

BIRDVILLE
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2009

CONTENTS

	Page	Exhibit
INTRODUCTORY SECTION		
Principal Officials	1	
Certificate of Board	2	
FINANCIAL SECTION		
Independent Auditors' Report	3	
Management's Discussion and Analysis.....	5	
<u>Basic Financial Statements:</u>		
Government Wide Statements:		
Statement of Net Assets.....	16	A-1
Statement of Activities.....	17	B-1
Governmental Fund Financial Statements:		
Balance Sheet.....	18	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets.....	20	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	21	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	23	C-4
Proprietary Fund Financial Statements:		
Statement of Net Assets.....	25	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	26	D-2
Statement of Cash Flows	27	D-3
Fiduciary Funds:		
Statement of Fiduciary Net Assets.....	28	E-1
Notes to Basic Financial Statements.....	29	

CONTENTS

	Page	Exhibit
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedule – General Fund.....	49	G-1
Notes to Required Supplementary Information	50	
<u>Combining Statements:</u>		
Combining Balance Sheet – Nonmajor Governmental Funds.....	51	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	58	H-2
<u>Required TEA Schedules:</u>		
Schedule of Delinquent Taxes Receivable.....	65	J-1
Schedule of Expenditures for Computations of Indirect Cost for 2010-2011	67	J-2
Fund Balance and Cash Flow Calculation Worksheet – – Unaudited	68	J-3
Budgetary Comparison Schedule – Child Nutrition Program	69	J-4
Budgetary Comparison Schedule – Debt Service Fund	70	J-5
 FEDERAL AWARDS SECTION		
Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71	
Independent Auditors’ Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	73	
Schedule of Findings and Questioned Costs.....	75	
Schedule of Prior Audit Findings.....	77	
Corrective Action Plan	78	
Schedule of Expenditures of Federal Awards.....	79	K-1
Notes to Supplementary Schedule of Expenditures of Federal Awards	80	

INTRODUCTORY SECTION

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**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
PRINCIPAL OFFICIALS
2009-2010 SCHOOL YEAR**

BOARD OF TRUSTEES

Dolores Webb	President
Joe Tolbert	Vice President
Richard Davis	Secretary
Brad Greene	
Cary Hancock	
Ralph Kunkel	
Wanda Strong	

OTHER PRINCIPAL OFFICIALS

Dr. Stephen F. Waddell	Superintendent
Dr. Jay Thompson	Associate Superintendent, Staff and Student Services
Dr. Quentin Burnett	Associate Superintendent, Finance
Dr. Lane Ledbetter	Associate Superintendent, Curriculum and Instruction
Ms. Julie Wallace	Executive Director, Technology Information Management Systems

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
CERTIFICATE OF BOARD**

<u>Birdville Independent School District</u>	<u>Tarrant</u>	<u>220-902</u>
Name of Local Education Agency	County	County-District Number

We, the undersigned, certify that the attached annual financial report of the above named school district was reviewed and

approved	disapproved
<u>6</u>	<u>0</u>

for the year ended June 30, 2009 at a meeting of the Board of Trustees of such school district on the 19th day of November, 2009.

CRichardo Davis
Signature of Board Secretary

Joe Elliott
Signature of Board President

If the Board of Trustees disapproved the auditor's report, the reason(s) for disapproving it are:

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Birdville Independent School District
Haltom City, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Birdville Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District as of June 30, 2009 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 9, 2009, on our consideration of Birdville Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 5 through 15 and budgetary comparison schedule – general fund on pages 49 and 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Birdville Independent School District's 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 in addition to the combining statements and the required TEA schedules listed in the table of contents, are not a required part of the financial statements. Such information, excluding the Fund Balance and Cash Flow Calculation Worksheet – General Fund (Exhibit J-3) marked unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Hankins, Eastup, Deaton, Tonn & Seay

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

November 9, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the annual financial report, we, the management of Birdville Independent School District ("District"), presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2009. It should be read in conjunction with the independent auditors' report preceding and the basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2009, the District's assets exceeded its liabilities by \$52,368,953 (net assets). The unrestricted portion of \$19,026,883 may be used to meet the District's ongoing obligations.
- The District's total net assets increased by \$3,116,243 during the year ended June 30, 2009.
- At the close of the fiscal year, the District reported \$95,995,593 combined governmental fund balance, a decrease of \$30,581,434 from the prior year. The decrease is primarily attributable to bond construction expenditures. Of the combined fund balance at year end, the District had \$34,674,262 or 36.1% available for the District's ongoing obligations (unreserved and undesignated fund balance).
- As of June 30, 2009, the General Fund's unrestricted, unreserved fund balance was \$32,957,272 representing 21.7% of total general fund expenditures in the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two types of statements that present different views of the District, the government-wide financial statements and the fund financial statements.

Government-wide Financial Statements

The government-wide financial statements, including the *Statement of Net Assets* and the *Statement of Activities*, report on the District as a whole and are designed to provide readers with a broad overview of the District's finances. These statements are presented on the accrual basis of accounting similar to the accounting basis used by most private-sector entities.

The *Statement of Net Assets* presents information on all of the District's assets and liabilities including capital assets and long-term debt. The amount of assets less liabilities is reported as net assets. The *Statement of Activities* presents the increases and decreases in net assets for the current fiscal year regardless of when cash is received or paid. Increases and decreases in net assets over time may serve as one indicator of whether the financial position of the District is improving or deteriorating but should be considered with additional factors as well.

Government-wide financial statements distinguish net assets and the changes in net assets between *governmental activities*, which are supported principally by taxes and intergovernmental revenues, and *business-type activities*, which are intended to recover all or a significant portion of their costs through user fees and charges. All of the District's activities are reported as *governmental activities* as they are primarily financed by property taxes, state aid, and federal grants. The District has no *business-type activities*. The government-wide financial statements can be found on pages 16-17 of this report.

Fund Financial Statements

The fund financial statements provide detailed information about the District's most significant funds as opposed to the District as a whole. Funds are accounting devices used to account for specific sources of funding and spending for particular purposes. State law and bond covenants require the District to establish some funds. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The District's funds include three types: 1) governmental funds, 2) proprietary funds, and 3) fiduciary funds.

Governmental funds

Most of the District's activities are reported in governmental funds. Governmental funds report on the modified accrual basis of accounting which focuses on 1) how cash and other financial resources can be readily converted to cash inflows and outflows and 2) the balances remaining at year end available for future spending. The governmental fund statements provide a detailed short-term view of the District's operations and funds available to finance future operations. Because the focus and accounting methods are different for the governmental fund statements and the government-wide statements, reconciliation schedules are presented following each of the fund financial statements. The governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds

Proprietary funds are used to account for operations that provide services and or goods for a fee, whether to outside users or units within the District. Proprietary funds use the accrual basis of accounting the same as the government-wide financial statements. There are two types of proprietary funds, enterprise funds and internal service funds. The enterprise funds report the same functions presented as *business-type activities* in the government-wide financial statements. Internal service funds are an accounting tool used to accumulate and allocate costs internally among various functions. The District uses an internal service fund to report activities for its self-funded workers compensation insurance program. The District has no enterprise funds. The proprietary fund financial statements can be found on pages 25-27 of this report.

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. The District uses fiduciary funds to account for money raised by student activities. The fiduciary fund financial statement can be found on page 28 of this report.

