

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT

OF THE

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
LAKE DALLAS, TEXAS

FOR THE FISCAL YEAR ENDED
AUGUST 31, 2008**

PREPARED BY:

**WESLEY C. EVERSOLE, RTSBA
ASSISTANT SUPERINTENDENT OF
OPERATIONS AND FINANCE**

**ANNE HAEHN
ACCOUNTANT**

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2008

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CERTIFICATE OF BOARD

Lake Dallas Independent School District
Name of School District

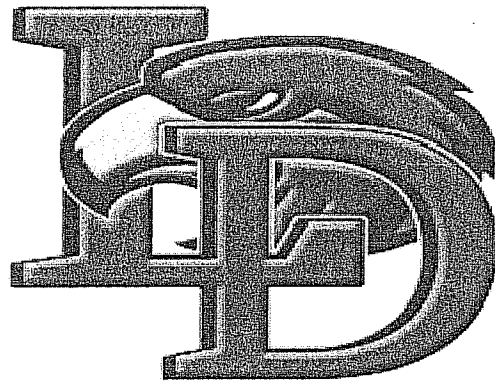
Denton
County

061-912
Co. - Dist. Number

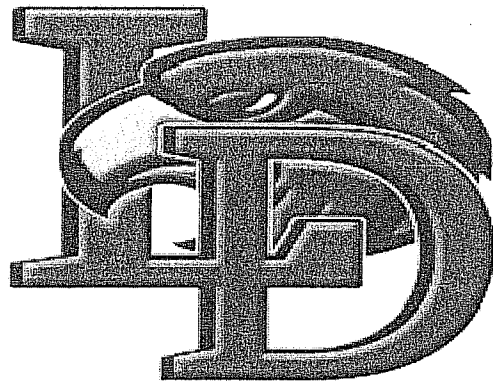
We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2008, at a meeting of the Board of Trustees of such school district on the ____ day of January, 2009.

Signature of Board Secretary

Signature of Board President



INTRODUCTORY SECTION



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

Gayle Stinson
Superintendent

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

Wesley Eversole
Assistant Superintendent
for Operations & Finance

Dawn Angove, Ed.D.
Assistant Superintendent
for Curriculum & Instruction

Karen Dower
Assistant Superintendent
for Human Resources

January 6, 2009

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, 2008, 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

The Lake Dallas Independent School District is one of 1,258 public and charter school districts in the State of Texas. 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 is significant; the District recorded an increase in assessed valuation for the current year. Wealth levels are above normal while county unemployment rates remain significantly below state and national averages.

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.

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. In 2007-08 the District employed 593 staff members.

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. Plus, the dropout rate remains below 1% in the District. 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). 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.

The District recently completed a comprehensive training program designed to provide its elementary level teachers with a hands on methodology for teaching science concepts.

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 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, 2008 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. However, encumbrances generally are reappropriated as part of the following year's budget.

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

Internal Controls

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

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

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

State Funding

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

Cash Management

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

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

Debt Administration

At August 31, 2008, the District had \$98,415,901 of general obligation bonds outstanding. The debt service fund will provide debt service of long-term loans.

Risk Management

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

Service Efforts and Accomplishments of the District

Texas Education Agency (TEA) recognized Lake Dallas Independent School District as an Academically 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 Texas Education Agency has also awarded the district a rating of Superior Achievement under Texas' Schools FIRST financial accountability rating system. The Schools FIRST rating system measures the quality of a schools district's financial management and reporting.

This is the sixth year of Schools FIRST (Financial Accountability Rating System of Texas), a financial accountability system for Texas school districts developed by the TEA in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to achieve quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

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

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

Independent Audit

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

Awards Programs

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

The purpose of the program is to:

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

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

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

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

Wesley C. Eversole, RTSBA
Assistant Superintendent for
Operations and Finance

Dawn Angove, Ed.D
Assistant Superintendent for
Curriculum and Instruction

Karen Dower
Assistant Superintendent for
Human Resources

Anne Haehn
Accountant

**LAKE DALLAS
INDEPENDENT SCHOOL DISTRICT**

**ACADEMIC EXCELLENCE
INDICATOR
SYSTEM**

2007-08 REPORT

Lake Dallas ISD Mission Statement

Lake Dallas Independent School District believes that all children can learn. Our mission is to create a supportive learning environment that nurtures positive self-esteem and physical well being while enabling students to reach their fullest academic and social potential. The District accepts the responsibility for preparing students to be productive citizens and lifelong learners in a changing world.

Board of Trustees

The Board of Trustees holds its regular monthly meeting on the third Monday of each month in the Lake Dallas Middle School, 325 East Hundley, at 6:30 p.m. 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.

EXCELLENCE IN EDUCATION

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. Class sizes are small so those teachers have the opportunity to work individually with students. Both tutoring and enrichment programs are provided to enhance student development.

A large percentage of Lake Dallas personnel pursue professional growth through university coursework and educational workshops and in-services. Many have advanced degrees. Staff commitment to student needs ensures continuing academic excellence for Lake Dallas ISD.

Quality Facilities

Lake Dallas Independent School District consists of six campuses, an Administration Building, Maintenance and Transportation building and a Life Skills Center. The District currently has a high school, middle school, intermediate school, two elementary schools, and a primary school. Lake Dallas Independent School District is currently growing. As a result of this growth, Shady Shores Elementary opened in August 2006 and the expansion of Lake Dallas High School was completed in August 2007.

A Caring 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.

Registration

To be eligible for kindergarten, children must be five years old on or before September 1. Parents must provide a copy of the student's birth certificate and immunization record in order to register.

Any first grader who is new to the District must provide a copy of his birth certificate and an immunization record. Children must be six years old on or before September 1 to enroll in first grade. New students in grades two through twelve must present a current immunization record. A current report card from the previous district is desirable. Lake Dallas ISD requires proof of immunization against diphtheria, tetanus, polio, rubella, measles, and mumps.

Special Services

Lake Dallas Independent School District provides counseling and guidance services and health services for all students. In addition to regular education programs, special education, content mastery, English as a Second Language (ESL), gifted and talented, vocational education, dyslexia programs, and Title I Reading Recovery are available for all students who require these programs.

Cafeterias or snack bars at each campus provide well-balanced breakfasts and lunches at nominal costs. Free and reduced priced meals are available for qualifying students.

Student Assessment

Students participate in a program of comprehensive testing to assess their skills and progress in the basic academic subjects. Students in grades 3-11 took the 2008 spring administration of the Texas Assessment of Knowledge and Skills (TAKS) to determine academic competencies.

Middle school and high school students may also take the American College Test (ACT), the Preliminary Scholastic Aptitude Test (PSAT), or the Scholastic Aptitude Test (SAT).

Spring 2008 TAKS
Lake Dallas I.S.D. and State Percent Mastery

In the spring of 2008, Lake Dallas I.S.D. administered the Texas Assessment of Knowledge and Skills to students in grades 3-11. Lake Dallas I.S.D. consistently scores above the state average in percent of students mastering portions of the exam in all areas (Writing, Reading, Mathematics, Language Arts, Science, Social Studies and Total Grade Level areas).

Grade	STATE % Mastery						LDISD % Mastery					
	Reading	Math	Writing	Lang Arts	Science	S Studies	Reading	Math	Writing	Lang Arts	Science	S Studies
3	89%	85%	-	-	-	-	96%	91%	-	-	-	-
4	85%	87%	93%	-	-	-	89%	86%	93%	-	-	-
5	85%	86%	-	-	82%	-	85%	86%	-	-	84%	-
6	94%	83%	-	-	-	-	96%	90%	-	-	-	-
7	88%	80%	93%	-	-	-	95%	89%	97%	-	-	-
8	95%	79%	-	-	69%	91%	97%	93%	-	-	86%	93%
9	87%	64%	-	-	-	-	95%	77%	-	-	-	-
10	-	66%	-	89%	65%	89%	-	79%	-	96%	76%	96%
11	-	80%	-	91%	81%	95%	-	80%	-	98%	83%	97%

STUDENT PERFORMANCE

There are many reasons to be proud of Lake Dallas Independent School District students. Test scores are up with significant gains for all groups of students. The results 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. There is a steady increase in college aptitude exam scores, even as a higher percentage of students participate in the exams.

With each TAKS report, the District analyzes strengths and plans effective strategies for continued improvement. The District's success reflects the hard work of students, the dedicated efforts of central and campus staff and the support of parents.

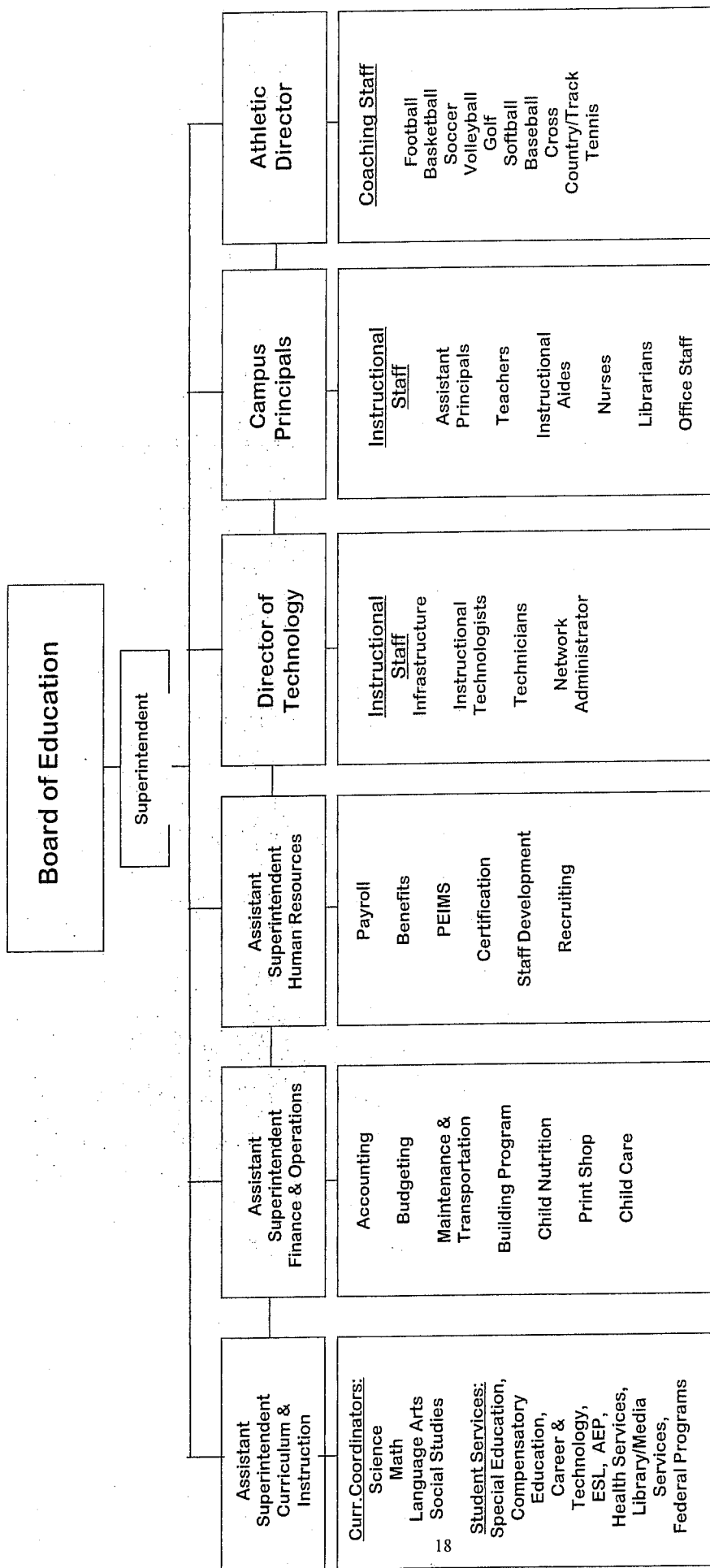
Mean SAT Scores

Class of 2008

TOTAL
987

Mean ACT Scores

	STATE	LAKE DALLAS ISD
Class of 2008	20.7	21.3
Class of 2007	20.5	19.8
Class of 2006	20.3	20.2
Class of 2005	20.2	19.9
Class of 2004	20.2	21.3
Class of 2003	20.1	20.2
Class of 2002	20.1	21.9
Class of 2001	20.3	22.5
Class of 2000	20.4	19.7



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

RBC Dain Raucher
Cityplace, Suite 2400
Dallas, Texas 75204-2936

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, 2008

Elected Officials:

Board of Trustees:

Sandra Drusch	President
Sam Blunk	Vice President
Carol Julia	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 Curriculum and Instruction
Wesley Eversole, RTSBA	Assistant Superintendent of Operations and Finance
Karen Dower	Assistant Superintendent of Human Resources
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 Special Education Services

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2007

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

Grome E. Brendel

President

John D. Mueso

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lake Dallas Independent
School District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2007

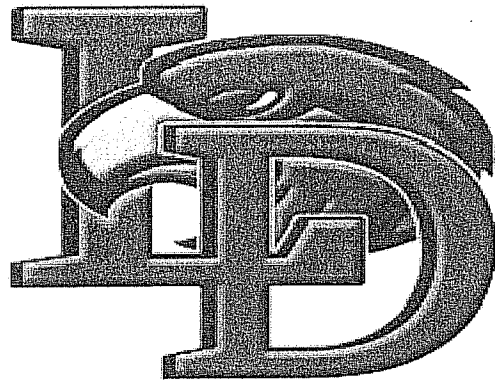
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

FINANCIAL SECTION



Independent Auditor's Report

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

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lake Dallas Independent School District (the District), as of and for the year ended August 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on 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, 2008, 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 27 through 33 and 68, 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 6, 2009, 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

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

January 6, 2009

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2008
(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, 2008. 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 25, and the District's Basic Financial Statements that begin on page 37.

