

ALEDO INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED

AUGUST 31, 2009

ALEDO INDEPENDENT SCHOOL DISTRICT

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Year Ended August 31, 2009**

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CERTIFICATE OF THE BOARD

Aledo Independent School District
Name of School District

Parker
County

184-907
Co. – Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) X approved disapproved for the year ended August 31, 2009, at a meeting of the board of trustees of such school district on the 16th day of November, 2009.

Signed copy on file.

Signature of Board Secretary

Signed copy on file.

Signature of Board President

If the Board of Trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are): (attach list as necessary)

KIRK & RICHARDSON, P. C.

Members of the American Institute of Certificate Public Accountants

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Independent Auditor's Report

Board of Trustees
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, the business-type activities, and the aggregate remaining fund information of Aledo Independent School District (the "District"), as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Administrators. 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, each major fund, the business-type activities, and aggregate remaining fund information of the District, as of August 31, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009, on our consideration of the District's internal control over financial reporting and 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the budgetary comparison information on pages 6 through 12 and 48 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 an opinion on the District's basic financial statements. The combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and also is not a required part of the basic financial statements of the District. Such information has been subjected to the auditing procedures applied 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 Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. Except for Exhibit J-3 (Cash Flow and the Optimum Fund Balance Calculation Schedule) which is marked UNAUDITED and on which we express no opinion, these schedules have been subjected to the auditing procedures applied 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.

Signed copy on file.

Kirk & Richardson, P.C.
October 30, 2009

**ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2009
UNAUDITED**

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2009. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- District rated "Superior Achievement" in financial management for the seventh consecutive year based on 24 financial indicators of the TEA Financial Integrity Rating System of Texas.
- The "AAA" long-term rating on the District's Texas' bonds reflects the Texas Permanent School Fund guarantee. A substantial and rare underlying rating upgrade from "BBB+" to "A-" was made by Standard and Poor's and Fitch Ratings for Series 2006 Unlimited Tax School Building Bonds and Series 2006-B Unlimited Tax Refunding Bonds, and the 2007-A Unlimited Tax School Building Bonds. The upgrade was based upon the District's sound financial standing. Also as a result of the advance refunding of \$7,520,000 by the District of the Series 1998 Unlimited Tax School Building Bonds by the issuance of Series 2007 Unlimited Tax Refunding Bonds, the District reduced its total debt service requirements by \$988,788. This savings of nearly one million dollars was significant for the school district taxpayers.
- Cash/cash equivalents increased by \$2,569,518 to \$15,961,158. \$3,295,190 overpayment from the state was received and must be repaid in the 2009-10 school year. This results in a net decrease in cash/cash equivalents of \$725,672 in the General Fund as a result of the forecasted depletion of District resources under the current state-funding formula.
- Optimum Fund Balance was achieved by District with the Total General Fund Balance of \$11,777,788 and Optimum Fund Balance of \$9,543,434. Total General Fund Balance decreased by \$529,684 which was less than the projected shortfall. The District has been prudent to "set aside" funds for future District operating costs in light of state funding changes which will continue to have a negative impact of the District's fund balance and resources.
- Investments performed consistently well against market comparables. With priorities of safety and liquidity the district was not exposed to any significant credit risk.
- The School District and Appraisal District were efficient in collecting ad valorem taxes.
- The Aledo ISD Administrative Cost ratio was a conservative .0868 which is 38.04% below the state threshold for these costs.
- Governmental funds reported combined ending fund balances of \$58,848,248, a decrease of \$25,917,879 from the prior year. Most of this decrease (\$25,442,984) resulted from expenditures associated with constructing new facilities within the District. Unreserved, undesignated fund balance total \$12,582,458 and represents approximately 21 percent of the \$58,848,248 total fund balance. The remaining fund balance of \$46,265,790 is *reserved or designated* to indicate that it is not available for new spending because it has

already been committed (1) to pay debt service (\$7,456,029), (2) for capital projects (\$38,663,243) and (3) for other miscellaneous designations (\$146,518).

- The liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$(3,567,183) (*net assets*). Of this amount, \$14,271,042 (*unrestricted net assets*) may be used to meet the District's ongoing obligations.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District started two *business-type activities* during the year, a Pre-K Academy and the Bearcat Store. There are no component units for which it is financially accountable. The government-wide financial statements can be found on pages 15-16 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows*

of spendable resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 18-24 of this report.

- **Proprietary funds.** *Proprietary funds* are used to account for on-going organizations and activities where net income and capital maintenance are measured. All related assets, liabilities, equities, revenues, expenses, non-operating revenues and expenses, and transfers are accounted for through the fund affected. Generally accepted accounting principles that apply to similar businesses in the private sector are applicable to proprietary type funds, as net income and financial position are to be determined. These funds utilize the accrual basis of accounting. The District began two enterprise funds during the year, a Pre-K Academy and the Bearcat Store. A budget is not required to be approved by the District's Board of Trustees. Expenses of an enterprise operation, including depreciation, are generally intended to be financed or recovered primarily through user charges, rather than from governmental grants or subsidies.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets that can be found on page 28.
- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-46 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Supplementary information can be found on page 48 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$3,567,183, as of August 31, 2009.

The District's Net Assets

	August 31, 2009	August 31, 2008
Current assets	\$ 70,694,218	\$ 80,702,120
Capital assets	105,646,552	84,130,262
Total assets	176,340,770	164,832,382
Current liabilities	9,698,221	2,255,943
Long-term liabilities outstanding	170,209,732	164,420,911
Total liabilities	179,907,953	166,676,854
Net assets:		
Invested in capital assets, net of related debt	(64,104,015)	(87,531,836)
Restricted	46,265,790	71,836,674
Unrestricted	14,271,042	13,850,690
Total net assets	\$ (3,567,183)	\$ (1,844,472)

Investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment) less any related debt used to acquire those assets that is still outstanding is a negative \$64,104,015. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net assets (\$46,265,790) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$14,271,042, including \$21,467 for Business Type Activities) may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are less than currently available resources.

Governmental activities. The District's Governmental Activities decreased by \$1,744,178 and the Business-Type Activities increased by \$21,467 for a total decrease of \$1,722,711. The total cost of all *governmental activities* this year was \$50,630,235. The amount that our taxpayers paid for these activities through property taxes was \$35,206,540 or 70%. The total cost of the Business-Type Activities was \$90,087.

Changes in the District's Net Assets

	Fiscal Year <u>August 31, 2009</u>	Fiscal Year <u>August 31, 2008</u>
Revenues:		
Program revenues		
Charges for services	\$ 3,117,530	\$ 1,823,814
Operating grants and contributions	3,309,722	3,376,353
General revenues		
Property taxes	35,206,540	27,915,067
State grants	5,918,146	10,337,171
Special Items	-	-
Other	1,334,459	1,561,023
Total revenues	<u>48,886,397</u>	<u>45,013,428</u>
Expenses:		
Instruction	25,178,166	21,643,421
Instructional resources and media services	437,518	385,963
Curriculum and staff development	225,960	175,089
Instructional leadership	420,315	435,797
School leadership	2,419,024	1,811,898
Guidance, counseling & evaluation services	712,911	649,938
Health services	351,349	308,059
Student transportation	-	1,914,721
Food service	1,866,584	1,672,412
Cocurricular/extracurricular activities	2,073,925	1,924,498
General administration	1,511,221	1,389,618
Plant maintenance and operations	4,226,436	4,044,929
Security and monitoring services	288,105	292,018
Data processing services	578,710	807,392
Debt service-interest on long-term debt	7,704,758	4,288,526
Debt service-bond issuance costs	63,241	4,886,339
Capital outlay	564,694	187,524
Payments related to shared service arrangements	2,007,318	168,816
Total expenses	<u>50,630,235</u>	<u>46,986,958</u>
Increase (decrease) in net assets	(1,743,838)	(1,973,530)
Net Business-Type Activities	<u>21,127</u>	<u>-</u>
Total Increase (decrease) in net assets	(1,722,711)	(1,973,530)
Beginning net assets	(1,844,472)	129,058
Ending net assets	<u>\$ (3,567,183)</u>	<u>\$ (1,844,472)</u>

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved, undesignated fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$58,848,248, a decrease of \$25,917,879. Approximately 21 percent of this total amount (\$12,582,458) constitutes *unreserved, undesignated fund balance*. The remainder of fund balance is *reserved* or *designated* to indicate that it is not available for new spending because it has already been committed (1) to pay debt service (\$7,456,029), (2) for capital projects (\$38,663,243) and (3) for other miscellaneous designations (\$146,518).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$11,777,788, out of a total fund balance of \$11,777,788. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to the total fund expenditures. Unreserved, undesignated fund balance and total fund balance represents 35 percent of the total general fund expenditures.

The fund balance of the District's general fund decreased by \$529,684 during the current fiscal year.

The debt service fund has a total fund balance of \$7,456,029, all of which is reserved for the payment of debt service. The net decrease in fund balance during the period in the debt service fund is \$58,850.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment purchases. The fund balance of the District's capital projects fund was \$36,918,790 as of August 31, 2009. The net decrease in fund balance for the fiscal year ended August 31, 2009, was \$23,430,473. This decrease resulted from the increase in total expenditures. Expenditures for capital projects totaled \$24,000,263 for the year. The net increase in expenditures for capital projects during the period was \$14,275,834.

General Fund Budgetary Highlights

- District recommended and Board approved revisions to budgeted revenue and appropriations.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2009, amounts to \$105,646,552 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

Districts Capital Assets (net of depreciation)

	<u>August 31, 2009</u>	<u>August 31, 2008</u>
Land	\$ 6,250,436	\$ 5,896,158
Construction in progress	20,044,987	16,172,196
Buildings and improvements	74,933,381	61,176,235
Furniture and equipment	<u>4,417,748</u>	<u>885,673</u>
Total at historical cost	<u>\$ 105,646,552</u>	<u>\$ 84,130,262</u>

Additional information on the District’s capital assets can be found in note IV-F on page 40 of this report.