Table I below provides a concise view of the major features of the District's financial statements including the portion of the District they cover and types of information they contain.

Table I				
Major Features of the District's Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary funds	Fiduciary Funds
<i>Scope</i>	Entire District (except fiduciary funds)	Activities of the District that are not proprietary or fiduciary	Activities of the District that charge fee for services and or goods	Activities for which the District is the trustee/agent for other parties
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses & Changes in Fund Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Assets
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities to be paid during the year or soon thereafter; no capital assets or long-term debt	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities to be paid during the year or soon thereafter; no capital assets or long-term debt
<i>Type of inflow/outflow information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	Agency funds do not report revenues and expenditures

Notes to the Financial Statements

The notes to the basic financial statements 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 29-48 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also includes certain *Required Supplementary Information* that further explains and supports the financial statements. Required supplementary information can be found on pages 49-50 of this report.

The combining statements for the District's various non-major funds are presented immediately following the required supplementary information beginning on page 51.

The Texas Education Agency (TEA) requires that certain information be included in this report and those schedules can be found on pages 65-70.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets. The District’s net assets were \$52.4 million at June 30, 2009 (see Table II). The largest portion of the District’s net assets (\$25 million or 47.8%) is the District’s investment in capital assets less related outstanding debt to purchase those assets. The District’s investment in capital assets includes land, buildings, and furniture and equipment. Due to the nature of these assets, they are not available for future spending. Although the District’s investment in 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 assets themselves cannot be used to liquidate these liabilities. Approximately \$8.3 million (15.8%) of the District’s net assets are restricted for use in food service and debt service. The remaining net assets in the amount of \$19 million (36.3%) are unrestricted and may be used to meet the District’s ongoing obligations.

The District recorded prior period adjustments in the current fiscal year financial statements. See Note 2 of the notes to basic financial statements for detailed discussion of the adjustments. The 2008 financial data presented in all the following tables has been restated to reflect the effect of the prior period adjustments.

Table II Net Assets			
	Governmental Activities		
	2009	2008	% Change
Current and other assets	\$ 135,548,210	\$ 167,813,645	-19.2%
Capital assets	<u>267,830,217</u>	<u>203,788,652</u>	31.4%
Total Assets	<u>403,378,427</u>	<u>371,602,297</u>	8.6%
Other liabilities	35,895,482	34,945,396	2.7%
Long-term liabilities outstanding	<u>315,113,992</u>	<u>287,404,191</u>	9.6%
Total Liabilities	<u>351,009,474</u>	<u>322,349,587</u>	8.9%
NET ASSETS			
Investment in capital assets, net of related debt	25,027,184	19,837,339	26.2%
Restricted	8,314,886	4,302,396	93.3%
Unrestricted	<u>19,026,883</u>	<u>25,112,975</u>	-24.2%
Total Net Assets	<u>\$ 52,368,953</u>	<u>\$ 49,252,710</u>	6.3%

Changes in Net Assets. Total net assets of the District increased \$3.1 million (6.3%) during the year ended June 30, 2009 as a result of revenues exceeding expenses (see Table III).

Table III			
Changes in Net Assets			
	Governmental Activities		
Revenues:	2009	2008	%
Program Revenues:			
Charges for services	\$ 7,481,409	\$ 7,912,827	-5.5%
Operating grants and contributions	30,948,020	28,765,914	7.6%
General Revenues:			
Property taxes	103,872,730	96,368,640	7.8%
State aid and unrestricted grants	61,830,146	62,713,660	-1.4%
Investment earnings	3,882,320	7,616,486	-49.0%
Special Items	-	9,558,708	-100.0%
Miscellaneous	224,168	-	100.0%
Total Revenues	<u>208,238,793</u>	<u>212,936,235</u>	-2.2%
Expenses:			
Instruction, curriculum and media services	121,375,059	120,249,816	0.9%
Instructional and school leadership	13,570,122	12,924,686	5.0%
Student support services	11,406,273	11,603,900	-1.7%
Food services	10,062,610	9,517,885	5.7%
Cocurricular/extracurricular activities	7,590,352	6,730,773	12.8%
General administration	4,501,660	4,814,025	-6.5%
Plant maintenance, security and data processing	19,458,441	18,716,037	4.0%
Community services	300,840	307,391	-2.1%
Debt service	14,368,330	13,620,609	5.5%
Facilities acquisition and construction	1,692,310	-	100.0%
Intergovernmental charges	796,553	767,540	3.8%
Total Expenses	<u>205,122,550</u>	<u>199,252,662</u>	2.9%
Increase in net assets	3,116,243	13,683,573	-77.2%
Beginning net assets	<u>49,252,710</u>	<u>35,569,137</u>	38.5%
Ending net assets	<u>\$ 52,368,953</u>	<u>\$ 49,252,710</u>	6.3%

Overall revenues of the District were \$208.2 million, a \$4.7 million or 2.2% decrease from the prior year. While property tax revenues increased \$7.5 million, investment earnings decreased \$3.7 million and special items (primarily mineral lease revenues) decreased \$9.6 million. The changes in property tax revenues resulted from assessed property valuation increases of approximately 7% over prior year values as well as a one-half cent increase in the I&S tax rate resulting from the final 2006 voter-approved bonds issued in July 2008. Investment earnings decreased during the current year due to declining market conditions, and mineral lease revenues declined due to a one-time bonus payment received in the prior year. Operating grants and contributions increased by approximately \$2.1 million primarily due to increased Title I, IDEA B, and state accelerated reading and math entitlements.

Figures 1 and 2 depict the District's revenue sources for fiscal year 2009 and 2008. The graphs show that property taxes are the primary source of revenue for the District followed by state aid and operating grants. Property taxes as a percentage of total revenues increased due to higher property values and lower investment earnings and mineral lease revenues as discussed above.