FINANCIAL HIGHLIGHTS

- The liabilities of Lake Dallas Independent School District exceeded its assets at the close of the most recent fiscal period by \$(3,849,706) (net assets). Of this amount, \$(11,164,764) (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors in accordance with the District's fund designation and fiscal policies.
- The District's total net assets increased by \$4,521,672. The District has continued to use resources to build much needed new facilities. Although the 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 increased during the year.
- As of the close of the current fiscal period, the District's governmental funds reported combined ending fund balances of \$17,951,211. 27.6% of this total amount (\$4,953,954) 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 \$4,919,456 or 17.88% of the total general fund expenditures, a decrease of \$183,061 from the prior year. Budgeted revenues were based on a student growth rate of 1%. The actual growth rate was .5%. This accounts for the fund balance decrease.

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 37 through 39). 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 40) 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 51) 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 37. 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 40 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 50. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in this fund are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net assets of the District's governmental activities increased from \$(8,385,079) to \$(3,873,802). Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$(11,188,860) at August 31, 2008. This increase in governmental net assets was the result in large part to an adjustment to beginning capital assets in the amount of \$4,709,284 to correct assets for items not capitalized in prior years.

In 2008, net assets of our business-type activities increased by \$10,395, about 76%. This increase 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	
	2007	2008	2007	2008	2007	2008
Current and other assets	25,727,681	21,914,416	13,986	26,124	25,741,667	21,940,540
Capital assets	81,687,554	92,957,191	-	-	81,687,554	92,957,191
Total assets	107,415,235	114,871,607	13,986	26,124	107,429,221	114,897,731
Long-term liabilities	114,359,567	116,633,868	-	-	114,359,567	116,633,868
Other liabilities	1,440,747	2,111,541	285	2,028	1,441,032	2,113,569
Total liabilities	115,800,314	118,745,409	285	2,028	115,800,599	118,747,437
Net Assets:						
Invested in capital assets net of related debt	(341,313)	5,891,811	-	-	(341,313)	5,891,811
Restricted	1,263,680	1,423,247	-	-	1,263,680	1,423,247
Unrestricted	(9,307,446)	(11,188,860)	13,701	24,096	(9,293,745)	(11,164,764)
Total net assets	(8,385,079)	(3,873,802)	13,701	24,096	(8,371,378)	(3,849,706)

Table II
CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2007	2008	2007	2008	2007	2008
Revenues:						
Program Revenues:						
Charges for services	161,631	199,159	307,535	326,932	469,166	526,091
Operating grants and contributions	4,947,941	5,388,855	-	-	4,947,941	5,388,855
General Revenues:						
Maintenance and operations taxes	15,997,317	12,879,069	-	-	15,997,317	12,879,069
Debt service taxes	4,869,035	5,906,285	-	-	4,869,035	5,906,285
State aid	8,515,595	11,977,292	-	-	8,515,595	11,977,292
Investment earnings	1,708,150	943,230	-	-	1,708,150	943,230
Miscellaneous	294,836	67,442	-	-	294,836	67,442
Grants not Restricted	738,688	304,610	-	-	738,688	304,610
Total Revenue	37,233,193	37,665,942	307,535	326,932	37,540,728	37,992,874
Expenses:						
Instruction, curriculum and media services	17,995,289	19,355,113	-	-	17,995,289	19,355,113
Instructional and school leadership	1,921,129	1,946,717	-	-	1,921,129	1,946,717
Student support services	2,456,737	2,443,278	-	-	2,456,737	2,443,278
Child nutrition	1,363,536	1,425,098	-	-	1,363,536	1,425,098
Cocurricular activities	973,200	1,064,968	-	-	973,200	1,064,968
General administration	1,003,391	1,072,652	-	-	1,003,391	1,072,652
Plant maintenance, security & data processing	4,254,632	4,534,823	-	-	4,254,632	4,534,823
Community services	27,796	1,263	283,656	316,537	311,452	317,800
Debt services	9,465,248	5,538,878	-	-	9,465,248	5,538,878
Furnishings – Non capital	546,343	450,280	-	-	546,343	450,280
Intergovernmental charges	15,744	30,879	-	-	15,744	30,879
Total Expenses	40,023,045	37,863,949	283,656	316,537	40,306,701	38,180,486
Increase (Decrease) in net assets	(2,789,852)	(198,007)	23,879	10,395	(2,765,973)	(187,612)
Net assets at beginning of year	(5,595,227)	(8,385,079)	(10,178)	13,701	(5,605,405)	(8,371,378)
Adjustments to beginning capital assets	-	4,709,284	-	-	-	4,709,284
Net assets at end of year	(8,385,079)	(3,873,802)	13,701	24,096	(8,371,378)	(3,849,706)

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

- During the 2007-08 school year, the District maintained an average daily attendance (ADA) of 3,771, which was almost a .5% increase from the previous year.
- Total General Fund revenue increased by \$202,552 with \$27,349,393 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 2008.
- The Federal Government funded the Section 8002 Federal Impact Aid program again for the 2007-08 school year. The District received over \$262,790 from the Federal Government for impact aid.
- Due to decreasing interest rates, the District saw over a 37% decrease in local investment revenue from the previous year.

The cost of all governmental activities for the current fiscal year was \$37,863,949. However, as shown in the Statement of Activities on pages 38 and 39, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$18,785,354 because some of the costs were paid by those who directly benefited from the programs (\$199,159) or by other governments and organizations that subsidized certain programs with grants and contributions (\$5,388,855) or by State equalization funding (\$11,977,292).

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 40 and 41) reported a combined fund balance of \$17,951,211, which is \$7,374,991 lower than last year's total of \$25,326,202. Included in this year's total change in fund balance is a decrease of \$127,082 in the District's General Fund. The primary reasons for the General Fund's decrease mirror the governmental activities analysis highlighted on page 29. The Capital Projects Fund decreased by \$7,574,529 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 2007). 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 \$5,116,459 reported on page 40 differs from the General Fund's budgetary fund balance of \$4,709,439 reported in the budgetary comparison schedule on page 68. This is principally due to cost savings.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2008, the District had \$92,957,191 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 \$11,269,637, or 13.80 percent, above last year.

This fiscal period's major additions consisted of additions to the High School 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 \$116,633,868 in bonds (including accreted interest on bonds and discount/premium on debt issuance) versus \$117,573,441 last year—a decrease of .8 percent. The new debt incurred during the year was accreted interest of \$1,991,503.

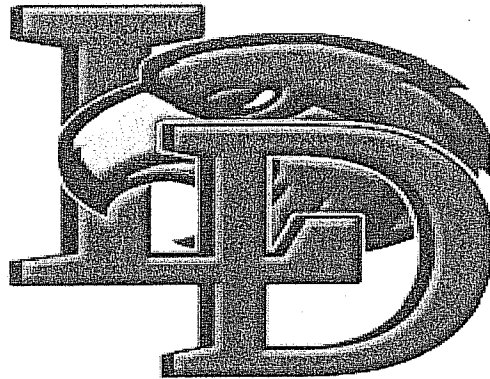
More detailed information about the District's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

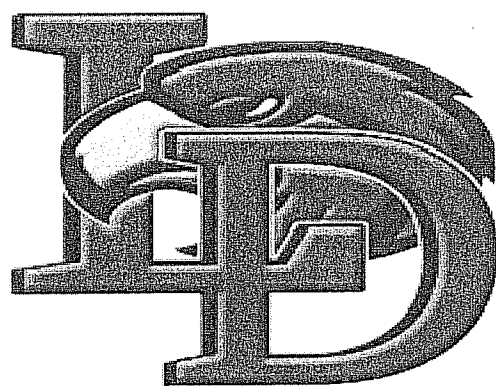
- Lake Dallas ISD currently has five campuses with Recognized accreditation and one campus with Academically Acceptable accreditation from the Texas Education Agency. Our progress towards graduating productive citizens is made possible because of a high quality staff and research-based programs. The 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.
- 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 student who attend class each day. As property values increase, the resulting increase in tax revenue simply decreases the amount of state aid receive. 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. The average homeowner will see a tax increase of approximately \$15.57 per month.
- Like many other districts in the state, without a tax rate increase, Lake Dallas ISD was facing a deficit budget for the 2008-2009 school year. 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 tax rate increase will raise approximately \$2.1 million. The District will use the additional money towards maintaining a competitive teacher and employee salary structure, funding the increasing cost of supplies for the District, paying to fuel our buses and the utility bills for our buildings.
- The District completed the Lake Dallas High School expansion during the summer of 2008. Along with bond proceeds from a 2002 bond election, the District sold bonds in 2005 that helped to fully fund the expansion of Lake Dallas High School. Bonds were also sold in 2008 to fund a new Elementary School and an expansion to Falcon Stadium.

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, 2008

		1	2	3
		Primary Government		
Data			Business	
Control		Governmental	Type	
Codes		Activities	Activities	Total
ASSETS				
1110	Cash and Cash Equivalents	\$ 18,770,495	\$ 26,124	\$ 18,796,619
1220	Property Taxes Receivable (Delinquent)	586,637	-	586,637
1230	Allowance for Uncollectible Taxes	(58,663)	-	(58,663)
1240	Due from Other Governments	1,111,373	-	1,111,373
1267	Due from Fiduciary Funds	18,455	-	18,455
1290	Other Receivables, net	13,362	-	13,362
1300	Inventories	27,055	-	27,055
1410	Deferred Expenses	197,003	-	197,003
1420	Capitalized Bond and Other Debt Issuance Costs	1,248,699	-	1,248,699
Capital Assets:				
1510	Land	3,414,396	-	3,414,396
1520	Buildings, Net	89,376,775	-	89,376,775
1530	Furniture and Equipment, Net	166,020	-	166,020
1000	Total Assets	114,871,607	26,124	114,897,731
LIABILITIES				
2110	Accounts Payable	1,083,108	1,901	1,085,009
2160	Accrued Wages Payable	791,571	-	791,571
2200	Accrued Expenses	231,538	127	231,665
2300	Unearned Revenues	5,324	-	5,324
Noncurrent Liabilities				
2501	Due Within One Year	2,671,614	-	2,671,614
2502	Due in More Than One Year	113,962,254	-	113,962,254
2000	Total Liabilities	118,745,409	2,028	118,747,437
NET ASSETS				
3200	Invested in Capital Assets, Net of Related Debt	5,891,811	-	5,891,811
Restricted for:				
3840	Restricted for Food Service	230,752	-	230,752
3850	Restricted for Debt Service	1,192,495	-	1,192,495
3900	Unrestricted Net Assets	(11,188,860)	24,096	(11,164,764)
3000	Total Net Assets	\$ (3,873,802)	\$ 24,096	\$ (3,849,706)

