,178	2,649	4,414,827
2,438	80,896	-	1,250,259	-	1,250,259
-	-	-	61	-	61
-	-	-	70,049	-	70,049
-	-	-	6,975	-	6,975
-	-	-	4,583	-	4,583
-	-	-	42,594	-	42,594
-	-	-	172,058	-	172,058
-	-	-	1,573,557	-	1,573,557
-	-	37,701	37,701	-	37,701
-	-	689	1,171,182	-	1,171,182
-	-	-	-	426,844	426,844
2,438	80,896	38,390	4,329,019	426,844	4,755,863
-	-	12,733	83,159	(424,195)	(341,036)
-	-	13,536	230,376	1,504,055	1,734,431
\$ -	\$ -	\$ 26,269	\$ 313,535	\$ 1,079,860	\$ 1,393,395

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, 2010

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	\$ 927,936	\$ 927,936	\$ 852,066	\$ (75,870)
5800	State Program Revenues	11,619	11,619	10,916	(703)
5900	Federal Program Revenues	628,507	653,507	739,530	86,023
5020	Total Revenues	1,568,062	1,593,062	1,602,512	9,450
EXPENDITURES:					
0035	Food Services	1,567,638	1,592,638	1,573,557	19,081
6030	Total Expenditures	1,567,638	1,592,638	1,573,557	19,081
1200	Net Change in Fund Balances	424	424	28,955	28,531
0100	Fund Balance - September 1 (Beginning)	216,840	216,840	216,840	-
3000	Fund Balance - August 31 (Ending)	\$ 217,264	\$ 217,264	\$ 245,795	\$ 28,531

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, 2010

FOR THE YEAR ENDED AUGUST 31, 2019					
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	\$ 6,169,757	\$ 6,169,757	\$ 6,140,293	\$ (29,464)
5800	State Program Revenues	343,677	343,677	287,960	(55,717)
5020	Total Revenues	6,513,434	6,513,434	6,428,253	(85,181)
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	2,797,990	2,797,990	2,867,990	(70,000)
0072	Debt Service - Interest on Long Term Debt	4,156,621	4,156,621	4,085,652	70,969
0073	Debt Service - Bond Issuance Cost and Fees	8,000	25,823	79,985	(54,162)
6030	Total Expenditures	6,962,611	6,980,434	7,033,627	(53,193)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(449,177)	(467,000)	(605,374)	(138,374)
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	-	6,340,000	6,340,000
7916	Premium or Discount on Issuance of Bonds	-	42,923	365,428	322,505
7917	Prepaid Interest	-	17,823	-	(17,823)
8949	Other (Uses)	-	-	(6,627,197)	(6,627,197)
7080	Total Other Financing Sources (Uses)	-	60,746	78,231	17,485
1200	Net Change in Fund Balances	(449,177)	(406,254)	(527,143)	(120,889)
0100	Fund Balance - September 1 (Beginning)	2,010,881	2,010,881	2,010,881	-
3000	Fund Balance - August 31 (Ending)	\$ 1,561,704	\$ 1,604,627	\$ 1,483,738	\$ (120,889)



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, 2010

	752	754	
	Print Shop	Computer Operations	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 22,332	\$ 174,710	\$ 197,042
Due from Other Funds	444	25,286	25,730
Inventories	40,330	10,987	51,317
Total Current Assets	<u>63,106</u>	<u>210,983</u>	<u>274,089</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>63,106</u>	<u>210,983</u>	<u>274,089</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	4,007	110,586	114,593
Accrued Expenses	88	-	88
Total Liabilities	<u>4,095</u>	<u>110,586</u>	<u>114,681</u>
NET ASSETS			
Unrestricted Net Assets	<u>59,011</u>	<u>100,397</u>	<u>159,408</u>
Total Net Assets	<u>\$ 59,011</u>	<u>\$ 100,397</u>	<u>\$ 159,408</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, 2010

	752	754	Total Internal Service Funds
	Print Shop	Computer Operations	
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 172,472	\$ 230,578	\$ 403,050
State Program Revenues	4,047	-	4,047
Total Operating Revenues	<u>176,519</u>	<u>230,578</u>	<u>407,097</u>
OPERATING EXPENSES:			
Payroll Costs	61,427	-	61,427
Professional and Contracted Services	67,046	441	67,487
Supplies and Materials	36,187	49,708	85,895
Capital Outlay	-	183,756	183,756
Total Operating Expenses	<u>164,660</u>	<u>233,905</u>	<u>398,565</u>
Operating Income (Loss)	11,859	(3,327)	8,532
Total Net Assets - September 1 (Beginning)	<u>47,152</u>	<u>103,724</u>	<u>150,876</u>
Total Net Assets - August 31 (Ending)	<u>\$ 59,011</u>	<u>\$ 100,397</u>	<u>\$ 159,408</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2010

