

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
LAKE DALLAS, TEXAS

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2009**

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, 2009

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CERTIFICATE OF BOARD

Lake Dallas Independent School District
Name of School District

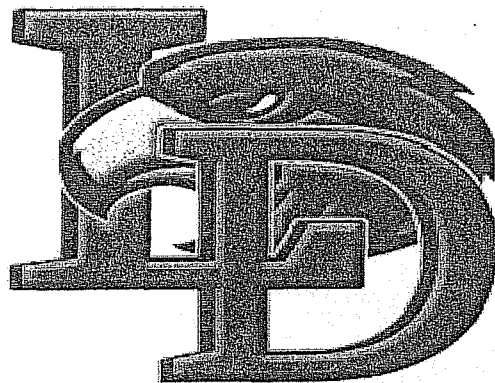
Denton
County

061-912
Co. - Dist. Number

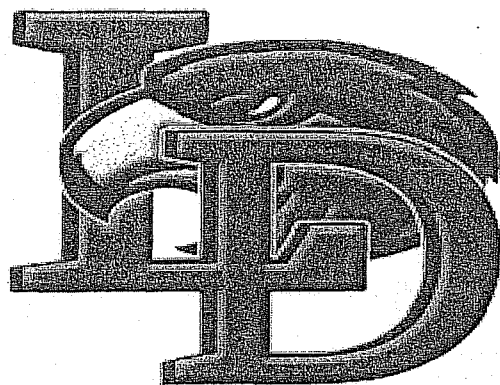
We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2009, at a meeting of the Board of Trustees of such school district on the 25 day of January, 2010.


Signature of Board Secretary


Signature of Board President



INTRODUCTORY SECTION



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

315 E. Hundley Drive • P.O. Box 548
LAKE DALLAS, TEXAS 75065
940-497-4039
Fax 940-497-3737
www.ldisd.net

January 18, 2010

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, 2009, 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 intermediate school, 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 fast growing I-35 corridor, the District is recording both population and assessed valuation gains. 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 LDISD 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 4,000 students on six campuses. The District offers programs and educational opportunities that are suited to the needs of a broad spectrum of students. Student attendance is commendable. In LDISD, 96% of all students are present in school each day. LDISD 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.

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

Major Initiatives

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

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

A major addition to Lake Dallas High School was substantially 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. These funds will be used to build an additional Elementary School that is scheduled to open in August of 2009. Funds will also be used to expand Falcon Stadium and other facility upgrades that may be needed in the future.

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 will be used to increase compensation to teachers and other staff members in an attempt to maintain a competitive salary schedule. Additional funds will be 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, 2009 is prepared in accordance with generally accepted accounting principles (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). All funds of the District are covered by this report. Presented funds are organized into three types dictated by the nature of the activities involved.

Governmental Fund Types:
General Fund
Debt Service Fund
Capital Projects Fund
Special Revenue Funds

Proprietary Fund Types:
Internal Service Funds
Enterprise Fund

Fiduciary Fund Type:
Agency Funds

Financial Policies and Planning

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

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

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

Budgetary Controls

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

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

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

Internal Controls

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

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

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

State Funding

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

Debt Administration

At August 31, 2009, the District had \$103,144,288 of general obligation bonds outstanding. The debt service fund will provide debt service of long-term loans.

Service Efforts and Accomplishments of the District

Texas Education Agency (TEA) recognized Lake Dallas Independent School District as an Academically Acceptable 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 Test, a low district drop out rate and a high district attendance rate. The District is proud of this accomplishment.

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

- Reading, in which 96 percent of all students in grades 3 – 11 met the state standard
- Writing, in which 94 percent of all students in grades 4 and 7 met the state standard
- Social Studies, in which 97 percent of all student in grades 8, 10 and 11 met the state standard
- Math, in which 90 percent of all students in grades 3 – 11 met the state standard
- Science, in which 86 percent of all student in grades 5,10 and 11 met the 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 Superior 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 ensures that Texas school districts are accountable not only for student learning, but also for achieving these results cost-effectively and efficiently. The information provided by the Schools FIRST system will guide us in our continued efforts to maximize each taxpayer dollar.

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

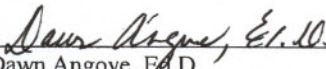
Each school has effective emergency procedures that can be implemented on short notice and that will ensure optimum safety for students and school personnel. Lake Dallas ISD has two resource officers to assist with safety issues. The Superintendent has the authority to dismiss school for a part of a 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.



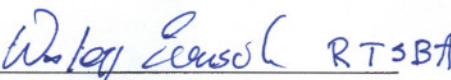
Gayle Stinson
Superintendent of Schools



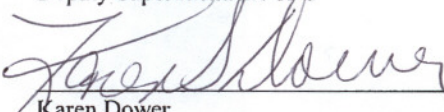
Dawn Angove, Ed.D.
Assistant Superintendent of
School Improvement



Anne Haehn
Director of Accounting

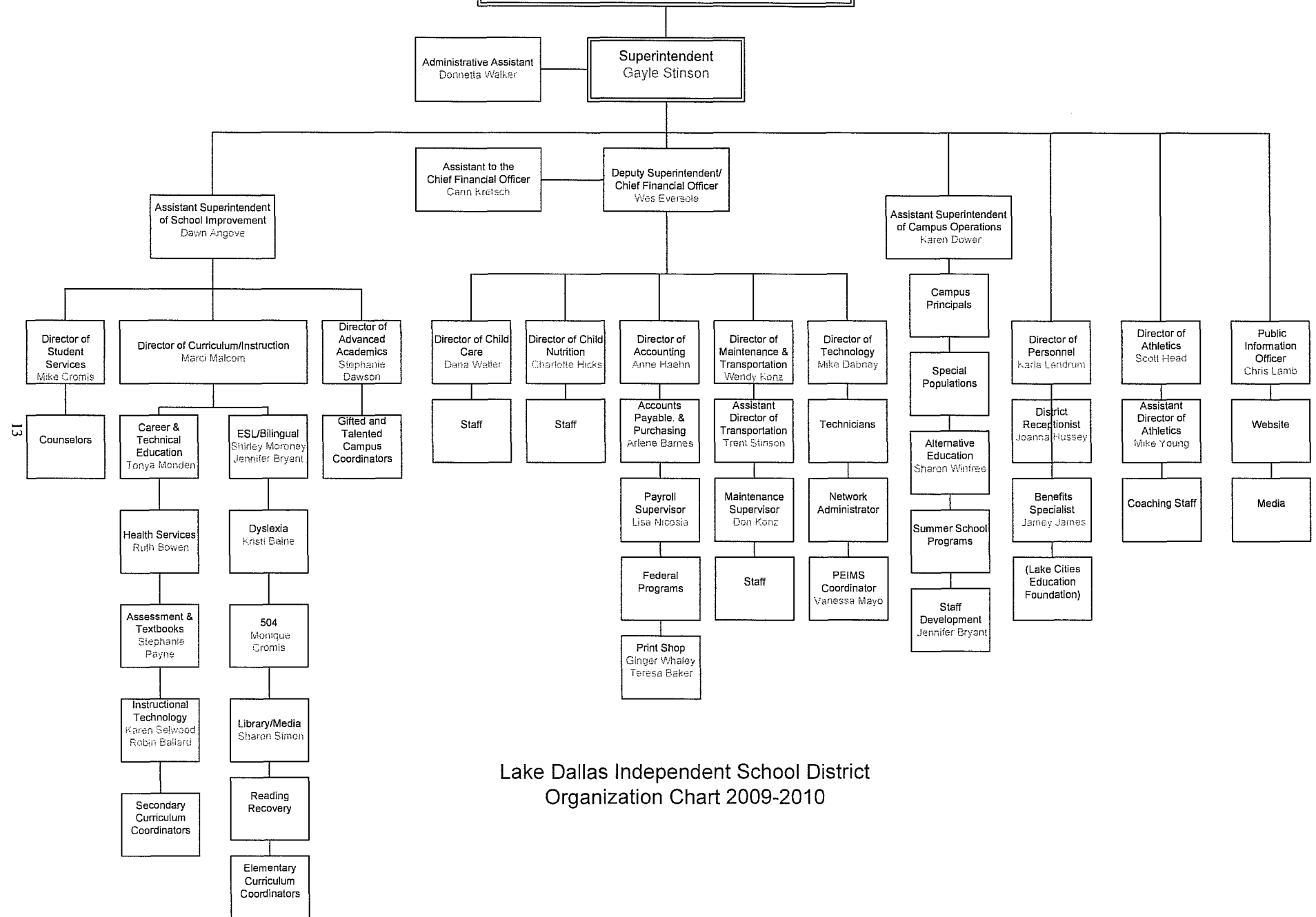


Wesley C. Eversole, RTSBA
Deputy Superintendent/CFO



Karen Dower
Assistant Superintendent of
Campus Operations

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, 2009

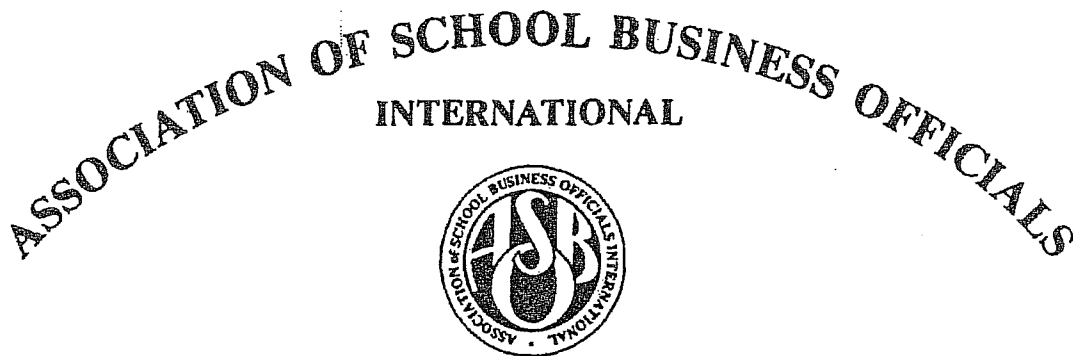
Elected Officials:

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 Primary School Principal
Ellen Smith	Corinth Elementary School Principal
Deon Quisenberry	Intermediate 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



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, 2008

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

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lake Dallas Independent
School District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2008

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.

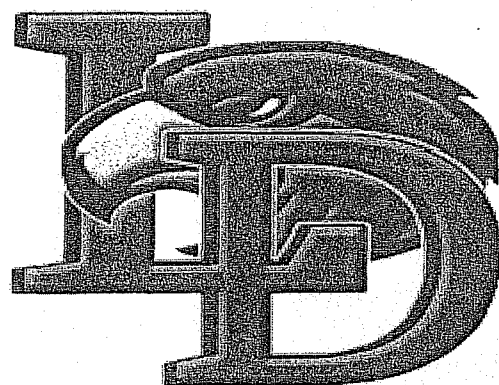


A stylized, handwritten signature in black ink.

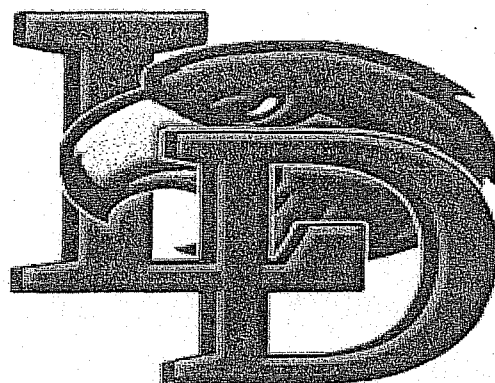
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emen".

Executive Director



FINANCIAL SECTION



MEMBERS:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC
ACCOUNTANTS
TEXAS SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

**HANKINS, EASTUP, DEATON,
TONN & SEAY**
A PROFESSIONAL CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS

902 NORTH LOCUST
P.O. BOX 977
DENTON, TEXAS 76202-0977

TEL. (940) 387-8563
FAX (940) 383-4746

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, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on them based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District as of August 31, 2009, 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.

Management's discussion and analysis and the budgetary comparison information on pages 23 through 29 and 64, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake Dallas Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose 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 in addition to 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 operation of Governmental Funds and the required TEA schedules listed in the table of contents, are not a required part of the basic financial statements. Such information, excluding the Fund Balance and Cash Flow Calculation Worksheet – General Fund (Exhibit J-3) which is marked unaudited and on which we express no opinion, has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2010, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

January 18, 2010

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2009
(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, 2009. The District has implemented Government Accounting Standards Board Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". Please read this narrative in conjunction with the independent auditors' report on page 21, and the District's Basic Financial Statements that begin on page 33.