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, 2008

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 18,168,282	\$ 40,625	\$ 2,474,847
12 Instructional Resources and Media Services	621,989	-	25,025
13 Curriculum and Instructional Staff Development	563,731	-	114,473
21 Instructional Leadership	292,536	-	19,962
23 School Leadership	1,654,181	-	69,095
31 Guidance, Counseling and Evaluation Services	1,003,009	-	113,331
33 Health Services	343,534	-	17,798
34 Student (Pupil) Transportation	1,096,735	-	228,660
35 Food Services	1,425,098	-	1,398,585
36 Extracurricular Activities	1,064,968	104,080	77,719
41 General Administration	1,073,763	-	35,679
51 Plant Maintenance and Operations	3,938,155	54,454	107,517
52 Security and Monitoring Services	76,523	-	-
53 Data Processing Services	520,145	-	20,351
61 Community Services	1,263	-	-
72 Interest on Long Term Debt	5,491,111	-	685,813
73 Bond Issuance Cost and Fees	47,767	-	-
81 Facilities Furnishings - Noncapital	450,280	-	-
93 Shared Service Arrangements for Special Education	19,220	-	-
95 Juvenile Justice Alternative Education Program	11,659	-	-
[TG] Total Governmental Activities:	37,863,949	199,159	5,388,855
BUSINESS-TYPE ACTIVITIES:			
01 Childcare	316,537	326,932	-
[TB] Total Business-Type Activities:	316,537	326,932	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 38,180,486	\$ 526,091	\$ 5,388,855
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 Unrestricted		
GC	Grants and Contributions not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
TR	Total General Revenues		
CN	Change in Net Assets		
NB	Net Assets--Beginning		
PA	Prior Period Adjustment		
NE	Net Assets--Ending		

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

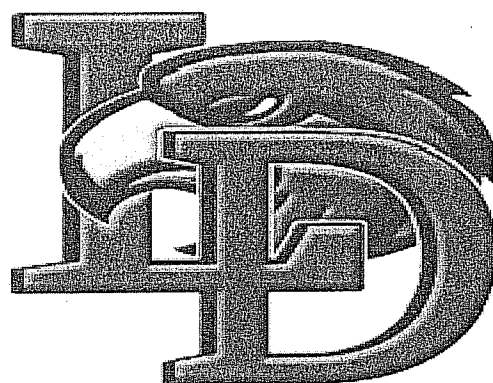
Net (Expense) Revenue and Changes in Net Assets		
6	7	8
	Primary Government	
Governmental Activities	Business-type Activities	Total
\$ (15,652,810)	\$ -	\$ (15,652,810)
(596,964)	-	(596,964)
(449,258)	-	(449,258)
(272,574)	-	(272,574)
(1,585,086)	-	(1,585,086)
(889,678)	-	(889,678)
(325,736)	-	(325,736)
(868,075)	-	(868,075)
(26,513)	-	(26,513)
(883,169)	-	(883,169)
(1,038,084)	-	(1,038,084)
(3,776,184)	-	(3,776,184)
(76,523)	-	(76,523)
(499,794)	-	(499,794)
(1,263)	-	(1,263)
(4,805,298)	-	(4,805,298)
(47,767)	-	(47,767)
(450,280)	-	(450,280)
(19,220)	-	(19,220)
(11,659)	-	(11,659)
(32,275,935)	-	(32,275,935)
-	10,395	10,395
-	10,395	10,395
(32,275,935)	10,395	(32,265,540)
12,879,069	-	12,879,069
5,906,285	-	5,906,285
11,977,292	-	11,977,292
304,610	-	304,610
943,230	-	943,230
67,442	-	67,442
32,077,928	-	32,077,928
(198,007)	10,395	(187,612)
(8,385,079)	13,701	(8,371,378)
4,709,284	-	4,709,284
\$ (3,873,802)	\$ 24,096	\$ (3,849,706)

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 4,115,795	\$ 1,154,102	\$ 13,017,207
1220 Property Taxes - Delinquent	457,393	129,244	-
1230 Allowance for Uncollectible Taxes (Credit)	(45,739)	(12,924)	-
1240 Due from Other Governments	949,640	38,672	-
1260 Due from Other Funds	957,835	-	74,088
1290 Other Receivables	10,300	-	-
1410 Deferred Expenditures	197,003	-	-
1000 Total Assets	<u>\$ 6,642,227</u>	<u>\$ 1,309,094</u>	<u>\$ 13,091,295</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 137,402	\$ -	\$ 824,749
2160 Accrued Wages Payable	791,482	-	-
2170 Due to Other Funds	58,777	-	916,025
2200 Accrued Expenditures	199,164	-	-
2300 Unearned Revenues	338,943	90,113	-
2000 Total Liabilities	<u>\$ 1,525,768</u>	<u>\$ 90,113</u>	<u>\$ 1,740,774</u>
Fund Balances:			
Reserved For:			
3420 Retirement of Long Term Debt	\$ -	\$ 1,218,981	\$ -
3430 Deferred Expenditures	197,003	-	-
3450 Food Service	-	-	-
3490 Construction	-	-	11,350,521
Unreserved and Undesignated:			
3600 Reported in the General Fund	4,919,456	-	-
3610 Reported in Special Revenue Funds	-	-	-
3000 Total Fund Balances	<u>\$ 5,116,459</u>	<u>\$ 1,218,981</u>	<u>\$ 11,350,521</u>
4000 Total Liabilities and Fund Balances	<u>\$ 6,642,227</u>	<u>\$ 1,309,094</u>	<u>\$ 13,091,295</u>

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

		Total Governmental Funds	
Other Funds			
\$	351,812	\$	18,638,916
	-		586,637
	-		(58,663)
	123,061		1,111,373
	23,015		1,054,938
	-		10,300
	-		197,003
<u>\$</u>	<u>497,888</u>	<u>\$</u>	<u>21,540,504</u>
\$	115,978	\$	1,078,129
	-		791,482
	78,962		1,053,764
	32,374		231,538
	5,324		434,380
<u>\$</u>	<u>232,638</u>	<u>\$</u>	<u>3,589,293</u>
\$	-	\$	1,218,981
	-		197,003
	230,752		230,752
	-		11,350,521
	-		4,919,456
	34,498		34,498
<u>\$</u>	<u>265,250</u>	<u>\$</u>	<u>17,951,211</u>
<u>\$</u>	<u>497,888</u>	<u>\$</u>	<u>21,540,504</u>



LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
AUGUST 31, 2008

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 17,951,211
1 The assets and liabilities of the Internal Service Funds are included in governmental activities, but are not reported in the fund financial statements.	173,909
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	113,205,225
3 Accumulated depreciation has not been included in the fund financial statements.	(20,248,034)
4 Bonds payable have not been included in the fund financial statements.	(98,415,901)
5 Accreted interest on capital appreciation bonds has not been included in the fund financial statements.	(15,096,169)
6 Bond issuance cost is not capitalized in the fund financial statements.	1,248,699
7 Bond discounts and premiums are not recognized in the fund financial statements.	(3,121,798)
8 Property tax revenue reported as deferred revenue in the fund financial statements was recognized as revenue in the government-wide financial statements.	429,056
19 Net Assets of Governmental Activities	<u><u>\$ (3,873,802)</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, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 13,603,144	\$ 6,031,863	\$ 577,021
5800 State Program Revenues	13,441,639	685,513	-
5900 Federal Program Revenues	304,610	-	-
5020 Total Revenues	27,349,393	6,717,376	577,021
EXPENDITURES:			
Current:			
0011 Instruction	15,801,484	-	-
0012 Instructional Resources and Media Services	598,575	-	-
0013 Curriculum and Instructional Staff Development	458,616	-	-
0021 Instructional Leadership	268,716	-	-
0023 School Leadership	1,562,131	-	-
0031 Guidance, Counseling and Evaluation Services	907,489	-	-
0033 Health Services	306,576	-	-
0034 Student (Pupil) Transportation	1,010,828	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,004,179	-	-
0041 General Administration	1,052,989	-	-
0051 Facilities Maintenance and Operations	3,871,468	-	-
0052 Security and Monitoring Services	76,523	-	-
0053 Data Processing Services	504,076	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	2,538,016	-
0072 Debt Service - Interest on Long Term Debt	-	3,892,668	-
0073 Debt Service - Bond Issuance Cost and Fees	-	4,671	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	53,946	-	8,151,550
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	19,220	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	11,659	-	-
6030 Total Expenditures	27,508,475	6,435,355	8,151,550
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(159,082)	282,021	(7,574,529)
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	32,000	-	-
7080 Total Other Financing Sources (Uses)	32,000	-	-
1200 Net Change in Fund Balances	(127,082)	282,021	(7,574,529)
0100 Fund Balance - September 1 (Beginning)	5,243,541	936,960	18,925,050
3000 Fund Balance - August 31 (Ending)	\$ 5,116,459	\$ 1,218,981	\$ 11,350,521

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

		Total	
Other		Governmental	
Funds		Funds	
\$	1,011,079	\$	21,223,107
	575,063		14,702,215
	1,656,681		1,961,291
	3,242,823		37,886,613
	1,582,683		17,384,167
	-		598,575
	95,130		553,746
	10,621		279,337
	-		1,562,131
	70,040		977,529
	-		306,576
	-		1,010,828
	1,398,585		1,398,585
	40,359		1,044,538
	-		1,052,989
	806		3,872,274
	-		76,523
	-		504,076
	-		2,538,016
	-		3,892,668
	-		4,671
	-		8,205,496
	-		19,220
	-		11,659
	3,198,224		45,293,604
	44,599		(7,406,991)
	-		32,000
	-		32,000
	44,599		(7,374,991)
	220,651		25,326,202
\$	265,250	\$	17,951,211

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, 2008

Total Net Change in Fund Balances - Governmental Funds	\$ (7,374,991)
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 2008 capital outlays is to increase net assets.	7,755,216
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.	(1,194,863)
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.	2,538,016
Current year interest accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in long term liabilities in the government-wide financial statements.	(1,690,519)
Bond issuance costs are not amortized in the fund financial statements, but are shown net of amortization in the government-wide financial statements.	(43,096)
Premium or discounts are shown as other resources in the government funds but are capitalized and amortized in the statement of net asset.	92,076
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.	(252,671)
The net income (loss) of the Internal Service Funds is reported with governmental activities but not in the fund financial statements.	(27,175)
Change in Net Assets of Governmental Activities	\$ (198,007)

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, 2008

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 26,124	\$ 131,579
Due from Other Funds	-	17,511
Other Receivables	-	3,062
Inventories	-	27,055
Total Current Assets	<u>26,124</u>	<u>179,207</u>
Noncurrent Assets:		
Capital Assets:		
Depreciation on Furniture and Equipment	-	(17,711)
District Defined Capital Assets	-	17,711
Total Noncurrent Assets	<u>-</u>	<u>-</u>
Total Assets	<u>26,124</u>	<u>179,207</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,901	4,979
Due to Other Funds	-	230
Accrued Expenses	127	89
Total Liabilities	<u>2,028</u>	<u>5,298</u>
NET ASSETS		
Unrestricted Net Assets	<u>24,096</u>	<u>173,909</u>
Total Net Assets	<u>\$ 24,096</u>	<u>\$ 173,909</u>

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

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

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 308,169	\$ 215,817
State Program Revenues	18,763	3,673
Total Operating Revenues	<u>326,932</u>	<u>219,490</u>
OPERATING EXPENSES:		
Payroll Costs	289,307	55,853
Professional and Contracted Services	16,495	64,657
Supplies and Materials	8,988	55,000
Other Operating Costs	1,747	-
Capital Outlay	-	71,155
Total Operating Expenses	<u>316,537</u>	<u>246,665</u>
Operating Income (Loss)	10,395	(27,175)
Total Net Assets - September 1 (Beginning)	<u>13,701</u>	<u>201,084</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 24,096</u></u>	<u><u>\$ 173,909</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, 2008

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from District	\$ -	\$ 213,683
Cash Received from Employees	308,169	-
Cash Payments for Payroll Costs	(270,544)	(55,853)
Cash Payments for Supplies and Materials	(16,495)	(61,276)
Cash Payments for Other Expenses	(7,245)	(71,155)
Cash Payments for Purchased Services	(1,747)	(64,657)
Net Cash Provided by (Used for) Operating Activities	<u>12,138</u>	<u>(39,258)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,138	(39,258)
Cash and Cash Equivalents at Beginning of the Year:	<u>13,986</u>	<u>170,837</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 26,124</u>	<u>\$ 131,579</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>		
<u>Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ 10,395	\$ (27,175)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Due from Other Funds	-	(5,177)
Decrease (increase) in Other Receivables	-	(631)
Decrease (increase) in Inventories	-	(7,252)
Increase (decrease) in Accounts Payable	1,743	976
Increase (decrease) in Due to Other Funds	-	1
Net Cash Provided by (Used for) Operating Activities	<u>\$ 12,138</u>	<u>\$ (39,258)</u>

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, 2008

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 401,904
Due from Other Funds	6,747
Other Receivables	23
	<hr/>
Total Assets	\$ 408,674
	<hr/>
LIABILITIES	
Accounts Payable	\$ 14,723
Due to Other Funds	25,202
Due to Student Groups	368,749
	<hr/>
Total Liabilities	\$ 408,674
	<hr/>

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, 2008

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. 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, 2008

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, 2008

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

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

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

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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

D. BUDGETARY CONTROL

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

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

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

E. ENCUMBRANCE ACCOUNTING

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2008 that were subsequently provided for in the 2008-09 budget.