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ 173,388	\$ 230,281	\$ 403,669
Cash Payments for Payroll Costs	(57,380)	-	(57,380)
Cash Payments for Supplies and Materials	(68,560)	(50,308)	(118,868)
Cash Payments for Other Expenses	-	(78,594)	(78,594)
Cash Payments for Purchased Services	(67,046)	(441)	(67,487)
Net Cash Provided by (Used for) Operating Activities	(19,598)	100,938	81,340
Net Increase (Decrease) in Cash and Cash Equivalents	(19,598)	100,938	81,340
Cash and Cash Equivalents at Beginning of the Year:	41,930	73,772	115,702
Cash and Cash Equivalents at the End of the Year:	<u>\$ 22,332</u>	<u>\$ 174,710</u>	<u>\$ 197,042</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ 11,859	\$ (3,327)	\$ 8,532
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	916	(67)	849
Decrease (increase) in Inventories	(30,520)	(600)	(31,120)
Increase (decrease) in Accounts Payable	(1,853)	105,162	103,309
Increase (decrease) in Due to Other Funds	-	(230)	(230)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (19,598)</u>	<u>\$ 100,938</u>	<u>\$ 81,340</u>

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, 2010

	BALANCE SEPTEMBER 1 2009	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2010
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 417,217	\$ 615,829	\$ 660,437	\$ 372,609
Other Receivables	15	-	-	15
Total Assets	<u>\$ 417,232</u>	<u>\$ 615,829</u>	<u>\$ 660,437</u>	<u>\$ 372,624</u>
Liabilities:				
Accounts Payable	\$ 18,394	\$ -	\$ 4,147	\$ 14,247
Due to Other Funds	26,808	1,255	-	28,063
Due to Student Groups	372,030	614,574	656,290	330,314
Total Liabilities	<u>\$ 417,232</u>	<u>\$ 615,829</u>	<u>\$ 660,437</u>	<u>\$ 372,624</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 417,217	\$ 615,829	\$ 660,437	\$ 372,609
Other Receivables	15	-	-	15
Total Assets	<u>\$ 417,232</u>	<u>\$ 615,829</u>	<u>\$ 660,437</u>	<u>\$ 372,624</u>
Liabilities:				
Accounts Payable	\$ 18,394	\$ -	\$ 4,147	\$ 14,247
Due to Other Funds	26,808	1,255	-	28,063
Due to Student Groups	372,030	614,574	656,290	330,314
Total Liabilities	<u>\$ 417,232</u>	<u>\$ 615,829</u>	<u>\$ 660,437</u>	<u>\$ 372,624</u>

OTHER SUPPLEMENTARY INFORMATION:

REQUIRED TEA SCHEDULES

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2010

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2001 and prior years	Various *	Various *	\$ Various
2002	1.500000	0.190000	804,243,217
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 (School year under audit)	1.170000	0.480000	1,235,565,492
100 TOTALS			

* Dollars per \$100 valuation

Source of Information: Annual Financial Report

(10) Beginning Balance 9/1/2009	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2010
\$ 55,403	\$ -	\$ 368	\$ 48	\$ (18,160)	\$ 36,827
7,535	-	27	4	(230)	7,274
15,112	-	31	4	(453)	14,624
17,066	-	433	69	(493)	16,071
21,320	-	119	24	(827)	20,350
26,758	-	3,418	820	(825)	21,695
43,108	-	8,399	2,575	(293)	31,841
53,320	-	24,933	11,507	16,186	33,066
236,672	-	111,250	45,641	(24,495)	55,286
-	20,386,831	14,653,339	6,011,626	494,881	216,747
<u>\$ 476,294</u>	<u>\$ 20,386,831</u>	<u>\$ 14,802,317</u>	<u>\$ 6,072,318</u>	<u>\$ 465,291</u>	<u>\$ 453,781</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2011-2012
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2010