FINANCIAL HIGHLIGHTS

- The liabilities of Lake Dallas Independent School District exceeded its assets at the close of the most recent fiscal period by \$(5,698,693) (net assets). Of this amount, \$(8,367,744) (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 decreased by \$1,848,987. The District has continued to use resources to build much needed new facilities. Although LDISD has a relatively high debt ratio, the District is close to completing its facility master plan. Upon the completion of this plan, no new facilities will be needed for many years to come. Overall the District's financial position decreased during the year.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$10,071,749. 61.0% of this total amount (\$6,144,624) is unreserved 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 \$6,131,088 or 21.41% of the total general fund expenditures, an increase of \$1,209,978 from the prior year. Budgeted revenues were based on no student growth. The actual growth rate was 2.4%. This increase in student attendance along with a budgeted surplus and some 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 47) 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 46. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net assets of the District's governmental activities decreased from \$(3,873,802) to \$(5,713,439). 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 \$(8,382,490) at August 31, 2009. This decrease in governmental net assets was the result in large part to the sale of bonds in 2009.

In 2009, net assets of our business-type activities decreased by \$9,350, about 39%. This decrease is relatively insignificant to the overall operations of the District, but it represents significant services to the community through the Child Care program.

Table I
NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Current and other assets	21,914,416	15,688,543	26,124	16,451	21,940,540	15,704,994
Capital assets	92,957,191	107,658,514	-	-	92,957,191	107,658,514
Total assets	114,871,607	123,347,057	26,124	16,451	114,897,731	123,363,508
Long-term liabilities	116,633,868	125,412,735	-	-	116,633,868	125,412,735
Other liabilities	2,111,541	3,647,761	2,028	1,705	2,113,569	3,649,466
Total liabilities	118,745,409	129,060,496	2,028	1,705	118,747,437	129,062,201
Net Assets:						
Invested in capital assets net of related debt	(8,580,508)	441,644	-	-	(8,580,508)	441,644
Restricted	1,423,247	2,227,407	-	-	1,423,247	2,227,407
Unrestricted	3,283,459	(8,382,490)	24,096	14,746	3,307,555	(8,367,744)
Total net assets	(3,873,802)	(5,713,439)	24,096	14,746	(3,849,706)	(5,698,693)

Table II
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program Revenues:						
Charges for services	199,159	179,154	326,932	326,428	526,091	505,582
Operating grants and contributions	5,388,855	5,297,124	-	-	5,388,855	5,297,124
General Revenues:						
Maintenance and operations taxes	12,879,069	15,017,155	-	-	12,879,069	15,017,155
Debt service taxes	5,906,285	6,160,837	-	-	5,906,285	6,160,837
State aid	11,977,292	12,721,949	-	-	11,977,292	12,721,949
Investment earnings	943,230	224,907	-	-	943,230	224,907
Miscellaneous	67,442	92,413	-	-	67,442	92,413
Grants not Restricted	304,610	207,418	-	-	304,610	207,418
Total Revenue	37,665,942	39,900,957	326,932	326,428	37,992,874	40,227,385
Expenses:						
Instruction, curriculum and media services	19,805,393	21,215,083	-	-	19,805,393	21,215,083
Instructional and school leadership	1,946,717	2,005,465	-	-	1,946,717	2,005,465
Student support services	2,443,278	2,444,671	-	-	2,443,278	2,444,671
Child nutrition	1,425,098	1,653,001	-	-	1,425,098	1,653,001
Cocurricular activities	1,064,968	1,184,279	-	-	1,064,968	1,184,279
General administration	1,072,652	1,004,457	-	-	1,072,652	1,004,457
Plant maintenance, security & data processing	4,534,823	4,901,304	-	-	4,534,823	4,901,304
Community services	1,263	36,960	316,537	335,778	317,800	372,738
Debt services	5,538,878	7,111,887	-	-	5,538,878	7,111,887
Intergovernmental charges	30,879	183,487	-	-	30,879	183,487
Total Expenses	37,863,949	41,740,594	316,537	335,778	38,180,486	42,076,372
Increase (Decrease) in net assets	(198,007)	(1,839,637)	10,395	(9,350)	(187,612)	(1,848,987)
Net assets at beginning of year	(8,385,079)	(3,873,802)	13,701	24,096	(8,371,378)	(3,849,706)
Adjustments to beginning capital assets	4,709,284	-	-	-	4,709,284	-
Net assets at end of year	(3,873,802)	(5,713,439)	24,096	14,746	(3,849,706)	(5,698,693)

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

- During the 2008-09 school year, the District maintained an average daily attendance (ADA) of 3,861, which was a 2.4% increase from the previous year.
- Total General Fund revenue increased by \$2,495,710 with \$29,845,103 revenue recognized.
- The District set the Maintenance and Operations property tax rate at \$1.17 and a Debt Service tax rate of \$.48 for fiscal year 2009.
- The Federal Government funded the Section 8002 Federal Impact Aid program again for the 2008-09 school year. The District received over \$177,438 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 \$41,740,594. 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 \$21,177,992 because some of the costs were paid by those who directly benefited from the programs (\$179,154) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,297,124) or by State equalization funding (\$12,721,949).

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 \$10,071,749, which is \$7,879,462 lower than last year's total of \$17,951,211. Included in this year's total change in fund balance is an increase of \$1,209,978 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 Capital Projects Fund decreased by \$9,846,466 due to continued construction expenditures for additions and improvements.

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 2008). 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 \$6,326,437 reported on page 36 differs from the General Fund's budgetary fund balance of \$5,472,211 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, 2009, the District had \$107,658,514 (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 increase of \$14,701,323, or 15.82 percent, above last year.

This fiscal period's major additions consisted of additions to the High School athletic facilities and a new elementary school, paid for with proceeds of general obligation bonds.

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 \$125,412,735 in bonds (including accreted interest on bonds and discount/premium on debt issuance) versus \$116,633,868 last year—an increase of 7.5 percent. The new debt incurred during the year was bonds of \$7,400,000 and accreted interest of \$3,099,696.

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

Lake Dallas ISD currently has two campuses with Exemplary accreditation, two campuses with Recognized accreditation and one campus with an Academically Acceptable 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 hinges on the amount of revenue that can be generated.

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 will see continued economic growth and expansion of its commercial tax base.

During the last legislative session, 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 amount we receive per student does not change. The current funding system does not allow for educational program growth, inflation and annual raises for staff.

In addition, the revenue per student is different for each school district. Lake Dallas ISD is capped at approximately \$4,813 per student. This is almost 7% less than the state average and 16.6% less than the average of all Denton County Districts.

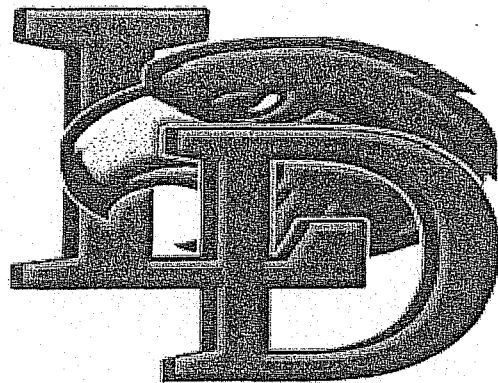
On October 4th, 2008 the voters of Lake Dallas ISD approved a tax increase of 13 cents. The overall tax rate of \$1.65 remains lower than it has been in eight out of the past nine years.

Like many other districts in the state, without a tax rate increase, LDISD 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.

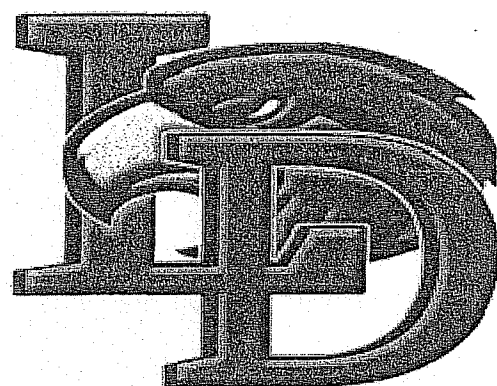
The District completed the Lake Dallas Elementary School and a High School Athletic Facility expansion during the summer of 2009. Along with bond proceeds from a 2005 bond election, bonds were also sold in 2008 to finance these projects.

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, 2009

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 13,511,924	\$ 16,451	\$ 13,528,375
1220	Property Taxes Receivable (Delinquent)	476,294	-	476,294
1230	Allowance for Uncollectible Taxes	(47,630)	-	(47,630)
1240	Due from Other Governments	64,827	-	64,827
1260	Internal Balances	26,808	-	26,808
1290	Other Receivables, net	800	-	800
1300	Inventories	20,197	-	20,197
1410	Deferred Expenses	195,349	-	195,349
1420	Capitalized Bond and Other Debt Issuance Costs	1,439,974	-	1,439,974
Capital Assets:				
1510	Land	3,414,396	-	3,414,396
1520	Buildings, Net	104,096,273	-	104,096,273
1530	Furniture and Equipment, Net	147,845	-	147,845
1000	Total Assets	123,347,057	16,451	123,363,508
LIABILITIES				
2110	Accounts Payable	1,427,779	1,578	1,429,357
2160	Accrued Wages Payable	982,530	-	982,530
2180	Due to Other Governments	1,715	-	1,715
2200	Accrued Expenses	203,703	127	203,830
2300	Deferred Revenues	1,032,034	-	1,032,034
Noncurrent Liabilities				
2501	Due Within One Year	2,797,990	-	2,797,990
2502	Due in More Than One Year	122,614,745	-	122,614,745
2000	Total Liabilities	129,060,496	1,705	129,062,201
NET ASSETS				
3200	Invested in Capital Assets, Net of Related Debt	441,644	-	441,644
Restricted for:				
3840	Restricted for Food Service	216,840	-	216,840
3850	Restricted for Debt Service	2,010,567	-	2,010,567
3900	Unrestricted Net Assets	(8,382,490)	14,746	(8,367,744)
3000	Total Net Assets	\$ (5,713,439)	\$ 14,746	\$ (5,698,693)

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, 2009

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 19,948,477	\$ 31,540	\$ 2,334,148
12 Instructional Resources and Media Services	610,741	-	24,799
13 Curriculum and Instructional Staff Development	655,865	-	134,506
21 Instructional Leadership	312,293	-	17,547
23 School Leadership	1,693,172	-	78,716
31 Guidance, Counseling and Evaluation Services	1,025,167	-	121,688
33 Health Services	349,182	-	19,192
34 Student (Pupil) Transportation	1,070,322	-	237,079
35 Food Services	1,653,001	-	1,546,843
36 Extracurricular Activities	1,184,279	89,924	74,793
41 General Administration	1,004,457	-	37,151
51 Plant Maintenance and Operations	4,269,938	57,690	118,703
52 Security and Monitoring Services	90,721	-	171
53 Data Processing Services	540,645	-	23,746
61 Community Services	36,960	-	-
72 Debt Service - Interest on Long Term Debt	7,061,708	-	528,042
73 Debt Service - Bond Issuance Cost and Fees	50,179	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	9,167	-	-
99 Other Intergovernmental Charges	174,320	-	-
[TG] Total Governmental Activities:	41,740,594	179,154	5,297,124
BUSINESS-TYPE ACTIVITIES:			
01 Child Care Program	335,778	326,428	-
[TB] Total Business-Type Activities:	335,778	326,428	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 42,076,372	\$ 505,582	\$ 5,297,124
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		
NE	Net Assets--Ending		

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

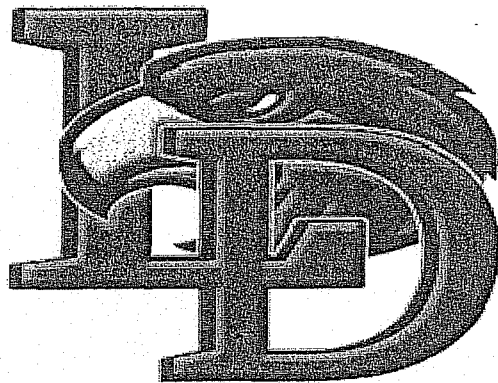
Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (17,582,789)	\$ -	\$ (17,582,789)
(585,942)	-	(585,942)
(521,359)	-	(521,359)
(294,746)	-	(294,746)
(1,614,456)	-	(1,614,456)
(903,479)	-	(903,479)
(329,990)	-	(329,990)
(833,243)	-	(833,243)
(106,158)	-	(106,158)
(1,019,562)	-	(1,019,562)
(967,306)	-	(967,306)
(4,093,545)	-	(4,093,545)
(90,550)	-	(90,550)
(516,899)	-	(516,899)
(36,960)	-	(36,960)
(6,533,666)	-	(6,533,666)
(50,179)	-	(50,179)
(9,167)	-	(9,167)
(174,320)	-	(174,320)
(36,264,316)	-	(36,264,316)
-	(9,350)	(9,350)
-	(9,350)	(9,350)
(36,264,316)	(9,350)	(36,273,666)
15,017,155	-	15,017,155
6,160,837	-	6,160,837
12,721,949	-	12,721,949
207,418	-	207,418
224,907	-	224,907
92,413	-	92,413
34,424,679	-	34,424,679
(1,839,637)	(9,350)	(1,848,987)
(3,873,802)	24,096	(3,849,706)
\$ (5,713,439)	\$ 14,746	\$ (5,698,693)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2009