Long-term debt. As of August 31, 2009, the District had total general obligation bonded debt outstanding of \$151,473,640, a decrease of \$2,072,852 from the prior year. The District also had accretion of capital appreciation bonds of \$12,643,739 in fiscal year 2009, an increase of \$519,548 over the prior year. The District had a loss on refunding of \$1,174,970, a decrease of \$74,801 from the prior year.

The “AAA” long-term rating on the District’s Texas’ bonds reflects the Texas Permanent School Fund guarantee. The “BBB+” Standard & Poor’s underlying rating on the District’s unenhanced debt reflects the District’s: (1) strong assessed value growth, (2) changing property tax base that is becoming more suburban and less agriculture and rural, (3) improved financial performance and position due to the implementation of its financial recovery plan, and (4) moderate overall debt levels with future capital needs, which the District expects to finance through debt issuance. Source: *Standard and Poor’s Ratings Direct*.

Additional information on the District’s long-term debt can be found in note IV-G on pages 41-42 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The District’s 2008-2009 student attendance rate remained stable at 96.5 percent.
- The 2009-2010 “snapshot”: Local property values certified at \$2,686,084,221. The maintenance and operations tax rate was adopted at \$1.17 per \$100 valuation and the debt service tax rate at \$0.2552 per \$100 valuation for a total tax rate of \$1.4252 (no total tax increase). The M & O rate exceeds the rollback rate and will require approval by voters on November 3, 2009. Local M&O revenues estimated at \$29,170,230 and debt service tax revenues of \$6,002,758. State aid is estimated at \$6,726,173 with recapture of \$694,388. The General Operating budget was adopted in the amount of \$40,565,156.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Aledo Business Office.

**ALEDO INDEPENDENT SCHOOL DISTRICT
ADDENDUM TO MANAGEMENT DISCUSSION
AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2009
UNAUDITED**

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SUPERINTENDENT'S EMPLOYMENT CONTRACT

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF PARKER §

THIS SUPERINTENDENT'S EMPLOYMENT CONTRACT ("Agreement") was approved by the Board (defined below) on January 21, 2008, and is made and entered into effective the 1st day of July, 2008, by and between the Board of Trustees (the "Board") of the Aledo Independent School District (the "District") and Don R. Daniel (the "Superintendent").

WITNESSETH:

NOW, THEREFORE, the Board and the Superintendent, for and in consideration of the terms hereinafter established and pursuant to Section 11.201 of the Texas Education Code, have agreed, and do hereby agree, as follows:

I. Term

- 1.1 The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent of Schools for the District for a term of five (5) years, commencing on July 1, 2008, and ending June 30, 2013. The District may, by action of the Board, and with the consent and approval of the Superintendent, extend the term of this Contract as permitted by state law.
- 1.2 The Board has not adopted any policy, rule, regulation, law, or practice providing for tenure. No right of tenure is created by this Contract. No property interest, express or implied, is created in continued employment beyond the Contract term.

II. Employment

- 1.3 Duties. The Superintendent is the chief executive of the District and shall faithfully perform the duties of the Superintendent of Schools for the District as prescribed in the job description and as may be lawfully assigned by the Board, and shall comply with all lawful Board directives, state and federal law, district policy, rules, and regulations as they exist or may hereafter be amended. Specifically, it shall be the duty of the Superintendent to recommend for employment all professional employees of the District subject to the Board's approval. It shall be the further duty of the Superintendent to employ all other personnel consistent with the Board's policies. It shall be the further duty of the Superintendent to direct, assign, reassign, and evaluate all of the employees of the District consistent with Board policies and federal and state law. It shall be the further duty of the Superintendent to organize, reorganize, and arrange the staff of the District, and to develop and establish administrative regulations, rules, and procedures which the Superintendent deems necessary for the efficient and effective operation of the District consistent with the Board's lawful directives, the Board's policies, and state and federal law. It shall be the further duty of the Superintendent to accept all resignations of employees for the District consistent with the Board's policies, except the Superintendent's resignation, which must be accepted by the Board. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, diligence, skill, and expertise.
- 2.2 Professional Certification. The Superintendent shall at all times during the term of this Contract, and any renewal or extension thereof, hold and maintain a valid certificate required of a superintendent by the State of Texas and issued by the State Board for Educator Certification and any other certificates required by law.
- 2.3 Reassignment. The Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's express written consent.

- 2.4. Board Meetings. The Superintendent shall attend, and shall be permitted to attend, all meetings of the Board, both public and closed, with the exception of those closed meetings devoted to the consideration or discussion of any action or lack of action on the Superintendent's Contract, including but not limited to salary or benefits, or the Superintendent's evaluation or performance, or for purposes of attorney-client consultations between the Board and the District's attorney, or for purposes of resolving conflicts between individual Board members, or when the Board is acting in its capacity as a tribunal. In the event of illness or Board-approved absence, the Superintendent's designee shall attend such meetings.
- 2.5 Criticisms, Complaints, and Suggestions. The Board, individually and collectively, shall refer all substantive criticisms, complaints, and suggestions called to the Board's attention to the Superintendent for study and appropriate action, and the Superintendent shall investigate such matters and inform the Board of the results of such efforts.
- 2.6 Indemnification. The District shall defend, hold harmless and indemnify the Superintendent regarding any claims, demands, duties, actions or other legal proceedings against the Superintendent for any act or failure to act involving the exercise of judgment and discretion within the normal course and scope of the Superintendent's duties as Superintendent of the District, to the extent and to the limit permitted by law. This paragraph does not apply if the Superintendent is found to have acted with gross negligence or with intent to violate a person's clearly established legal rights, or to have engaged in criminal conduct. The District may, at its sole discretion, fulfill its obligation under this paragraph by purchasing appropriate insurance coverage for the benefit of the Superintendent. No individual member of the Board shall be personally liable for indemnifying or defending the Superintendent under this paragraph. The District's obligation to indemnify, defend and hold the Superintendent harmless under this paragraph survives the termination of this Contract.

III. Compensation

- 3.1 Salary. The District shall provide the Superintendent with an annual salary in the sum of \$158,000. This annual salary rate shall be paid to the Superintendent in equal installments consistent with the Board's policies.
- 3.2 Salary Adjustments. At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth pursuant to Section 3.1 of this Contract except by mutual agreement of the two parties. Such adjustments, if any, shall be made pursuant to a lawful Board resolution. In such event, the parties agree to provide their best efforts and reasonable cooperation to execute a new contract incorporating the adjusted salary.
- 3.3 Reimbursed Expenses. The District shall pay or reimburse the Superintendent for reasonable expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract. The District agrees to pay the actual and incidental costs incurred by the Superintendent for out-of-district travel. Such actual or incidental costs may include, but are not limited to, gasoline, hotels and accommodations, meals, rental car, and other expenses incurred in the performance of the business of the District. The Superintendent shall comply with all procedures and documentation requirements in accordance with Board policies.
- 3.4 Automobile Allowance. The District shall provide the Superintendent with an in-district automobile travel allowance in the sum of Six Hundred and No/100Dollars (\$600.00) per month.
- 3.5 Health Insurance. The District shall pay the same premiums for hospitalization, major medical, and dental insurance coverage for the Superintendent pursuant to the group health plan provided by the District for its administrative employees.
- 3.6 Vacation. The Superintendent may take, at the Superintendent's choice, subject to reasonable notice to the Board, three weeks (fifteen workweek days) of vacation per contract year, with the days to be in a single period or at different times. The vacation days taken by the Superintendent will be taken at such time or times as will least interfere with performance of the Superintendent's duties as set forth in this Contract, also to bank up to five (5) days of vacation a year to a maximum of twenty-five (25) days, payable upon separation from the District.

- 3.7 Professional Growth. The Superintendent shall devote the Superintendent's time, attention, and energy to the direction, administration, and supervision of the District. The Board, however, encourages the continued professional growth of the Superintendent through the Superintendent's active attendance and participation in appropriate professional meetings at the local, regional, state, and national levels. The Board shall encourage the use of data and information sources, and shall encourage the participation of the Superintendent in pertinent education seminars and courses offered by public or private institutions or by educational associations, as well as the participation in informational meetings with those individuals whose particular skills, expertise, or backgrounds would serve to improve the capacity of the Superintendent to perform the Superintendent's professional responsibilities for the District. In its encouragement of the Superintendent to grow professionally, the Board shall permit a reasonable amount of release time for the Superintendent, as the Superintendent and Board deem appropriate, to attend such seminars, courses, or meetings. The District shall pay the Superintendent's membership dues to the American Association of School Administrators and the Texas Association of School Administrators, as well as other memberships necessary to maintain and improve the Superintendent's professional skills with prior Board approval. The District shall bear the reasonable costs and expenses for such attendance or membership.
- 3.8 Cellular Telephone. The District shall provide a cellular telephone for the Superintendent's business and personal use.
- 3.9 Outside Consultation. With the prior notice to the Board and approval of the Board, the Superintendent may serve as a consultant to other school districts or educational agencies, lecture, engage in writing activities and speaking engagements, and engage in other activities that are of a short-term duration.

IV. Annual Performance Goals

- 4.1 Development of Goals. The Superintendent shall submit to the Board each year, for the Board's consideration and Adoption, a preliminary list of goals for the District and the Superintendent. The goals approved by the Board shall at all times be reduced to writing and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated.

V. Review of Performance

- 5.1 Time and Basis of Evaluation. The Board shall evaluate and assess in writing the performance of the Superintendent in January of each year during the term of this Contract ("Superintendent's Evaluation"). The Superintendent's evaluation instrument and process shall be developed and/or revised with input from the Superintendent and shall be reasonably related to the duties of the Superintendent as outlined in the Superintendent's job description.
- 5.2 Confidentiality. Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in executive session and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Board or the Superintendent from sharing the content of the Superintendent's evaluation with their respective legal counsel.
- 5.3 Evaluation Format and Procedures. The evaluation format and procedure shall be in accordance with the evaluation instrument selected by the Board in accordance with Article V of this Contract, the Board's policies, and state and federal law. In the event the Board deems that the evaluation instrument, format and/or procedure is to be modified by the Board and such modifications would require new or different performance expectations, the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.