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	\$ -	\$ -	\$ 227,490	\$ 555,639	\$ -	\$ -	\$ 783,129
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	7,970	-	-	-	7,970
6212	Audit Services	-	-	-	19,000	-	-	19,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	178,174	-	-	-	-	178,174
621X	Other Professional Services	-	7,232	-	9,417	-	-	16,649
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	700	-	2,101	-	-	-	2,801
6240	Contr. Maint. and Repair	-	-	-	-	457	-	457
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	4,314	-	-	4,314
6290	Miscellaneous Contr.	-	-	-	5,626	-	-	5,626
6320	Textbooks and Reading	-	-	664	2,577	-	-	3,241
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	180	-	311	12,338	-	-	12,829
6410	Travel, Subsistence, Stipends	715	-	1,840	8,578	-	-	11,133
6420	Ins. and Bonding Costs	-	-	-	12,100	-	-	12,100
6430	Election Costs	420	-	-	-	-	-	420
6490	Miscellaneous Operating	5,351	-	2,754	32,453	-	-	40,558
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	909	909
6000	TOTAL	\$ 7,366	\$ 185,406	\$ 243,130	\$ 662,042	\$ 457	\$ 909	\$ 1,099,310

Total expenditures/expenses for General and Special Revenue Funds:

(9) \$ 33,389,081

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 543,357
Total Debt & Lease(6500)	(11) -
Plant Maintenance (Function 51, 6100-6400)	(12) 4,227,085
Food (Function 35, 6341 and 6499)	(13) 606,255
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	662,042

SubTotal:

6,038,739

Net Allowed Direct Cost

\$ 27,350,342

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 123,595,326
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) \$ 4,838,601
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.

\$178,174 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 EIGHT 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 Food Service	60,661	149,528	206,485
Restricted for Debt Service	972,035	858,588	887,607
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 Food Service	60,661	149,528	206,485
Restricted for Debt Service	972,035	858,588	887,607
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
\$ (1,630,749)	\$ (341,313)	\$ (8,580,508)	\$ 441,644	\$ 4,377,808
246,485	210,121	230,752	216,840	245,795
927,820	1,053,559	1,192,495	2,010,567	1,472,099
<u>(5,138,783)</u>	<u>(9,307,446)</u>	<u>3,283,459</u>	<u>(8,382,490)</u>	<u>(9,855,507)</u>
<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>
\$ (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>
\$ (1,630,749)	\$ (341,313)	\$ (8,580,508)	\$ 441,644	\$ 4,377,808
246,485	210,121	230,752	216,840	245,795
927,820	1,053,559	1,192,495	2,010,567	1,472,099
<u>(5,148,961)</u>	<u>(9,293,745)</u>	<u>3,307,555</u>	<u>(8,367,744)</u>	<u>(9,854,079)</u>
<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>

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST EIGHT 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	4,028,071	3,845,893	4,030,420	4,932,434
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
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
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.

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

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

Fiscal Year	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund					
Reserved:					
Deferred Expenditures	\$ 84,355	\$ 109,574	\$ 141,070	\$ 168,192	\$ 93,256
Unreserved Undesignated	<u>1,971,865</u>	<u>1,939,125</u>	<u>1,619,834</u>	<u>2,755,875</u>	<u>3,295,897</u>
Total General Fund	<u>\$ 2,056,220</u>	<u>\$ 2,048,699</u>	<u>\$ 1,760,904</u>	<u>\$ 2,924,067</u>	<u>\$ 3,389,153</u>
All Other Governmental Funds					
Reserved:					
Retirement of Long-Term Debt	\$ 893,594	\$ 853,262	\$ 906,284	\$ 788,333	\$ 810,773
Other Purposes	-	-	60,661	149,528	206,485
Construction Fund	7,560,559	11,394,080	16,635,116	32,549,849	32,988,387
Unreserved Undesignated -					
Special Revenue Funds	<u>1,517</u>	<u>7,864</u>	<u>2,742</u>	<u>4,567</u>	<u>8,600</u>
Total All Other Governmental Funds	<u>\$ 8,455,670</u>	<u>\$ 12,255,206</u>	<u>\$ 17,604,803</u>	<u>\$ 33,492,277</u>	<u>\$ 34,014,245</u>