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS				
1110	Cash and Cash Equivalents	\$ 9,084,201	\$ 1,429,607	\$ 2,554,972
1220	Property Taxes - Delinquent	360,339	115,955	-
1230	Allowance for Uncollectible Taxes (Credit)	(36,034)	(11,596)	-
1240	Due from Other Governments	-	-	-
1260	Due from Other Funds	83,711	571,091	60,522
1290	Other Receivables	800	-	-
1410	Deferred Expenditures	195,349	-	-
1000	Total Assets	<u>\$ 9,688,366</u>	<u>\$ 2,105,057</u>	<u>\$ 2,615,494</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts Payable	\$ 281,546	\$ -	\$ 1,111,439
2160	Accrued Wages Payable	982,530	-	-
2170	Due to Other Funds	631,383	-	-
2180	Due to Other Governments	-	-	-
2200	Accrued Expenditures	175,362	-	-
2300	Deferred Revenues	1,291,108	94,176	-
2000	Total Liabilities	<u>3,361,929</u>	<u>94,176</u>	<u>1,111,439</u>
Fund Balances:				
Reserved For:				
3420	Retirement of Long Term Debt	-	2,010,881	-
3430	Deferred Expenditures	195,349	-	-
3450	Food Service	-	-	-
Unreserved Designated For:				
3510	Construction	-	-	1,504,055
Unreserved and Undesignated:				
3600	Reported in the General Fund	6,131,088	-	-
3610	Reported in Special Revenue Funds	-	-	-
3000	Total Fund Balances	<u>6,326,437</u>	<u>2,010,881</u>	<u>1,504,055</u>
4000	Total Liabilities and Fund Balances	<u>\$ 9,688,366</u>	<u>\$ 2,105,057</u>	<u>\$ 2,615,494</u>

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

Other Funds		Total Governmental Funds	
\$	327,442	\$	13,396,222
	-		476,294
	-		(47,630)
	64,827		64,827
	-		715,324
	-		800
	-		195,349
\$	392,269	\$	14,801,186
\$	23,510	\$	1,416,495
	-		982,530
	83,482		714,865
	1,715		1,715
	28,253		203,615
	24,933		1,410,217
	161,893		4,729,437
	-		2,010,881
	-		195,349
	216,840		216,840
	-		1,504,055
	-		6,131,088
	13,536		13,536
	230,376		10,071,749
\$	392,269	\$	14,801,186



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

Total Fund Balances - Governmental Funds	\$ 10,071,749
1 The assets and liabilities of the Internal Service Funds are included in governmental activities, but are not reported in the fund financial statements.	150,876
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	129,959,900
3 Accumulated depreciation has not been included in the fund financial statements.	(22,301,386)
4 Bonds payable have not been included in the fund financial statements.	(103,144,288)
5 Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(18,195,865)
6 Bond issuance cost is not capitalized in the fund financial statements.	1,439,974
7 Bond discounts and premiums are not recognized in the fund financial statements.	(4,072,582)
8 Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	378,183
19 Net Assets of Governmental Activities	<u><u>\$ (5,713,439)</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, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 15,402,016	\$ 6,188,153	\$ 130,999
5800 State Program Revenues	14,235,669	528,042	-
5900 Federal Program Revenues	207,418	-	-
5020 Total Revenues	29,845,103	6,716,195	130,999
EXPENDITURES:			
Current:			
0011 Instruction	16,612,934	-	677,186
0012 Instructional Resources and Media Services	571,522	-	-
0013 Curriculum and Instructional Staff Development	510,294	-	-
0021 Instructional Leadership	285,280	-	-
0023 School Leadership	1,579,262	-	-
0031 Guidance, Counseling and Evaluation Services	883,735	-	-
0033 Health Services	326,800	-	-
0034 Student (Pupil) Transportation	1,001,740	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,070,297	-	-
0041 General Administration	939,982	-	-
0051 Facilities Maintenance and Operations	3,994,276	-	-
0052 Security and Monitoring Services	90,721	-	-
0053 Data Processing Services	534,485	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	2,671,613	-
0072 Debt Service - Interest on Long Term Debt	-	4,073,213	-
0073 Debt Service - Bond Issuance Cost and Fees	-	241,454	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	54,396	-	16,700,279
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	9,167	-	-
0099 Other Intergovernmental Charges	174,320	-	-
6030 Total Expenditures	28,639,211	6,986,280	17,377,465
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	1,205,892	(270,085)	(17,246,466)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	7,400,000
7915 Transfers In	4,086	-	-
7916 Premium or Discount on Issuance of Bonds	-	1,061,985	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	4,086	1,061,985	7,400,000
1200 Net Change in Fund Balances	1,209,978	791,900	(9,846,466)
0100 Fund Balance - September 1 (Beginning)	5,116,459	1,218,981	11,350,521
3000 Fund Balance - August 31 (Ending)	\$ 6,326,437	\$ 2,010,881	\$ 1,504,055

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

Other Funds	Total Governmental Funds
\$ 999,177	\$ 22,720,345
568,668	15,332,379
<u>1,691,688</u>	<u>1,899,106</u>
3,259,533	39,951,830
1,496,330	18,786,450
-	571,522
110,664	620,958
7,506	292,786
5,698	1,584,960
80,858	964,593
-	326,800
-	1,001,740
1,546,843	1,546,843
40,677	1,110,974
-	939,982
1,745	3,996,021
-	90,721
-	534,485
-	2,671,613
-	4,073,213
-	241,454
-	16,754,675
-	9,167
-	<u>174,320</u>
3,290,321	56,293,277
<u>(30,788)</u>	<u>(16,341,447)</u>
-	7,400,000
-	4,086
-	1,061,985
<u>(4,086)</u>	<u>(4,086)</u>
(4,086)	8,461,985
<u>(34,874)</u>	<u>(7,879,462)</u>
265,250	17,951,211
<u>\$ 230,376</u>	<u>\$ 10,071,749</u>

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, 2009

Total Net Change in Fund Balances - Governmental Funds	\$ (7,879,462)
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 2009 capital outlays is to increase net assets.	16,754,675
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.	(2,053,352)
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.	2,671,613
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.	(3,099,696)
Bond issuance costs are not amortized in the fund financial statements, but are shown net of amortization in the government-wide financial statements.	191,275
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.	(7,400,000)
Premium on discounts are shown as other resources in the governmental funds but are capitalized and amortized in the statement of net assets.	(1,061,985)
Premium or discounts are shown as other resources in the government funds but are capitalized and amortized in the statement of net asset.	111,201
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.	(50,873)
The net income (loss) of the Internal Service Funds is reported with governmental activities but not in the fund financial statements.	(23,033)
Change in Net Assets of Governmental Activities	<u><u>\$ (1,839,637)</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, 2009

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 16,451	\$ 115,702
Due from Other Funds	-	26,579
Inventories	-	20,197
Total Current Assets	16,451	162,478
Noncurrent Assets:		
Capital Assets:		
Depreciation on Furniture and Equipment	-	(17,711)
District Defined Capital Assets	-	17,711
Total Noncurrent Assets	-	-
Total Assets	16,451	162,478
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,578	11,284
Due to Other Funds	-	230
Accrued Expenses	127	88
Total Liabilities	1,705	11,602
NET ASSETS		
Unrestricted Net Assets	14,746	150,876
Total Net Assets	\$ 14,746	\$ 150,876

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, 2009

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 305,993	\$ 333,115
State Program Revenues	20,435	4,261
Total Operating Revenues	<u>326,428</u>	<u>337,376</u>
OPERATING EXPENSES:		
Payroll Costs	309,421	64,293
Professional and Contracted Services	17,584	65,918
Supplies and Materials	7,677	95,447
Other Operating Costs	1,096	-
Capital Outlay	-	134,751
Total Operating Expenses	<u>335,778</u>	<u>360,409</u>
Operating Income (Loss)	(9,350)	(23,033)
Total Net Assets - September 1 (Beginning)	<u>24,096</u>	<u>173,909</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 14,746</u></u>	<u><u>\$ 150,876</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, 2009

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total	Total
	Enterprise Funds	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from District	\$ -	\$ 331,370
Cash Received from Employees	305,993	-
Cash Payments for Payroll Costs	(288,986)	(64,293)
Cash Payments for Supplies and Materials	(8,000)	(82,285)
Cash Payments for Other Expenses	(1,096)	(134,751)
Cash Payments for Purchased Services	(17,584)	(65,918)
Net Cash Used for Operating Activities	(9,673)	(15,877)
Net Decrease in Cash and Cash Equivalents	(9,673)	(15,877)
Cash and Cash Equivalents at Beginning of the Year:	26,124	131,579
Cash and Cash Equivalents at the End of the Year:	\$ 16,451	\$ 115,702
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>		
Operating Income (Loss):	\$ (9,350)	\$ (23,033)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	-	(9,068)
Decrease (increase) in Other Receivables	-	3,062
Decrease (increase) in Inventories	-	6,858
Increase (decrease) in Accounts Payable	(323)	6,305
Increase (decrease) in Accrued Expenses	-	(1)
Net Cash Used for Operating Activities	\$ (9,673)	\$ (15,877)

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, 2009

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 417,217
Other Receivables	15
Total Assets	<u>417,232</u>
LIABILITIES	
Accounts Payable	\$ 18,394
Due to Other Funds	26,808
Due to Student Groups	372,030
Total Liabilities	<u>417,232</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, 2009

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, 2009

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, 2009

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.

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.

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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

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, 2009 that were subsequently provided for in the 2009-10 budget.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

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, 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, 2009

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, 2009

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 2009, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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, 2009, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$4,100,321 which includes \$12,039 petty cash and the combined bank balance was \$4,163,125. The District's cash deposits at August 31, 2009 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

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, 2009, the District's cash balances totaled \$4,163,125. 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, 2009.
- 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, 2009, 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, 2009

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, 2009, 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, 2009, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity Date</u>
TexPool	\$ 998,104	\$ 998,104	N/A
TxTerm	2,610,995	2,610,995	N/A
Lone Star	5,809,677	5,809,677	N/A
LOGIC	<u>426,495</u>	<u>426,495</u>	N/A
Total	<u>\$9,845,271</u>	<u>\$9,845,271</u>	

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

NOTE 3. CAPITAL ASSETS

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

	<u>Balance</u> <u>September 1</u>	<u>Additions/</u> <u>Completions</u>	<u>Retirement/</u> <u>Adjustments</u>	<u>Balance</u> <u>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	106,855,723	16,671,705	-	123,527,428
Furniture and equipment	<u>2,935,106</u>	<u>82,970</u>	<u>-</u>	<u>3,018,076</u>
Total capital assets, being depreciated	<u>109,790,829</u>	<u>16,754,675</u>	<u>-</u>	<u>126,545,504</u>
Less accumulated depreciation for:				
Buildings and improvements	(17,478,948)	(1,952,207)	-	(19,431,155)
Furniture and equipment	<u>(2,769,086)</u>	<u>(101,145)</u>	<u>-</u>	<u>(2,870,231)</u>
Total accumulated depreciation	<u>(20,248,034)</u>	<u>(2,053,352)</u>	<u>-</u>	<u>(22,301,386)</u>
Total capital assets, being depreciated, net	<u>89,542,795</u>	<u>14,701,323</u>	<u>-</u>	<u>104,244,118</u>
Governmental activities capital assets, net	<u>\$ 92,957,191</u>	<u>\$ 14,701,323</u>	<u>\$ -</u>	<u>\$ 107,658,514</u>