Figure 1

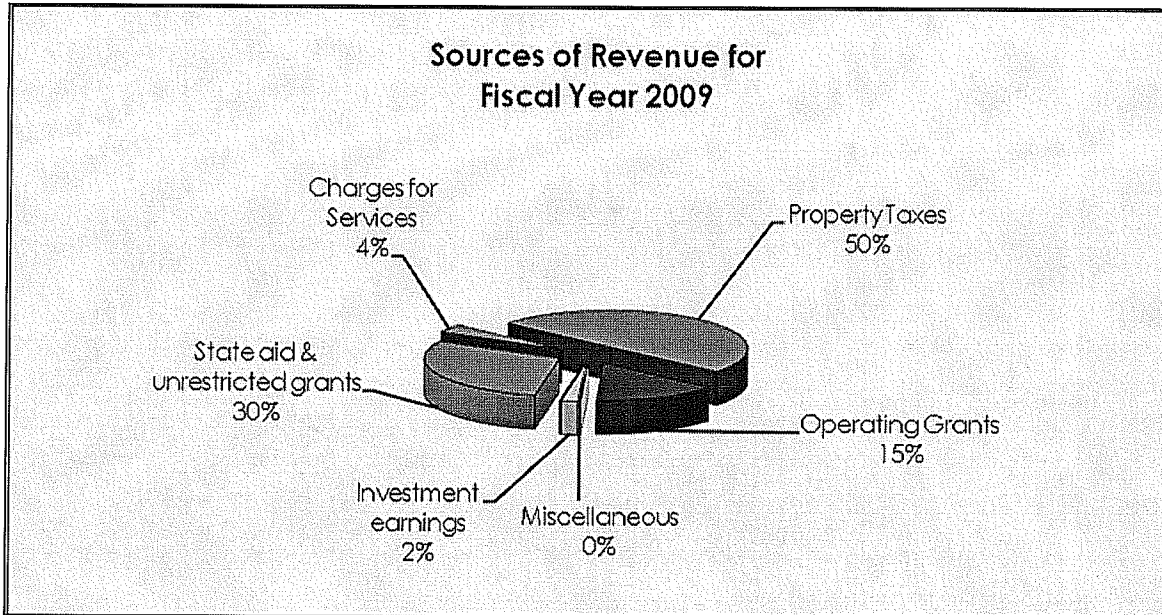
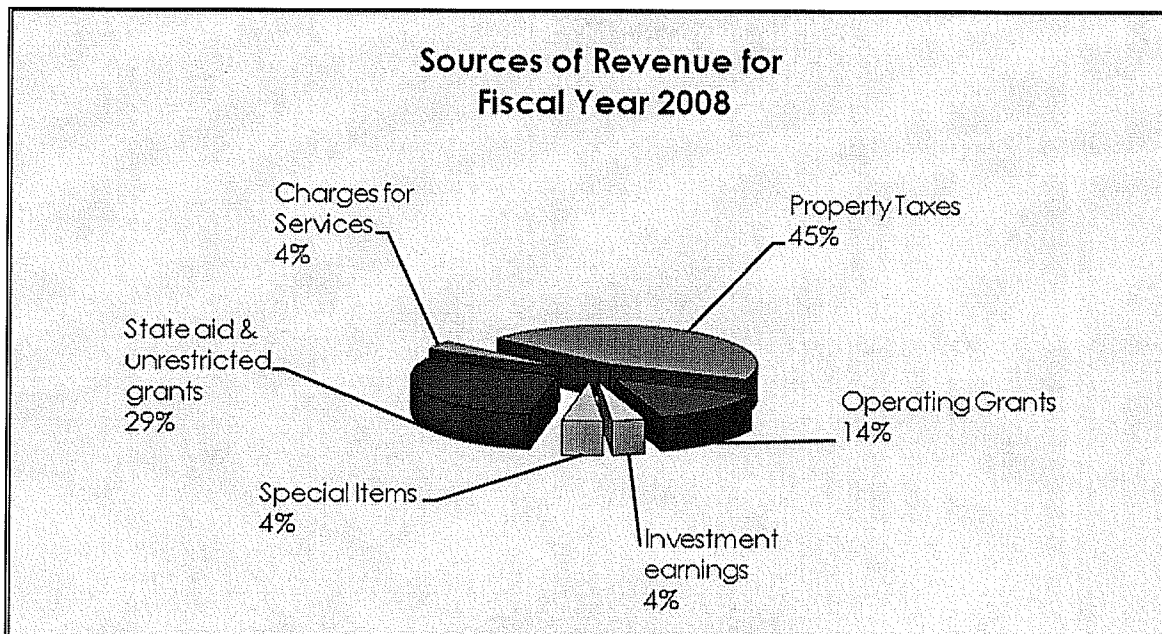


Figure 2



Expenses are shown in Table III by functional categories that reflect the purpose of the transaction. Various operating expenses are reflected in each functional category. Total expenses in the current fiscal year were \$205.1 million, a \$5.9 million or 2.9% increase from the prior year primarily attributable to increased payroll costs of \$4.6 million and increased supply expenses of \$1.6 million. The increase in payroll is a result of District approved salary increases of 3% while supply expenses increased due to technology purchases of items below capitalization thresholds related to construction at two of the District's high schools.

Figure 3

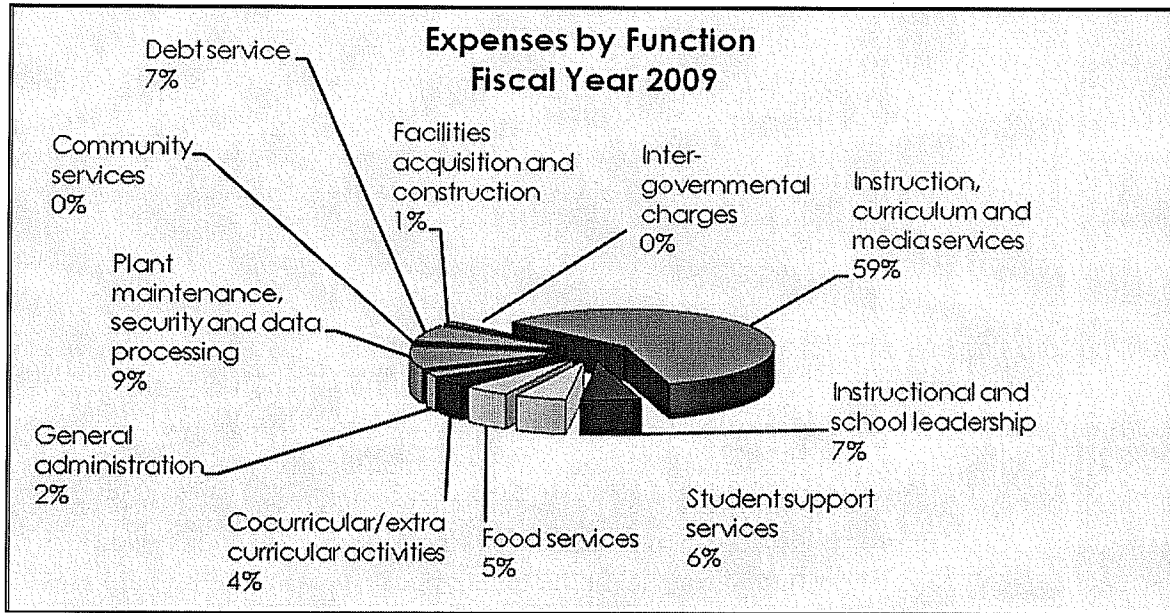


Figure 3 graphically depicts the total expenses of the District by function while Table IV presents the cost of the District's largest programs and each program's net cost (total cost less fees generated by the activities and operating grants). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these programs.

	Total Cost of Services			Net Cost of Services		
	2009	2008	% Change	2009	2008	% Change
Instruction, curriculum and media services	\$ 121,375,059	\$ 120,249,816	0.9%	\$ 101,483,396	\$ 100,983,195	0.5%
Plant maintenance, security and data processing	19,458,441	18,716,037	4.0%	18,625,503	17,799,700	4.6%
Debt Service	14,368,330	13,620,609	5.5%	13,031,164	11,909,911	9.4%

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 fund balances of \$96.0 million (as presented in the Balance Sheet on pages 18-19), a decrease of \$30.6 million from the prior year. Thirty-six percent or \$34.7 million of the total ending fund balance constitutes unreserved, undesignated fund balance which is available for spending at the District's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for:

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 \$32,957,272, which is 69.8% of the total general fund balance of \$47,196,383. 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 represents 21.6% of the current year general fund expenditures while the total general fund balance represents 31% of the current year general fund expenditures.