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 133,496	\$ 141,024	\$ 197,003	\$ 195,349	\$ 199,218
<u>3,135,056</u>	<u>5,102,517</u>	<u>4,919,456</u>	<u>6,131,088</u>	<u>6,948,853</u>
<u>\$ 3,268,552</u>	<u>\$ 5,243,541</u>	<u>\$ 5,116,459</u>	<u>\$ 6,326,437</u>	<u>\$ 7,148,071</u>
\$ 845,110	\$ 936,960	\$ 1,218,981	\$ 2,010,881	\$ 1,483,738
246,423	210,121	230,752	216,840	245,795
19,939,084	18,925,050	11,350,521	1,504,055	1,079,860
<u>10,568</u>	<u>10,530</u>	<u>34,498</u>	<u>13,536</u>	<u>67,740</u>
<u>\$ 21,041,185</u>	<u>\$ 20,082,661</u>	<u>\$ 12,834,752</u>	<u>\$ 3,745,312</u>	<u>\$ 2,877,133</u>

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

Fiscal Year	2001	2002	2003	2004
REVENUES:				
Total Local and Intermediate Sources	\$ 13,301,337	\$ 15,011,097	\$ 17,009,387	\$ 18,146,446
State Program Revenues	9,788,406	9,131,837	8,106,494	7,307,978
Federal Program Revenues	690,043	968,597	1,092,044	1,530,329
Total Revenues	<u>23,779,786</u>	<u>25,111,531</u>	<u>26,207,925</u>	<u>26,984,753</u>
EXPENDITURES:				
Current:				
Instruction	12,293,102	13,454,166	14,561,508	13,121,418
Instructional Resources & Media Services	668,058	600,930	580,690	529,803
Curriculum & Instructional Staff Development	202,586	227,345	235,484	202,773
Instructional Leadership	240,207	277,725	295,117	287,408
School Leadership	1,170,939	1,249,864	1,227,598	1,176,132
Guidance, Counseling & Evaluation Services	416,450	444,489	458,993	756,827
Health Services	235,930	239,746	259,437	262,653
Student (Pupil) Transportation	746,300	824,153	824,690	930,359
Food Services	826,743	845,594	899,947	954,174
Cocurricular/Extracurricular Activities	570,449	577,840	693,912	697,311
General Administration	601,106	662,500	690,701	694,392
Plant Maintenance and Operations	2,251,739	2,272,486	2,429,967	2,504,715
Security and Monitoring Services	37,997	16,074	30,262	29,661
Data Processing Services	451,346	422,058	417,911	429,723
Community Services	29,982	46,698	23,176	21,574
Debt Service:				
Debt Service - Principal on long-term debt	1,172,622	871,922	483,991	878,551
Debt Service - Interest on long-term debt	1,265,497	1,717,828	1,996,265	2,262,694
Debt Service - Bond Issuance Cost and Fees	-	-	1,860	1,091,700
Capital Outlay:				
Facilities Acquisition and Construction	5,840,042	9,028,987	10,044,001	13,239,855
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	13,590	11,069	5,519	-
Payments to Juvenile Justice Alternative Ed. Prg.	-	21,063	15,094	16,649
Other Intergovernmental Charges	-	-	-	-
Total Expenditures	<u>29,034,685</u>	<u>33,812,537</u>	<u>36,176,123</u>	<u>40,088,372</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(5,254,899)</u>	<u>(8,701,006)</u>	<u>(9,968,198)</u>	<u>(13,103,619)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	15,179	-	-	-
Operating Transfers Out	(15,179)	-	-	-
Bonds Issued	-	13,635,433	15,446,338	30,088,700
Premium or discount on Issuance of Bonds	-	-	-	-
Sale of Real or Personal Property	-	-	-	-
Capital Lease Proceeds	59,339	48,150	-	65,556
Payments to Bond Refunding Escrow Agent	-	(1,190,562)	(446,338)	-
Total Other Financing Sources (Uses)	<u>59,339</u>	<u>12,493,021</u>	<u>15,000,000</u>	<u>30,154,256</u>
Net Change in Fund Balances	<u>\$ (5,195,560)</u>	<u>\$ 3,792,015</u>	<u>\$ 5,031,802</u>	<u>\$ 17,050,637</u>
Debt service as a percentage of				
noncapital expenditures	10.5%	10.4%	9.5%	15.8%