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

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	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.

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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.

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FOR THE YEAR ENDED AUGUST 31, 2008

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 2008, 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, 2008, the carrying amount of the District's deposits checking accounts and interest-bearing savings accounts was \$2,852,666 which includes \$6,199 petty cash and the combined bank balance was \$3,239,237. The District's cash deposits at August 31, 2008 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

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, 2008, the District's cash balances totaled \$3,239,237. 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, 2008.
- b. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At August 31, 2008, the District held 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
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4. Conform to the requirements in Government Code Section 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

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

- d. Interest Rate Risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for each of the four investment pools is less than 120 days. The District follows its investment policy to limit investments only in government investments pools with average maturities of less than 120 days.
- e. Foreign Currency Risk - This is the risk that exchange rates will adversely affect the fair value of an investment. At August 31, 2008, the District was not exposed to foreign currency risk.
- f. Concentration of Credit Risk - This is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investment pools 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, 2008, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity Date</u>
TexPool	\$ 309,023	\$ 309,023	N/A
TxTerm	15,098,859	15,098,859	N/A
Lone Star	667,501	667,501	N/A
LOGIC	<u>270,474</u>	<u>270,474</u>	N/A
Total	<u>\$ 16,345,857</u>	<u>\$ 16,345,857</u>	

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

NOTE 3. CAPITAL ASSETS

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

	Balance <u>September 1</u>	Additions/ <u>Completions</u>	Retirement/ <u>Adjustments</u>	Balance <u>August 31</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 3,123,930	\$ 290,466	\$ -	\$ 3,414,396
Total capital assets, not being depreciated	<u>3,123,930</u>	<u>290,466</u>	<u>-</u>	<u>3,414,396</u>
Capital assets, being depreciated:				
Buildings and improvements	94,041,797	12,813,926	-	106,855,723
Furniture and equipment	<u>2,877,076</u>	<u>58,030</u>	<u>-</u>	<u>2,935,106</u>
Total capital assets, being depreciated	<u>96,918,873</u>	<u>12,871,956</u>	<u>-</u>	<u>109,790,829</u>
Less accumulated depreciation for:				
Buildings and improvements	(15,633,276)	(1,845,672)	-	(17,478,948)
Furniture and equipment	<u>(2,721,973)</u>	<u>(47,113)</u>	<u>-</u>	<u>(2,769,086)</u>
Total accumulated depreciation	<u>(18,355,249)</u>	<u>(1,892,785)</u>	<u>-</u>	<u>(20,248,034)</u>
Total capital assets, being depreciated, net	<u>78,563,624</u>	<u>10,979,171</u>	<u>-</u>	<u>89,542,795</u>
Governmental activities capital assets, net	<u>\$ 81,687,554</u>	<u>\$ 11,269,637</u>	<u>\$ -</u>	<u>\$ 92,957,191</u>

The additions/completions column above includes an increase in beginning net governmental activities capital assets of \$5,407,206 to reflect corrections to the historical costs of certain prior year assets. The accumulated depreciation additions column includes \$697,922 depreciation to reflect corrections to the depreciation for these assets.

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

Governmental activities:	
Instruction	\$ 756,940
Instructional Resources & Media Services	23,414
Curriculum & Instructional Staff Development	9,985
Instructional Leadership	13,199
School Leadership	92,050
Guidance, Counseling & Evaluation Services	25,480
Health Services	36,958
Student (Pupil) Transportation	85,907
Food Services	26,513
Cocurricular/Extracurricular Activities	20,430
General Administration	20,774
Plant Maintenance and Operations	65,881
Data Processing Services	16,069
Community Services	1,263
Total depreciation expense-Governmental activities	<u>\$ 1,194,863</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.

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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.

The following is a summary of the changes in the District's Long-term Debt for the year ended August 31, 2008:

Description	Interest Rate Payable	Amounts Outstanding 9/1/07	Additions	Refunded/ Retired	Amounts Outstanding 8/31/08	Due Within One Year
Bonded Indebtedness:						
1995 Bldg/Refunding	4.70-6.25%	\$ 2,410,000	\$ -	\$ 1,175,000	\$ 1,235,000	\$1,235,000
1998 Bldg/Refunding	3.60-4.75%	7,160,000	-	290,000	6,870,000	305,000
1999 Bldg/Refunding	4.40-6.06%	8,461,710	-	266,868	8,194,842	316,601
2001 Bldg/Refunding	4.00-5.70%	5,484,871	-	-	5,484,871	-
2002 Bldg/Refunding	2.40-5.89%	11,079,330	-	12,326	11,067,004	35,013
2004 Bldg/Refunding	2.50-4.16%	29,525,000	-	425,000	29,100,000	495,000
2005 Bldg/Refunding	3.00-4.62%	12,810,000	-	260,000	12,550,000	285,000
2007 Bldg/Refunding	3.75-4.93%	<u>24,023,006</u>	-	<u>108,822</u>	<u>23,914,184</u>	-
Total Bonded Indebtedness		<u>100,953,917</u>	-	<u>2,538,016</u>	<u>98,415,901</u>	<u>2,671,614</u>
Accreted Interest	4.05-5.15%	13,405,650	1,991,503	300,984	15,096,169	-
Discount/Premium on Issuance of Debt		<u>3,213,874</u>	-	<u>92,076</u>	<u>3,121,798</u>	-
Total Other Obligations		<u>16,619,524</u>	<u>1,991,503</u>	<u>393,060</u>	<u>18,217,967</u>	-
Total Obligations of District		<u>\$117,573,441</u>	<u>\$ 1,991,503</u>	<u>\$ 2,931,076</u>	<u>\$116,633,868</u>	<u>\$2,671,614</u>

The 1999, 2001, 2002, 2004, 2005 and 2007 bond series include outstanding capital appreciation bonds in the principal amount of \$23,733,916. 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 \$15,096,169 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, 2008.

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

Year Ended August 31,	<u>General Obligation</u>		Total
	<u>Principal</u>	<u>Interest</u>	<u>Requirements</u>
2009	\$ 2,671,614	\$ 3,871,505	\$ 6,543,119
2010	2,797,990	3,859,021	6,657,011
2011	3,011,480	3,835,993	6,847,473
2012	3,118,169	3,766,302	6,884,471
2013	2,529,995	4,399,869	6,929,864
2014-2018	12,445,769	23,862,890	36,308,659
2019-2023	14,047,913	24,628,313	38,676,226
2024-2028	12,951,475	25,846,920	38,798,395
2029-2033	12,105,935	26,689,359	38,795,294
2034-2038	27,595,561	4,877,089	32,472,650
2039-2042	<u>5,140,000</u>	<u>591,075</u>	<u>5,731,075</u>
	<u>\$ 98,415,901</u>	<u>\$126,228,336</u>	<u>\$224,644,237</u>

NOTE 5. DEFEASED BONDS OUTSTANDING

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

Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. Although defeased, the refunded debt from those earlier issues will not be actually retired until the call dates have come due or until maturity if they are not callable issues. On August 31, 2008, \$17,162,680 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 2007-08 fiscal year was based was \$1,184,109,629. 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, 2008, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.48 per \$100 valuation, respectively, for a total of \$1.52 per \$ 100 valuation.

Current tax collections for the year ended August 31, 2008 were 98.8% 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, 2008, property taxes receivable, net of estimated uncollectible taxes, totaled \$411,654 and \$116,320 for the General and Debt Service Funds, respectively.

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

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, 2006, 2007, and 2008 were \$1,166,348, \$1,292,116 and \$1,376,575, 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, 2006, 2007, and 2008 were \$109,874, \$129,966 and \$172,345, respectively, equal to the required contributions for each year. The amounts contributed by the State, for the years ended August 31, 2006, 2007 and 2008 were \$1,090,234, \$1,189,331 and \$1,327,645, respectively, and are reflected in the financial statements in the General Fund by respective function, in accordance with Governmental Accounting Standards Board Statement No. 24.

NOTE 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.

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2008, 2007 and 2006. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2008, 2007, and 2006, the State's contributions to TRS-Care were \$215,090, \$201,893, and \$182,242, respectively, the active member contributions were \$139,808, \$131,231, and \$118,457, respectively, and the school district's contribution were \$118,299, \$111,041, and \$100,233, respectively, which equaled the required contributions each year.

NOTE 9. HEALTH CARE

During the year ended August 31, 2008, 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.

Interfund receivables and payables at August 31, 2008, 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	\$ 57,134	\$ -
Capital Projects Fund	893,010	52,030
Agency Funds	7,691	6,747
Capital Projects Fund:		
General Fund	52,030	893,010
Special Revenue Funds	21,828	23,015
Internal Service Fund	<u>230</u>	<u>-</u>
Total Major Funds	<u>1,031,923</u>	<u>974,802</u>
<u>Non-Major Funds:</u>		
Special Revenue Funds:		
General Fund	-	57,134
Capital Projects Fund	23,015	21,828
Internal Service Fund:		
Capital Projects Fund	-	230
Agency Fund	17,511	-
Fiduciary Fund:		
General Fund	6,747	7,691
Internal Service Fund	<u>-</u>	<u>17,511</u>
Total Non-Major Funds	<u>47,273</u>	<u>104,394</u>
	<u>\$1,079,196</u>	<u>\$1,079,196</u>

**LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2008, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Local Governments</u>	<u>Total</u>
General Fund	\$ 949,640	\$ -	\$ -	\$ 949,640
Debt Service	38,672	-	-	38,672
Special Revenue	98,586	24,475	-	123,061
	<u>\$1,086,898</u>	<u>\$ 24,475</u>	<u>\$ -</u>	<u>\$1,111,373</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, 2008 there was an estimated rebate liability of \$143,631.

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, 2008 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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Property Taxes	\$12,912,835	\$ -	\$ 5,872,626	\$ -	\$18,785,461
Food Sales	-	866,642	-	-	866,642
Investment Income	267,117	-	99,092	577,021	943,230
Penalties, interest and other tax related income	192,419	-	60,145	-	252,564
Co-curricular student activities	104,080	-	-	-	104,080
Other	126,693	144,437	-	-	271,130
Total	<u>\$13,603,144</u>	<u>\$1,011,079</u>	<u>\$ 6,031,863</u>	<u>\$ 577,021</u>	<u>\$21,223,107</u>

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

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	\$338,943	\$ -	\$ 90,113	\$429,056
Deferred Grants	-	5,324	-	5,324
	<u>\$338,943</u>	<u>\$ 5,324</u>	<u>\$ 90,113</u>	<u>\$434,380</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	\$262,790	\$262,790
Federal Flood Control	10.904	<u>41,820</u>	<u>41,820</u>
Total for General Fund		<u>\$304,610</u>	<u>\$304,610</u>

NOTE 17. PRIOR PERIOD ADJUSTMENT TO NET ASSETS

The prior period adjustment to net assets is due to a correction in beginning net governmental activities capital assets of \$5,407,206 less accumulated depreciation of \$697,922 for a net adjustment of \$4,709,284. The adjustment reflects corrections to the historical costs of certain prior year assets.