The fund balance of the District's general fund increased \$2.3 million during the current fiscal year. This increase in fund balance is due to several factors: 1) increased property tax revenues from higher assessed property values, 2) additional state funding generated from student enrollment gains largely due to the District's new open enrollment policy, and 3) excess funds remaining from a closed self-funded insurance program moved to the general fund.

The debt service fund had a fund balance of \$6,883,632 at year end, all of which is reserved for the payment of debt service. The fund balance increased \$2.5 million from the prior year primarily through tax revenues that were assessed to cover the increased debt service payments for the final 2006 bonds issued in July 2008.

At year end, the capital projects fund had a fund balance of \$24,406,674 which is a decrease of \$35,778,650 from the prior year. The fund balance is reserved for outstanding construction encumbrances and completion of various construction projects. The declining balance is the net result of significant construction expenditures during the year on District facilities and the final 2006 voter approved bond issue in July 2008.

Other funds, which are the Districts various special revenue funds, ended the year with a combined fund balance of \$17,508,904. This is an increase of \$405,870 from the prior year. Revenues typically approximate expenditures in the special revenue funds as grant monies are generally earned as they're expended. The increase in the special revenue funds during the current year is attributable to on-going mineral lease royalties received during the year which were not yet expended as of year end.

Proprietary Funds

The District's only proprietary fund is an internal service fund for a self-funded worker's compensation program. The purpose of the fund is to allocate costs of the insurance to the various units and departments of the District. At year end, the proprietary fund had \$40,488 in net assets which was a decrease from the prior year of \$125,499.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. In accordance with Board Policy CE (Local), the District submits amendments during the course of the budget year to the Board of Trustees for approval. Significant general fund amendments presented to the Board of Trustees for approval during the year included the following: \$1 million for new athletic scoreboards installed in various District facilities; \$300,000 provided to campuses for increased costs due to additional student enrollment and rollover of prior-year unspent budgets; and payroll adjustments to provide for corrections in the calculation of year end payroll accruals.

An additional amendment detailing the transactions related to the final issue of the 2006 voter approved bonds was approved by the Board of Trustees in November 2008.

At the end of every fiscal year, school districts across the state adjust their year-end amended budgets to ensure all functional categories will have favorable balances. During 2009, the District overspent function 23, School Leadership, by \$39,133 or less than one-half of one percent of the total function 23 budget. This overage was created by changes in the calculations of year end payroll accruals.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2009, the District had invested approximately \$267.8 million in a broad range of capital assets, including land, equipment, and buildings, less depreciation (see Table V). Net capital assets increased \$64 million from the prior year. The increase was primarily construction in progress. At year end, construction on three major projects was in progress: a new facility at Richland High School, major renovations at Haltom High School, and construction of a new career center.

Table V Capital Assets (Net of Depreciation)			
Governmental Activities			
	2009	2008	% Change
Land	\$17,450,534	\$17,450,534	0.0%
Construction in progress	81,868,807	14,834,912	451.9%
Buildings and improvements	163,465,606	166,504,784	-1.8%
Furniture and equipment	5,045,270	4,998,422	0.9%
Totals	267,830,217	203,788,652	31.4%

Long-Term Debt

The District had \$315.1 million in long-term debt at year end, an increase of \$27.7 million from the prior year. In July 2008, the District issued \$37,850,000 in general obligation bonds for construction and renovation of school facilities as well as \$4,750,000 in refunding bonds to reduce the future debt service of the District. In addition, the District made principal payments of \$16.6 million on outstanding bonds during the fiscal year.

Table VI Long-Term Debt			
Governmental Activities			
	2009	2008	% Change
Bonds payable	\$ 255,639,100	\$ 234,385,476	9.1%
Accreted interest	45,110,120	39,315,506	14.7%
Bond premiums	13,425,197	13,511,121	-0.6%
Deferred loss on bond refunding	(2,844,437)	(3,304,148)	-13.9%
Capital Leases	989,847	987,504	0.2%
Compensated Absences	2,794,165	2,508,732	11.4%
Totals	\$ 315,113,992	\$ 287,404,191	9.6%

More detailed information about the District's long-term debt is presented in the Notes to Basic Financial Statements.

Bond Ratings

The bonds have a municipal bond rating of "Aaa" by Moody's Investors Service, Inc. ("Moody's"), "AAA" by Standard & Poor's Ratings Services ("S&P") and "AAA" by Fitch Ratings (Fitch) based upon the Permanent School Fund Guarantee of the State of Texas ("PSF Guarantee"). The underlying or secondary credit ratings for the District are "Aa3" by Moody's, "AA" by S&P and "AA" by Fitch.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 81st Texas Legislative Session provided approximately \$120 in additional revenue per student for Texas school districts through Federal Stimulus Funds. The majority of these funds were used to provide raises to the 2,900 District staff members. These additional funds along with increased enrollment for the 2009-2010 fiscal year, created an estimated increase of 5.6 percent in general fund revenue. The District's original budget adopted in June 2009 projected a net decrease in fund balance of \$377,773. The revenue generated from increased enrollment has eliminated that deficit. The Districts M&O tax rate remains at \$1.04 per \$100 of assessed property valuation representing the maximum tax rate allowed without a tax rate election.

While the 81st Texas Legislature did provide some financial relief, the District continues to confront the revenue challenges imposed by the creation of target revenue levels passed through House Bill 1 in the Texas Legislature's May 2006 Special Session. Since the recent legislation did little to alleviate the disparity created among Texas districts from that 2006 bill, new revenue can only be generated through increased student enrollment. Currently the District is \$500 per WADA below the state average for other Texas public school districts. These revenue limits will continue to create unique challenges for the District in future years.

The certified property values for the 2009-2010 tax year are over \$7.5 billion. Property values did not increase from the 2008-2009 year due to the current decline in our nation's economic conditions. However, excess collections from higher than expected tax revenue generated in 2008-2009 did allow the District to lower the debt service tax rate for 2009-2010. The debt service tax rate adopted by the Board of Trustees was \$.365 per \$100 of assessed property valuation, reflecting a decrease of \$.005 cents from the prior year. The 2009-2010 overall tax rate for the District adopted in September 2009 by the Board of Trustees was \$1.405.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Finance Department.

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BASIC FINANCIAL STATEMENTS

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 108,858,321
1220 Property Taxes Receivable (Delinquent)	7,504,530
1230 Allowance for Uncollectible Taxes	(1,615,193)
1240 Due from Other Governments	17,146,805
1250 Accrued Interest Receivable	25,544
1290 Other Receivables, net	44,492
1300 Inventories	1,067,913
1410 Deferred Expenses	784,300
1420 Capitalized Bond Issuance Costs	1,731,498
Capital Assets:	
1510 Land	17,450,534
1520 Buildings, Net	163,465,606
1530 Furniture and Equipment, Net	5,045,270
1580 Construction in Progress	81,868,807
1000 Total Assets	403,378,427
LIABILITIES	
2110 Accounts Payable	13,436,088
2140 Accrued Interest Payable	2,379,537
2150 Payroll Deductions & Withholdings	1,970,924
2160 Accrued Wages Payable	16,060,083
2170 Due to Fiduciary Funds	548,549
2180 Due to Other Governments	4,812
2190 Due to Student Groups	9,874
2200 Accrued Expenses	1,485,615
Noncurrent Liabilities	
2501 Due Within One Year	27,063,537
2502 Due in More Than One Year	288,050,455
2000 Total Liabilities	351,009,474
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	25,027,184
3820 Restricted for Food Service	3,123,737
3850 Restricted for Debt Service	5,191,149
3900 Unrestricted Net Assets	19,026,883
3000 Total Net Assets	\$ 52,368,953