2005	2006	2007	2008	2009	2010
\$ 20,179,490	\$ 22,124,692	\$ 23,561,135	\$ 21,223,107	\$ 22,720,345	\$ 22,375,369
7,196,564	8,490,924	11,219,154	14,702,215	15,332,379	14,866,301
1,485,043	1,856,276	2,127,382	1,961,291	1,899,106	3,483,106
<u>28,861,097</u>	<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>
13,845,024	15,095,064	15,689,032	17,384,167	18,109,264	18,786,723
507,011	533,291	561,116	598,575	571,522	595,200
271,080	277,274	373,254	553,746	620,958	664,300
292,876	288,251	243,963	279,337	292,786	330,923
1,288,571	1,348,223	1,488,133	1,562,131	1,584,960	1,652,965
855,781	988,221	966,814	977,529	964,593	1,031,802
253,409	258,467	273,215	306,576	326,800	313,734
924,252	1,019,165	1,108,994	1,010,828	1,001,740	1,277,001
1,015,525	1,220,538	1,283,940	1,398,585	1,546,843	1,573,557
680,469	843,427	905,087	1,044,538	1,110,974	1,181,592
743,185	753,449	961,636	1,052,989	939,982	921,136
2,719,067	3,279,602	3,505,738	3,872,274	3,996,021	4,232,782
43,056	61,496	52,711	76,523	90,721	107,045
433,155	518,699	533,648	504,076	534,485	487,702
21,959	20,793	25,727	-	-	-
599,813	1,330,964	2,176,762	2,538,016	2,671,613	2,867,990
3,024,206	3,484,541	3,622,939	3,892,668	4,073,213	4,085,652
173,260	5,750	346,498	4,671	241,454	79,985
8,348,797	14,224,543	15,251,782	8,205,496	17,431,861	481,289
1,807	1,155	6,430	19,220	-	-
-	12,640	9,314	11,659	9,167	-
-	-	-	-	174,320	178,174
<u>36,042,303</u>	<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>(7,181,206)</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>
-	-	585	-	4,086	-
-	-	(585)	-	(4,086)	-
13,502,024	-	24,023,006	-	7,400,000	6,340,000
-	-	3,295,209	-	1,061,985	365,428
-	-	150,000	32,000	-	-
-	-	-	-	-	-
<u>(5,333,764)</u>	<u>-</u>	<u>(13,972,688)</u>	<u>-</u>	<u>-</u>	<u>(6,627,197)</u>
<u>8,168,260</u>	<u>-</u>	<u>13,495,527</u>	<u>32,000</u>	<u>8,461,985</u>	<u>78,231</u>
<u>\$ 987,054</u>	<u>\$(13,093,661)</u>	<u>\$ 1,016,465</u>	<u>\$ (7,374,991)</u>	<u>\$ (7,879,462)</u>	<u>\$ (46,545)</u>
13.7%	15.4%	17.7%	17.1%	17.7%	17.5%



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		
2001	791,802,213	110,842,093	248,886,266	653,758,040	1.660
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

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	
2001	\$ 1.470	\$ 0.190	\$	1.660
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

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
\$ 0.25193	\$ 0.56171	\$ 0.52600	\$ 0.34977	\$ 0.310
0.24897	0.56170	0.52600	0.29934	0.316
0.24717	0.57980	0.54975	0.31939	0.310
0.25480	0.63185	0.56062	0.34020	0.310
0.24648	0.64935	0.55698	0.34020	0.310
0.23192	0.67000	0.55698	0.34020	0.310
0.23589	0.69000	0.55698	0.44562	0.310
0.23589	0.69000	0.55698	0.44562	0.310
0.23577	0.71000	0.57698	0.44562	0.310
0.24980	0.71000	0.57698	0.42429	0.210

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

Taxpayer	Description	2010		Percentage of Total Taxable Assessed Value
		Taxable Assessed Value (in thousands)	Rank	
Goldfield, Alan H & Shirley M	Real Estate	\$ 14,213,966	1	1.15%
Labinal-Corinth Inc.	Avionic Manufacturing	13,556,735	2	1.10%
Wal-mart Stores Real Estate	Retail	13,367,675	3	1.08%
Denton County Elec Coop	Utility	8,848,065	4	0.72%
Oncor Electric Delivery Co	Utility	8,670,310	5	0.70%
Wal-Mart Stores, Inc.	Retail	6,528,969	6	0.53%
Tower Ridge Corinth, Ltd.	Real Estate	6,286,410	7	0.51%
Kensington Square LP PS	Apartment	6,171,760	8	0.50%
RRC (TX) LP	Real Estate	5,482,493	9	0.44%
Hickory Creek Crossing, LLP	Real Estate	4,681,202	10	0.38%
Boeing Aerospace & Electronics	Avionic Manufacturing			
ACLP Kensington Park	Retail			
Texas Utilities Electric Co.	Utility			
Payless Cashways, Inc.	Warehouse			
Century Telephone	Utility			
Albertsons, Inc.	Retail			
Buttered LP	Real Estate			
TOTAL		<u>\$ 87,807,585</u>		<u>7.11%</u>