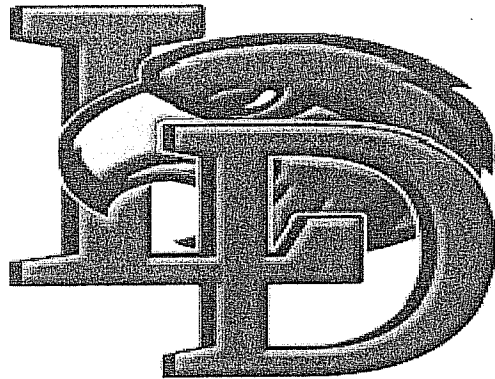
**BUDGETARY COMPARISON REPORTING –
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 13,359,789	\$ 13,434,152	\$ 13,603,144	\$ 168,992
5800	State Program Revenues	13,830,444	13,830,444	13,441,639	(388,805)
5900	Federal Program Revenues	266,000	266,000	304,610	38,610
5020	Total Revenues	27,456,233	27,530,596	27,349,393	(181,203)
EXPENDITURES:					
Current:					
0011	Instruction	15,893,694	16,053,408	15,801,484	251,924
0012	Instructional Resources and Media Services	589,392	609,113	598,575	10,538
0013	Curriculum and Instructional Staff Development	401,000	458,994	458,616	378
0021	Instructional Leadership	218,152	279,152	268,716	10,436
0023	School Leadership	1,664,381	1,575,569	1,562,131	13,438
0031	Guidance, Counseling and Evaluation Services	1,037,420	964,036	907,489	56,547
0033	Health Services	307,018	311,464	306,576	4,888
0034	Student (Pupil) Transportation	1,115,922	1,014,442	1,010,828	3,614
0036	Extracurricular Activities	935,604	1,026,768	1,004,179	22,589
0041	General Administration	1,061,308	1,088,680	1,052,989	35,691
0051	Facilities Maintenance and Operations	3,972,161	3,972,161	3,871,468	100,693
0052	Security and Monitoring Services	88,766	88,766	76,523	12,243
0053	Data Processing Services	533,973	533,973	504,076	29,897
0061	Community Services	27,372	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	56,952	56,952	53,946	3,006
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	15,000	19,220	19,220	-
0095	Payments to Juvenile Justice Alternative Ed. Prg.	12,000	12,000	11,659	341
6030	Total Expenditures	27,930,115	28,064,698	27,508,475	556,223
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(473,882)	(534,102)	(159,082)	375,020
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	32,000	32,000
7080	Total Other Financing Sources (Uses)	-	-	32,000	32,000
1200	Net Change in Fund Balances	(473,882)	(534,102)	(127,082)	407,020
0100	Fund Balance - September 1 (Beginning)	5,243,541	5,243,541	5,243,541	-
3000	Fund Balance - August 31 (Ending)	\$ 4,769,659	\$ 4,709,439	\$ 5,116,459	\$ 407,020

OTHER SUPPLEMENTARY INFORMATION:

NONMAJOR GOVERNMENTAL FUNDS



NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

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

Activities accounted for in the Special Revenue Funds are:

ESEA Title IV Safe & Drug Free Schools

ESEA I, A Improving Basic Program

IDEA-Part B, Formula

IDEA - Part B, Preschool

IDEA - Part B, Discretionary

National Breakfast and Lunch Program

Vocational Education - Basic Grant

ESEA, Title II, A Training and Recruiting

Title III, A English Lang. Acquisition

Title V, Pt A Innovative Programs

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, 2008

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	\$ -	\$ -	\$ 3,898	\$ -
1240	Due from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,898</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ 3,898	\$ -
2170	Due to Other Funds	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>3,898</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>\$ -</u>	<u>\$ 3,898</u>	<u>\$ -</u>

Continued on next page.

226 IDEA - Part B Discretionary	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	269 Title V, Pt.A Innovative Programs	289 Summer School LEP	397 Advanced Placement Incentives
\$ -	\$ 229,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,669
11,070	13,405	-	-	-	-	-	-
-	23,015	-	-	-	-	-	-
<u>\$ 11,070</u>	<u>\$ 265,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,669</u>
\$ 11,070	\$ 2,404	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	32,374	-	-	-	-	-	-
-	-	-	-	-	-	-	3,669
<u>11,070</u>	<u>34,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,669</u>
-	230,752	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	230,752	-	-	-	-	-	-
<u>\$ 11,070</u>	<u>\$ 265,530</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,669</u>

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

Data Control Codes		404	411	420	428
		Student Success Initiative	Technology Allotment	Foundation Grants	High School Allotment
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 21,828	\$ 4,086	\$ 3,355
1240	Due from Other Governments	79,688	-	-	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 79,688</u>	<u>\$ 21,828</u>	<u>\$ 4,086</u>	<u>\$ 3,355</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ 79,688	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	21,828	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>79,688</u>	<u>21,828</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	4,086	3,355
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>4,086</u>	<u>3,355</u>
4000	Total Liabilities and Fund Balances	<u>\$ 79,688</u>	<u>\$ 21,828</u>	<u>\$ 4,086</u>	<u>\$ 3,355</u>

Concluded.

429 Mentor Program	459 Reading Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ 12,976	\$ 72,890	\$ 351,812
18,898	-	-	123,061
-	-	-	23,015
<u>\$ 18,898</u>	<u>\$ 12,976</u>	<u>\$ 72,890</u>	<u>\$ 497,888</u>
\$ 18,898	\$ -	\$ 20	\$ 115,978
-	-	57,134	78,962
-	-	-	32,374
-	1,655	-	5,324
<u>18,898</u>	<u>1,655</u>	<u>57,154</u>	<u>232,638</u>
-	-	-	230,752
-	11,321	15,736	34,498
<u>-</u>	<u>11,321</u>	<u>15,736</u>	<u>265,250</u>
<u>\$ 18,898</u>	<u>\$ 12,976</u>	<u>\$ 72,890</u>	<u>\$ 497,888</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, 2008

Data Control Codes		204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	9,829	226,156	718,159	13,581
5020	Total Revenues	9,829	226,156	718,159	13,581
EXPENDITURES:					
Current:					
0011	Instruction	9,829	222,768	635,262	13,581
0013	Curriculum and Instructional Staff Development	-	3,388	2,236	-
0021	Instructional Leadership	-	-	10,621	-
0031	Guidance, Counseling and Evaluation Services	-	-	70,040	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
6030	Total Expenditures	9,829	226,156	718,159	13,581
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

Continued on next page.

226 IDEA - Part B Discretionary	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	269 Title V, Pt. A Innovative Programs	289 Summer School LEP	397 Advanced Placement Incentives
\$ -	\$ 866,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	10,490	-	-	-	-	-	390
11,070	542,084	26,588	73,660	27,675	5,568	2,311	-
11,070	1,419,216	26,588	73,660	27,675	5,568	2,311	390
11,070	-	22,646	22,418	27,675	5,568	2,311	6,023
-	-	3,942	51,242	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,398,585	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,070	1,398,585	26,588	73,660	27,675	5,568	2,311	6,023
-	20,631	-	-	-	-	-	(5,633)
-	210,121	-	-	-	-	-	5,633
\$ -	\$ 230,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes		404 Student Success Initiative	411 Technology Allotment	420 Foundation Grants	428 High School Allotment
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ 4,486	\$ -
5800	State Program Revenues	106,920	114,333	-	307,494
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>106,920</u>	<u>114,333</u>	<u>4,486</u>	<u>307,494</u>
EXPENDITURES:					
Current:					
0011	Instruction	106,920	114,333	400	303,777
0013	Curriculum and Instructional Staff Development	-	-	-	362
0021	Instructional Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
6030	Total Expenditures	<u>106,920</u>	<u>114,333</u>	<u>400</u>	<u>304,139</u>
1200	Net Change in Fund Balance	-	-	4,086	3,355
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,086</u>	<u>\$ 3,355</u>

Concluded.

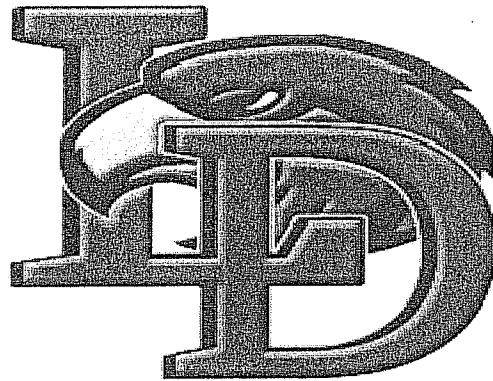
429 Mentor Program	459 Reading Recovery Co-op	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ 89,335	\$ 50,616	\$ 1,011,079
30,125	3,923	1,388	575,063
-	-	-	1,656,681
30,125	93,258	52,004	3,242,823
-	78,102	-	1,582,683
30,125	3,835	-	95,130
-	-	-	10,621
-	-	-	70,040
-	-	-	1,398,585
-	-	40,359	40,359
-	-	806	806
30,125	81,937	41,165	3,198,224
-	11,321	10,839	44,599
-	-	4,897	220,651
\$ -	\$ 11,321	\$ 15,736	\$ 265,250

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

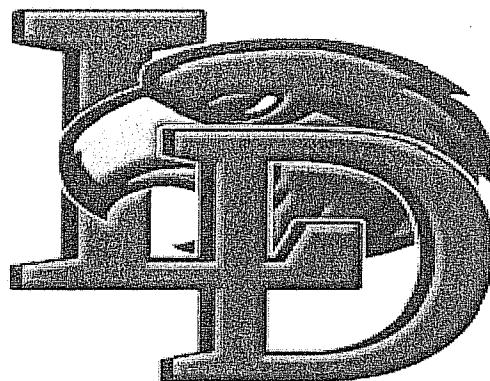
Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 819,251	\$ 887,041	\$ 866,642	\$ (20,399)
5800	State Program Revenues	11,619	11,619	10,490	(1,129)
5900	Federal Program Revenues	462,148	462,148	542,084	79,936
5020	Total Revenues	1,293,018	1,360,808	1,419,216	58,408
EXPENDITURES:					
0035	Food Services	1,291,241	1,398,747	1,398,585	162
6030	Total Expenditures	1,291,241	1,398,747	1,398,585	162
1200	Net Change in Fund Balances	1,777	(37,939)	20,631	58,570
0100	Fund Balance - September 1 (Beginning)	210,121	210,121	210,121	-
3000	Fund Balance - August 31 (Ending)	\$ 211,898	\$ 172,182	\$ 230,752	\$ 58,570

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 5,839,446	\$ 5,840,446	\$ 6,031,863	\$ 191,417
5800	State Program Revenues	673,987	673,987	685,513	11,526
5020	Total Revenues	6,513,433	6,514,433	6,717,376	202,943
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	2,538,016	2,538,016	2,538,016	-
0072	Debt Service - Interest on Long Term Debt	3,892,668	3,892,668	3,892,668	-
0073	Debt Service - Bond Issuance Cost and Fees	4,000	5,000	4,671	329
6030	Total Expenditures	6,434,684	6,435,684	6,435,355	329
1200	Net Change in Fund Balances	78,749	78,749	282,021	203,272
0100	Fund Balance - September 1 (Beginning)	936,960	936,960	936,960	-
3000	Fund Balance - August 31 (Ending)	\$ 1,015,709	\$ 1,015,709	\$ 1,218,981	\$ 203,272



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, 2008

	752	754	Total Internal Service Funds
	Print Shop	Computer Operations	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 50,417	\$ 81,162	\$ 131,579
Due from Other Funds	775	16,736	17,511
Other Receivables	3,062	-	3,062
Inventories	9,880	17,175	27,055
Total Current Assets	<u>64,134</u>	<u>115,073</u>	<u>179,207</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>64,134</u>	<u>115,073</u>	<u>179,207</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,929	1,050	4,979
Due to Other Funds	-	230	230
Accrued Expenses	89	-	89
Total Liabilities	<u>4,018</u>	<u>1,280</u>	<u>5,298</u>
NET ASSETS			
Unrestricted Net Assets	<u>60,116</u>	<u>113,793</u>	<u>173,909</u>
Total Net Assets	<u>\$ 60,116</u>	<u>\$ 113,793</u>	<u>\$ 173,909</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, 2008