VI. Renewal or Non-renewal of Employment Contract

- 6.1 Renewal/Non-renewal. Renewal or non-renewal shall be in accordance with Board policy and applicable law. Notwithstanding anything to the contrary in Section 21.212(a) of the Texas Education Code, the Superintendent shall be entitled to written notice, containing reasonable notice of the reason for the proposed non-renewal, not later than forty-five (45) days before the last day of the contract term, containing reasonable notice of the reasons(s) for the proposed non-renewal of the Superintendent's Contract with the District.

VII. Termination of Employment Contract

- 7.1 **Mutual Agreement.** This Contract may be terminated by the mutual agreement of the Superintendent and the Board in writing, upon such terms and conditions as may be mutually agreed upon.
- 7.2 **Retirement or Death.** This Contract shall be terminated upon retirement from the Aledo Independent School District or death of the Superintendent.
- 7.3 **Dismissal for Good Cause.** The Board may dismiss the Superintendent during the term of the Contract for good cause. The Term "good cause" is defined as follows:
- (a) Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract;
 - (b) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any incompetency or inefficiency;
 - (c) Insubordination or failure to comply with lawful written Board directives;
 - (d) Failure to comply with the Board's policies or the District's administrative regulations;
 - (e) Neglect of duties;
 - (f) Drunkenness or excessive use of alcoholic beverages;
 - (g) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
 - (h) Conviction of a felony or crime involving moral turpitude;
 - (i) Failure to meet the District's standards of professional conduct;
 - (j) Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development;
 - (k) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent;
 - (l) Immorality, which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by the District. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
 - (m) Assault on an employee or student;
 - (n) Knowingly falsifying records or documents related to the District's activities;
 - (o) Conscious misrepresentation of facts to the Board or other District officials in the conduct of the District's business;
 - (p) Failure to fulfill requirements for superintendent certification;
 - (q) Failure to fulfill the requirements of a deficiency plan under an Emergency Permit; or
 - (r) Any other reason constituting "good cause" under Texas law.

7.4 Termination Procedure. In the event that the Board terminates this Contract for "good cause", the Superintendent shall be afforded all the rights as set forth in the Board's policies, and state and federal law.

VIII. Miscellaneous

8.1 Controlling Law. This Contract shall be governed by the laws of the State of Texas and shall be performable in Parker County, Texas, unless otherwise provided by law.

8.2 Complete Agreement. This Contract embodies the entire agreement between the parties hereto and cannot be varied except by written agreement of the undersigned parties, except as expressly provided herein.

8.3 Conflicts. In the event of any conflict between the terms, conditions, and provisions of this Employment Contract and the provisions of the Board's policies, or any permissive state or federal law, then, unless otherwise prohibited by law, the terms of this Contract shall take precedence over the contrary provisions of the Board's policies or any such permissive law during the term of the Contract.

8.4 Savings Clause. In the event any one or more of the provisions contained in this Contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the Superintendent have been superseded by this Contract, and this Contract constitutes the entire agreement between the parties unless amended pursuant to the terms of this Contract.

ALEDO INDEPENDENT SCHOOL DISTRICT

By: Joe L. Dearing, Jr.
Joe L. Dearing, Jr.
President, Board of Trustees

ATTEST

Connie S. Suchocki
Connie Suchocki
Secretary, Board of Trustees

Don R. Daniel
Don R. Daniel, Superintendent

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SUPERINTENDENT'S EMPLOYMENT CONTRACT

COPY

STATE OF TEXAS §
COUNTY OF PARKER §

KNOW ALL MEN BY THESE PRESENTS:

THIS SUPERINTENDENT'S EMPLOYMENT CONTRACT ("Agreement") was approved by the Board (defined below) on January 19, 2009, and is made and entered into effective the 1st day of July, 2009, by and between the Board of Trustees (the "Board") of the Aledo Independent School District (the "District") and Don R. Daniel (the "Superintendent").

WITNESSETH:

NOW, THEREFORE, the Board and the Superintendent, for and in consideration of the terms hereinafter established and pursuant to Section 11.201 of the Texas Education Code, have agreed, and do hereby agree, as follows:

I. Term

- 1.1 The Board, by and on behalf of the District, does hereby employ the Superintendent, and the Superintendent does hereby accept employment as Superintendent of Schools for the District for a term of five (5) years, commencing on July 1, 2009, and ending June 30, 2014. The District may, by action of the Board, and with the consent and approval of the Superintendent, extend the term of this Contract as permitted by state law.
- 1.2 The Board has not adopted any policy, rule, regulation, law, or practice providing for tenure. No right of tenure is created by this Contract. No property interest, express or implied, is created in continued employment beyond the Contract term.

II. Employment

- 1.3 Duties. The Superintendent is the chief executive of the District and shall faithfully perform the duties of the Superintendent of Schools for the District as prescribed in the job description and as may be lawfully assigned by the Board, and shall comply with all lawful Board directives, state and federal law, district policy, rules, and regulations as they exist or may hereafter be amended. Specifically, it shall be the duty of the Superintendent to recommend for employment all professional employees of the District subject to the Board's approval. It shall be the further duty of the Superintendent to employ all other personnel consistent with the Board's policies. It shall be the further duty of the Superintendent to direct, assign, reassign, and evaluate all of the employees of the District consistent with Board policies and federal and state law. It shall be the further duty of the Superintendent to organize, reorganize, and arrange the staff of the District, and to develop and establish administrative regulations, rules, and procedures which the Superintendent deems necessary for the efficient and effective operation of the District consistent with the Board's lawful directives, the Board's policies, and state and federal law. It shall be the further duty of the Superintendent to accept all resignations of employees for the District consistent with the Board's policies, except the Superintendent's resignation, which must be accepted by the Board. The Superintendent shall perform the duties of the Superintendent of Schools for the District with reasonable care, diligence, skill, and expertise.
- 2.2 Professional Certification. The Superintendent shall at all times during the term of this Contract, and any renewal or extension thereof, hold and maintain a valid certificate required of a superintendent by the State of Texas and issued by the State Board for Educator Certification and any other certificates required by law.
- 2.3 Reassignment. The Superintendent cannot be reassigned from the position of Superintendent to another position without the Superintendent's express written consent.

- 2.4. Board Meetings. The Superintendent shall attend, and shall be permitted to attend, all meetings of the Board, both public and closed, with the exception of those closed meetings devoted to the consideration or discussion of any action or lack of action on the Superintendent's Contract, including but not limited to salary or benefits, or the Superintendent's evaluation or performance, or for purposes of attorney-client consultations between the Board and the District's attorney, or for purposes of resolving conflicts between individual Board members, or when the Board is acting in its capacity as a tribunal. In the event of illness or Board-approved absence, the Superintendent's designated shall attend such meetings.
- 2.5 Criticisms, Complaints, and Suggestions. The Board, individually and collectively, shall refer all substantive criticisms, complaints, and suggestions called to the Board's attention to the Superintendent for study and appropriate action, and the Superintendent shall investigate such matters and inform the Board of the results of such efforts.
- 2.6 Indemnification. The District shall defend, hold harmless and indemnify the Superintendent regarding any claims, demands, duties, actions or other legal proceedings against the Superintendent for any act or failure to act involving the exercise of judgment and discretion within the normal course and scope of the Superintendent's duties as Superintendent of the District, to the extent and to the limit permitted by law. This paragraph does not apply if the Superintendent is found to have acted with gross negligence or with intent to violate a person's clearly established legal rights, or to have engaged in criminal conduct. The District may, at its sole discretion, fulfill its obligation under this paragraph by purchasing appropriate insurance coverage for the benefit of the Superintendent. No individual member of the Board shall be personally liable for indemnifying or defending the Superintendent under this paragraph. The District's obligation to indemnify, defend and hold the Superintendent harmless under this paragraph survives the termination of this Contract.

III. Compensation

- 3.1 Salary. The District shall provide the Superintendent with an annual salary in the sum of \$~~150,000~~ ^{158,800} ^{8/24/09}. This annual salary rate shall be paid to the Superintendent in equal installments consistent with the Board's policies.
- 3.2 Salary Adjustments. At any time during the term of this Contract, the Board may, in its discretion, review and adjust the salary of the Superintendent, but in no event shall the Superintendent be paid less than the salary set forth pursuant to Section 3.1 of this Contract except by mutual agreement of the two parties. Such adjustments, if any, shall be made pursuant to a lawful Board resolution. In such event, the parties agree to provide their best efforts and reasonable cooperation to execute a new contract incorporating the adjusted salary.
- 3.3 Reimbursed Expenses. The District shall pay or reimburse the Superintendent for reasonable expenses incurred by the Superintendent in the continuing performance of the Superintendent's duties under this Contract. The District agrees to pay the actual and incidental costs incurred by the Superintendent for out-of-district travel. Such actual or incidental costs may include, but are not limited to, gasoline, hotels and accommodations, meals, rental car, and other expenses incurred in the performance of the business of the District. The Superintendent shall comply with all procedures and documentation requirements in accordance with Board policies.
- 3.4 Automobile Allowance. The District shall provide the Superintendent with an in-district automobile travel allowance in the sum of Six Hundred and No/100Dollars (\$600.00) per month.
- 3.5 Health Insurance. The District shall pay the same premiums for hospitalization, major medical, and dental insurance coverage for the Superintendent pursuant to the group health plan provided by the District for its administrative employees.
- 3.6 Vacation. The Superintendent may take, at the Superintendent's choice, subject to reasonable notice to the Board, three weeks (fifteen workweek days) of vacation per contract year, with the days to be in a single period or at different times. The vacation days taken by the Superintendent will be taken at such time or times as will least interfere with performance of the Superintendent's duties as set forth in this Contract, also to bank up to five (5) days of vacation a year to a maximum of twenty-five (25) days, payable upon separation from the District.

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3.8 Cellular Telephone. The District shall provide a cellular telephone for the Superintendent's business and personal use.

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IV. Annual Performance Goals

4.1 Development of Goals. The Superintendent shall submit to the Board each year, for the Board's consideration and Adoption, a preliminary list of goals for the District and the Superintendent. The goals approved by the Board shall at all times be reduced to writing and shall be among the criteria on which the Superintendent's performance is reviewed and evaluated.