The 2010 taxable valuation is based on the 2009-2010 tax roll with a total assessed value of \$1,235,565,492

Source of information: Denton Central Appraisal District

2001		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 12,397,863	2	1.56%
10,106,937	4	1.27%
4,992,555	9	0.62%
63,094,440	1	7.95%
12,182,686	3	1.53%
9,298,110	5	1.17%
9,002,947	6	1.13%
7,933,315	7	0.99%
7,253,523	8	0.91%
<u>4,727,862</u>	10	<u>0.59%</u>
<u>\$ 140,990,238</u>		<u>17.72%</u>

The 2001 taxable valuation is based on the 2000-2001 tax roll with a total assessed value of \$653,758,040

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 Plus Interest and Penalty</u>
2000	11,287,800	11,123,674	98.55%	207,548	11,331,222
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

* Does not include prior delinquent taxes or penalty and interest.

Source of information: Annual Financial Report.

<u>Total Collected as % of Current Tax Levy</u>	<u>Outstanding Delinquent Taxes *</u>	<u>Outstanding Delinquent Taxes as % of Tax Levy</u>
100.38%	164,126	1.45%
96.85%	634,659	4.57%
100.85%	307,871	2.00%
100.14%	245,549	1.46%
99.41%	329,153	1.82%
99.63%	370,921	1.91%
99.62%	302,829	1.48%
101.40%	227,664	1.23%
100.12%	236,672	1.13%
99.97%	216,747	1.04%

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

Fiscal Year	General Obligation Bonds	Accreted Interest on Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income *
2001	\$ 30,243,666	\$ 2,817,487	\$ 303,033	\$ 33,364,186	8.08%
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	16.07%

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, 2010
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Corinth Municipal Utility District #1	\$ 225,000	100.00%	\$ 225,000
Corinth, City of	34,350,000	44.89%	15,419,715
Denton County	496,900,000	2.40%	11,925,600
Hickory Creek, Town of	6,665,000	100.00%	6,665,000
Lake Dallas, City of	6,195,000	100.00%	<u>6,195,000</u>
Subtotal, overlapping bonded debt			40,430,315
Lake Dallas ISD	100,051,297	100.000%	<u>100,051,297</u>
Total direct and overlapping debt			<u>\$ 140,481,612</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
2001	15,823	\$ 653,758,040	\$ 33,364,186	\$ 893,594	\$ 32,470,592	4.97%	\$ 2,052
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	22,901	1,235,565,492	120,157,757	1,483,738	118,674,019	9.60%	5,182

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	2001	2002	2003	2004
Total Assessed Value	\$ 653,758,040	\$ 804,243,217	\$ 887,673,893	\$ 950,046,055
Debt Limit (10% of Total Assessed Value)	\$ 65,375,804	\$ 80,424,322	\$ 88,767,389	\$ 95,004,606
Debt Applicable to Limit:				
General Obligation Bonds	\$ 30,243,666	\$ 41,981,178	\$ 56,288,440	\$ 84,499,572
Less Net Assets in Debt Service Fund	893,594	853,262	906,284	788,333
Total Amount of Debt Applicable to Debt Limit	29,350,072	41,127,916	55,382,156	83,711,239
Legal Debt Margin	\$ 36,025,732	\$ 39,296,406	\$ 33,385,233	\$ 11,293,367
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	44.89%	51.14%	62.39%	88.11%

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>\$ 966,191,284</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>\$ 96,619,128</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>\$ 91,764,453</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>810,773</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>90,953,680</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>\$ 5,665,448</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>
94.14%	89.31%	92.23%	82.08%	82.09%	79.78%

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>
2001	15,823	\$ 413,076,520	\$ 26,106	3.9%
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	22,901	747,563,421	32,643	5.4%

Source: North Central Texas Council of Governments

* Texas Workforce Commission

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 (UNAUDITED)
 AUGUST 31, 2010

Student Data

Student Ethnicity:	
White	68.1%
Hispanic	20.5%
Black	7.4%
Other	4.0%
Attendance Rate:	95.9%
Dropout Rate:	0.5%
Number of Students per Campus:	
Lake Dallas	
Elementary	726
Middle School	957
High School	1182
Corinth	
Elementary	688
Shady Shores	
Elementary	537
Total Students	4,090

Faculty Data

Teachers	281.4
Counselors	10.5
Administrators	14
Educational Aides	47.6
Advance Degrees/Certifications:	
Master Degrees	45.5
Doctoral Degrees	4
Average Experience of Teachers	10 Years
Student/Teacher Ratio	14.5 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	32.2%

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>
2000/01	3,220	3,029	7.3%	95.90%
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%

Source of information: Superintendent's Annual Report.