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

Governmental activities:	
Instruction	\$1,138,994
Instructional Resources & Media Services	39,219
Curriculum & Instructional Staff Development	34,907
Instructional Leadership	19,507
School Leadership	108,212
Guidance, Counseling & Evaluation Services	60,574
Health Services	22,382
Student (Pupil) Transportation	68,582
Food Services	106,158
Cocurricular/Extracurricular Activities	73,305
General Administration	64,475
Plant Maintenance and Operations	273,917
Data Processing Services	6,160
Community Services	<u>36,960</u>
Total depreciation expense-Governmental activities	<u>\$2,053,352</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. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2009:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amounts Outstanding 9/1/08</u>	<u>Additions</u>	<u>Refunded/ Retired</u>	<u>Amounts Outstanding 8/31/09</u>	<u>Due Within One Year</u>
Bonded Indebtedness:						
1995 Bldg/Refunding	4.70-6.25%	\$ 1,235,000	\$ -	\$1,235,000	\$ -	\$ -
1998 Bldg/Refunding	3.60-4.75%	6,870,000	-	305,000	6,565,000	315,000
1999 Bldg/Refunding	4.40-6.06%	8,194,842	-	316,601	7,878,241	361,529
2001 Bldg/Refunding	4.00-5.70%	5,484,871	-	-	5,484,871	-
2002 Bldg/Refunding	2.40-5.89%	11,067,004	-	35,012	11,031,992	51,461
2004 Bldg/Refunding	2.50-4.16%	29,100,000	-	495,000	28,605,000	485,000
2005 Bldg/Refunding	3.00-4.62%	12,550,000	-	285,000	12,265,000	1,585,000
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	-
Total Bonded Indebtedness		<u>98,415,901</u>	<u>7,400,000</u>	<u>2,671,613</u>	<u>103,144,288</u>	<u>2,797,990</u>
Accreted Interest	4.05-5.15%	15,096,169	3,468,083	368,387	18,195,865	-
Discount/Premium on Issuance of Debt		<u>3,121,798</u>	<u>1,061,985</u>	<u>111,201</u>	<u>4,072,582</u>	<u>-</u>
Total Other Obligations		<u>18,217,967</u>	<u>4,530,068</u>	<u>479,588</u>	<u>22,268,447</u>	<u>-</u>
Total Obligations of District		<u>\$116,633,868</u>	<u>\$11,930,068</u>	<u>\$ 3,151,201</u>	<u>\$125,412,735</u>	<u>\$2,797,990</u>

The 1999, 2001, 2002, 2004, 2005, 2007 and 2008 bond series include outstanding capital appreciation bonds in the principal amount of \$26,173,916. 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 \$18,195,865 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, 2009.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

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>	
2010	\$ 2,797,990	\$ 4,156,621	\$ 6,954,611
2011	3,011,480	4,133,593	7,145,073
2012	3,118,169	4,063,902	7,182,071
2013	2,529,995	4,697,469	7,227,464
2014	2,395,496	5,076,502	7,471,998
2015-2019	13,584,245	26,222,303	39,806,548
2020-2024	14,706,249	26,928,160	41,634,409
2025-2029	13,098,699	28,535,890	41,634,589
2030-2034	15,575,650	26,060,882	41,636,532
2035-2039	23,006,315	8,369,735	31,376,050
2040-2044	4,385,000	8,052,775	12,437,775
2045-2048	4,935,000	761,700	5,696,700
	<u>\$103,144,288</u>	<u>\$147,059,532</u>	<u>\$250,203,820</u>

NOTE 5. DEBT ISSUANCE AND DEFEASED BONDS OUTSTANDING

On November 15, 2008 the District issued \$4,960,000 (par value) in unlimited tax building bonds (current interest bonds) and \$2,440,000 (par value) in unlimited tax building (capital appreciation bonds) to provide funds for construction projects. The capital appreciation bonds were issued at a premium of \$1,257,707, and, after paying issuance costs of \$237,844 and a discount on current interest bonds of \$195,722 the net proceeds were \$8,224,141.

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, 2009, \$17,082,680 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 2008-09 fiscal year was based was \$1,232,048,465. Taxes are delinquent if not paid by August 31. Delinquent taxes are subject to both penalty and interest charges plus 15 % delinquent collection fees for attorney costs.

The tax rates assessed for the year ended August 31, 2009, 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

Current tax collections for the year ended August 31, 2009 were 98.9% 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, 2009, property taxes receivable, net of estimated uncollectible taxes, totaled \$324,305 and \$104,359 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 6.58% of the District's covered payroll. In certain instances the District is required to make all or a portion of the state's 6.58% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the 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, 2007, 2008, and 2009 were \$1,292,116, \$1,376,575 and \$1,452,126, 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, 2007, 2008, and 2009 were \$129,966, \$172,345 and \$230,886, respectively, equal to the required contributions for each year. The amounts contributed by the State, for the years ended August 31, 2007, 2008 and 2009 were \$1,189,331, \$1,327,645 and \$1,492,968, 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, 2009

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 2009, 2008 and 2007. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2009, 2008, and 2007, the State's contributions to TRS-Care were \$226,895, \$215,090, and \$201,893, respectively. The on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. The active member contributions were \$147,482, \$139,808, and \$131,231, respectively, and the school district's contribution were \$124,793, \$118,299, and \$111,041, 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, 2009, the contribution made on behalf of the District was \$53,603.

NOTE 9. HEALTH CARE

During the year ended August 31, 2009, 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, 2009

Interfund receivables and payables at August 31, 2009, 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	\$ 83,482	\$ -
Debt Service Fund	-	571,091
Capital Projects Fund	-	60,292
Agency Funds	229	-
Debt Service Fund:		
General Fund	571,091	-
Capital Projects Fund:		
General Fund	60,292	-
Internal Service Fund	230	-
Total Major Funds	<u>715,324</u>	<u>631,383</u>
<u>Non-Major Funds:</u>		
Special Revenue Funds:		
General Fund	-	83,482
Enterprise Fund:		
Agency Fund	25,219	-
Internal Service Fund:		
Capital Projects Fund	-	230
Agency Fund	1,360	-
Agency Fund:		
General Fund	-	229
Enterprise Fund	-	25,219
Internal Service Fund	-	1,360
Total Non-Major Funds	<u>26,579</u>	<u>110,520</u>
	<u>\$ 741,903</u>	<u>\$ 741,903</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, 2009, 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>
Special Revenue	<u>\$ 40,864</u>	<u>\$ 23,963</u>	<u>\$ -</u>	<u>\$ 64,827</u>
	<u>\$ 40,864</u>	<u>\$ 23,963</u>	<u>\$ -</u>	<u>\$ 64,827</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, 2009 there was an estimated rebate liability of \$143,631.

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

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.

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, 2009 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	\$14,896,576	\$ -	\$ 6,106,699	\$ -	\$21,003,275
Food Sales	-	893,275	-	-	893,275
Investment Income	66,906	-	27,002	130,999	224,907
Penalties, interest and other tax related income	171,138	-	54,452	-	225,590
Co-curricular student activities	89,924	-	-	-	89,924
Other	<u>177,472</u>	<u>105,902</u>	<u>-</u>	<u>-</u>	<u>283,374</u>
Total	<u>\$15,402,016</u>	<u>\$ 999,177</u>	<u>\$ 6,188,153</u>	<u>\$ 130,999</u>	<u>\$22,720,345</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	\$ 288,385	\$ -	\$89,799	\$ 378,184
Deferred Grants	<u>1,002,723</u>	<u>24,933</u>	<u>4,377</u>	<u>1,032,033</u>
	<u>\$1,291,108</u>	<u>\$24,933</u>	<u>\$94,176</u>	<u>\$1,410,217</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	\$177,438	\$177,438
Federal Flood Control	10.904	<u>29,980</u>	<u>29,980</u>
Total for General Fund		<u>\$207,418</u>	<u>\$207,418</u>

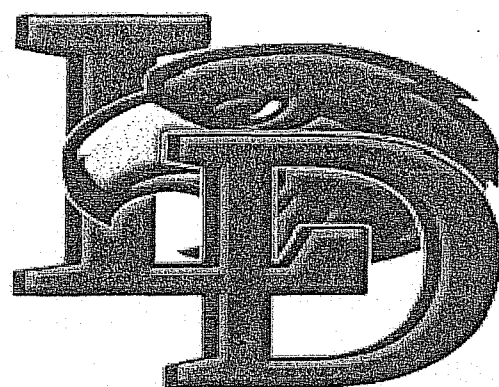
**BUDGETARY COMPARISON REPORTING –
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2009

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	\$	15,364,383	\$ 15,378,164	\$ 15,402,016	\$ 23,852
5800	State Program Revenues		13,648,054	13,909,955	14,235,669	325,714
5900	Federal Program Revenues		241,000	241,000	207,418	(33,582)
5020	Total Revenues		29,253,437	29,529,119	29,845,103	315,984
EXPENDITURES:						
Current:						
0011	Instruction		16,802,691	16,824,302	16,612,934	211,368
0012	Instructional Resources and Media Services		582,628	588,955	571,522	17,433
0013	Curriculum and Instructional Staff Development		407,246	523,620	510,294	13,326
0021	Instructional Leadership		291,353	291,924	285,280	6,644
0023	School Leadership		1,545,508	1,590,049	1,579,262	10,787
0031	Guidance, Counseling and Evaluation Services		783,382	886,385	883,735	2,650
0033	Health Services		328,766	332,956	326,800	6,156
0034	Student (Pupil) Transportation		1,236,822	1,057,664	1,001,740	55,924
0036	Extracurricular Activities		859,497	1,075,064	1,070,297	4,767
0041	General Administration		1,133,314	960,369	939,982	20,387
0051	Facilities Maintenance and Operations		4,162,597	4,152,096	3,994,276	157,820
0052	Security and Monitoring Services		88,703	98,662	90,721	7,941
0053	Data Processing Services		532,821	538,449	534,485	3,964
Capital Outlay:						
0081	Facilities Acquisition and Construction		56,952	56,952	54,396	2,556
Intergovernmental:						
0093	Payments to Fiscal Agent/Member Districts of SSA		19,220	-	-	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.		10,800	21,600	9,167	12,433
0099	Other Intergovernmental Charges		-	174,320	174,320	-
6030	Total Expenditures		28,842,300	29,173,367	28,639,211	534,156
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures		411,137	355,752	1,205,892	850,140
OTHER FINANCING SOURCES (USES):						
7915	Transfers In		-	-	4,086	4,086
7080	Total Other Financing Sources (Uses)		-	-	4,086	4,086
1200	Net Change in Fund Balances		411,137	355,752	1,209,978	854,226
0100	Fund Balance - September 1 (Beginning)		5,116,459	5,116,459	5,116,459	-
3000	Fund Balance - August 31 (Ending)	\$	5,527,596	\$ 5,472,211	\$ 6,326,437	\$ 854,226

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
National Breakfast and Lunch Program
Vocational Education - Basic Grant
ESEA, Title II, A Training and Recruiting
Title III, A English Lang. Acquisition
Summer School LEP

State Programs:

Advanced Placement Incentives
Student Success Initiative
Technology Allotment

Foundation Grants
High School Allotment
Mentor Program
Reading Recovery Co-op
Campus Activity Funds

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2009

Data Control Codes		204	211	224	225
		ESEA Title IV Safe & Drug Free Schools	ESEA I, A Improving Basic Program	IDEA - Part B Formula	IDEA - Part B Preschool
	ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ 787	\$ -	\$ -
1240	Due from Other Governments	-	-	4,819	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 787</u>	<u>\$ 4,819</u>	<u>\$ -</u>
	LIABILITIES AND FUND BALANCES				
	Liabilities:				
2110	Accounts Payable	\$ -	\$ -	\$ 4,819	\$ -
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	787	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>787</u>	<u>4,819</u>	<u>-</u>
	Fund Balances:				
	Reserved For:				
3450	Food Service	-	-	-	-
	Unreserved and Undesignated:				
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 787</u>	<u>\$ 4,819</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	288 Summer School LEP	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment
\$ 226,222	\$ -	\$ -	\$ -	\$ -	\$ 9,869	\$ -	\$ 1,587
19,144	-	-	-	-	-	17,299	-
<u>\$ 245,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,869</u>	<u>\$ 17,299</u>	<u>\$ 1,587</u>
\$ 273	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,299	\$ 659
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	928
28,253	-	-	-	-	-	-	-
-	-	-	-	-	9,869	-	-
<u>28,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,869</u>	<u>17,299</u>	<u>1,587</u>
216,840	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>216,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 245,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,869</u>	<u>\$ 17,299</u>	<u>\$ 1,587</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2009

Data Control Codes		420	428	429	459
		Foundation Grants	High School Allotment	Mentor Program	Reading Recovery Co-op
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ (23,565)	\$ 15,302
1240	Due from Other Governments	-	-	23,565	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,302</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 238
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Deferred Revenues	-	-	-	15,064
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,302</u>
Fund Balances:					
Reserved For:					
3450	Food Service	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,302</u>

461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 97,240	\$ 327,442
-	64,827
<u>\$ 97,240</u>	<u>\$ 392,269</u>

\$ 222	\$ 23,510
83,482	83,482
-	1,715
-	28,253
-	24,933
<u>83,704</u>	<u>161,893</u>

-	216,840
13,536	13,536
<u>13,536</u>	<u>230,376</u>
<u>\$ 97,240</u>	<u>\$ 392,269</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, 2009