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

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT B-1

Net (Expense)
Revenue and
Changes in Net
Assets

Data Control Codes	1	Program Revenues		6
	Expenses	3	4	Primary Gov. Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 116,714,184	\$ 671,837	\$ 17,884,210	\$ (98,158,137)
12 Instructional Resources and Media Services	2,833,177	-	141,161	(2,692,016)
13 Curriculum and Instructional Staff Development	1,827,698	-	1,194,455	(633,243)
21 Instructional Leadership	2,878,321	-	607,593	(2,270,728)
23 School Leadership	10,691,801	-	771,933	(9,919,868)
31 Guidance, Counseling and Evaluation Services	5,553,524	-	601,748	(4,951,776)
32 Social Work Services	200,497	-	67,284	(133,213)
33 Health Services	2,225,365	-	134,067	(2,091,298)
34 Student (Pupil) Transportation	3,426,887	-	991,057	(2,435,830)
35 Food Services	10,062,610	3,989,929	5,915,884	(156,797)
36 Extracurricular Activities	7,590,352	2,711,760	66,805	(4,811,787)
41 General Administration	4,501,660	-	470,366	(4,031,294)
51 Plant Maintenance and Operations	16,240,065	107,883	631,222	(15,500,960)
52 Security and Monitoring Services	671,064	-	5,946	(665,118)
53 Data Processing Services	2,547,312	-	87,887	(2,459,425)
61 Community Services	300,840	-	39,236	(261,604)
72 Debt Service - Interest on Long Term Debt	14,166,925	-	1,337,166	(12,829,759)
73 Debt Service - Bond Issuance Cost and Fees	201,405	-	-	(201,405)
81 Facilities Acquisition and Construction	1,692,310	-	-	(1,692,310)
95 Payments to Juvenile Justice Alternative Ed. Prg.	83,125	-	-	(83,125)
97 Payments to Tax Increment Fund	121,264	-	-	(121,264)
99 Other Intergovernmental Charges	592,164	-	-	(592,164)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 205,122,550	\$ 7,481,409	\$ 30,948,020	(166,693,121)

Data Control Codes	General Revenues: Taxes:	
MT	Property Taxes, Levied for General Purposes	76,815,665
DT	Property Taxes, Levied for Debt Service	27,057,065
SF	State Aid - Formula Grants	61,815,692
GC	Grants and Contributions not Restricted	14,454
IE	Investment Earnings	3,882,320
MI	Miscellaneous Local and Intermediate Revenue	224,168
TR	Total General Revenues	169,809,364
CN	Change in Net Assets	3,116,243
NB	Net Assets--Beginning	51,769,917
PA	Prior Period Adjustment	(2,517,207)
NE	Net Assets--Ending	\$ 52,368,953

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 47,597,356	\$ 6,013,756	\$ 35,484,036
1220 Property Taxes - Delinquent	6,098,206	1,406,324	-
1230 Allowance for Uncollectible Taxes (Credit)	(1,312,511)	(302,682)	-
1240 Due from Other Governments	12,681,791	-	-
1250 Accrued Interest	25,544	-	-
1260 Due from Other Funds	4,070,886	454,538	972,192
1290 Other Receivables	44,492	-	-
1300 Inventories	954,811	-	-
1410 Deferred Expenditures	784,300	-	-
1000 Total Assets	<u>\$ 70,944,875</u>	<u>\$ 7,571,936</u>	<u>\$ 36,456,228</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 1,313,971	\$ 1,250	\$ 12,049,554
2150 Payroll Deductions and Withholdings Payable	1,970,924	-	-
2160 Accrued Wages Payable	13,943,743	-	-
2170 Due to Other Funds	2,932,304	-	-
2180 Due to Other Governments	44	-	-
2190 Due to Student Groups	9,874	-	-
2300 Deferred Revenues	3,577,632	687,054	-
2000 Total Liabilities	<u>23,748,492</u>	<u>688,304</u>	<u>12,049,554</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	954,811	-	-
3420 Retirement of Long Term Debt	-	6,883,632	-
3430 Prepaid Items	784,300	-	-
3440 Outstanding Encumbrances	-	-	8,481,146
3450 Food Service	-	-	-
3470 Capital Acquisition Program	-	-	15,925,528
Unreserved Designated For:			
3590 Other Purposes	12,500,000	-	-
Unreserved and Undesignated:			
3600 Reported in the General Fund	32,957,272	-	-
3610 Reported in Special Revenue Funds	-	-	-
3000 Total Fund Balances	<u>47,196,383</u>	<u>6,883,632</u>	<u>24,406,674</u>
4000 Total Liabilities and Fund Balances	<u>\$ 70,944,875</u>	<u>\$ 7,571,936</u>	<u>\$ 36,456,228</u>

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

Other Funds	Total Governmental Funds
\$ 17,895,322	\$ 106,990,470
-	7,504,530
-	(1,615,193)
4,465,014	17,146,805
-	25,544
1,505,574	7,003,190
-	44,492
113,102	1,067,913
-	784,300
<u>\$ 23,979,012</u>	<u>\$ 138,952,051</u>
\$ 53,518	\$ 13,418,293
-	1,970,924
2,116,340	16,060,083
4,295,482	7,227,786
4,768	4,812
-	9,874
-	4,264,686
<u>6,470,108</u>	<u>42,956,458</u>
113,102	1,067,913
-	6,883,632
-	784,300
-	8,481,146
3,010,635	3,010,635
-	15,925,528
12,668,177	25,168,177
-	32,957,272
1,716,990	1,716,990
<u>17,508,904</u>	<u>95,995,593</u>
<u>\$ 23,979,012</u>	<u>\$ 138,952,051</u>

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 JUNE 30, 2009

Total Fund Balances - Governmental Funds	\$	95,995,593
1 The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.		40,488
2 Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund financial statements.		428,605,244
3 Accumulated depreciation is not reported in the fund financial statements.		(160,775,027)
4 Bonds payable and capital leases payable are not reported in the fund financial statements.		(256,628,947)
5 Accreted interest payable on capital appreciation bonds is not reported in the fund financial statements.		(45,110,120)
6 Bond issuance costs are not capitalized in the fund financial statements.		1,731,498
7 Bond premiums on outstanding bonds payable are not recorded in the fund financial statements.		(13,425,197)
8 Revenue from property taxes reported as deferred revenue in the fund financial statements is recognized as revenue in the government-wide financial statements.		4,264,686
9 Accrued liabilities for compensated absences have not been recorded in the fund financial statements.		(2,794,165)
10 Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements interest expenditures are recorded when due.		(2,379,537)
11 Deferred losses on bond refundings are not recorded in the fund financial statements.		2,844,437
19 Net Assets of Governmental Activities	\$	52,368,953