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

Employer	Description	2010		Percentage of Total City Employment
		Employees	Rank	
Labinal	Avionic Manufacturing	690	1	25.07%
Lake Dallas ISD	School District	612	2	22.25%
Wal-Mart	Retail	430	3	15.63%
Coserve	Electric Utility	338	4	12.29%
Llano Utility	Utility/Construction	200	5	7.27%
City of Corinth	Government	154	6	5.60%
Video Plus	Media/Marketing Comm.	143	7	5.20%
Albertsons	Grocery	120	8	4.36%
HD Supply	Wholesale Distribution	64	9	2.33%
Gold Distributing Co.	Beverages			
Upper Trinity Water Dist.	Utility			
Lake Cities Fire Dept.	Fire Protection			
City of Lake Dallas	Government			
TOTAL		2,751		100.00%

Source of Information: Lake Cities Chamber of Commerce

Note: Information for 2001 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>
2000-2001	3,202	22,087,862	6,898	6.44%	231	13.9
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

Source of Information: AEIS Report

<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>
445	71
494	101
632	124
643	150
763	167
808	204
834	237
1272	263
1115	259
1321	240

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>
2000-2001	230.9	33.5	14.8	6.5	285.7	49.1
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

Source of Information: AEIS Report

Auxiliary Staff	Total Staff	% Change
47.6	382.4	-11.02%
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%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
TEACHERS SALARY DATA
2009-10 SCHOOL YEAR

<u>Years of Experience</u>	<u>Bachelor's Degree</u>	<u>Master's Degree</u>	<u>Doctorate Degree</u>
0	\$ 40,900	\$ 42,400	\$ 43,400
1	41,000	42,500	43,500
2	41,100	42,600	43,600
3	41,200	42,700	43,700
4	41,300	42,800	43,800
5	41,800	43,300	44,300
6	42,700	44,200	45,200
7	43,400	44,900	45,900
8	43,900	45,400	46,400
9	44,200	45,700	46,700
10	44,500	46,000	47,000
11	44,800	46,300	47,300
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	57,100	58,600	59,600
25	57,450	58,950	59,950
26	57,550	59,050	60,050
27	57,750	59,250	60,250
28	58,150	59,650	60,650
29	58,750	60,250	61,250
30	59,350	60,850	61,850
31	59,450	60,950	61,950
32	59,550	61,050	62,050
33	59,650	61,150	62,150
34	59,750	61,250	62,250
35	59,850	61,350	62,350
36	59,950	61,450	62,450
37	60,050	61,550	62,550
38	60,150	61,650	62,650
39	60,250	61,750	62,750
40	60,350	61,850	62,850

Average Salary by Years of Experience

Beginning Teachers	\$ 41,977
1-5 Years of Experience	\$ 43,882
6-10 Years of Experience	\$ 45,295
11-20 Years of Experience	\$ 52,143
Over -20 Years of Experience	\$ 62,559

Average Actual Salaries

Teachers	\$ 48,489
Professional Staff	\$ 55,383
Campus Administration	\$ 73,639
Central Administration	\$ 111,592



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

Schools	2001	2002	2003	2004	2005
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	1,824	1,906	1,996	2,048	2,111
Middle **					
Buildings	1	1	1	1	1
Square Feet	65,278	65,278	65,278	65,278	65,278
Capacity	500	500	500	500	500
Enrollment	527	548	576	572	599
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	829	858	868	945	1,034
Non - instructional					
Buildings	3	3	3	3	3
Square Feet	15,824	15,824	15,824	15,824	15,824
Portable Buildings					
Buildings	20	22	28	32	32
Square Feet	24,000	26,400	33,600	38,400	38,400
Total Square Feet	466,692	469,092	476,292	481,092	481,092
Athletics					
Stadiums	1	1	1	1	1
Football/Soccer Practice Fields	1	1	4	4	4
Running Tracks	1	1	2	2	2
Baseball/Softball Fields	2	2	2	2	2
Playgrounds	4	4	4	4	4
Concession Stands	2	2	3	3	3