V. Review of Performance

5.1 Time and Basis of Evaluation. The Board shall evaluate and assess in writing the performance of the Superintendent in January of each year during the term of this Contract ("Superintendent's Evaluation"). The Superintendent's evaluation instrument and process shall be developed and/or revised with input from the Superintendent and shall be reasonably related to the duties of the Superintendent as outlined in the Superintendent's job description.

5.2 Confidentiality. Unless the Superintendent expressly requests otherwise in writing, the evaluation of the Superintendent shall at all times be conducted in executive session and shall be considered confidential to the extent permitted by law. Nothing herein shall prohibit the Board or the Superintendent from sharing the content of the Superintendent's evaluation with their respective legal counsel.

5.3 Evaluation Format and Procedures. The evaluation format and procedure shall be in accordance with the evaluation instrument selected by the Board in accordance with Article V of this Contract, the Board's policies, and state and federal law. In the event the Board deems that the evaluation instrument, format and/or procedure is to be modified by the Board and such modifications would require new or different performance expectations, the Superintendent shall be provided a reasonable period of time to demonstrate such expected performance before being evaluated.

VI. Renewal or Non-renewal of Employment Contract

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- 7.1 Mutual Agreement. This Contract may be terminated by the mutual agreement of the Superintendent and the Board in writing, upon such terms and conditions as may be mutually agreed upon.
- 7.2 Retirement or Death. This Contract shall be terminated upon retirement from the Aledo Independent School District or death of the Superintendent.
- 7.3 Dismissal for Good Cause. The Board may dismiss the Superintendent during the term of the Contract for good cause. The Term "good cause" is defined as follows:
- (a) Failure to fulfill duties or responsibilities as set forth under the terms and conditions of this Contract;
 - (b) Incompetence or inefficiency in the performance of required or assigned duties as documented by evaluations, supplemental memoranda, or other written communication from the Board; provided, however, the terms and conditions of this paragraph shall not justify good cause unless the Board has provided the Superintendent a reasonable opportunity to remediate any incompetency or inefficiency;
 - (c) Insubordination or failure to comply with lawful written Board directives;
 - (d) Failure to comply with the Board's policies or the District's administrative regulations;
 - (e) Neglect of duties;
 - (f) Drunkenness or excessive use of alcoholic beverages;
 - (g) Illegal use of drugs, hallucinogens, or other substances regulated by the Texas Controlled Substances Act;
 - (h) Conviction of a felony or crime involving moral turpitude;
 - (i) Failure to meet the District's standards of professional conduct;
 - (j) Failure to comply with reasonable District professional development requirements regarding advanced course work or professional development;
 - (k) Disability, not otherwise protected by law, that impairs performance of the required duties of the Superintendent;
 - (l) Immorality, which is conduct the Board determines is not in conformity with the accepted moral standards of the community encompassed by the District. Immorality is not confined to sexual matters, but includes conduct inconsistent with rectitude or indicative of corruption, indecency, or depravity;
 - (m) Assault on an employee or student;
 - (n) Knowingly falsifying records or documents related to the District's activities;
 - (o) Conscious misrepresentation of facts to the Board or other District officials in the conduct of the District's business;
 - (p) Failure to fulfill requirements for superintendent certification;
 - (q) Failure to fulfill the requirements of a deficiency plan under an Emergency Permit; or
 - (r) Any other reason constituting "good cause" under Texas law.

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8.4 Savings Clause. In the event any one or more of the provisions contained in this Contract shall, for any reason, be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision thereof, and this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein. All existing agreements and contracts, both verbal and written, between the parties hereto regarding the employment of the Superintendent have been superseded by this Contract, and this Contract constitutes the entire agreement between the parties unless amended pursuant to the terms of this Contract.

ALEDO INDEPENDENT SCHOOL DISTRICT

By: JOE DEARING JR
Joe L. Dearing, Jr.
President, Board of Trustees

ATTEST:

Jo Anne Carlson
Jo Anne Carlson
Secretary, Board of Trustees

Don R. Daniel
Don R. Daniel, Superintendent

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BASIC FINANCIAL STATEMENTS

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ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2009

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 2,351,350	\$ 21,467	\$ 2,372,817
1120 Current Investments	65,457,121	-	65,457,121
1220 Property Taxes Receivable (Delinquent)	3,077,141	-	3,077,141
1230 Allowance for Uncollectible Taxes	(1,190,649)	-	(1,190,649)
1240 Due from Other Governments	298,273	-	298,273
1300 Inventories	15,710	-	15,710
1420 Capitalized Bond and Other Debt Issuance Costs	663,805	-	663,805
Capital Assets:			
1510 Land	6,250,436	-	6,250,436
1520 Buildings, Net	74,933,381	-	74,933,381
1530 Furniture and Equipment, Net	4,417,748	-	4,417,748
1580 Construction in Progress	20,044,987	-	20,044,987
1000 Total Assets	<u>176,319,303</u>	<u>21,467</u>	<u>176,340,770</u>
LIABILITIES			
2110 Accounts Payable	4,867,637	-	4,867,637
2140 Interest Payable	424,014	-	424,014
2150 Payroll Deductions & Withholdings	1,678	-	1,678
2160 Accrued Wages Payable	1,115,655	-	1,115,655
2200 Accrued Expenses	21,131	-	21,131
2300 Deferred Revenues	3,268,106	-	3,268,106
Noncurrent Liabilities			
2501 Due Within One Year	2,294,131	-	2,294,131
2502 Due in More Than One Year	167,915,601	-	167,915,601
2000 Total Liabilities	<u>179,907,953</u>	<u>-</u>	<u>179,907,953</u>
NET ASSETS			
3200 Invested in Capital Assets, Net of Related Debt	(64,104,015)	-	(64,104,015)
Restricted for:			
3820 Restricted for Federal and State Programs	146,518	-	146,518
3850 Restricted for Debt Service	7,456,029	-	7,456,029
3860 Restricted for Capital Projects	38,663,243	-	38,663,243
3900 Unrestricted Net Assets	14,249,575	21,467	14,271,042
3000 Total Net Assets	<u>\$ (3,588,650)</u>	<u>\$ 21,467</u>	<u>\$ (3,567,183)</u>

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 25,178,166	\$ 220,048	\$ 2,361,039
12 Instructional Resources and Media Services	437,518	-	41,500
13 Curriculum and Instructional Staff Development	225,960	-	113,298
21 Instructional Leadership	420,315	-	14,851
23 School Leadership	2,419,024	-	80,961
31 Guidance, Counseling and Evaluation Services	712,911	-	31,930
33 Health Services	351,349	-	18,866
35 Food Services	1,866,584	1,423,676	445,114
36 Extracurricular Activities	2,073,925	1,394,841	39,425
41 General Administration	1,511,221	-	78,326
51 Plant Maintenance and Operations	4,226,436	78,965	34,904
52 Security and Monitoring Services	288,105	-	15,466
53 Data Processing Services	578,710	-	20,043
72 Debt Service - Interest on Long Term Debt	7,704,758	-	-
73 Debt Service - Bond Issuance Cost and Fees	63,241	-	-
81 Facilities Acquisition and Construction	564,694	-	-
93 Payments to Fiscal Agent/Member Districts of SSA	2,007,318	-	14,000
[TG] Total Governmental Activities:	<u>50,630,235</u>	<u>3,117,530</u>	<u>3,309,722</u>
BUSINESS-TYPE ACTIVITIES:			
01 Pre-K Academy	66,255	57,575	-
02 Bearcat Store	23,832	53,639	-
[TB] Total Business-Type Activities:	<u>90,087</u>	<u>111,214</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 50,720,322</u>	<u>\$ 3,228,744</u>	<u>\$ 3,309,722</u>
Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
GC	Grants and Contributions not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
TR	Total General Revenues		
CN	Change in Net Assets		
NB	Net Assets--Beginning		
NE	Net Assets--Ending		

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

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (22,597,079)	\$ -	\$ (22,597,079)
(396,018)	-	(396,018)
(112,663)	-	(112,663)
(405,464)	-	(405,464)
(2,338,063)	-	(2,338,063)
(680,981)	-	(680,981)
(332,483)	-	(332,483)
2,206	-	2,206
(639,659)	-	(639,659)
(1,432,895)	-	(1,432,895)
(4,112,567)	-	(4,112,567)
(272,639)	-	(272,639)
(558,667)	-	(558,667)
(7,704,758)	-	(7,704,758)
(63,241)	-	(63,241)
(564,694)	-	(564,694)
(1,993,318)	-	(1,993,318)
(44,202,983)	-	(44,202,983)
-	(8,680)	(8,680)
-	29,807	29,807
-	21,127	21,127
(44,202,983)	21,127	(44,181,856)
25,691,850	-	25,691,850
9,514,690	-	9,514,690
4,813,164	-	4,813,164
1,104,982	-	1,104,982
859,818	340	860,158
474,301	-	474,301
42,458,805	340	42,459,145
(1,744,178)	21,467	(1,722,711)
(1,844,472)	-	(1,844,472)
\$ (3,588,650)	\$ 21,467	\$ (3,567,183)

ALEDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,089,819	\$ 15,302	\$ 241,336
1120 Investments - Current	14,871,339	7,396,264	41,199,761
1220 Property Taxes - Delinquent	2,308,490	768,651	-
1230 Allowance for Uncollectible Taxes (Credit)	(905,555)	(285,094)	-
1240 Due from Other Governments	275,220	8,134	-
1260 Due from Other Funds	-	36,328	-
1300 Inventories	-	-	-
1000 Total Assets	<u>\$ 17,639,313</u>	<u>\$ 7,939,585</u>	<u>\$ 41,441,097</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable/Bank Overdrafts	\$ 41,076	\$ -	\$ 4,522,307
2150 Payroll Deductions and Withholdings Payable	1,678	-	-
2160 Accrued Wages Payable	1,106,142	-	-
2170 Due to Other Funds	36,328	-	-
2200 Accrued Expenditures	20,970	-	-
2300 Deferred Revenues	4,655,331	483,556	-
2000 Total Liabilities	<u>5,861,525</u>	<u>483,556</u>	<u>4,522,307</u>
Fund Balances:			
Reserved For:			
3420 Retirement of Long Term Debt	-	7,456,029	-
3450 Food Service	-	-	-
3490 Other Purposes	-	-	36,918,790
Unreserved and Undesignated:			
3600 Reported in the General Fund	11,777,788	-	-
3610 Reported in Special Revenue Funds	-	-	-
3000 Total Fund Balances	<u>11,777,788</u>	<u>7,456,029</u>	<u>36,918,790</u>
4000 Total Liabilities and Fund Balances	<u>\$ 17,639,313</u>	<u>\$ 7,939,585</u>	<u>\$ 41,441,097</u>