	752	754	
	Print Shop	Computer Operations	Total Internal Service Funds
<hr/>			
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 135,202	\$ 80,615	\$ 215,817
State Program Revenues	3,673	-	3,673
Total Operating Revenues	<u>138,875</u>	<u>80,615</u>	<u>219,490</u>
OPERATING EXPENSES:			
Payroll Costs	55,853	-	55,853
Professional and Contracted Services	64,657	-	64,657
Supplies and Materials	37,448	17,552	55,000
Capital Outlay	-	71,155	71,155
Total Operating Expenses	<u>157,958</u>	<u>88,707</u>	<u>246,665</u>
Operating Income (Loss)	(19,083)	(8,092)	(27,175)
Total Net Assets - September 1 (Beginning)	<u>79,199</u>	<u>121,885</u>	<u>201,084</u>
Total Net Assets - August 31 (Ending)	<u>\$ 60,116</u>	<u>\$ 113,793</u>	<u>\$ 173,909</u>

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

	752	754	Total
	Print Shop	Computer Operations	Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from District	\$ 137,402	\$ 76,281	\$ 213,683
Cash Payments for Payroll Costs	(55,853)	-	(55,853)
Cash Payments for Supplies and Materials	(45,808)	(15,468)	(61,276)
Cash Payments for Other Expenses	-	(71,155)	(71,155)
Cash Payments for Purchased Services	(64,657)	-	(64,657)
Net Cash Used For Operating Activities	(28,916)	(10,342)	(39,258)
Net Decrease in Cash and Cash Equivalents	(28,916)	(10,342)	(39,258)
Cash and Cash Equivalents at Beginning of the Year:	79,333	91,504	170,837
Cash and Cash Equivalents at the End of the Year:	<u>\$ 50,417</u>	<u>\$ 81,162</u>	<u>\$ 131,579</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (19,083)	\$ (8,092)	\$ (27,175)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Due from Other Funds	(212)	(4,964)	(5,176)
Decrease (increase) in Other Receivables	(1,262)	630	(632)
Decrease (increase) in Inventories	(8,360)	1,108	(7,252)
Increase (decrease) in Accounts Payable	-	976	976
Increase (decrease) in Accrued Expenses	1	-	1
Net Cash Used for Operating Activities	<u>\$ (28,916)</u>	<u>\$ (10,342)</u>	<u>\$ (39,258)</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, 2008

<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	\$ 50,324,554	\$ 584,328	\$ 52,632,890
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	29,647,904	338,400	31,538,192
Administration and Services	<u>25,000</u>	<u>292,555</u>	<u>1,853,578</u>	<u>2,171,133</u>
Total Capital Assets	<u>\$ 3,414,396</u>	<u>\$ 106,855,723</u>	<u>\$ 2,935,106</u>	<u>\$ 113,205,225</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, 2008

<u>FUNCTION/ACTIVITY</u>	<u>Capital Assets 8-31-2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Capital Assets 8-31-2008</u>
High School:				
Land	\$ 1,724,008	\$ -	\$ -	\$ 1,724,008
Buildings	43,731,017	6,593,537	-	50,324,554
Furniture and Equipment	584,328	-	-	584,328
Total High School	46,039,353	6,593,537	-	52,632,890
Middle School:				
Land	30,000	-	-	30,000
Buildings	22,752,820	1,655,253	-	24,408,073
Furniture and Equipment	65,600	-	-	65,600
Total Middle School	22,848,420	1,655,253	-	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	1,261,422	290,466	-	1,551,888
Buildings	25,082,768	4,565,136	-	29,647,904
Furniture and Equipment	338,400	-	-	338,400
Total Elementary Schools	26,682,590	4,855,602	-	31,538,192
Administration and Services:				
Land	25,000	-	-	25,000
Buildings	292,555	-	-	292,555
Furniture and Equipment	1,795,548	58,030	-	1,853,578
Total Administration and Services	2,113,103	58,030	-	2,171,133
Totals	\$ 100,042,803	\$ 13,162,422	\$ -	\$ 113,205,225

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY LOCATION
AUGUST 31, 2008

LOCATION	Function			Total
	Land	Building	Furniture and Equipment	
High School	\$ 1,724,008	\$ 50,324,554	\$ 584,328	\$ 52,632,890
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	3,581,725	86,200	3,988,991
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	29,647,904	338,400	31,538,192
Administration and Services	25,000	292,555	1,853,578	2,171,133
Total Capital Assets	\$ 3,414,396	\$ 106,855,723	\$ 2,935,106	\$ 113,205,225

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, 2008

	BALANCE SEPTEMBER 1 2007	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2008
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 390,886	\$ 601,630	\$ 590,612	\$ 401,904
Due From Other Funds	-	6,747	-	6,747
Other Receivables	-	23	-	23
Total Assets	<u>\$ 390,886</u>	<u>\$ 608,400</u>	<u>\$ 590,612</u>	<u>\$ 408,674</u>
Liabilities:				
Accounts Payable	\$ 27,650	\$ -	\$ 12,927	\$ 14,723
Due to Other Funds	18,816	6,386	-	25,202
Due to Student Groups	344,420	602,014	577,685	368,749
Total Liabilities	<u>\$ 390,886</u>	<u>\$ 608,400</u>	<u>\$ 590,612</u>	<u>\$ 408,674</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 390,886	\$ 601,630	\$ 590,612	\$ 401,904
Due From Other Funds	-	6,747	-	6,747
Other Receivables	-	23	-	23
Total Assets	<u>\$ 390,886</u>	<u>\$ 608,400</u>	<u>\$ 590,612</u>	<u>\$ 408,674</u>
Liabilities:				
Accounts Payable	\$ 27,650	\$ -	\$ 12,927	\$ 14,723
Due to Other Funds	18,816	6,386	-	25,202
Due to Student Groups	344,420	602,014	577,685	368,749
Total Liabilities	<u>\$ 390,886</u>	<u>\$ 608,400</u>	<u>\$ 590,612</u>	<u>\$ 408,674</u>

OTHER SUPPLEMENTARY INFORMATION:
REQUIRED TEA SCHEDULES

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

Last 10 Years Ended August 31	(1) Tax Rates		(2)	(3) Assessed/Appraised Value for School Tax Purposes
	Maintenance		Debt Service	
1999 and prior years	Various *		Various *	\$ Various
2000	1.287000		0.175000	556,869,938
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 (School year under audit)	1.040000		0.480000	1,184,109,629
100 TOTALS				

* Dollars per \$100 valuation.

Source of information: Annual Financial Report

(10) Beginning Balance 9/1/2007		(20) Current Year's Total Levy		(31) Maintenance Collections		(32) Debt Service Collections		(40) Entire Year's Adjustments		(50) Ending Balance 8/31/2008	
\$	48,876	\$	-	\$	141	\$	33	\$	(7,251)	\$	41,451
	10,664		-		50		7		(137)		10,470
	12,282		-		201		26		(155)		11,900
	150,664		-		35,310		4,473		(159)		110,722
	71,146		-		39,865		5,050		981		27,212
	72,412		-		45,229		7,237		929		20,875
	88,410		-		52,592		10,343		2,214		27,689
	100,151		-		52,242		12,538		3,983		39,354
	302,829		-		169,029		51,819		(12,681)		69,300
	-		17,998,466		12,514,431		5,775,891		519,520		227,664
<u>\$</u>	<u>857,434</u>	<u>\$</u>	<u>17,998,466</u>	<u>\$</u>	<u>12,909,090</u>	<u>\$</u>	<u>5,867,417</u>	<u>\$</u>	<u>507,244</u>	<u>\$</u>	<u>586,637</u>

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

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 187,113	\$ 536,823	\$ -	\$ -	\$ 723,936
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	1,814	-	2,712	7,388	-	-	11,914
6212	Audit Services	-	-	-	16,300	-	-	16,300
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	181,337	-	-	-	-	181,337
621X	Other Professional Services	-	-	-	21,676	-	-	21,676
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	700	-	2,063	-	-	-	2,763
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	4,479	-	-	4,479
6290	Miscellaneous Contr.	-	-	-	5,256	-	-	5,256
6320	Textbooks and Reading	140	-	813	1,822	-	-	2,775
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	481	-	1,687	6,408	-	-	8,576
6410	Travel, Subsistence, Stipends	375	-	4,780	8,125	-	-	13,280
6420	Ins. and Bonding Costs	-	-	-	13,582	-	-	13,582
6430	Election Costs	11,005	-	-	-	-	-	11,005
6490	Miscellaneous Operating	4,742	-	3,687	34,964	-	-	43,393
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	8,770	-	-	8,770
6000	TOTAL	\$ 19,257	\$ 181,337	\$ 202,855	\$ 665,593	\$ -	\$ -	\$ 1,069,042

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 30,706,697

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 288,696
Total Debt & Lease(6500)	(11) -
Plant Maintenance (Function 51, 6100-6400)	(12) 3,864,039
Food (Function 35, 6341 and 6499)	(13) 565,203
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	665,593

SubTotal:

5,383,531

Net Allowed Direct Cost

\$ 25,323,167

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 106,855,723
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) \$ 2,935,106
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ -

(8) NOTE A: \$16,053 in Function 53 expenditures are included in this report on administrative costs.

\$0 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

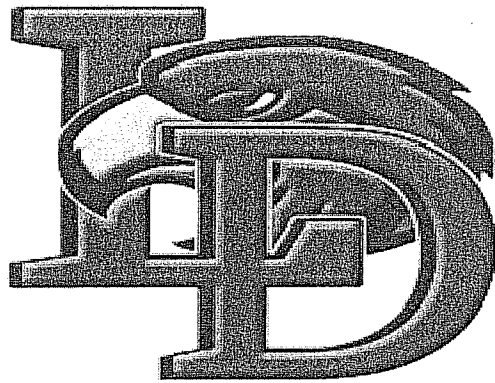
LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
GENERAL FUND AS OF AUGUST 31, 2008

UNAUDITED

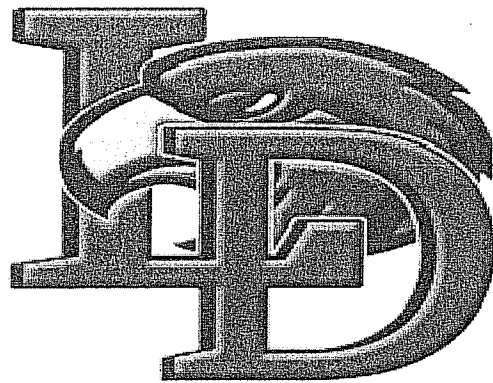
1	Total General Fund Balance as of 8/31/08 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 5,116,459
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 197,003
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General 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 (9/1/08-5/31/09).	2,884,230
6	Estimate of delayed payments from state sources (58xx) including August payment delays	1,721,451
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>5,043,684</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	<u>\$ 72,775</u>

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

The excess will be used to replace future stagnate revenues and fund future educational program growth, inflation, and annual staff raises



**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	104
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	113
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	120
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	126
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	
Operating Information	132
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 SEVEN 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	\$ (2,855)	\$ (6,088)	\$ (17,283)
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 1999-2001, prior to GASB 34 requirements.

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 4,089,957	\$ (1,630,749)	\$ (341,313)	\$ 5,891,811
206,485	246,485	210,121	230,752
887,607	927,820	1,053,559	1,192,495
<u>(3,489,053)</u>	<u>(5,138,783)</u>	<u>(9,307,446)</u>	<u>(11,188,860)</u>
<u>\$ 1,694,996</u>	<u>\$ (5,595,227)</u>	<u>\$ (8,385,079)</u>	<u>\$ (3,873,802)</u>
\$ (29,238)	\$ (10,178)	\$ 13,701	\$ 24,096
<u>\$ (29,238)</u>	<u>\$ (10,178)</u>	<u>\$ 13,701</u>	<u>\$ 24,096</u>
\$ 4,089,957	\$ (1,630,749)	\$ (341,313)	\$ 5,891,811
206,485	246,485	210,121	230,752
887,607	927,820	1,053,559	1,192,495
<u>(3,518,291)</u>	<u>(5,148,961)</u>	<u>(9,293,745)</u>	<u>(11,164,764)</u>
<u>\$ 1,665,758</u>	<u>\$ (5,605,405)</u>	<u>\$ (8,371,378)</u>	<u>\$ (3,849,706)</u>

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET ASSETS
LAST SEVEN 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
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 1999-2001, prior to GASB 34 requirements.