Source: District Records

* Elementary Grades K-6 for years 2001-2005 K-5 years 2006-2010

** Middle School Grades 7-8 for years 2001-2005 6-8 years 2006-2011

*** High School Grades 9-12

2006	2007	2008	2009	2010
4	4	4	4	3
191,654	252,270	252,270	252,270	347,486
1,450	1,800	1,800	1,800	2,400
1,946	1,963	1,957	1,920	1,951
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
912	884	895	920	957
1	1	1	1	1
169,936	272,048	272,048	272,048	272,048
900	1,300	1,300	1,300	1,300
1,074	1,090	1,126	1,138	1,182
3	3	3	3	5
15,824	15,824	15,824	15,824	116,246
27	17	17	17	8
32,400	20,400	20,400	20,400	9,600
615,174	765,902	765,902	765,902	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**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
GENERAL FUND AS OF AUGUST 31, 2010

UNAUDITED

1	Total General Fund Balance as of 8/31/10 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 7,148,071
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 199,218
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	-
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	1,594,074
5	Estimate of two month's average cash disbursements during the fiscal year.	5,110,339
6	Estimate of delayed payments from state sources (58xx).	-
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-
8	Estimate of delayed payments from federal sources (59xx)	425,648
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-
10	Adjustment to meet Board Policy	-
11	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10)	<u>7,329,279</u>
12	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 11)	<u><u>\$ (181,208)</u></u>

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, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

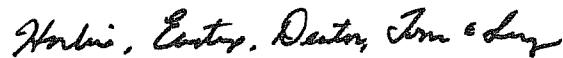
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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, 2011

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

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

Compliance

We have audited the compliance of Lake Dallas Independent School District (the "District") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2010.

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 in order 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

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

January 17, 2011

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2010

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:
 - 84.041 Impact Aid
 - 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
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

Finding 2010-1	The District exceeded appropriations in one functional category in the Debt Service Fund.
Criteria	The District is required to monitor and amend the budget and control expenditures to make sure appropriations are not exceeded in any one functional category.
Condition Found	The District exceeded appropriations in one functional category in the Debt Service Fund.
Instance/Universe	One category in the Debt Service Fund exceeded appropriations by \$53,193 during the year.
Recommendation	The District should review expenditures and amend the budget as needed to make sure expenditures don't exceed appropriations.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2010

CORRECTIVE ACTION PLAN

Contact Person – Mr. Wesley Eversole, Assistant Superintendent of Operations and Finance

FINDING 2007-1 The District exceeded appropriations in one functional category in the Debt Service Fund.

CORRECTIVE ACTION

The District exceeded appropriations in the Debt Service for bond issuance costs that were incurred due to a bond issuance in 2010. The issuance costs were overlooked when the budget was amended in August 2010. In future years bonds issuance costs will be included in the budget or amended to cover any additions during the year.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

(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		\$ 166,940
Total Direct Programs			\$ 166,940
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	10-610101061912	\$ 158,406
IDEA - Part B, Formula	84.027A	10-660001061912	641,709
Career and Technical - Basic Grant	84.048	10-420006061912	27,831
IDEA - Part B, Preschool	84.173A	10-661001061912	11,467
ESEA Title IV, Pt. A - Safe and Drug-Free Schools	84.186A	10-691001061912	7,855
Title III, Part A - English Language Acquisition	84.365A	10-671001061912	28,800
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	10-694501061912	69,131
IDEA, Part B, Formula - ARRA	84.391	10-554001061912	405,202
IDEA, Part B, Preschool - ARRA	84.392	10-555001061912	7,332
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394A	10-557001061912	1,170,493
Title VI, Part A-Summer School LEP	84.369A	69550902	2,053
Total Passed Through State Department of Education			\$ 2,530,279
TOTAL DEPARTMENT OF EDUCATION			\$ 2,697,219
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program*	10.553	71401001	\$ 132,541
National School Lunch Program - Cash Assistance*	10.555	71301001	534,982
National School Lunch Prog. - Non-Cash Assistance*	10.555	061912	72,007
Total CFDA Number 10.555			606,989
Watershed Protection & Flood Control	10.904		46,357
Total Passed Through the State Department of Agriculture			\$ 785,887
TOTAL DEPARTMENT OF AGRICULTURE			\$ 785,887
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,483,106

*Clustered Programs as required by Compliance Supplement March, 2010

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2010

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, 2010, 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.