Data Control Codes		204	211	224	225
		ESEA Title IV	ESEA I, A	IDEA - Part B	IDEA - Part B
		Safe & Drug	Improving	Formula	Preschool
		Free Schools	Basic Program		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	8,513	257,007	658,857	11,766
5020	Total Revenues	8,513	257,007	658,857	11,766
EXPENDITURES:					
Current:					
0011	Instruction	8,513	253,640	563,520	11,766
0013	Curriculum and Instructional Staff Development	-	3,367	1,275	-
0021	Instructional Leadership	-	-	7,506	-
0023	School Leadership	-	-	5,698	-
0031	Guidance, Counseling and Evaluation Services	-	-	80,858	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
6030	Total Expenditures	8,513	257,007	658,857	11,766
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	288 Summer School LEP	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment
\$ 893,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11,215	-	-	-	-	3,667	81,641	113,858
628,441	26,746	67,698	30,454	2,206	-	-	-
1,532,931	26,746	67,698	30,454	2,206	3,667	81,641	113,858
-	22,746	17,433	30,454	2,206	3,667	81,641	113,858
-	4,000	50,265	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,546,843	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,546,843	26,746	67,698	30,454	2,206	3,667	81,641	113,858
(13,912)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(13,912)	-	-	-	-	-	-	-
230,752	-	-	-	-	-	-	-
\$ 216,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes		420 Foundation Grants	428 High School Allotment	429 Mentor Program	459 Reading Recovery Co-op
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 67,003
5800	State Program Revenues	-	309,344	43,676	3,944
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	-	309,344	43,676	70,947
EXPENDITURES:					
Current:					
0011	Instruction	-	308,133	-	78,753
0013	Curriculum and Instructional Staff Development	-	4,566	43,676	3,515
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
6030	Total Expenditures	-	312,699	43,676	82,268
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,355)	-	(11,321)
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(4,086)	-	-	-
7080	Total Other Financing Sources (Uses)	(4,086)	-	-	-
1200	Net Change in Fund Balance	(4,086)	(3,355)	-	(11,321)
0100	Fund Balance - September 1 (Beginning)	4,086	3,355	-	11,321
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ 38,899	\$ 999,177
1,323	568,668
-	1,691,688
40,222	3,259,533
-	1,496,330
-	110,664
-	7,506
-	5,698
-	80,858
-	1,546,843
40,677	40,677
1,745	1,745
42,422	3,290,321
(2,200)	(30,788)
-	(4,086)
-	(4,086)
(2,200)	(34,874)
15,736	265,250
\$ 13,536	\$ 230,376

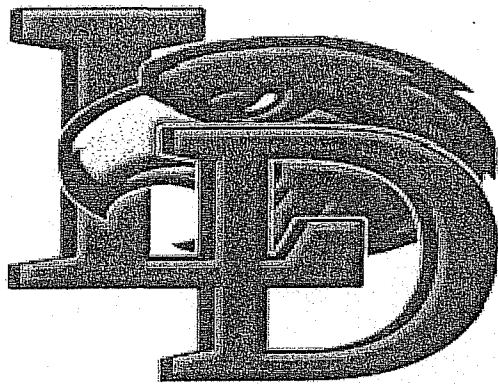
LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2009

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	\$ 937,936	\$ 942,836	\$ 893,275	\$ (49,561)
5800	State Program Revenues	11,619	11,619	11,215	(404)
5900	Federal Program Revenues	534,820	611,124	628,441	17,317
5020	Total Revenues	1,484,375	1,565,579	1,532,931	(32,648)
EXPENDITURES:					
0035	Food Services	1,483,126	1,564,330	1,546,843	17,487
6030	Total Expenditures	1,483,126	1,564,330	1,546,843	17,487
1200	Net Change in Fund Balances	1,249	1,249	(13,912)	(15,161)
0100	Fund Balance - September 1 (Beginning)	230,752	230,752	230,752	-
3000	Fund Balance - August 31 (Ending)	\$ 232,001	\$ 232,001	\$ 216,840	\$ (15,161)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2009

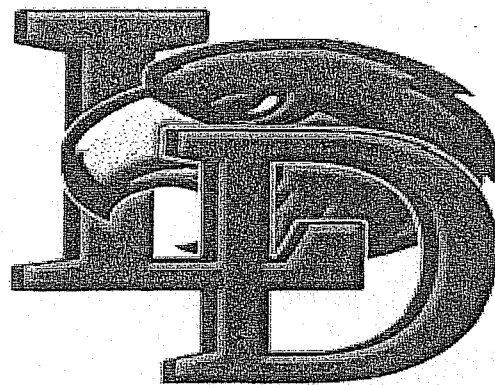
EXHIBIT H-4

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	\$ 6,142,270	\$ 6,142,270	\$ 6,188,153	\$ 45,883
5800	State Program Revenues	417,926	417,926	528,042	110,116
5020	Total Revenues	6,560,196	6,560,196	6,716,195	155,999
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	2,671,614	2,671,614	2,671,613	1
0072	Debt Service - Interest on Long Term Debt	3,871,505	4,109,705	4,073,213	36,492
0073	Debt Service - Bond Issuance Cost and Fees	6,000	247,843	241,454	6,389
6030	Total Expenditures	6,549,119	7,029,162	6,986,280	42,882
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	11,077	(468,966)	(270,085)	198,881
OTHER FINANCING SOURCES (USES):					
7916	Premium or Discount on Issuance of Bonds	-	1,061,984	1,061,985	1
7917	Prepaid Interest	-	21,493	-	(21,493)
7080	Total Other Financing Sources (Uses)	-	1,083,477	1,061,985	(21,492)
1200	Net Change in Fund Balances	11,077	614,511	791,900	177,389
0100	Fund Balance - September 1 (Beginning)	1,218,981	1,218,981	1,218,981	-
3000	Fund Balance - August 31 (Ending)	\$ 1,230,058	\$ 1,833,492	\$ 2,010,881	\$ 177,389



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, 2009

	752	754	
	Print Shop	Computer Operations	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 41,930	\$ 73,772	\$ 115,702
Due from Other Funds	1,360	25,219	26,579
Inventories	9,810	10,387	20,197
Total Current Assets	<u>53,100</u>	<u>109,378</u>	<u>162,478</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>53,100</u>	<u>109,378</u>	<u>162,478</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	5,860	5,424	11,284
Due to Other Funds	-	230	230
Accrued Expenses	88	-	88
Total Liabilities	<u>5,948</u>	<u>5,654</u>	<u>11,602</u>
NET ASSETS			
Unrestricted Net Assets	<u>47,152</u>	<u>103,724</u>	<u>150,876</u>
Total Net Assets	<u>\$ 47,152</u>	<u>\$ 103,724</u>	<u>\$ 150,876</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, 2009

	752	754	
	Print Shop	Computer Operations	Total Internal Service Funds
<hr/>			
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 163,320	\$ 169,795	\$ 333,115
State Program Revenues	4,261	-	4,261
Total Operating Revenues	<u>167,581</u>	<u>169,795</u>	<u>337,376</u>
OPERATING EXPENSES:			
Payroll Costs	64,293	-	64,293
Professional and Contracted Services	65,918	-	65,918
Supplies and Materials	50,334	45,113	95,447
Capital Outlay	-	134,751	134,751
Total Operating Expenses	<u>180,545</u>	<u>179,864</u>	<u>360,409</u>
Operating Income (Loss)	(12,964)	(10,069)	(23,033)
Total Net Assets - September 1 (Beginning)	<u>60,116</u>	<u>113,793</u>	<u>173,909</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 47,152</u></u>	<u><u>\$ 103,724</u></u>	<u><u>\$ 150,876</u></u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ 170,058	\$ 161,312	\$ 331,370
Cash Payments for Payroll Costs	(64,293)	-	(64,293)
Cash Payments for Supplies and Materials	(48,334)	(33,951)	(82,285)
Cash Payments for Other Expenses	-	(134,751)	(134,751)
Cash Payments for Purchased Services	(65,918)	-	(65,918)
Net Cash Used For Operating Activities	(8,487)	(7,390)	(15,877)
Net Decrease in Cash and Cash Equivalents	(8,487)	(7,390)	(15,877)
Cash and Cash Equivalents at Beginning of the Year:	50,417	81,162	131,579
Cash and Cash Equivalents at the End of the Year:	<u>\$ 41,930</u>	<u>\$ 73,772</u>	<u>\$ 115,702</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (12,964)	\$ (10,069)	\$ (23,033)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	(585)	(8,483)	(9,068)
Decrease (increase) in Other Receivables	3,062	-	3,062
Decrease (increase) in Inventories	70	6,788	6,858
Increase (decrease) in Accounts Payable	1,931	4,374	6,305
Increase (decrease) in Accrued Expenses	(1)	-	(1)
Net Cash Used for Operating Activities	<u>\$ (8,487)</u>	<u>\$ (7,390)</u>	<u>\$ (15,877)</u>

OTHER SUPPLEMENTARY INFORMATION:
CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
AUGUST 31, 2009

<u>Activity</u>	<u>Function</u>			<u>Total</u>
	<u>Land</u>	<u>Building</u>	<u>Furniture and Equipment</u>	
High School	\$ 1,724,008	\$ 53,110,361	\$ 584,328	\$ 55,418,697
Middle School	30,000	24,408,073	65,600	24,503,673
Intermediate School	83,500	2,182,637	93,200	2,359,337
Elementary Schools	1,551,888	43,533,802	338,400	45,424,090
Administration and Services	<u>25,000</u>	<u>292,555</u>	<u>1,936,548</u>	<u>2,254,103</u>
Total Capital Assets	<u>\$ 3,414,396</u>	<u>\$ 123,527,428</u>	<u>\$ 3,018,076</u>	<u>\$ 129,959,900</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED AUGUST 31, 2009

<u>FUNCTION/ACTIVITY</u>	<u>Capital Assets 8-31-2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Capital Assets 8-31-2009</u>
High School:				
Land	\$ 1,724,008	\$ -	\$ -	\$ 1,724,008
Buildings	50,324,554	2,785,807	-	53,110,361
Furniture and Equipment	584,328	-	-	584,328
Total High School	52,632,890	2,785,807	-	55,418,697
Middle School:				
Land	30,000	-	-	30,000
Buildings	24,408,073	-	-	24,408,073
Furniture and Equipment	65,600	-	-	65,600
Total Middle School	24,503,673	-	-	24,503,673
Intermediate School:				
Land	83,500	-	-	83,500
Buildings	2,182,637	-	-	2,182,637
Furniture and Equipment	93,200	-	-	93,200
Total Intermediate Schools	2,359,337	-	-	2,359,337
Elementary Schools:				
Land	1,551,888	-	-	1,551,888
Buildings	29,647,904	13,885,898	-	43,533,802
Furniture and Equipment	338,400	-	-	338,400
Total Elementary Schools	31,538,192	13,885,898	-	45,424,090
Administration and Services:				
Land	25,000	-	-	25,000
Buildings	292,555	-	-	292,555
Furniture and Equipment	1,853,578	82,970	-	1,936,548
Total Administration and Services	2,171,133	82,970	-	2,254,103
Totals	\$ 113,205,225	\$ 16,754,675	\$ -	\$ 129,959,900

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY LOCATION
AUGUST 31, 2009

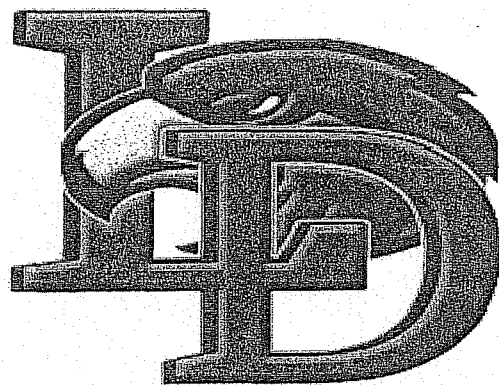
LOCATION	Function			
	Land	Building	Furniture and Equipment	Total
High School	\$ 1,724,008	\$ 53,110,361	\$ 584,328	\$ 55,418,697
Middle School	30,000	24,408,073	65,600	24,503,673
Intermediate School	83,500	2,182,637	93,200	2,359,337
Elementary Schools:				
Lake Dallas Elementary	321,066	17,467,623	86,200	17,874,889
Lake Dallas Primary	21,500	1,062,316	64,300	1,148,116
Corinth Elementary	522,846	11,397,847	187,900	12,108,593
Shady Shores Elementary	686,476	13,606,016	-	14,292,492
Total Elementary Schools	1,551,888	43,533,802	338,400	45,424,090
Administration and Services	25,000	292,555	1,936,548	2,254,103
Total Capital Assets	\$ 3,414,396	\$ 123,527,428	\$ 3,018,076	\$ 129,959,900

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CAPITAL ASSETS BY FUNCTION
AUGUST 31, 2009