2006	2007	2008
\$ 16,096,074	\$ 17,031,722	\$ 18,168,282
583,209	573,950	621,989
291,106	389,617	563,731
309,237	268,790	292,536
1,487,023	1,652,339	1,654,181
1,023,468	1,008,512	1,003,009
277,386	295,597	343,534
1,227,723	1,152,628	1,096,735
1,299,852	1,363,536	1,425,098
873,958	973,200	1,064,968
788,743	1,003,391	1,073,763
3,390,448	3,638,734	3,938,155
61,496	52,711	76,523
543,667	563,187	520,145
22,542	27,796	1,263
5,074,909	9,465,248	5,538,878
2,707,345	546,343	450,280
1,155	6,430	19,220
12,640	9,314	11,659
<u>36,071,981</u>	<u>40,023,045</u>	<u>37,863,949</u>
53,846	43,555	40,625
133,260	95,349	104,080
13,465	22,727	54,454
<u>4,932,434</u>	<u>4,947,941</u>	<u>5,388,855</u>
<u>5,133,005</u>	<u>5,109,572</u>	<u>5,588,014</u>
<u>\$ (30,938,976)</u>	<u>\$ (34,913,473)</u>	<u>\$ (32,275,935)</u>
\$ 15,839,273	\$ 15,997,317	\$ 12,879,069
3,788,211	4,879,035	5,906,285
5,872,277	8,515,595	11,977,292
338,716	738,688	304,610
1,481,431	1,708,150	943,230
14,590	294,836	67,442
<u>27,334,498</u>	<u>32,133,621</u>	<u>32,077,928</u>
<u>(3,604,478)</u>	<u>(2,779,852)</u>	<u>(198,007)</u>
272,019	307,535	326,932
<u>252,959</u>	<u>283,656</u>	<u>316,537</u>
<u>19,060</u>	<u>23,879</u>	<u>10,395</u>
<u>\$ (3,585,418)</u>	<u>\$ (2,755,973)</u>	<u>\$ (187,612)</u>

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

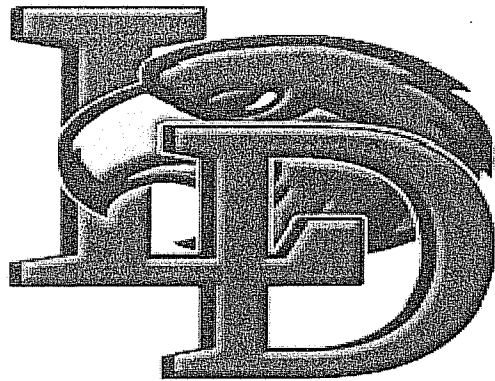
Fiscal Year	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund					
Reserved:					
Deferred Expenditures	\$ 49,766	\$ 65,227	\$ 84,355	\$ 109,574	\$ 141,070
Unreserved Undesignated	<u>2,553,257</u>	<u>1,880,502</u>	<u>1,971,865</u>	<u>1,939,125</u>	<u>1,619,834</u>
Total General Fund	<u>\$ 2,603,023</u>	<u>\$ 1,945,729</u>	<u>\$ 2,056,220</u>	<u>\$ 2,048,699</u>	<u>\$ 1,760,904</u>
All Other Governmental Funds					
Reserved:					
Retirement of Long-Term Debt	\$ 506,364	\$ 758,147	\$ 893,594	\$ 853,262	\$ 906,284
Other Purposes	6,802	7,245	-	-	60,661
Construction Fund	7,766,435	12,996,329	7,560,559	11,394,080	16,635,116
Unreserved Undesignated -					
Special Revenue Funds	<u>-</u>	<u>-</u>	<u>1,517</u>	<u>7,864</u>	<u>2,742</u>
Total All Other Governmental Funds	<u>\$ 8,279,601</u>	<u>\$ 13,761,721</u>	<u>\$ 8,455,670</u>	<u>\$ 12,255,206</u>	<u>\$ 17,604,803</u>

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 168,192	\$ 93,256	\$ 133,496	\$ 141,024	\$ 197,003
<u>2,755,875</u>	<u>3,295,897</u>	<u>3,135,056</u>	<u>5,102,517</u>	<u>4,919,456</u>
<u>\$ 2,924,067</u>	<u>\$ 3,389,153</u>	<u>\$ 3,268,552</u>	<u>\$ 5,243,541</u>	<u>\$ 5,116,459</u>
\$ 788,333	\$ 810,773	\$ 845,110	\$ 936,960	\$ 1,218,981
149,528	206,485	246,423	210,121	230,752
32,549,849	32,988,387	19,939,084	18,925,050	11,350,521
<u>4,567</u>	<u>8,600</u>	<u>10,568</u>	<u>10,530</u>	<u>34,498</u>
<u>\$ 33,492,277</u>	<u>\$ 34,014,245</u>	<u>\$ 21,041,185</u>	<u>\$ 20,082,661</u>	<u>\$ 12,834,752</u>

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

Fiscal Year	1999	2000	2001	2002
REVENUES:				
Total Local and Intermediate Sources	\$ 9,121,559	\$ 10,622,136	\$ 13,301,337	\$ 15,011,097
State Program Revenues	7,425,964	9,766,860	9,788,406	9,131,837
Federal Program Revenues	592,836	553,335	690,043	968,597
Total Revenues	<u>17,140,359</u>	<u>20,942,331</u>	<u>23,779,786</u>	<u>25,111,531</u>
EXPENDITURES:				
Current:				
Instruction	8,992,957	10,758,277	12,293,102	13,454,166
Instructional Resources & Media Services	422,309	523,570	668,058	600,930
Curriculum & Instructional Staff Development	41,562	89,219	202,586	227,345
Instructional Leadership	79,895	244,488	240,207	277,725
School Leadership	947,011	1,048,851	1,170,939	1,249,864
Guidance, Counseling & Evaluation Services	322,043	349,556	416,450	444,489
Health Services	205,697	240,547	235,930	239,746
Student (Pupil) Transportation	561,788	801,263	746,300	824,153
Food Services	746,851	755,816	826,743	845,594
Cocurricular/Extracurricular Activities	431,232	538,618	570,449	577,840
General Administration	488,923	518,418	601,106	662,500
Plant Maintenance and Operations	1,613,203	1,971,290	2,251,739	2,272,486
Security and Monitoring Services	20,205	29,145	37,997	16,074
Data Processing Services	431,661	388,545	451,346	422,058
Community Services	-	-	29,982	46,698
Debt Service:				
Debt Service - Principal on long-term debt	873,206	742,684	1,172,622	871,922
Debt Service - Interest on long-term debt	767,922	1,153,912	1,265,497	1,717,828
Debt Service - Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
Facilities Acquisition and Construction	2,043,411	4,689,321	5,840,042	9,028,987
Intergovernmental:				
Payments to Fiscal Agent/Member Districts of SSA	243,503	174,848	13,590	11,069
Payments to Juvenile Justice Alternative Ed. Prg.	-	-	-	21,063
Total Expenditures	<u>19,233,379</u>	<u>25,018,368</u>	<u>29,034,685</u>	<u>33,812,537</u>
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	<u>(2,093,020)</u>	<u>(4,076,037)</u>	<u>(5,254,899)</u>	<u>(8,701,006)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	15,179	-
Operating Transfers Out	-	-	(15,179)	-
Bonds Issued	9,422,359	9,355,532	-	13,635,433
Premium or discount on Issuance of Bonds	-	-	-	-
Sale of Real or Personal Property	-	-	-	-
Capital Lease Proceeds	268,712	200,734	59,339	48,150
Payments to Bond Refunding Escrow Agent	(505,555)	(655,403)	-	(1,190,562)
Total Other Financing Sources (Uses)	<u>9,185,516</u>	<u>8,900,863</u>	<u>59,339</u>	<u>12,493,021</u>
Net Change in Fund Balances	<u>\$ 7,092,496</u>	<u>\$ 4,824,826</u>	<u>\$ (5,195,560)</u>	<u>\$ 3,792,015</u>
Debt service as a percentage of noncapital expenditures				
	9.5%	9.3%	10.5%	10.4%

2003	2004	2005	2006	2007	2008
\$ 17,009,387	\$ 18,146,446	\$ 20,179,490	\$ 22,124,692	\$ 23,561,135	\$ 21,223,107
8,106,494	7,307,978	7,196,564	8,490,924	11,219,154	14,702,215
1,092,044	1,530,329	1,485,043	1,856,276	2,127,382	1,961,291
<u>26,207,925</u>	<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>
14,561,508	13,121,418	13,845,024	15,095,064	15,689,032	17,384,167
580,690	529,803	507,011	533,291	561,116	598,575
235,484	202,773	271,080	277,274	373,254	553,746
295,117	287,408	292,876	288,251	243,963	279,337
1,227,598	1,176,132	1,288,571	1,348,223	1,488,133	1,562,131
458,993	756,827	855,781	988,221	966,814	977,529
259,437	262,653	253,409	258,467	273,215	306,576
824,690	930,359	924,252	1,019,165	1,108,994	1,010,828
899,947	954,174	1,015,525	1,220,538	1,283,940	1,398,585
693,912	697,311	680,469	843,427	905,087	1,044,538
690,701	694,392	743,185	753,449	961,636	1,052,989
2,429,967	2,504,715	2,719,067	3,279,602	3,505,738	3,872,274
30,262	29,661	43,056	61,496	52,711	76,523
417,911	429,723	433,155	518,699	533,648	504,076
23,176	21,574	21,959	20,793	25,727	-
483,991	878,551	599,813	1,330,964	2,176,762	2,538,016
1,996,265	2,262,694	3,024,206	3,484,541	3,622,939	3,892,668
1,860	1,091,700	173,260	5,750	346,498	4,671
10,044,001	13,239,855	8,348,797	14,224,543	15,251,782	8,205,496
5,519	-	1,807	1,155	6,430	19,220
15,094	16,649	-	12,640	9,314	11,659
<u>36,176,123</u>	<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>
(9,968,198)	(13,103,619)	(7,181,206)	(13,093,661)	(12,479,062)	(7,406,991)
-	-	-	-	585	-
-	-	-	-	(585)	-
15,446,338	30,088,700	13,502,024	-	24,023,006	-
-	-	-	-	3,295,209	-
-	-	-	-	150,000	32,000
-	65,556	-	-	-	-
(446,338)	-	(5,333,764)	-	(13,972,688)	-
<u>15,000,000</u>	<u>30,154,256</u>	<u>8,168,260</u>	<u>-</u>	<u>13,495,527</u>	<u>32,000</u>
<u>\$ 5,031,802</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>
9.5%	15.8%	13.7%	15.4%	17.7%	17.1%



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		
1999	559,165,465	77,705,752	185,692,149	451,179,068	1.570
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

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	
1999	\$ 1.270	\$ 0.300	\$	1.570
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

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.