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 79,193,439	\$ 27,315,564	\$ 2,783,565
5800 State Program Revenues	71,799,828	1,337,166	-
5900 Federal Program Revenues	543,744	-	-
5020 Total Revenues	<u>151,537,011</u>	<u>28,652,730</u>	<u>2,783,565</u>
EXPENDITURES:			
Current:			
0011 Instruction	96,039,564	-	-
0012 Instructional Resources and Media Services	2,485,037	-	-
0013 Curriculum and Instructional Staff Development	699,652	-	-
0021 Instructional Leadership	2,450,448	-	-
0023 School Leadership	10,109,797	-	-
0031 Guidance, Counseling and Evaluation Services	5,205,029	-	-
0032 Social Work Services	137,895	-	-
0033 Health Services	2,179,134	-	-
0034 Student (Pupil) Transportation	3,488,653	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	4,693,706	-	-
0041 General Administration	4,239,720	-	-
0051 Facilities Maintenance and Operations	16,007,569	-	-
0052 Security and Monitoring Services	585,497	-	-
0053 Data Processing Services	2,273,618	-	-
0061 Community Services	226,521	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	463,448	16,581,376	-
0072 Debt Service - Interest on Long Term Debt	45,863	9,396,837	-
0073 Debt Service - Bond Issuance Cost and Fees	-	90,914	400,712
Capital Outlay:			
0081 Facilities Acquisition and Construction	13,524	-	77,162,215
Intergovernmental:			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	83,125	-	-
0097 Payments to Tax Increment Fund	121,264	-	-
0099 Other Intergovernmental Charges	592,164	-	-
6030 Total Expenditures	<u>152,141,228</u>	<u>26,069,127</u>	<u>77,562,927</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(604,217)</u>	<u>2,583,603</u>	<u>(74,779,362)</u>
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	4,750,000	37,850,000
7913 Capital Leases	465,791	-	-
7915 Transfers In	2,513,636	-	-
7916 Premium or Discount on Issuance of Bonds	-	62,526	1,150,712
8911 Transfers Out (Use)	(88,305)	-	-
8949 Other (Uses)	-	(4,891,688)	-
7080 Total Other Financing Sources (Uses)	<u>2,891,122</u>	<u>(79,162)</u>	<u>39,000,712</u>
1200 Net Change in Fund Balances	2,286,905	2,504,441	(35,778,650)
0100 Fund Balance - July 1 (Beginning)	44,909,478	4,379,191	60,185,324
1300 Prior Period Adjustment	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ 47,196,383</u>	<u>\$ 6,883,632</u>	<u>\$ 24,406,674</u>

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

Other Funds	Total Governmental Funds
\$ 7,152,808	\$ 116,445,376
4,475,644	77,612,638
14,338,873	14,882,617
<u>25,967,325</u>	<u>208,940,631</u>
11,462,364	107,501,928
11,815	2,496,852
1,128,046	1,827,698
402,913	2,853,361
95,878	10,205,675
252,690	5,457,719
62,602	200,497
-	2,179,134
81,428	3,570,081
9,743,807	9,743,807
2,259,794	6,953,500
53,787	4,293,507
4,000	16,011,569
-	585,497
-	2,273,618
31,597	258,118
-	17,044,824
-	9,442,700
-	491,626
-	77,175,739
-	83,125
-	121,264
-	592,164
<u>25,590,721</u>	<u>281,364,003</u>
<u>376,604</u>	<u>(72,423,372)</u>
-	42,600,000
-	465,791
88,305	2,601,941
-	1,213,238
(59,039)	(147,344)
-	(4,891,688)
<u>29,266</u>	<u>41,841,938</u>
405,870	(30,581,434)
19,674,403	129,148,396
(2,571,369)	(2,571,369)
<u>\$ 17,508,904</u>	<u>\$ 95,995,593</u>

BIRDVILLE 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 JUNE 30, 2009

Total Net Change in Fund Balances - Governmental Funds	\$	(30,581,434)
The District uses an internal service fund to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net effect of this consolidation is to decrease net assets.		(2,580,096)
Current year capital asset additions are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of reclassifying the current year capital asset additions increases government-wide net assets.		77,131,764
Depreciation is not recognized as an expense in the 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 government-wide net assets.		(13,041,880)
Losses on capital asset disposals are not recognized in the fund financial statements. The net effect of the current year's loss on disposal of capital assets is to decrease government-wide net assets.		(48,319)
Current year long-term debt principal payments on capital leases and bonds payable are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.		17,044,824
The current year change in accreted interest on capital appreciation bonds is not recorded in the fund financial statements. The net effect of the current year's change in accreted interest on capital appreciation bonds is to decrease government-wide net assets.		(5,794,614)
Current year amounts financed through capital leases are other financing sources in the fund financial statements, but are shown as increases in long-term debt in the government-wide financial statements.		(465,791)
Current year amortization of bond issuance costs is not reflected in the fund financial statements, but is shown as a reduction in the bond issuance costs asset in the government-wide financial statements.		(178,444)
Current year amortization of the premium on bonds payable is not recorded in the fund financial statements, but is shown as a decrease in long-term debt in the government-wide financial statements.		1,299,162
Bond issuance costs on current bond issuances are expenditures in the fund financial statements, but are capitalized in the government-wide financial statements.		468,665

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

BIRDVILLE 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 JUNE 30, 2009

The premium on the current year issuance of bonds is recorded as an other financing source in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(1,213,238)
Current year amortization of the deferred loss on bond refundings is not reflected in the fund financial statements, but is shown as a reduction of the deferred loss in the government-wide financial statements.	(459,711)
The current year change in accrued liabilities for compensated absences has not been recorded in the fund financial statements, but is shown as an increase in long-term debt in the government-wide financial statements.	(285,433)
Current year issuance of bonds is shown as other financing sources in the fund financial statements, but are increases in long-term debt in the government-wide financial statements.	(42,600,000)
Payments to refund bonds payable are shown as other financing uses in the fund financial statements, but are shown as a reduction in long-term debt in the government-wide financial statements.	4,765,000
Interest is accrued on outstanding debt in the government-wide financial statements, but interest is expended as due in the fund financial statements.	357,626
Revenues from property taxes are deferred in the fund financial statements until they are considered available to finance current expenditures, but such revenues are recognized when assessed net of an allowance for uncollectible amounts in the government-wide financial statements.	(701,838)
Change in Net Assets of Governmental Activities	\$ 3,116,243

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

EXHIBIT D-1

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,867,851
Total Assets	1,867,851
LIABILITIES	
Current Liabilities:	
Accounts Payable	17,795
Due to Other Funds	323,953
Accrued Expenses	1,485,615
Total Liabilities	1,827,363
NET ASSETS	
Unrestricted Net Assets	40,488
Total Net Assets	\$ 40,488