<u>Function</u>	<u>Total</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Furniture and Equipment</u>
11 Instruction	\$ 1,674,127	\$ -	\$ -	\$ 1,674,127
12 Instructional resources and media services	57,645	-	-	57,645
13 Curriculum development and staff development	51,307	-	-	51,307
21 Instructional leadership	28,672	-	-	28,672
23 School leadership	159,053	-	-	159,053
31 Guidance and counseling services	89,033	-	-	89,033
33 Health services	32,897	-	-	32,897
34 Student transportation	100,804	-	-	100,804
35 Food service	156,035	-	-	156,035
36 Extracurricular activities	107,745	-	-	107,745
41 General administration	94,768	-	-	94,768
51 Plant maintenance and operations	402,611	-	-	402,611
53 Data processing services	9,054	-	-	9,054
61 Community services	54,325	-	-	54,325
81 Facilities acquisition and construction	126,941,824	3,414,396	123,527,428	-
 Total Capital Assets	 <u>\$ 129,959,900</u>	 <u>\$ 3,414,396</u>	 <u>\$ 123,527,428</u>	 <u>\$ 3,018,076</u>

Accumulated Depreciation by Function

11 Instruction	\$ 12,370,579
12 Instructional resources and media services	425,956
13 Curriculum development and staff development	379,124
21 Instructional leadership	211,863
23 School leadership	1,175,283
31 Guidance and counseling services	657,891
33 Health services	243,085
34 Student transportation	744,866
35 Food service	1,152,982
36 Extracurricular activities	796,159
41 General administration	700,264
51 Plant maintenance and operations	2,975,005
53 Data processing services	66,904
61 Community services	401,425
 Subtotal	 <u>22,301,386</u>
 Net Capital Assets	 <u>\$ 107,658,514</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, 2009

	BALANCE SEPTEMBER 1 2008	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2009
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 401,904	\$ 615,710	\$ 600,397	\$ 417,217
Due From Other Funds	6,747	-	6,747	-
Other Receivables	23	-	8	15
Total Assets	<u>\$ 408,674</u>	<u>\$ 615,710</u>	<u>\$ 607,152</u>	<u>\$ 417,232</u>
Liabilities:				
Accounts Payable	\$ 14,723	\$ 3,671	\$ -	\$ 18,394
Due to Other Funds	25,202	1,606	-	26,808
Due to Student Groups	368,749	610,433	607,152	372,030
Total Liabilities	<u>\$ 408,674</u>	<u>\$ 615,710</u>	<u>\$ 607,152</u>	<u>\$ 417,232</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 401,904	\$ 615,710	\$ 600,397	\$ 417,217
Due From Other Funds	6,747	-	6,747	-
Other Receivables	23	-	8	15
Total Assets	<u>\$ 408,674</u>	<u>\$ 615,710</u>	<u>\$ 607,152</u>	<u>\$ 417,232</u>
Liabilities:				
Accounts Payable	\$ 14,723	\$ 3,671	\$ -	\$ 18,394
Due to Other Funds	25,202	1,606	-	26,808
Due to Student Groups	368,749	610,433	607,152	372,030
Total Liabilities	<u>\$ 408,674</u>	<u>\$ 615,710</u>	<u>\$ 607,152</u>	<u>\$ 417,232</u>

OTHER SUPPLEMENTARY INFORMATION:
REQUIRED TEA SCHEDULES

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2009

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2000 and prior years	Various *	Various *	\$ Various
2001	1.470000	0.190000	653,758,040
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 (School year under audit)	1.170000	0.480000	1,232,048,465
100 TOTALS			

* Dollars per \$100 valuation.

Source of information: Annual Financial Report

(10) Beginning Balance 9/1/2008	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2009
\$ 51,921	\$ -	\$ 134	\$ 18	\$ (8,229)	\$ 43,540
11,900	-	33	4	-	11,863
110,722	-	1,877	238	(101,072)	7,535
27,212	-	6,230	789	(5,081)	15,112
20,875	-	7,952	1,272	5,415	17,066
27,689	-	12,763	2,510	8,904	21,320
39,354	-	19,550	4,692	11,646	26,758
69,300	-	33,198	10,177	17,183	43,108
227,664	-	109,735	50,647	(13,962)	53,320
-	20,328,800	14,741,923	6,047,969	697,764	236,672
<u>\$ 586,637</u>	<u>\$ 20,328,800</u>	<u>\$ 14,933,395</u>	<u>\$ 6,118,316</u>	<u>\$ 612,568</u>	<u>\$ 476,294</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2010-2011
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2009

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	\$ -	\$ -	\$ 188,863	\$ 579,348	\$ -	\$ -	\$ 768,211
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	9,972	12,248	-	-	22,220
6212	Audit Services	-	-	-	18,000	-	-	18,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	181,696	-	-	-	-	181,696
621X	Other Professional Services	-	-	-	19,008	-	-	19,008
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	700	-	2,133	-	-	-	2,833
6240	Contr. Maint. and Repair	-	-	-	677	-	-	677
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	4,479	-	-	4,479
6290	Miscellaneous Contr.	-	-	25	9,434	-	-	9,459
6320	Textbooks and Reading	-	-	572	1,315	-	-	1,887
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	698	7,237	-	-	7,935
6410	Travel, Subsistence, Stipends	2,760	-	7,549	12,839	-	-	23,148
6420	Ins. and Bonding Costs	-	-	-	3,104	-	-	3,104
6430	Election Costs	2,125	-	-	-	-	-	2,125
6490	Miscellaneous Operating	5,215	-	4,817	41,236	-	-	51,268
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	12,548	12,548
6000	TOTAL	\$ 10,800	\$ 181,696	\$ 214,629	\$ 708,925	\$ -	\$ 12,548	\$ 1,128,598

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 31,929,533

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 331,889
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	3,986,140
Food (Function 35, 6341 and 6499)	(13)	615,747
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		708,925

SubTotal:

5,642,701

Net Allowed Direct Cost

\$ 26,286,833

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 123,527,428
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)	3,018,076
Historical Cost of Furniture & Equipment over 16 years old	(19)	-
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	-

(8) NOTE A: \$14,296 in Function 53 expenditures are included in this report on administrative costs.

\$174,320 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

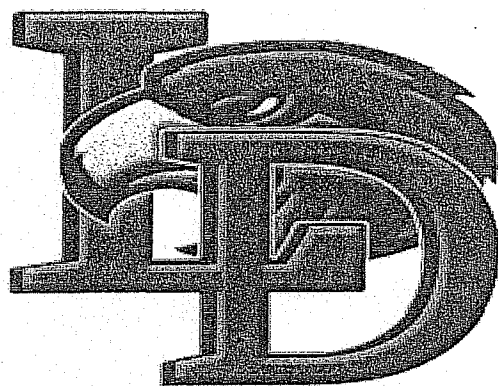
LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
GENERAL FUND AS OF AUGUST 31, 2009

UNAUDITED

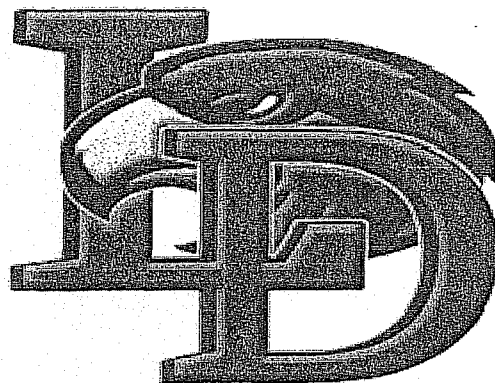
1	Total General Fund Balance as of 8/31/09 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 6,326,437
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 195,349
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General 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.)	-
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09-5/31/10).	3,084,184
6	Estimate of delayed payments from state sources (58xx) including August payment delays	1,825,412
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)	241,000
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	<u>5,345,945</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	<u><u>\$ 980,492</u></u>

Explanation of need for and/or projected use of net positive Undesignated Unreserved General Fund Fund Balance:

The excess undesignated unreserved General Fund balance is a result of future stagnate revenues and the need to fund future educational program growth and inflation



**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	102
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	111
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	118
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	124
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
Operating Information	130
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	2002	2003	2004
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 7,751,589	\$ 5,364,491	\$ 3,812,005
Restricted for Food Service	3,966	60,661	149,528
Restricted for Debt Service	959,084	972,035	858,588
Unrestricted Net Assets	<u>(1,567,457)</u>	<u>(2,446,055)</u>	<u>(2,303,719)</u>
Total Governmental Activities Net Assets	<u>\$ 7,147,182</u>	<u>\$ 3,951,132</u>	<u>\$ 2,516,402</u>
Business-Type Activities:			
Unrestricted Net Assets	\$ <u>(2,855)</u>	\$ <u>(6,088)</u>	\$ <u>(17,283)</u>
Total Business-Type Activities	<u>\$ (2,855)</u>	<u>\$ (6,088)</u>	<u>\$ (17,283)</u>
Primary Government:			
Invested in Capital Assets, Net of Related Debt	\$ 7,751,589	\$ 5,364,491	\$ 3,812,005
Restricted for Food Service	3,966	60,661	149,528
Restricted for Debt Service	959,084	972,035	858,588
Unrestricted Net Assets	<u>(1,570,312)</u>	<u>(2,452,143)</u>	<u>(2,321,002)</u>
Total Primary Government	<u>\$ 7,144,327</u>	<u>\$ 3,945,044</u>	<u>\$ 2,499,119</u>

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

Note: Information not available for 2000-2001, prior to GASB 34 requirements.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 4,089,957	\$ (1,630,749)	\$ (341,313)	\$ (8,580,508)	\$ 441,644
206,485	246,485	210,121	230,752	216,840
887,607	927,820	1,053,559	1,192,495	2,010,567
<u>(3,489,053)</u>	<u>(5,138,783)</u>	<u>(9,307,446)</u>	<u>3,283,459</u>	<u>(8,382,490)</u>
<u>\$ 1,694,996</u>	<u>\$ (5,595,227)</u>	<u>\$ (8,385,079)</u>	<u>\$ (3,873,802)</u>	<u>\$ (5,713,439)</u>
\$ (29,238)	\$ (10,178)	\$ 13,701	\$ 24,096	\$ 14,746
<u>\$ (29,238)</u>	<u>\$ (10,178)</u>	<u>\$ 13,701</u>	<u>\$ 24,096</u>	<u>\$ 14,746</u>
\$ 4,089,957	\$ (1,630,749)	\$ (341,313)	\$ (8,580,508)	\$ 441,644
206,485	246,485	210,121	230,752	216,840
887,607	927,820	1,053,559	1,192,495	2,010,567
<u>(3,518,291)</u>	<u>(5,148,961)</u>	<u>(9,293,745)</u>	<u>3,307,555</u>	<u>(8,367,744)</u>
<u>\$ 1,665,758</u>	<u>\$ (5,605,405)</u>	<u>\$ (8,371,378)</u>	<u>\$ (3,849,706)</u>	<u>\$ (5,698,693)</u>

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

Fiscal Year	2002	2003	2004	2005
Expenses				
Governmental Activities:				
Instruction	\$ 14,030,707	\$ 15,120,838	\$ 13,906,300	\$ 14,728,768
Instructional Resources & Media Services	648,511	632,035	572,241	551,845
Curriculum & Staff Development	234,762	244,369	213,756	282,928
Instructional Leadership	288,978	308,598	304,072	310,852
School Leadership	1,324,289	1,316,759	1,286,346	1,407,465
Guidance, Counseling & Evaluation Services	463,388	481,634	784,815	885,973
Health Services	249,890	271,590	277,676	269,615
Student (Pupil) Transportation	910,846	965,237	1,095,915	1,108,438
Food Services	907,875	966,127	1,025,925	1,089,572
Cocurricular/Extracurricular Activities	595,047	714,123	722,014	706,941
General Administration	851,483	713,373	722,417	773,417
Plant Maintenance & Operations	2,312,456	2,504,981	2,595,500	2,508,369
Security Monitoring Services	16,074	30,262	29,661	43,056
Data Processing Services	435,446	433,950	449,549	454,542
Community Services	47,636	24,299	22,963	23,457
Debt Service - Interest and Fees	2,405,476	2,947,127	3,356,462	4,546,717
Facilities Furnishings - Noncapital	882,954	1,505,018	1,047,059	-
Shared Services Special Education	11,069	5,519	-	-
Juvenile Justice Alternative Education Program	21,063	15,094	16,649	1,807
Other Intergovernmental Charges	-	-	-	-
Total Expenses	<u>26,637,950</u>	<u>29,200,933</u>	<u>28,429,320</u>	<u>29,693,762</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	65,394	53,351	60,431	63,091
Cocurricular/Extracurricular Activities	35,984	57,885	58,343	88,898
Plant Maintenance & Operations	56,389	12,571	20,953	6,109
Operating Grants and Contributions	<u>3,491,846</u>	<u>4,028,071</u>	<u>3,845,893</u>	<u>4,030,420</u>
Total Governmental Program Revenues	<u>3,649,613</u>	<u>4,151,878</u>	<u>3,985,620</u>	<u>4,188,518</u>
Total Governmental Net (Expense) Revenue	<u>\$ (22,988,337)</u>	<u>\$ (25,049,055)</u>	<u>\$ (24,443,700)</u>	<u>\$ (25,505,244)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes - General Purposes	\$ 12,524,599	\$ 13,828,297	\$ 14,698,928	\$ 15,255,610
Property Taxes - Debt Service	1,593,700	1,744,629	2,349,337	2,995,471
State Aid-Formula Grants	7,178,821	5,803,130	5,691,197	5,130,235
Grants and Contributions not Restricted	-	-	-	214,857
Investment Earnings	495,494	312,536	193,372	969,972
Miscellaneous	<u>80,711</u>	<u>164,413</u>	<u>76,136</u>	<u>117,693</u>
Total General Revenues and Other Changes				
in Net Assets Governmental Activities	<u>21,873,325</u>	<u>21,853,005</u>	<u>23,008,970</u>	<u>24,683,838</u>
Change in Net Assets Governmental Activities	<u>(1,115,012)</u>	<u>(3,196,050)</u>	<u>(1,434,730)</u>	<u>(821,406)</u>
Business-Type Activities:				
Revenue-Charge for Service	120,626	161,761	157,131	221,013
Expense-Day Care Service	<u>130,351</u>	<u>164,994</u>	<u>168,326</u>	<u>232,968</u>
Change in Net Assets-Business-Type Activities	<u>(9,725)</u>	<u>(3,233)</u>	<u>(11,195)</u>	<u>(11,955)</u>
Total Primary Government Change in Net Assets	<u>\$ (1,124,737)</u>	<u>\$ (3,199,283)</u>	<u>\$ (1,445,925)</u>	<u>\$ (833,361)</u>

Note: Information not available for 2000-2001, prior to GASB 34 requirements.