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

Other Funds	Total Governmental Funds
\$ 1,004,893	\$ 2,351,350
1,989,757	65,457,121
-	3,077,141
-	(1,190,649)
14,919	298,273
-	36,328
15,710	15,710
<u>\$ 3,025,279</u>	<u>\$ 70,045,274</u>
\$ 304,254	\$ 4,867,637
-	1,678
9,513	1,115,655
-	36,328
161	21,131
15,710	5,154,597
<u>329,638</u>	<u>11,197,026</u>
-	7,456,029
146,518	146,518
1,744,453	38,663,243
-	11,777,788
804,670	804,670
<u>2,695,641</u>	<u>58,848,248</u>
<u>\$ 3,025,279</u>	<u>\$ 70,045,274</u>

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

Total Fund Balances - Governmental Funds	\$	58,848,248
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$108,884,863 and the accumulated depreciation was \$24,754,601. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.		(87,531,839)
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2009 capital outlays and debt principal payments is to increase (decrease) net assets.		27,356,561
3 The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(4,148,111)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		1,886,491
19 Net Assets of Governmental Activities	\$	(3,588,650)

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 25,881,382	\$ 9,401,309	\$ 569,790
5800 State Program Revenues	7,369,744	-	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	<u>33,251,126</u>	<u>9,401,309</u>	<u>569,790</u>
EXPENDITURES:			
Current:			
0011 Instruction	20,053,869	-	-
0012 Instructional Resources and Media Services	416,363	-	-
0013 Curriculum and Instructional Staff Development	141,849	-	-
0021 Instructional Leadership	420,315	-	-
0023 School Leadership	1,932,928	-	-
0031 Guidance, Counseling and Evaluation Services	712,911	-	-
0033 Health Services	351,349	-	-
0035 Food Services	23,996	-	-
0036 Extracurricular Activities	1,498,015	-	-
0041 General Administration	1,413,314	-	-
0051 Facilities Maintenance and Operations	4,176,295	-	-
0052 Security and Monitoring Services	252,994	-	-
0053 Data Processing Services	584,367	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	2,900,000	-
0072 Debt Service - Interest on Long Term Debt	-	6,527,369	-
0073 Debt Service - Bond Issuance Cost and Fees	-	32,790	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	24,000,263
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	1,993,318	-	-
6030 Total Expenditures	<u>33,971,883</u>	<u>9,460,159</u>	<u>24,000,263</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(720,757)</u>	<u>(58,850)</u>	<u>(23,430,473)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	2,500	-	-
7949 Other Resources - Oil/Gas Proceeds	188,573	-	-
7080 Total Other Financing Sources (Uses)	<u>191,073</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	(529,684)	(58,850)	(23,430,473)
0100 Fund Balance - September 1 (Beginning)	<u>12,307,472</u>	<u>7,514,879</u>	<u>60,349,263</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 11,777,788</u>	<u>\$ 7,456,029</u>	<u>\$ 36,918,790</u>

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

Other Funds	Total Governmental Funds
\$ 2,668,520	\$ 38,521,001
645,417	8,015,161
<u>1,193,571</u>	<u>1,193,571</u>
4,507,508	47,729,733
1,822,235	21,876,104
21,155	437,518
112,324	254,173
-	420,315
-	1,932,928
-	712,911
-	351,349
1,833,494	1,857,490
475,843	1,973,858
62,547	1,475,861
2,730	4,179,025
20,057	273,051
-	584,367
-	2,900,000
-	6,527,369
-	32,790
2,041,995	26,042,258
<u>14,000</u>	<u>2,007,318</u>
6,406,380	73,838,685
<u>(1,898,872)</u>	<u>(26,108,952)</u>
-	2,500
-	188,573
-	191,073
<u>(1,898,872)</u>	<u>(25,917,879)</u>
<u>4,594,513</u>	<u>84,766,127</u>
<u>\$ 2,695,641</u>	<u>\$ 58,848,248</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$	(25,917,879)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2009 capital outlays and debt principal payments is to increase (decrease) net assets.		27,356,561
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.		(4,148,111)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		965,251
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>(1,744,178)</u>

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

ALED0 INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AUGUST 31, 2009

	Business-Type Activities
	Total Enterprise Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 21,467
Total Assets	<u>21,467</u>
NET ASSETS	
Unrestricted Net Assets	<u>21,467</u>
Total Net Assets	<u><u>\$ 21,467</u></u>

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

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

	Business-Type Activities
	Total Enterprise Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 111,214
Total Operating Revenues	<u>111,214</u>
OPERATING EXPENSES:	
Payroll Costs	58,270
Supplies and Materials	31,817
Total Operating Expenses	<u>90,087</u>
Operating Income	<u>21,127</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	<u>340</u>
Total Nonoperating Revenues (Expenses)	<u>340</u>
Change in Net Assets	21,467
Total Net Assets - September 1 (Beginning)	<u>-</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 21,467</u></u>

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

ALED0 INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 111,214
Cash Payments to Employees for Services	(58,270)
Cash Payments for Suppliers	(31,817)
Net Cash Provided by Operating Activities	<u>21,127</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>340</u>
Net Increase in Cash and Cash Equivalents	21,467
Cash and Cash Equivalents at Beginning of the Year:	<u>-</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 21,467</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	<u>\$ 21,467</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss):	<u>\$ 21,127</u>

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

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

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 122,221
Total Assets	<u>122,221</u>
LIABILITIES	
Due to Student Groups	\$ 122,221
Total Liabilities	<u>122,221</u>

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

**Aledo Independent School District
Notes to the Financial Statements
For the Year ended August 31, 2009**

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting entity

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

B. Government-Wide and Fund Accounting

Government-Wide Financial Statements: The Statement of Net Assets and the Statement of Activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. *Governmental activities* are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and

charges paid by the recipient of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The District reports the following major governmental funds:

- 1. The General Fund** – The General Fund is used to account for financial resources used for general operations. It is the basic fund of the school system and covers activities for which a special fund has not been established. Any fund balances are considered resources available for current operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund.
- 2. Debt Service Funds** – This fund is used to account for payment of principal and interest on long-term general obligation debt of the District. The main source of revenue for debt service is the apportionment of local property taxes.
- 3. Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Additionally, the District reports the following fund type(s):

Non –major Governmental Funds:

- 1. Special Revenue Funds** – These funds are used to account for resources restricted to, or designated for, specific purposes by the District or a grantor. Federal and State financial assistance is generally accounted for in a Special Revenue Fund. Generally unused balances are returned to the grantor at the close of specified project periods.
- 2. Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund. This fund is the balance remaining from prior year long-term debt financing.

Proprietary funds are used to account for on-going organizations and activities where net income and capital maintenance are measured. All related assets, liabilities, equities, revenues, expenses, non-operating revenues and expenses, and transfers are accounted for

through the fund affected. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

1. **Enterprise Funds** - These funds are used to account for operations financed and operated in a manner to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District has two Enterprise Funds – the Pre-K Academy and the Bearcat Store.

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

1. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District’s Agency Fund consists of the Student Activity Funds and other organizational activities requiring clearing accounts

C. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims

and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

D. Other Accounting Policies

1. Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments such as certificates of deposits, money market funds, cash management pools, Treasury bills, and commercial paper.

2. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

3. Capital Assets

Capital assets, includes land, buildings and improvements, furniture and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The District defines capital assets with an initial, individual cost of more than \$5,000 and having an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Land	Not depreciated
Buildings and improvements	30
Furniture and equipment	3-15

4. Receivable and Payable Amounts

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

There are no significant receivables which are not scheduled for collection within one year of August 31, 2009.

5. Interfund Activity

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

6. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

7. Data Control Codes

The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (the "Agency") in their Resource Guide. The Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

8. In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of 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.

9. Bond proceeds not spent are restricted for construction.
10. In the Fund Balances section of the Governmental Funds Balance Sheet, there are various reservations and designations of fund balances reported. Governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes. Designations of fund balances represent tentative management plans that are subject to change.
11. School Districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

E. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

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

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>
Invested in Capital Assets, Net of Related Debt	\$(64,104,015)
Net Assets	\$ (3,567,183)

Remarks:

1. Debt has been issued, but the proceeds have not been fully invested into the facilities.
2. Due to favorable interest rates, the assets are being depreciated faster than the bonds are being amortized.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.

Refer to Exhibit C-2 “Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets”, Item 1 and to Exhibit C-4 “Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities”, first item for explanations.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The Board of Trustees adopted an “appropriated budget” for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Fund). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-4 and J-5.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten day’s public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

	Original Budget Appropriations	Increase (Decrease)	Amended Budget Appropriations
General Fund	\$37,605,364	\$(87,476)	\$37,517,888
Food Service Special Revenue Fund	1,891,867	0	1,891,867
Debt Service Fund	9,612,845	0	9,612,845

A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

August 31, 2009 Fund Balance	
Appropriated Budgeted Funds – Food Service Special Revenue Fund	\$146,518
Non-appropriated Budgeted Funds	804,670
All Special Revenue Funds	\$951,188

IV. DETAILED NOTES ON ALL FUNDS

A. 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 dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

1. Cash Deposits:

At August 31, 2009, the carrying amount of the District’s deposits (cash, certificates of deposits, and interest-bearing saving accounts included in temporary investments) was \$2,351,350 and the bank balance was \$1,624,781. The District’s cash deposits at August 31, 2009, and during the year, were entirely covered by FDIC insurance and pledged collateral held by the District’s agent bank in the District’s name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of returns, (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.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, (1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, (2) certificates of deposits, (3) certain municipal

securities, (4) securities lending programs, (5) repurchase agreements, (6) bankers acceptances, (7) mutual Funds, (8) investment pools, (9) guaranteed investment contracts, (10) and commercial paper.