Overlapping Rates (1)				
County of Denton	City of Lake Dallas	City of Corinth	Town of Hickory Creek	Corinth MUD #1
\$ 0.23500	\$ 0.56170	\$ 0.52600	\$ 0.41370	\$ 0.380
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

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

Taxpayer	Description	2008		
		Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
Labinal-Corinth Inc.	Avionic Manufacturing	\$ 19,242,036	1	1.63%
Goldfield, Alan H & Shirley M	Real Estate	18,355,622	2	1.55%
Wal-mart Stores Real Estate	Retail	14,071,237	3	1.19%
Denton County Elec Coop	Utility	13,013,683	4	1.10%
Oncor Electric Delivery Co	Utility	10,349,440	5	0.87%
Tower Ridge Corinth, Ltd.	Real Estate	8,683,170	6	0.73%
Wal-Mart Stores, Inc.	Retail	8,052,904	7	0.68%
H D Supply Utilities, Ltd.	Utility	7,767,821	8	0.66%
Kensington Square LP PS	Apartment	7,698,230	9	0.65%
Optical Plus	Retail	6,700,526	10	0.57%
Boeing Aerospace & Electronics	Avionic Manufacturing			
Century Telephone	Utility			
Albertsons, Inc.	Retail			
Texas Utilities Electric Co.	Utility			
CoServ Electric Co-op, Inc.	Utility			
Estates of Lake Bluff, LP	Land Development			
Ashleye Village Assoc., LP	Land Development			
Payless Cashways, Inc.	Warehouse			
TOTAL		<u>\$ 113,934,669</u>		<u>9.62%</u>

The 2008 taxable valuation is based on the 2007-2008 tax roll with a total assessed value of \$1,184,109,629

Source of information: Denton Central Appraisal District

1999		
Taxable Assessed Value (in thousands)	Rank	Percentage of Total Taxable Assessed Value
\$ 2,005,463	10	0.44%
3,870,058	5	0.86%
46,226,388	1	10.25%
7,092,605	2	1.57%
6,632,875	3	1.47%
6,438,890	4	1.43%
3,228,491	6	0.72%
2,916,946	7	0.65%
2,800,129	8	0.62%
2,332,813	9	0.52%
<u>\$ 83,544,658</u>		<u>18.52%</u>

The 1999 taxable valuation is based on the 1998-1999 tax roll with a total assessed value of \$451,179,068

Source of information: Denton Central Appraisal District

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

<u>Fiscal Year Ended August 31</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Interest & Penalty Collections</u>
1999	7,083,511	7,370,600	104.05%	132,074	81,583
2000	8,141,438	8,138,481	99.96%	108,855	74,284
2001	10,852,383	11,123,674	102.50%	207,548	125,298
2002	13,591,710	13,262,066	97.57%	197,437	195,140
2003	15,001,689	15,113,031	100.74%	439,298	218,754
2004	16,530,801	16,628,620	100.59%	269,343	190,034
2005	17,343,134	17,781,163	102.53%	222,823	235,516
2006	18,663,774	19,051,119	102.08%	299,932	235,660
2007	19,410,962	20,123,191	103.67%	381,172	244,578
2008	17,998,466	18,290,322	101.62%	486,185	252,564

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

Source of information: Annual Financial Report.

Total Tax Collections Plus Interest and Penalty	Total Collected as % of Current Tax Levy	Outstanding Delinquent Taxes *	Outstanding Delinquent Taxes as % of Tax Levy
7,584,257	107.07%	117,870	1.66%
8,321,620	102.21%	132,646	1.63%
11,456,520	105.57%	164,126	1.51%
13,654,643	100.46%	634,659	4.67%
15,771,083	105.13%	307,871	2.05%
17,087,997	103.37%	245,549	1.49%
18,239,502	105.17%	329,153	1.90%
19,586,711	104.95%	370,921	1.99%
20,748,941	106.89%	302,829	1.56%
19,029,071	105.73%	227,663	1.26%

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 *
1999	\$ 23,620,000	\$ 1,149,958	\$ 375,764	\$ 25,145,722	6.91%
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%

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, 2008
(UNAUDITED)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Corinth Municipal Utility District #1	\$ 600,000	100.00%	\$ 600,000
Corinth, City of	36,980,000	46.13%	17,058,874
Denton County	285,616,003	2.57%	7,340,331
Hickory Creek, Town of	7,275,000	100.00%	7,275,000
Lake Cities Municipal Utility Authority		80.92%	
Lake Dallas, City of	5,635,000	100.00%	<u>5,635,000</u>
Subtotal, overlapping bonded debt			37,909,205
Lake Dallas ISD	98,415,901	100.000%	<u>98,415,901</u>
Total direct and overlapping debt			<u>\$ 136,325,106</u>

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

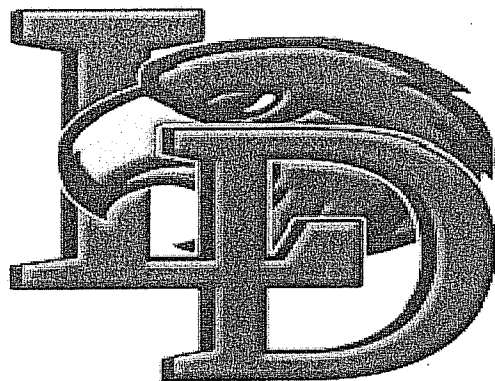
Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Lake Dallas Independent School District. This 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
1999	14,563	\$ 451,179,068	\$ 25,145,722	\$ 506,364	\$ 24,639,358	5.46%	\$ 1,692
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

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	1999	2000	2001	2002
Total Assessed Value	\$ 451,179,068	\$ 556,869,938	\$ 653,758,040	\$ 804,243,217
Debt Limit (10% of Total Assessed Value)	\$ 45,117,907	\$ 55,686,994	\$ 65,375,804	\$ 80,424,322
Debt Applicable to Limit:				
General Obligation Bonds	\$ 23,620,000	\$ 31,261,927	\$ 30,243,666	\$ 41,981,178
Less Net Assets in Debt Service Fund	506,364	758,147	893,594	853,262
Total Amount of Debt Applicable to Debt Limit	23,113,636	30,503,780	29,350,072	41,127,916
Legal Debt Margin	\$ 22,004,271	\$ 25,183,214	\$ 36,025,732	\$ 39,296,406
Total Net Debt Applicable to the Limit as a percentage of Debt Limit	51.23%	54.78%	44.89%	51.14%

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

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

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>\$ 887,673,893</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>\$ 88,767,389</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>\$ 56,288,440</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>906,284</u>	<u>788,333</u>	<u>810,773</u>	<u>845,110</u>	<u>936,960</u>	<u>1,218,981</u>
<u>55,382,156</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>\$ 33,385,233</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>
62.39%	88.11%	94.14%	89.31%	92.23%	82.08%

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>
1999	14,563	\$ 363,797,036	\$ 24,981	1.9%
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%

Source: North Central Texas Council of Governments

* Texas Workforce Commission

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
 DEMOGRAPHIC STATISTICS
 (UNAUDITED)
 AUGUST 31, 2008

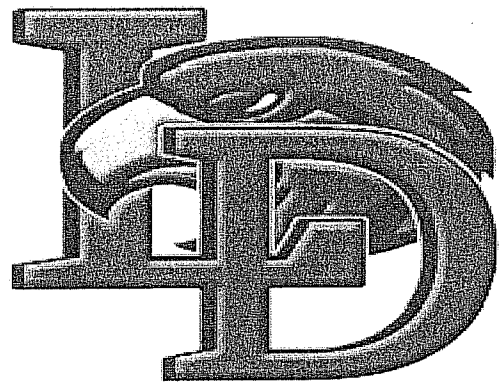
Student Data

Student Ethnicity:	
White	71.1%
Hispanic	17.4%
Black	7.4%
Other	4.1%
Attendance Rate:	95.6%
Dropout Rate:	0.6%
Number of Students per Campus:	
Lake Dallas	
Primary	249
Middle School	895
High School	1126
Intermediate	311
Corinth	
Elementary	650
Shady Shores	
Elementary	<u>747</u>
Total Students	3,978

Faculty Data

Teachers	291.5
Counselors	9
Administrators	15
Educational Aides	59.8
Advance Degrees/Certifications:	
Master Degrees	47
Doctoral Degrees	3
Average Experience of Teachers	8.9 Years
Student/Teacher Ratio	13.6 to 1
Cost per Student based on expenses reported in the governmental financial statements	6,915
Percentage of Student population who received free or reduced meals	23.4%

Source of Information: District enrollment and financial records



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

Average Daily Attendance				
	<u>Average Daily Enrollment</u>	<u>Average Daily Attendance</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Percent of Enrollment</u>
1998/99	2,736	2,645	9.9%	96.70%
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	0.9%	96.11%

Source of information: Superintendent's Annual Report.

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

Employer	Description	2008		Percentage of Total City Employment
		Employees	Rank	
Labinol	Avionic Manufacturing	676	1	24.84%
Lake Dallas ISD	School District	600	2	22.05%
Wal-Mart	Retail	300	3	11.03%
Coserve	Electric Utility	280	4	10.29%
North Central Texas College	College	200	5	7.35%
Golden Distributing Co.	Beverages	175	6	6.43%
City of Corinth	Government	165	7	6.06%
Albertsons	Grocery	115	8	4.23%
Bill Utter Ford	Automotive	110	9	4.04%
Grande Communications	Telecommunications	100	10	3.68%
TOTAL		2,721		100.00%

Source of Information: Lake Cities Chamber of Commerce

Note: Information for 1999 not available.

1999		
Employees	Rank	Percentage of Total City Employment
-		0.00%

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>
1998-1999	2,856	16,239,031	5,686	2.19%	210	13.6
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

Source of Information: AEIS Report

<u>Economically Disadvantaged</u>	<u>Limited English Proficient</u>
388	39
412	66
445	71
494	101
632	124
643	150
763	167
808	204
834	237
1272	263

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>
1998-1999	209.7	21.0	8.0	3.0	241.7	45.5
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

Source of Information: AEIS Report

Auxiliary Staff	Total Staff	% Change
97.1	384.3	13.00%
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%

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
TEACHERS SALARY DATA
2007-08 SCHOOL YEAR

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

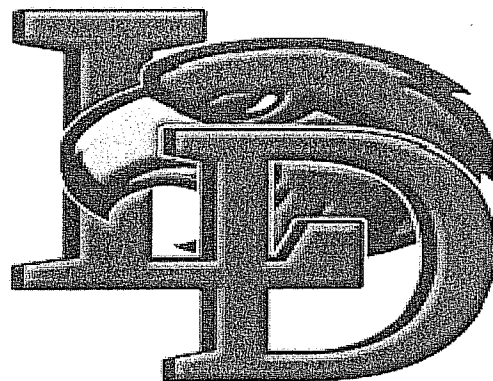
Average Salary by Years of Experience

Beginning Teachers	\$ 37,083
1-5 Years of Experience	\$ 39,019
6-10 Years of Experience	\$ 40,459
11-20 Years of Experience	\$ 45,764
Over -20 Years of Experience	\$ 55,613

Average Actual Salaries

Teachers	\$ 42,515
Professional Staff	\$ 49,777
Campus Administration	\$ 66,267
Central Administration	\$ 107,375

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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

"



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

January 6, 2009

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

Board of Trustees
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, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of finding and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

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

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

Hankins, Eastup, Deaton, Tonn & Seay

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

January 6, 2009

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2008

I. Summary of Auditor's Results

1. Type of auditor's report issued on the financial statements: Unqualified.
2. No internal control findings required to be reported in this schedule were disclosed in the audit of the financial statements.
3. Noncompliance which is material to the financial statements: None
4. No internal control findings 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:
84.041 National School Breakfast & Lunch Program
8. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
9. Low risk auditee: Yes

II. Findings Related to the Financial Statements

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

III. Other Findings

None

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2008

FINDING/NONCOMPLIANCE

Finding 2007-1	The District exceeded appropriations in one functional category in the Debt Service Fund.
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STATUS OF PRIOR YEAR'S FINDING/NONCOMPLIANCE

The District did not exceed appropriations in any functional category in any funds during the 2007-2008 year.

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874	84.041		\$ 262,790
Total Direct Programs			\$ 262,790
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	08-610101061912	\$ 226,156
IDEA - Part B, Formula	84.027	08-660001061912	718,159
IDEA - Part B, High Cost	84.027A	08-660006061912	11,070
Career and Technical - Basic Grant	84.048	08-420006061912	26,588
IDEA - Part B, Preschool	84.173	08-661001061912	13,581
ESEA Title IV - Safe and Drug-Free Schools	84.186A	08-691001061912	9,829
Title V, Part A - Innovative Programs	84.298	08-685001061912	5,568
Title III, Part A - English Language Acquisition	84.365A	08-671001061912	27,675
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	08-694501061912	73,660
Title VI, Part A - Summer School LEP	84.369A	69550502	2,311
Total Passed Through State Department of Education			\$ 1,114,597
TOTAL DEPARTMENT OF EDUCATION			\$ 1,377,387
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast & Lunch Program*	10.555		\$ 512,228
Commodities	10.550		29,856
Watershed Protection & Flood Control	10.904		41,820
Total Passed Through the State Department of Agriculture			\$ 583,904
TOTAL DEPARTMENT OF AGRICULTURE			\$ 583,904
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,961,291

*Clustered Programs as required by Compliance Supplement March, 2008

LAKE DALLAS INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2008

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

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

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

3. The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2008, may be impaired. In the opinion of the District, there are not significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions has been recorded in the accompanying combined financial statements for such contingencies.