2006	2007	2008	2009
\$ 16,096,074	\$ 17,031,722	\$ 18,618,562	\$ 19,948,477
583,209	573,950	621,989	610,741
291,106	389,617	563,731	655,865
309,237	268,790	292,536	312,293
1,487,023	1,652,339	1,654,181	1,693,172
1,023,468	1,008,512	1,003,009	1,025,167
277,386	295,597	343,534	349,182
1,227,723	1,152,628	1,096,735	1,070,322
1,299,852	1,363,536	1,425,098	1,653,001
873,958	973,200	1,064,968	1,184,279
788,743	1,003,391	1,073,763	1,004,457
3,390,448	3,638,734	3,938,155	4,269,938
61,496	52,711	76,523	90,721
543,667	563,187	520,145	540,645
22,542	27,796	1,263	36,960
5,074,909	9,465,248	5,538,878	7,111,887
2,707,345	546,343	-	-
1,155	6,430	19,220	-
12,640	9,314	11,659	9,167
-	-	-	174,320
<u>36,071,981</u>	<u>40,023,045</u>	<u>37,863,949</u>	<u>41,740,594</u>
53,846	43,555	40,625	31,540
133,260	95,349	104,080	89,924
13,465	22,727	54,454	57,690
<u>4,932,434</u>	<u>4,947,941</u>	<u>5,388,855</u>	<u>5,297,124</u>
<u>5,133,005</u>	<u>5,109,572</u>	<u>5,588,014</u>	<u>5,476,278</u>
<u>\$ (30,938,976)</u>	<u>\$ (34,913,473)</u>	<u>\$ (32,275,935)</u>	<u>\$ (36,264,316)</u>
\$ 15,839,273	\$ 15,997,317	\$ 12,879,069	\$ 15,017,155
3,788,211	4,879,035	5,906,285	6,160,837
5,872,277	8,515,595	11,977,292	12,721,949
338,716	738,688	304,610	207,418
1,481,431	1,708,150	943,230	224,907
14,590	294,836	67,442	92,413
<u>27,334,498</u>	<u>32,133,621</u>	<u>32,077,928</u>	<u>34,424,679</u>
<u>(3,604,478)</u>	<u>(2,779,852)</u>	<u>(198,007)</u>	<u>(1,839,637)</u>
272,019	307,535	326,932	326,428
252,959	283,656	316,537	335,778
19,060	23,879	10,395	(9,350)
<u>\$ (3,585,418)</u>	<u>\$ (2,755,973)</u>	<u>\$ (187,612)</u>	<u>\$ (1,848,987)</u>

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

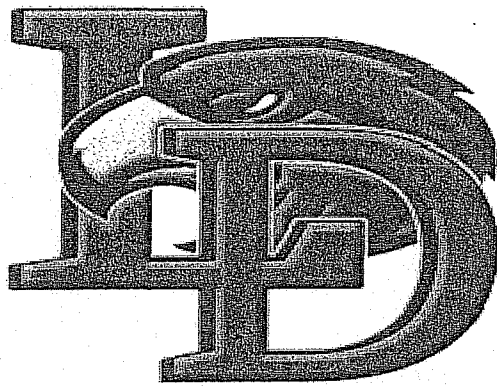
Fiscal Year	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund					
Reserved:					
Deferred Expenditures	\$ 65,227	\$ 84,355	\$ 109,574	\$ 141,070	\$ 168,192
Unreserved Undesignated	<u>1,880,502</u>	<u>1,971,865</u>	<u>1,939,125</u>	<u>1,619,834</u>	<u>2,755,875</u>
Total General Fund	<u>\$ 1,945,729</u>	<u>\$ 2,056,220</u>	<u>\$ 2,048,699</u>	<u>\$ 1,760,904</u>	<u>\$ 2,924,067</u>
All Other Governmental Funds					
Reserved:					
Retirement of Long-Term Debt	\$ 758,147	\$ 893,594	\$ 853,262	\$ 906,284	\$ 788,333
Other Purposes	7,245	-	-	60,661	149,528
Construction Fund	12,996,329	7,560,559	11,394,080	16,635,116	32,549,849
Unreserved Undesignated -					
Special Revenue Funds	<u>-</u>	<u>1,517</u>	<u>7,864</u>	<u>2,742</u>	<u>4,567</u>
Total All Other Governmental Funds	<u>\$ 13,761,721</u>	<u>\$ 8,455,670</u>	<u>\$ 12,255,206</u>	<u>\$ 17,604,803</u>	<u>\$ 33,492,277</u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 93,256	\$ 133,496	\$ 141,024	\$ 197,003	\$ 195,349
<u>3,295,897</u>	<u>3,135,056</u>	<u>5,102,517</u>	<u>4,919,456</u>	<u>6,131,088</u>
<u>\$ 3,389,153</u>	<u>\$ 3,268,552</u>	<u>\$ 5,243,541</u>	<u>\$ 5,116,459</u>	<u>\$ 6,326,437</u>
\$ 810,773	\$ 845,110	\$ 936,960	\$ 1,218,981	\$ 2,010,881
206,485	246,423	210,121	230,752	195,349
32,988,387	19,939,084	18,925,050	11,350,521	1,504,055
<u>8,600</u>	<u>10,568</u>	<u>10,530</u>	<u>34,498</u>	<u>13,536</u>
<u>\$ 34,014,245</u>	<u>\$ 21,041,185</u>	<u>\$ 20,082,661</u>	<u>\$ 12,834,752</u>	<u>\$ 3,723,821</u>

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

Fiscal Year	2000	2001	2002	2003
REVENUES:				
Total Local and Intermediate Sources	\$ 10,622,136	\$ 13,301,337	\$ 15,011,097	\$ 17,009,387
State Program Revenues	9,766,860	9,788,406	9,131,837	8,106,494
Federal Program Revenues	553,335	690,043	968,597	1,092,044
Total Revenues	<u>20,942,331</u>	<u>23,779,786</u>	<u>25,111,531</u>	<u>26,207,925</u>
EXPENDITURES:				
Current:				
Instruction	10,758,277	12,293,102	13,454,166	14,561,508
Instructional Resources & Media Services	523,570	668,058	600,930	580,690
Curriculum & Instructional Staff Development	89,219	202,586	227,345	235,484
Instructional Leadership	244,488	240,207	277,725	295,117
School Leadership	1,048,851	1,170,939	1,249,864	1,227,598
Guidance, Counseling & Evaluation Services	349,556	416,450	444,489	458,993
Health Services	240,547	235,930	239,746	259,437
Student (Pupil) Transportation	801,263	746,300	824,153	824,690
Food Services	755,816	826,743	845,594	899,947
Cocurricular/Extracurricular Activities	538,618	570,449	577,840	693,912
General Administration	518,418	601,106	662,500	690,701
Plant Maintenance and Operations	1,971,290	2,251,739	2,272,486	2,429,967
Security and Monitoring Services	29,145	37,997	16,074	30,262
Data Processing Services	388,545	451,346	422,058	417,911
Community Services	-	29,982	46,698	23,176
Debt Service:				
Debt Service - Principal on long-term debt	742,684	1,172,622	871,922	483,991
Debt Service - Interest on long-term debt	1,153,912	1,265,497	1,717,828	1,996,265
Debt Service - Bond Issuance Cost and Fees	-	-	-	1,860
Capital Outlay:				
Facilities Acquisition and Construction	4,689,321	5,840,042	9,028,987	10,044,001
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	174,848	13,590	11,069	5,519
Payments to Juvenile Justice Alternative Ed. Prg.	-	-	21,063	15,094
Other Intergovernmental Charges	-	-	-	-
Total Expenditures	<u>25,018,368</u>	<u>29,034,685</u>	<u>33,812,537</u>	<u>36,176,123</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(4,076,037)</u>	<u>(5,254,899)</u>	<u>(8,701,006)</u>	<u>(9,968,198)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	15,179	-	-
Operating Transfers Out	-	(15,179)	-	-
Bonds Issued	9,355,532	-	13,635,433	15,446,338
Premium or discount on Issuance of Bonds	-	-	-	-
Sale of Real or Personal Property	-	-	-	-
Capital Lease Proceeds	200,734	59,339	48,150	-
Payments to Bond Refunding Escrow Agent	(655,403)	-	(1,190,562)	(446,338)
Total Other Financing Sources (Uses)	<u>8,900,863</u>	<u>59,339</u>	<u>12,493,021</u>	<u>15,000,000</u>
Net Change in Fund Balances	<u>\$ 4,824,826</u>	<u>\$ (5,195,560)</u>	<u>\$ 3,792,015</u>	<u>\$ 5,031,802</u>
Debt service as a percentage of noncapital expenditures				
	9.3%	10.5%	10.4%	9.5%

2004	2005	2006	2007	2008	2009
\$ 18,146,446	\$ 20,179,490	\$ 22,124,692	\$ 23,561,135	\$ 21,223,107	\$ 22,720,345
7,307,978	7,196,564	8,490,924	11,219,154	14,702,215	15,332,379
1,530,329	1,485,043	1,856,276	2,127,382	1,961,291	1,899,106
<u>26,984,753</u>	<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>
13,121,418	13,845,024	15,095,064	15,689,032	17,384,167	18,109,264
529,803	507,011	533,291	561,116	598,575	571,522
202,773	271,080	277,274	373,254	553,746	620,958
287,408	292,876	288,251	243,963	279,337	292,786
1,176,132	1,288,571	1,348,223	1,488,133	1,562,131	1,584,960
756,827	855,781	988,221	966,814	977,529	964,593
262,653	253,409	258,467	273,215	306,576	326,800
930,359	924,252	1,019,165	1,108,994	1,010,828	1,001,740
954,174	1,015,525	1,220,538	1,283,940	1,398,585	1,546,843
697,311	680,469	843,427	905,087	1,044,538	1,110,974
694,392	743,185	753,449	961,636	1,052,989	939,982
2,504,715	2,719,067	3,279,602	3,505,738	3,872,274	3,996,021
29,661	43,056	61,496	52,711	76,523	90,721
429,723	433,155	518,699	533,648	504,076	534,485
21,574	21,959	20,793	25,727	-	-
878,551	599,813	1,330,964	2,176,762	2,538,016	2,671,613
2,262,694	3,024,206	3,484,541	3,622,939	3,892,668	4,073,213
1,091,700	173,260	5,750	346,498	4,671	241,454
13,239,855	8,348,797	14,224,543	15,251,782	8,205,496	17,431,861
-	1,807	1,155	6,430	19,220	-
16,649	-	12,640	9,314	11,659	9,167
-	-	-	-	-	174,320
<u>40,088,372</u>	<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>(13,103,619)</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>
-	-	-	585	-	4,086
-	-	-	(585)	-	(4,086)
30,088,700	13,502,024	-	24,023,006	-	7,400,000
-	-	-	3,295,209	-	1,061,985
-	-	-	150,000	32,000	-
65,556	-	-	-	-	-
-	(5,333,764)	-	(13,972,688)	-	-
<u>30,154,256</u>	<u>8,168,260</u>	<u>-</u>	<u>13,495,527</u>	<u>32,000</u>	<u>8,461,985</u>
<u>\$ 17,050,637</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>
15.8%	13.7%	15.4%	17.7%	17.1%	17.7%