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

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

<u>Investment/Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$65,457,121	\$65,457,121	On demand
Totals	<u>\$65,457,121</u>	<u>\$65,457,121</u>	

3. Analysis of Specific Deposit and Investment Risks

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

- 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. The District's policy regarding types of deposits allowed and collateral requirements is all deposits are covered by FDIC insurance and pledged collateral in their entirety. The District has no custodial credit risk for its deposits.
- 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. The District has no investments exposed to Custodial Credit Risk.
- c. Interest-rate Risk – Interest-rate risk occurs when potential purchases of debt securities do not agree to pay face value for those securities if interest rates rise. The District does not have any investments considered as Interest-rate Risk.
- d. Other Credit Risk Exposure – The District may invest in a securities lending program if the value of securities loaned is not less than 100 percent collateralized, including accrued income, and the loan allows for termination at any time; the loan is secured; the terms of the loan require that the securities being held as collateral be pledged to the investing entity; and, the loan is placed through a primary government securities dealer or a financial institution doing business in this state. The District does not have any investments in a securities lending program.

e. Concentration Risk – The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific issuer. The District is not exposed to concentration risk.

f. Foreign Currency Risk

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

4. Investment Accounting Policy

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

5. Public Funds Investment Pools

Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-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 a 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.

Defaults and Recovery of Prior-period Losses – The District had no defaults and recovery of prior-period losses.

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and delinquent if not paid before February 1 of the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

The tax rates assessed for the year ended August 31, 2009, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0400 and \$0.3852 per \$100 valuation, respectively, for a total of \$1.4252 per \$100 valuation.

Current tax collections for the year ended August 31, 2009 were 95% of the year-end adjusted tax levy.

C. Delinquent Taxes Receivable

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 property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. Interfund Receivables, Payables, and Transfers

As each fund is a separate self-balancing set of accounts, transactions between funds should be recorded properly in each fund affected. Interfund receivables and payables generally arise from interfund loans between different funds with balances being repaid generally within one year.

Interfund balances at August 31, 2009 consisted of the following amounts:

Due to/from other Funds:

Due to Debt Service Fund:	
General Fund	<u>\$36,328</u>
Total Due to Debt Service Fund from Other Funds	<u><u>\$36,328</u></u>

Purpose of the above amount was for a short-term loan.

Other Financing Sources (Uses) and Transfers:

The District had Total Other Financing Sources of \$191,073. Sale of Real and Personal Property accounted for \$2,500 of this amount and \$188,573 was for oil and gas lease revenues.

E. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Deferred Revenues at August 31, 2009 were as follows:

	Unavailable	Unearned	Total
Delinquent Property Taxes Receivable – General	\$1,402,935	\$ 0	\$1,402,935
Delinquent Property Taxes Receivable – Debt Service	483,556	0	483,556
State Grants	0	3,252,396	3,252,396
Food Service Commodities	0	15,710	15,710
Total Deferred Revenues	\$1,886,491	\$3,268,106	\$5,154,597

F. Capital Asset Activity

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

	Beginning Balance	Increases/ Adjustments	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,896,158	\$ 354,278	\$ 0	\$ 6,250,436
Construction in Progress	16,172,196	19,322,736	15,449,945	20,044,987
	<u>22,068,354</u>	<u>19,677,014</u>	<u>15,449,945</u>	<u>26,295,423</u>
Capital assets, being depreciated:				
Buildings and improvements	85,425,196	17,137,661	0	102,562,857
Furniture and equipment	1,391,313	4,299,669	0	5,690,982
Total capital assets, being Depreciated	<u>86,816,509</u>	<u>21,437,330</u>	<u>0</u>	<u>108,253,839</u>
Accumulated depreciation for:				
Buildings and improvements	24,248,961	3,380,515	0	27,629,476
Furniture and equipment	505,640	767,594	0	1,273,234
Total accumulated depreciation	<u>24,754,601</u>	<u>4,148,109</u>	<u>0</u>	<u>28,902,710</u>
Total capital assets, being Depreciated, net	<u>62,061,908</u>	<u>17,289,221</u>	<u>0</u>	<u>79,351,129</u>
Governmental activities capital assets, Net	<u>\$84,130,262</u>	<u>\$36,966,235</u>	<u>\$15,449,945</u>	<u>\$105,646,552</u>

Depreciation expense was charged to governmental functions of the District as follows:

Governmental activities:	
11 – Instruction	\$3,322,360
13 – Curriculum & Instructional Staff Development	21,084
23 – School Leadership	486,096
35 – Food Services	10,078
36 – Extracurricular Activities	100,067

41 – General Administration	35,360
51 – Plant Maintenance & Operations	129,329
52 – Security and Monitoring Services	15,054
53- Data Processing Services	28,681
Total Depreciation Expense	<u>\$4,148,109</u>

G. Bonds Payable

The following is a description of the District's bonds outstanding as of August 31, 2009:

Issue/ Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balances	Issued	Retired	Ending Balances	Amounts Due Within One Year
1998 School Bldg. & Refunding /2014	4.40% to 5.00%	\$ 4,412,145	\$3,745,000	\$0	\$ 715,000	\$3,030,000	\$680,000
2001 School Bldg./2032	4.50% to 5.55%	7,418,568	5,718,568	0	450,000	5,268,568	324,131
2005- A School Bldg./ 2033	3.50% to 5.125%	34,875,000	34,875,000	0	305,000	34,570,000	425,000
2005-B School Bldg./2015	3.51% to 4.39%	2,282,852	2,282,852	0	312,852	1,970,000	675,000
2006 School Bldg./2029	3.375% to 5.500%	23,035,000	22,360,000	0	50,000	22,310,000	55,000
2006-A School Bldg./2035	3.62% to 3.75%	16,910,000	16,085,000	0	235,000	15,850,000	130,000
2007 Refunding/ 2029	3.5% to 5.0%	7,520,000	7,480,072	0	5,000	7,475,072	5,000
2008 School Bldg./2043	3.374% to 5.820%	61,000,000	61,000,000	0	0	61,000,000	0
Totals		<u>\$157,453,565</u>	<u>\$153,546,492</u>	<u>\$0</u>	<u>\$2,072,852</u>	<u>\$151,473,640</u>	<u>\$2,294,131</u>

	Beginning Balances	Issued	Retired	Ending Balances
Accretion on CAB's	<u>\$12,124,191</u>	<u>\$1,346,696</u>	<u>\$827,148</u>	<u>\$12,643,739</u>
Loss on Refunding	<u>\$(1,249,771)</u>	<u>\$0</u>	<u>\$74,801</u>	<u>\$(1,174,970)</u>
Bond Premium	<u>\$7,546,763</u>	<u>\$0</u>	<u>\$279,440</u>	<u>\$7,267,323</u>

Interest and fees paid on general obligation bonds during the year was \$6,560,159.

The following is a summary of the District’s future annual debt service requirements to maturity for general obligation bonds.

Year Ended August 31	Principal	Interest	Total Requirements
2010	\$ 2,294,131	\$ 7,855,939	\$ 10,150,070
2011	1,982,201	7,693,643	9,675,844
2012	1,946,045	7,730,516	9,676,561
2013	1,944,919	7,780,055	9,724,974
2014	2,215,398	8,041,215	10,256,613
2015/2019	16,070,990	35,238,540	51,309,530
2020/2024	20,500,935	30,808,727	51,309,662
2025/2029	24,871,713	26,434,426	51,306,139
2030/2034	19,657,308	31,651,173	51,308,481
2035/2039	27,990,000	16,656,625	44,646,625
2040/2044	32,000,000	3,300,000	35,300,000
Totals	<u>\$151,473,640</u>	<u>\$183,190,859</u>	<u>\$334,664,499</u>

There are a number of limitations and restrictions contained in the various general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2009.

Advance Refunding of Debt

In prior years, the District also defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. On August 31, 2009, \$7,520,000 of all bonds outstanding is considered defeased.

H. Commitments Under Non-capitalized Leases

Commitments under operating (non-capitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2009, as follow:

Year Ending August 31,	
2010	\$136,739
2011	123,884
2012	84,728
2013	71,768
2014	5,975
All Others	0
Total Minimum Rentals	<u>\$423,094</u>

I. Defined Benefit Pension Plan

Plan Description. The District contributes to the Teacher Retirement System of Texas (“TRS”), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67,

and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfers under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplemental information for the defined benefit plan. That report may be obtained by writing to the TRS Communication Department, 1000 Red River, Austin, Texas 78701, by calling the TRS Communication Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. State law provides for fiscal years 2009, 2008, and 2007 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances the reporting district is required to make all or a portion of the state's 6.0% 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 rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a 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. State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2009 and 2008 were \$1,401,805 and \$1,409,908, respectively. The District paid additional state contributions for the years ended August 31, 2009, 2008, and 2007 in the amounts of \$248,461, \$192,981, and \$165,366, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

J. Retiree Health Plan

Plan Description. The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplemental 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 Communication Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78711 or by calling 1-800-223-8778.

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions,

respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2009 and 2008. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2009, 2008, and 2007, the State's contributions to TRS-Care were \$220,722, \$208,241, and \$187,573, respectively, and the District's contributions were \$121,399, \$144,532 and \$103,165, respectively, which equaled the required contributions each year.

K. Retiree Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal year ended June 30, 2009, these on-behalf payments, in the amount of \$49,793, were recognized by the District as revenues and expenditures.

L. Health Care Coverage

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

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

Latest financial statements for the Company are available for their year ended and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

M. Due from Other Governments

Amounts due from local, state, and federal governments as of August 31, 2009 are summarized below.