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 971,635
Total Operating Revenues	<u>971,635</u>
OPERATING EXPENSES:	
Other Operating Costs	<u>1,146,063</u>
Total Operating Expenses	<u>1,146,063</u>
Operating Income (Loss)	<u>(174,428)</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	<u>48,929</u>
Total Nonoperating Revenues (Expenses)	<u>48,929</u>
Income (Loss) Before Transfers	<u>(125,499)</u>
Transfers Out	<u>(2,454,597)</u>
Change in Net Assets	<u>(2,580,096)</u>
Total Net Assets - July 1 (Beginning)	<u>2,620,584</u>
Total Net Assets - June 30 (Ending)	<u><u>\$ 40,488</u></u>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	Governmental Activities -
	Total
	Internal
	Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash received from quasi-external charges	\$ 971,635
Cash Payments for Insurance Claims	(1,002,601)
Interfund loans received	250,864
Net Cash Provided by Operating Activities	<u>219,898</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer Out	<u>(2,454,597)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>48,929</u>
Net Decrease in Cash and Cash Equivalents	(2,185,770)
Cash and Cash Equivalents at Beginning of the Year:	<u>4,053,621</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 1,867,851</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u> Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (174,428)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	12,259
Increase (decrease) in other accrued expenses	131,203
Increase (decrease) in due to other funds	250,864
Net Cash Provided by Operating Activities	<u>\$ 219,898</u>

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

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 26,993
Due from Other Funds	548,549
Total Assets	<u>575,542</u>
LIABILITIES	
Due to Student Groups	\$ 575,542
Total Liabilities	<u>575,542</u>

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

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The Birdville Independent School District (District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees that are elected by registered voters of the District. The District prepares its basic financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in *Statement of Auditing Standards No. 69* of the American Institute of Certified Public Accountants. Additionally, the District complies with the requirements of the appropriate version of the Texas Education Agency (TEA) *Financial Accountability System Resource Guide* (FASRG) and the requirements of contracts and grants of agencies from which it receives funds. The following is a summary of the more significant accounting policies of the District:

A. Reporting Entity

For financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was considered by applying the criteria set forth in Governmental Accounting Standard Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB 39 "Determining Whether Certain Organizations are Component Units". Based on these standards, management has determined that the District has no component units.

B. Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Birdville Independent School District non-fiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants, and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. 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.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amounts.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. Net assets are segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

D. Fund Accounting

The District reports the following major governmental funds:

The General Fund – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. Major program revenues include local property taxes, state funding under the Foundation School Program, and interest earnings. Expenditures include all costs associated with the daily operations of the District except for specific programs funded by the federal or state government, food service, debt service, and capital projects.

Debt Service Fund – The debt service fund is utilized to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs arising from general obligation bonds.

Capital Projects Fund – The capital projects fund is utilized to account for financial resources to be used for the acquisition or construction of major capital facilities. Such resources are derived from proceeds of General Obligation Bonds and interest earned on such monies and local sources designated for such purposes.

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

Governmental Funds:

Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund and in certain cases unused balances must be returned to the grantor at the close of specified project periods.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Fund Accounting – Continued

Proprietary Funds:

Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is a Worker's Compensation self-insurance fund.

Fiduciary Funds:

Agency Funds -The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the Student Activity Fund.

E. Cash and Cash Equivalents

The District's cash is comprised of demand accounts and imprest funds. All daily receipts are deposited to the demand accounts until the funds are invested under the terms of the District's depository contract. The District considers cash equivalents to be all highly liquid investments with initial maturities of ninety days or less from the date of purchase.

F. Temporary Investments

In accordance with GASB Statement No, 31, 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-earning 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 the time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes.

G. Inventory

Inventories on the balance sheet consist of material and supplies and are recorded at first-in, first-out (FIFO) cost. The District follows the consumption method of accounting whereby supplies and materials are recorded as expenditures when utilized.

H. Compensated Absences

Five vacation days may be carried over beginning June 1 and must be used by November 1 of the same year. The accrual is considered immaterial and has not been recorded.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

H. Compensated Absences – Continued

Leave days are earned at a rate of five State and five local sick days per year. The State days accrue with no limit and the local days may accrue to a maximum of 100 days. For those employees retiring after June 30, 2004, the date of May 31, 2003, was established as a cap for the compensation of unused paid leave at retirement or death. This capped amount is used to determine an employee's, or the beneficiary of a deceased employee's, maximum compensation for unused leave at the time of retirement or death. The employee shall have his or her capped amount of compensation reduced by 20 percent. If retirement does not occur prior to July 1, 2005, the employee shall have his or her capped amount of compensation reduced by an additional 20 percent for an approximate 40 percent reduction. If after the approximate 40 percent reduction an employee qualifies for an amount greater than \$10,000, that amount shall remain his or her capped amount until the time of retirement or death. This amount cannot be exceeded but shall be reduced if the number of unused state and local leave days accumulated in the District, multiplied by 50 percent of the employee's daily rate of pay, results in an amount less than the established capped amount at the time of retirement or death. If the 40 percent reduction reduces an employee's benefit below \$10,000, then the benefit amount may increase to a maximum of \$10,000 with the accumulation of additional local and state leave days. This benefit shall be determined by multiplying 50 percent of the employee's daily rate of pay by the number of unused accumulated state and local days up to a maximum of 100 days earned in the District at the time of retirement or death.

An employee who qualified for retirement benefits from the Teacher Retirement System of Texas and who was hired after May 31, 2003, or the beneficiary of a deceased employee who was hired after May 31, 2003, shall be eligible to receive a maximum \$10,000 compensation benefit at retirement. This benefit shall be determined by calculating 50 percent of the employee's daily rate of pay multiplied by the number of local leave days up to a maximum of 100 days earned in the District, to include days earned in the current school year, at the time of retirement or death.

The accrual for accumulated unpaid sick leave benefits has been recorded in the government-wide financial statements.

I. Account Code Reporting

In accordance with the Texas Education Code, the District has adopted and installed an accounting system, which meets at least the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure prescribed by TEA in the FASRG. Mandatory codes are recorded in the order provided in that section.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Accounting Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula becomes available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimate as of June 30, 2009 will change.

K. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of 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 are delinquent if not paid before February 1 of the year following 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 school fiscal year.

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 upon historical experience in collecting property taxes. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

L. Capital Assets

Capital assets, which include land, buildings, furniture and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Capital Assets – Continued

Buildings, furniture, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	15-45
Vehicles	5-10
Office Equipment	5-15
Computer Equipment	3-10

M. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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.

NOTE 2. PRIOR PERIOD ADJUSTMENTS

Exhibit C-3 includes a prior period adjustment that decreases the beginning fund balance of the District's Other Funds. During 2009, the District determined that the Birdville Independent School District Foundation for Educational Excellence (Foundation) did not meet the requirements of the Governmental Accounting Standards Board to be included in the District's financial statements as a component unit. The Foundation's fund balance of \$2,571,369 as of June 30, 2008 was removed from the District's Other Funds as a prior period adjustment.