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		
2000	663,360,683	77,896,480	184,387,225	556,869,938	1.462
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

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	
2000	\$ 1.287	\$ 0.175	\$	1.462
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

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
\$ 0.23193	\$ 0.59091	\$ 0.52600	\$ 0.36999	\$ 0.330
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

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

Taxpayer	Description	2009		Percentage of Total Taxable Assessed Value
		Taxable Assessed Value (in thousands)	Rank	
Goldfield, Alan H & Shirley M	Real Estate	\$ 17,991,103	1	1.46%
Labinal-Corinth Inc.	Avionic Manufacturing	16,241,226	2	1.32%
Wal-mart Stores Real Estate	Retail	14,071,237	3	1.14%
Denton County Elec Coop	Utility	13,703,387	4	1.11%
H D Supply Utilities, Ltd.	Utility	11,109,139	5	0.90%
Oncor Electric Delivery Co	Utility	9,545,510	6	0.77%
Tower Ridge Corinth, Ltd.	Real Estate	7,482,980	7	0.61%
Wal-Mart Stores, Inc.	Retail	7,221,922	8	0.59%
Kensington Square LP PS	Apartment	6,787,200	9	0.55%
RRC (TX) LP	Real Estate	5,482,493	10	0.45%
Boeing Aerospace & Electronics	Avionic Manufacturing			
Century Telephone	Utility			
Payless Cashways, Inc.	Warehouse			
Texas Utilities Electric Co.	Utility			
Albertsons, Inc.	Retail			
Standard Pacific of Tx	Real Estate			
US Home Corp.	Real Estate			
CoServ Electric Co-op Inc.	Utility			
TOTAL		<u>\$ 109,636,197</u>		<u>8.90%</u>

The 2009 taxable valuation is based on the 2008-2009 tax roll with a total assessed value of \$1,232,048,465

Source of information: Denton Central Appraisal District

2000		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 9,421,665	3	1.69%
12,182,686	2	2.19%
27,668,125	1	4.97%
8,452,937	4	1.52%
8,146,131	5	1.46%
7,829,180	6	1.41%
7,095,518	7	1.27%
5,998,044	8	1.08%
3,342,388	9	0.60%
<u>3,200,997</u>	10	<u>0.57%</u>
<u>\$ 93,337,671</u>		<u>16.76%</u>

The 2000 taxable valuation is based on the 1999-2000 tax roll with a total assessed value of \$556,869,938

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 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>
1999	8,141,438	8,138,481	99.96%	108,855	8,247,336
2000	10,852,383	11,123,674	102.50%	207,548	11,331,222
2001	13,591,710	13,262,066	97.57%	197,437	13,459,503
2002	15,001,689	15,113,031	100.74%	439,298	15,552,329
2003	16,530,801	16,628,620	100.59%	269,343	16,897,963
2004	17,343,134	17,781,163	102.53%	222,823	18,003,986
2005	18,663,774	19,051,119	102.08%	299,932	19,351,051
2006	19,410,962	20,123,191	103.67%	381,172	20,504,363
2007	17,998,466	18,290,322	101.62%	486,185	18,776,507
2008	20,328,800	20,789,892	102.27%	261,819	21,051,711

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

Percent of levy collected sometimes exceeds 100% due to the fact that adjustments are made to the levy and taxes collected on these adjustments after the original levy is established.

Source of information: Annual Financial Report.

Total Collected as % of Current Tax Levy	Outstanding Delinquent Taxes *	Outstanding Delinquent Taxes as % of Tax Levy
101.30%	132,646	1.63%
104.41%	164,126	1.51%
99.03%	634,659	4.67%
103.67%	307,871	2.05%
102.22%	245,549	1.49%
103.81%	329,153	1.90%
103.68%	370,921	1.99%
105.63%	302,829	1.56%
104.32%	227,664	1.26%
103.56%	236,672	1.16%

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 *
2000	\$ 31,261,927	\$ 2,297,955	\$ 398,055	\$ 33,957,937	8.69%
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%

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, 2009
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Corinth Municipal Utility District #1	\$ 425,000	100.00%	\$ 425,000
Corinth, City of	34,955,000	44.89%	15,691,300
Denton County	374,335,733	2.32%	8,684,589
Hickory Creek, Town of	6,975,000	100.00%	6,975,000
Lake Dallas, City of	6,530,000	100.00%	<u>6,530,000</u>
Subtotal, overlapping bonded debt			38,305,889
Lake Dallas ISD	103,144,288	100.000%	<u>103,144,288</u>
Total direct and overlapping debt			<u>\$ 141,450,177</u>

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

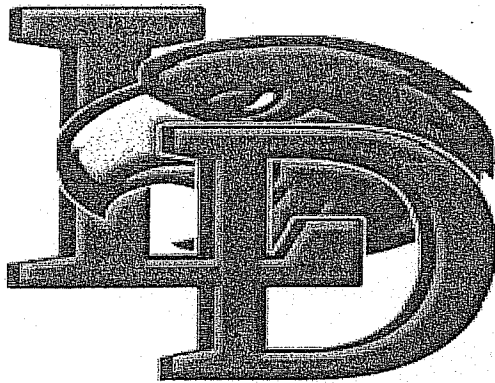
Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lake Dallas Independent School District. This 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
2000	15,288	\$ 556,869,938	\$ 33,957,937	\$ 758,147	\$ 33,199,790	5.96%	\$ 2,172
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

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	2000	2001	2002	2003
Total Assessed Value	\$ 556,869,938	\$ 653,758,040	\$ 804,243,217	\$ 887,673,893
Debt Limit (10% of Total Assessed Value)	\$ 55,686,994	\$ 65,375,804	\$ 80,424,322	\$ 88,767,389
Debt Applicable to Limit:				
General Obligation Bonds	\$ 31,261,927	\$ 30,243,666	\$ 41,981,178	\$ 56,288,440
Less Net Assets in Debt Service Fund	758,147	893,594	853,262	906,284
Total Amount of Debt Applicable to Debt Limit	30,503,780	29,350,072	41,127,916	55,382,156
Legal Debt Margin	\$ 25,183,214	\$ 36,025,732	\$ 39,296,406	\$ 33,385,233
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	54.78%	44.89%	51.14%	62.39%

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>\$ 950,046,055</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>\$ 95,004,606</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>\$ 84,499,572</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>788,333</u>	<u>810,773</u>	<u>845,110</u>	<u>936,960</u>	<u>1,218,981</u>	<u>2,010,881</u>
<u>83,711,239</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>\$ 11,293,367</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>
88.11%	94.14%	89.31%	92.23%	82.08%	82.09%

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>
2000	15,288	\$ 390,898,872	\$ 25,569	3.0%
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%

Source: North Central Texas Council of Governments

* Texas Workforce Commission

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 (UNAUDITED)
 AUGUST 31, 2009

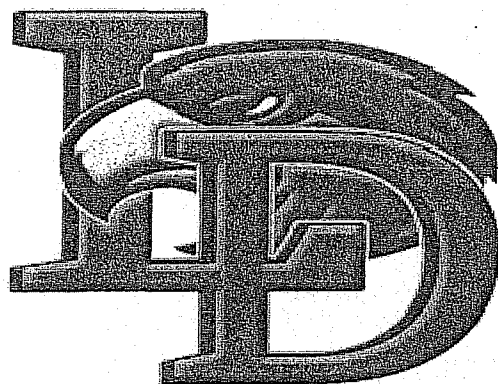
Student Data

Student Ethnicity:	
White	68.6%
Hispanic	19.9%
Black	7.5%
Other	4.0%
Attendance Rate:	96.0%
Dropout Rate:	0.0%
Number of Students per Campus:	
Lake Dallas	
Primary	227
Middle School	920
High School	1138
Intermediate	320
Corinth	
Elementary	617
Shady Shores	
Elementary	756
Total Students	3,978

Faculty Data

Teachers	285.3
Counselors	8
Administrators	14
Educational Aides	53.6
Advance Degrees/Certifications:	
Master Degrees	46.5
Doctoral Degrees	5
Average Experience of Teachers	9.4 Years
Student/Teacher Ratio	13.9 to 1
Cost per Student based on expenses reported in the governmental financial statements	7,199
Percentage of Student population who received free or reduced meals	28.0%

Source of Information: District enrollment and financial records



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

		<u>Average Daily Attendance</u>		
	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Percent of Enrollment</u>
1999/00	3,001	2,877	8.8%	95.87%
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	4,012	3,860	2.4%	96.21%

Source of information: Superintendent's Annual Report.

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

Employer	Description	2009		Percentage of Total City Employment
		Employees	Rank	
Labinal	Avionic Manufacturing	690	1	24.94%
Lake Dallas ISD	School District	615	2	22.23%
Wal-Mart	Retail	449	3	16.23%
Coserve	Electric Utility	328	4	11.85%
Llano Utility	Utility/Construction	200	5	7.23%
City of Corinth	Government	153	6	5.53%
Video Plus	Media/Marketing Comm.	148	7	5.35%
Albertsons	Grocery	120	8	4.34%
HD Supply	Wholesale Distribution	64	9	2.31%
TOTAL		2,767		100.00%

Source of Information: Lake Cities Chamber of Commerce

Note: Information for 2000 not available.

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>
1999-2000	3,050	19,765,503	6,480	13.97%	232	13.1
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

Source of Information: AEIS Report

<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>
412	66
445	71
494	101
632	124
643	150
763	167
808	204
834	237
1272	263
1115	259

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>
1999-2000	232.2	21.7	8.0	3.0	264.9	46.3
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

Source of Information: AEIS Report

Auxiliary Staff	Total Staff	% Change
118.5	429.7	11.81%
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%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
TEACHERS SALARY DATA
2008-09 SCHOOL YEAR

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

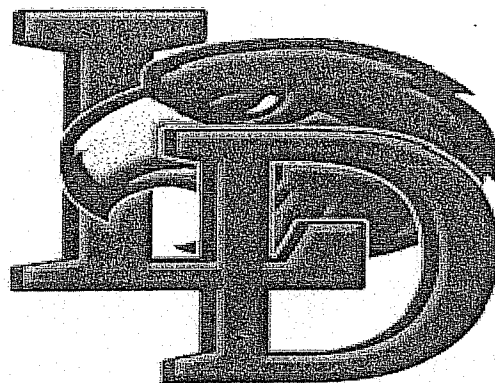
Average Salary by Years of Experience

Beginning Teachers	\$ 42,242
1-5 Years of Experience	\$ 43,102
6-10 Years of Experience	\$ 43,533
11-20 Years of Experience	\$ 50,729
Over -20 Years of Experience	\$ 60,548

Average Actual Salaries

Teachers	\$ 46,498
Professional Staff	\$ 53,028
Campus Administration	\$ 69,175
Central Administration	\$ 101,046

FEDERAL AWARDS SECTION



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

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

We have audited the financial statements of the governmental activities, 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, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

Compliance and Other Matters

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

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

Hankins, Eastup, Deaton, Tonn & Seay

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

January 18, 2010

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, 2009. 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, 2009.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that a noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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

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



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

January 18, 2010

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

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. 5 I O (a): No
7. Major programs include::
84.027 IDEA - Part B, Formula
8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

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

III. Other Findings

None

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2009

(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		\$ 177,438
Total Direct Programs			\$ 177,438
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	09-610101061912	\$ 257,007
IDEA - Part B, Formula	84.027	09-660001061912	4,819
IDEA - Part B, Formula	84.027	10-660001061912	654,038
Total CFDA Number 84.027			658,857
Career and Technical - Basic Grant	84.048	09-420006061912	26,746
IDEA - Part B, Preschool	84.173	09-661001061912	11,766
ESEA Title IV - Safe and Drug-Free Schools	84.186A	09-691001061912	8,513
Title III, Part A - English Language Acquisition	84.365A	09-671001061912	30,454
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	09-694501061912	67,698
Title VI, Part A - Summer School LEP	84.369A	69550502	2,206
Total Passed Through State Department of Education			\$ 1,063,247
TOTAL DEPARTMENT OF EDUCATION			\$ 1,240,685
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program*	10.553	71400901	\$ 119,735
National School Lunch Program - Cash Assistance*	10.555	71300901	450,729
National School Lunch Prog. - Non-Cash Assistance*	10.555	061912	57,977
Total CFDA Number 10.555			508,706
Watershed Protection & Flood Control	10.904		29,980
Total Passed Through the State Department of Agriculture			\$ 658,421
TOTAL DEPARTMENT OF AGRICULTURE			\$ 658,421
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,899,106

*Clustered Programs as required by Compliance Supplement March, 2009

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2009

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, 2009, 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.