Fund	Due From Other Governments
General Operating Fund	\$275,220
Debt Service Fund	8,134
Special Revenue Fund	14,919
Total	\$298,273

N. Revenue from Local and Intermediate Sources

During the current year, local, intermediate and out-of-state revenues consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Fund Totals
Property Taxes	\$25,000,809	\$ 0	\$9,240,479	\$ 0	\$34,241,288
Food Sales	0	1,423,676	0	0	1,423,676
Investment Income	173,509	8,136	87,035	599,274	867,954
Penalties, interest & other tax related income	215,446	0	73,795	0	289,241
Extracurricular Student activities	306,374	0	0	0	306,374
Other	185,244	1,207,224	0	0	1,392,468
Total	\$25,881,382	\$2,639,036	\$9,401,309	\$599,274	\$38,521,001

O. Contingencies

The District participates in numerous state and Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2009 may be impaired. In the opinion of the District, there are 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 financial statements for such contingencies.

P. Litigation

No reportable litigation was pending against the District at August 31, 2009.

Q. Risk Management

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

R. Shared Services Arrangements

The District participates in a shared service arrangement (“SSA”) for students with visual impairments with the following school districts:

Azle Independent School District	Northwest Independent School District
Castleberry Independent School District	Springtown Independent School District
Decatur Independent School District	Weatherford Independent School District
Lake Worth Independent School District	White Settlement Independent School District

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

The District participates in a SSA for transportation and technology with Dallas County Schools. The District is the only member of these SSA arrangements. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has joint ownership interest in fixed assets purchased by the fiscal agent, Parker-County Co-op, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

REQUIRED SUPPLEMENTARY INFORMATION

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 22,342,860	\$ 22,442,860	\$ 25,881,382	\$ 3,438,522
5800	State Program Revenues	13,776,528	13,370,941	7,369,744	(6,001,197)
5020	Total Revenues	36,119,388	35,813,801	33,251,126	(2,562,675)
EXPENDITURES:					
Current:					
0011	Instruction	21,797,270	21,600,794	20,053,869	1,546,925
0012	Instructional Resources and Media Services	409,249	424,249	416,363	7,886
0013	Curriculum and Instructional Staff Development	248,100	248,100	141,849	106,251
0021	Instructional Leadership	433,172	433,172	420,315	12,857
0023	School Leadership	1,951,698	1,951,698	1,932,928	18,770
0031	Guidance, Counseling and Evaluation Services	724,113	724,113	712,911	11,202
0033	Health Services	349,506	354,506	351,349	3,157
0035	Food Services	22,539	25,539	23,996	1,543
0036	Extracurricular Activities	1,654,838	1,740,838	1,498,015	242,823
0041	General Administration	1,561,645	1,561,645	1,413,314	148,331
0051	Facilities Maintenance and Operations	4,930,274	4,930,274	4,176,295	753,979
0052	Security and Monitoring Services	299,074	299,074	252,994	46,080
0053	Data Processing Services	623,886	623,886	584,367	39,519
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	2,600,000	2,600,000	1,993,318	606,682
6030	Total Expenditures	37,605,364	37,517,888	33,971,883	3,546,005
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,485,976)	(1,704,087)	(720,757)	983,330
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	-	2,500	2,500
7949	Other Resources	-	-	188,573	188,573
8911	Transfers Out (Use)	-	(100,000)	-	100,000
7080	Total Other Financing Sources (Uses)	-	(100,000)	191,073	291,073
1200	Net Change in Fund Balances	(1,485,976)	(1,804,087)	(529,684)	1,274,403
0100	Fund Balance - September 1 (Beginning)	-	12,307,472	12,307,472	-
3000	Fund Balance - August 31 (Ending)	\$ (1,485,976)	\$ 10,503,385	\$ 11,777,788	\$ 1,274,403

COMBINING SCHEDULES

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service	-	-	-	-
3490	Other Purposes	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	423 Other Special Rev Fund	428 High School Allotment
\$ 196,200	\$ -	\$ -	\$ 8,386	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
9,364	-	-	-	5,555	-	-	-
15,710	-	-	-	-	-	-	-
<u>\$ 221,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,386</u>	<u>\$ 5,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 49,372	\$ -	\$ -	\$ -	\$ 5,555	\$ -	\$ -	\$ -
9,513	-	-	-	-	-	-	-
161	-	-	-	-	-	-	-
15,710	-	-	-	-	-	-	-
<u>74,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,555</u>	<u>-</u>	<u>-</u>	<u>-</u>
146,518	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	8,386	-	-	-	-
<u>146,518</u>	<u>-</u>	<u>-</u>	<u>8,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 221,274</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,386</u>	<u>\$ 5,555</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Data Control Codes	429 Other State Special Revenue Funds	460 Stadium Campus Fund	461 Campus Activity Funds	480 TMA Grant	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 144,256	\$ 647,378	\$ -
1120	Investments - Current	-	-	-	-
1240	Due from Other Governments	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 144,256</u>	<u>\$ 647,378</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service	-	-	-	-
3490	Other Purposes	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	144,256	647,378	-
3000	Total Fund Balances	<u>-</u>	<u>144,256</u>	<u>647,378</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 144,256</u>	<u>\$ 647,378</u>	<u>\$ -</u>

485 Toyota Tapestry Grant	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 4,650	\$ 1,000,870	\$ 4,023	\$ 1,004,893
-	-	1,989,757	1,989,757
-	14,919	-	14,919
-	15,710	-	15,710
<u>\$ 4,650</u>	<u>\$ 1,031,499</u>	<u>\$ 1,993,780</u>	<u>\$ 3,025,279</u>
\$ -	\$ 54,927	\$ 249,327	\$ 304,254
-	9,513	-	9,513
-	161	-	161
-	15,710	-	15,710
<u>-</u>	<u>80,311</u>	<u>249,327</u>	<u>329,638</u>
-	146,518	-	146,518
-	-	1,744,453	1,744,453
<u>4,650</u>	<u>804,670</u>	<u>-</u>	<u>804,670</u>
<u>4,650</u>	<u>951,188</u>	<u>1,744,453</u>	<u>2,695,641</u>
<u>\$ 4,650</u>	<u>\$ 1,031,499</u>	<u>\$ 1,993,780</u>	<u>\$ 3,025,279</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	128,506	605,594	10,411	14,889
5020 Total Revenues	<u>128,506</u>	<u>605,594</u>	<u>10,411</u>	<u>14,889</u>
EXPENDITURES:				
Current:				
0011 Instruction	107,933	600,297	10,411	14,889
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	6,573	5,297	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of	14,000	-	-	-
6030 Total Expenditures	<u>128,506</u>	<u>605,594</u>	<u>10,411</u>	<u>14,889</u>
1200 Net Change in Fund Balance	-	-	-	-
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><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	423 Other Special Rev Fund	428 High School Allotment
\$ 1,443,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53,297	-	-	22,516	55,539	130,563	-	383,436
346,575	76,813	10,783	-	-	-	-	-
<u>1,843,495</u>	<u>76,813</u>	<u>10,783</u>	<u>22,516</u>	<u>55,539</u>	<u>130,563</u>	<u>-</u>	<u>383,436</u>
-	-	7,892	7,380	55,539	135,963	-	348,597
-	-	-	-	-	-	-	21,089
-	76,813	2,891	6,750	-	-	-	14,000
1,833,494	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,833,494</u>	<u>76,813</u>	<u>10,783</u>	<u>14,130</u>	<u>55,539</u>	<u>135,963</u>	<u>-</u>	<u>383,686</u>
10,001	-	-	8,386	-	(5,400)	-	(250)
<u>136,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,400</u>	<u>-</u>	<u>250</u>
<u>\$ 146,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,386</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Data Control Codes	429 Other State Special Revenue Funds	460 Stadium Campus Fund	461 Campus Activity Funds	480 TMA Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 87,860	\$ 1,096,553	\$ 1,000
5800 State Program Revenues	66	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>66</u>	<u>87,860</u>	<u>1,096,553</u>	<u>1,000</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	-	526,984	1,000
0012 Instructional Resources and Media Services	66	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	76,374	399,469	-
0041 General Administration	-	-	62,547	-
0051 Facilities Maintenance and Operations	-	-	2,730	-
0052 Security and Monitoring Services	-	-	20,057	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of	-	-	-	-
6030 Total Expenditures	<u>66</u>	<u>76,374</u>	<u>1,011,787</u>	<u>1,000</u>
1200 Net Change in Fund Balance	-	11,486	84,766	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>132,770</u>	<u>562,612</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ 144,256</u></u>	<u><u>\$ 647,378</u></u>	<u><u>\$ -</u></u>

485 Toyota Tapestry Grant	Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 10,000	\$ 2,639,036	\$ 29,484	\$ 2,668,520
-	645,417	-	645,417
-	1,193,571	-	1,193,571
<u>10,000</u>	<u>4,478,024</u>	<u>29,484</u>	<u>4,507,508</u>
5,350	1,822,235	-	1,822,235
-	21,155	-	21,155
-	112,324	-	112,324
-	1,833,494	-	1,833,494
-	475,843	-	475,843
-	62,547	-	62,547
-	2,730	-	2,730
-	20,057	-	20,057
-	-	2,041,995	2,041,995
-	14,000	-	14,000
<u>5,350</u>	<u>4,364,385</u>	<u>2,041,995</u>	<u>6,406,380</u>
4,650	113,639	(2,012,511)	(1,898,872)
-	837,549	3,756,964	4,594,513
<u>\$ 4,650</u>	<u>\$ 951,188</u>	<u>\$ 1,744,453</u>	<u>\$ 2,695,641</u>

ALED0 INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 AUGUST 31, 2009

	715	730	Total
	Pre-K Academy	Bearcat Store	Nonmajor Enterprise Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ (8,680)	\$ 30,147	\$ 21,467
Total Assets	<u>(8,680)</u>	<u>30,147</u>	<u>21,467</u>
NET ASSETS			
Unrestricted Net Assets	<u>(8,680)</u>	<u>30,147</u>	<u>21,467</u>
Total Net Assets	<u>\$ (8,680)</u>	<u>\$ 30,147</u>	<u>\$ 21,467</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

	715	730	Total
	Pre-K Academy	Bearcat Store	Nonmajor Enterprise Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 57,575	\$ 53,639	\$ 111,214
Total Operating Revenues	<u>57,575</u>	<u>53,639</u>	<u>111,214</u>
OPERATING EXPENSES:			
Payroll Costs	58,270	-	58,270
Supplies and Materials	7,985	23,832	31,817
Total Operating Expenses	<u>66,255</u>	<u>23,832</u>	<u>90,087</u>
Operating Income (Loss)	<u>(8,680)</u>	<u>29,807</u>	<u>21,127</u>
NONOPERATING REVENUES (EXPENSES):			
Earnings from Temporary Deposits & Investments	-	340	340
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>340</u>	<u>340</u>
Change in Net Assets	(8,680)	30,147	21,467
Total Net Assets - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Assets - August 31 (Ending)	<u>\$ (8,680)</u>	<u>\$ 30,147</u>	<u>\$ 21,467</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2009

	715	730	Total
	Pre-K Academy	Bearcat Store	Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 57,575	\$ 53,639	\$ 111,214
Cash Payments to Employees for Services	(58,270)	-	(58,270)
Cash Payments for Suppliers	(7,985)	(23,832)	(31,817)
Net Cash Provided by (Used for) Operating Activities	<u>(8,680)</u>	<u>29,807</u>	<u>21,127</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	-	340	340
Net Increase (Decrease) in Cash and Cash Equivalents	(8,680)	30,147	21,467
Cash and Cash Equivalents at Beginning of the Year:	-	-	-
Cash and Cash Equivalents at the End of the Year:	<u>\$ (8,680)</u>	<u>\$ 30,147</u>	<u>\$ 21,467</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>			
Cash and Cash Equivalents on Balance Sheet	<u>\$ (8,680)</u>	<u>\$ 30,147</u>	<u>\$ 21,467</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>

REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2000 and prior years	Various	Various	\$ Various
2001	1.430000	0.238700	649,488,151
2002	1.500000	0.193600	716,267,333
2003	1.500000	0.231800	850,427,770
2004	1.500000	0.220300	948,648,433
2005	1.500000	0.220300	1,060,816,740
2006	1.500000	0.259900	1,285,277,566
2007	1.370000	0.298300	1,574,908,526
2008	1.040000	0.350000	1,908,823,774
2009 (School year under audit)	1.040000	0.385200	2,498,301,428
1000 TOTALS			

(10) Beginning Balance 9/1/2008	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2009
\$ 121,649	\$ -	\$ 1,572	\$ 273	\$ -	\$ 119,804
16,886	-	949	158	1	15,780
26,020	-	434	56	(782)	24,748
31,953	-	1,065	165	(1,528)	29,195
34,847	-	2,991	439	70	31,487
31,844	-	6,510	956	9,290	33,668
50,390	-	11,768	2,039	11,836	48,419
84,622	-	26,772	5,829	17,171	69,192
1,171,895	-	265,229	89,260	103,458	920,864
-	35,605,792	24,680,522	9,141,286	-	1,783,984
<u>\$ 1,570,106</u>	<u>\$ 35,605,792</u>	<u>\$ 24,997,812</u>	<u>\$ 9,240,461</u>	<u>\$ 139,516</u>	<u>\$ 3,077,141</u>

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

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 547,495	\$ 439,715	\$ -	\$ 1,807	\$ 989,017
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	12,702	-	-	-	12,702
6212	Audit Services	-	-	-	17,665	-	-	17,665
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	435,065	-	-	-	-	435,065
621X	Other Professional Services	-	-	49,107	10,626	-	-	59,733
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	2,987	12,064	-	-	15,051
6240	Contr. Maint. and Repair	-	-	-	-	420	-	420
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	15,773	18,517	-	-	34,290
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	74,083	7,876	-	-	81,959
6410	Travel, Subsistence, Stipends	12,130	-	5,072	3,132	-	-	20,334
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	3,315	-	-	-	-	-	3,315
6490	Miscellaneous Operating	729	-	19,047	8,953	-	-	28,729
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	<u>\$ 16,174</u>	<u>\$ 435,065</u>	<u>\$ 726,266</u>	<u>\$ 518,548</u>	<u>\$ 420</u>	<u>\$ 1,807</u>	<u>\$ 1,698,280</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 38,336,268

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 407,690
Total Debt & Lease(6500)	(11) -
Plant Maintenance (Function 51, 6100-6400)	(12) 3,854,970
Food (Function 35, 6341 and 6499)	(13) 925,183
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	518,548

SubTotal:

5,706,392

Net Allowed Direct Cost

\$ 32,629,876

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 102,562,857
Historical Cost of Building over 50 years old	(16) \$ 565,893
Amount of Federal Money in Building Cost (Net of #16)	(17) \$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$ 5,690,982
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ 42,800
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ -

(8) NOTE A: \$222,419 in Function 53 expenditures are included in this report on administrative costs.

No Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

ALEDO INDEPENDENT SCHOOL DISTRICT
 FUNDBALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2009

UNAUDITED

1	Total General Fund Balance as of 8/31/09 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 11,777,788
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ -	
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.)	5,698,081	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09-5/31/10).	3,845,353	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	-	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
8	Estimate of delayed payments from federal sources (59xx)	-	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	9,543,434	
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	\$ 2,234,354	

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

This District is currently undergoing major facility additions funded through bonds. The District will utilize additional fund balance to support future building and renovation projects.

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,233,000	\$ 1,233,000	\$ 1,443,623	\$ 210,623
5800 State Program Revenues	53,897	53,897	53,297	(600)
5900 Federal Program Revenues	605,500	605,500	346,575	(258,925)
5020 Total Revenues	<u>1,892,397</u>	<u>1,892,397</u>	<u>1,843,495</u>	<u>(48,902)</u>
EXPENDITURES:				
0035 Food Services	<u>1,891,867</u>	<u>1,891,867</u>	<u>1,833,494</u>	<u>58,373</u>
6030 Total Expenditures	<u>1,891,867</u>	<u>1,891,867</u>	<u>1,833,494</u>	<u>58,373</u>
1200 Net Change in Fund Balances	530	530	10,001	9,471
0100 Fund Balance - September 1 (Beginning)	-	136,517	136,517	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 530</u>	<u>\$ 137,047</u>	<u>\$ 146,518</u>	<u>\$ 9,471</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 9,177,780	\$ 9,177,780	\$ 9,401,309	\$ 223,529
5020	Total Revenues	9,177,780	9,177,780	9,401,309	223,529
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	4,412,845	4,412,845	2,900,000	1,512,845
0072	Debt Service - Interest on Long Term Debt	5,000,000	5,000,000	6,527,369	(1,527,369)
0073	Debt Service - Bond Issuance Cost and Fees	200,000	200,000	32,790	167,210
6030	Total Expenditures	9,612,845	9,612,845	9,460,159	152,686
1200	Net Change in Fund Balances	(435,065)	(435,065)	(58,850)	376,215
0100	Fund Balance - September 1 (Beginning)	-	7,514,879	7,514,879	-
3000	Fund Balance - August 31 (Ending)	\$ (435,065)	\$ 7,079,814	\$ 7,456,029	\$ 376,215

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**REPORT ON INTERNAL CONTROLS, COMPLIANCE,
AND FEDERAL AWARDS**

KIRK & RICHARDSON, P. C.

Members of the American Institute of Certificate Public Accountants

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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
Aledo Independent School District
Aledo, Texas

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District (the "District") as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 30, 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 Reports

In planning and performing our audit, we considered the District's internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 a 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 the 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the District's Board, the administration, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than those specified parties.

Signed copy on file.

Kirk & Richardson, P.C.
October 30, 2009

KIRK & RICHARDSON, P. C.

Members of the American Institute of Certificate Public Accountants

Tom Kirk, CPA	Don Richardson, CPA	Cindy Poole, CPA
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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
Aledo Independent School District
Aledo, Texas

Members of the Board of Trustees:

Compliance

We have audited the compliance of Aledo Independent School District (the "District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings 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 A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2009.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or a 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 entity'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 or material weaknesses. We did not identify any deficiencies in internal over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the District's Board, the administration, 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.

Signed copy on file.

Kirk & Richardson, P.C.
October 30, 2009

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes ___x___ no
- Significant deficiencies identified that are not considered to be material weakness? _____ yes ___x___ none reported

Noncompliance material to financial statements noted? _____ yes ___x___
no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes ___x___ no
- Significant deficiencies identified that are not considered to be material weakness? _____ yes ___x___ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ yes ___x___ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	IDEA – Part B, Formula
84.027	IDEA – Part B, Discretionary

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.

Auditee qualified as low risk auditee?: Yes

Section II – Financial Statement Findings

N/A – None.

Section III – Federal Award Findings and Questioned Costs

N/A – None.

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

PRIOR YEAR'S FINDING/NONCOMPLIANCE:

2008-1 Recommendation: The District should record accounts payable at year-end.

STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE:

Corrected - The District recorded accounts payable at year-end.

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

CORRECTIVE ACTION PLAN: N/A – none required.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	0961010118490	\$ 128,506
IDEA - Part B, Formula	84.027	0966000118490766	605,594
IDEA - Part B, Discretionary	84.027	0966000618490766	14,889
Total CFDA Number 84.027			620,483
IDEA - Part B, Preschool	84.173	0966100118490766	10,411
Title III, Part A - English Language Acquisition	84.365A	09671001184907	10,783
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	09694501184907	76,813
Total Passed Through State Department of Education			\$ 846,996
TOTAL DEPARTMENT OF EDUCATION			\$ 846,996
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program*	10.553	71400901	\$ 50,681
National School Lunch Program - Cash Assistance*	10.555	71300901	230,971
National School Lunch Prog. - Non-Cash Assistance*	10.555	184-907	64,923
Total CFDA Number 10.555			295,894
Total Passed Through the State Department of Agriculture			\$ 346,575
TOTAL DEPARTMENT OF AGRICULTURE			\$ 346,575
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,193,571

*Clustered Programs as required by Compliance Supplement March, 2009

**ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2009**

1. For all federal programs, 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 is generally accounted for in a Special Revenue Fund.
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 that 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. 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 General 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 expenditures until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions of Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement – Provisional 6/97.
4. The District participates in numerous Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2009, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.

SCHOOLS FIRST QUESTIONNAIRE

Aledo Independent School District

Fiscal Year 2009

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	12643739