Exhibit B-2 includes additional prior period adjustments that increased beginning government-wide net assets by \$54,162. This amount includes a decrease in beginning capital assets of \$1,402,319 to correct capital asset and accumulated depreciation amounts offset by a decrease in beginning accrued interest payable of \$1,456,481 to correct the interest payable amount as of June 30, 2008.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIANCIAL STATEMENTS**

NOTE 3. BONDED DEBT PAYABLE

Bonded debt payable as of June 30, 2009 is as follows:

Description	Interest Rate Payable	Amount of Original Issue	Amount Outstanding 7/1/2008	Issued Current Year	Refunded Current Year	Retired Current Year	Amount Outstanding 6/30/2009
Unlimited Tax School Building and Refunding Bonds Series 1994	2.50-5.50	\$ 59,525,000	\$ 565,000	\$ -	\$ -	\$ -	\$ 565,000
Unlimited Tax School Building Bonds Series 1997	3.90-5.60	31,189,385	16,023,254	-	-	389,955	15,633,299
Unlimited Tax School Building Bonds Series 1997A	4.10-5.40	27,995,000	4,765,000	-	4,765,000	-	-
Unlimited Tax Building Bonds Series 1998	3.70-4.90	9,495,589	6,880,683	-	-	321,220	6,559,463
Unlimited Tax School Building and Refunding Bonds Series 1999	4.60-6.27	11,827,132	9,848,757	-	-	595,000	9,253,757
Unlimited Tax Building Bonds Series 2000	5.30-6.79	10,140,000	1,933,652	-	-	251,004	1,682,648
Unlimited Tax School Building and Refunding Bonds Series 2002	3.88-5.54	15,673,486	15,562,015	-	-	189,197	15,372,818
Unlimited Tax Refunding Bonds Series 2002A	3.88-5.54	22,725,000	6,140,000	-	-	2,985,000	3,155,000
Unlimited Tax Refunding Bonds Series 2003	5.00	19,925,000	15,625,000	-	-	7,575,000	8,050,000
Unlimited Tax Refunding Bonds Series 2004	3.00-5.00	25,701,186	25,525,000	-	-	830,000	24,695,000
Unlimited Tax School Building Bonds Series 2006	3.26-4.23	40,315,000	37,095,000	-	-	3,075,000	34,020,000
Unlimited Tax School Building and Refunding Bonds Series 2007	3.26-4.23	95,507,115	94,422,115	-	-	110,000	94,312,115
Unlimited Tax School Building Bonds Series 2008A	2.00-4.21	37,850,000	-	37,850,000	-	80,000	37,770,000
Unlimited Tax School Building Bonds Series 2008B	2.00-3.42	4,750,000	-	4,750,000	-	180,000	4,570,000
Total bonded debt payable			\$ 234,385,476	\$ 42,600,000	\$ 4,765,000	\$ 16,581,376	\$ 255,639,100

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 3. BONDED DEBT PAYABLE – CONTINUED

The debt service requirements on the above bonds are as follows:

<u>Due to Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 17,643,899	\$ 9,774,358	\$ 27,418,257
2011	10,795,647	16,492,140	27,287,787
2012	11,631,400	15,937,562	27,568,962
2013	10,209,392	17,367,345	27,576,737
2014	9,825,163	17,758,244	27,583,407
2015-2019	72,826,176	66,038,850	138,865,026
2020-2024	42,399,272	51,415,153	93,814,425
2025-2029	44,863,151	19,801,712	64,664,863
2030-2033	<u>35,445,000</u>	<u>3,603,500</u>	<u>39,048,500</u>
	<u>\$255,639,100</u>	<u>\$218,188,864</u>	<u>\$473,827,964</u>

Bonded debt payable is collateralized by revenue from the District's tax collections.

NOTE 4. DEBT ISSUANCE AND DEFEASED DEBT

In July 2008, the District issued \$42,600,000 (par value) in Unlimited Tax Building and Refunding Bonds to provide \$37,850,000 in construction funds and to advance refund \$4,765,000 (par value) of outstanding bonds. The net proceeds of \$43,344,573 (\$42,600,000 par amount of the bonds plus \$1,213,238 of premium paid on the bonds less \$468,665 of underwriting fees, insurance, and other issuance costs) were used to provide the construction funds and to purchase U.S. and State and Local Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, those bonds were considered to be defeased and the liability for those bonds was removed from long-term debt.

The refunding was undertaken to reduce the District's total debt service payments by \$358,349 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$295,126.

In prior years, the District has defeased other bond series in advance refunding transactions. As of June 30, 2009, \$17,798,425 of defeased bonds remain outstanding.

NOTE 5. CAPITAL LEASES

The District has entered into financing agreements involving equipment and buses pursuant to Section 4 of Article 2358 A.2 of the Texas Education Code, which have been classified as capital leases and have interest rates between 2.43% and 7.15%. The current servicing of the capital leases is accounted for in the General Fund.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 5. CAPITAL LEASES – CONTINUED

The following is a schedule by year of the future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2009:

Year Ending <u>June 30</u>	
2010	\$ 401,815
2011	306,819
2012	219,309
2013	<u>122,716</u>
Minimum lease payments	1,050,659
Less amount representing interest	<u>60,812</u>
Present value of net minimum lease payments	<u>\$ 989,847</u>

Included in Capital Assets is \$6,972,042 for equipment and buses related to capital leases and \$4,214,036 in accumulated depreciation.

NOTE 6. ACCUMULATED UNPAID SICK LEAVE BENEFITS

On retirement or death of certain employees, the District pays eligible accrued sick leave in a lump sum payment to the employee or his/her estate. A summary of changes in the accumulated sick leave follows:

Balance, July 1, 2008	\$ 2,508,732
New entrants and salary increments	559,128
Payments to participants	<u>(273,695)</u>
Balance, June 30, 2009	<u>\$ 2,794,165</u>

NOTE 7. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended June 30, 2009 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General Obligation Bonds	\$234,385,476	\$42,600,000	\$21,346,376	\$255,639,100	\$17,643,899
Accreted Interest	39,315,506	6,978,238	1,183,624	45,110,120	8,153,565
Capital Leases	987,504	465,791	463,448	989,847	370,838
Compensated Absences	2,508,732	559,128	273,695	2,794,165	273,700
Premium on Issuance	13,511,121	1,213,238	1,299,162	13,425,197	1,054,965
Deferred Gain (Loss) on Bond Refunding	<u>(3,304,148)</u>	<u>-</u>	<u>(459,711)</u>	<u>(2,844,437)</u>	<u>(433,430)</u>
	<u>\$287,404,191</u>	<u>\$51,816,395</u>	<u>\$24,106,594</u>	<u>\$315,113,992</u>	<u>\$27,063,537</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 8. CAPITAL ASSET ACTIVITY

Capital asset activity for the district for the year ended June 30, 2009 was as follows:

Primary government:

	Balance <u>7/1/2008</u>	Additions (Transfers)	Deletions	Balance <u>6/30/2009</u>
Capital assets, not being depreciated				
Land	\$ 17,450,534	\$ -	\$ -	\$ 17,450,534
Construction in Progress	<u>14,834,912</u>	<u>67,033,895</u>	-	<u>81,868,807</u>
Total capital assets, not being depreciated	<u>32,285,446</u>	<u>67,033,895</u>	-	<u>99,319,341</u>
Capital assets, being depreciated				
Buildings and Improvements	305,904,352	8,871,972	4,750,234	310,026,090
Furniture and Equipment	<u>18,304,720</u>	<u>1,225,897</u>	<u>270,804</u>	<u>19,259,813</u>
Total capital assets, being depreciated	<u>324,209,072</u>	<u>10,097,869</u>	<u>5,021,038</u>	<u>329,285,903</u>
Less accumulated depreciation on				
Buildings and Improvements	139,399,568	11,862,831	4,701,915	146,560,484
Furniture and Equipment	<u>13,306,298</u>	<u>1,179,049</u>	<u>270,804</u>	<u>14,214,543</u>
Total capital assets, being depreciated, net	171,503,206	(2,944,011)	48,319	168,510,876
Governmental activities capital assets, net	<u>\$203,788,652</u>	<u>\$64,089,884</u>	<u>\$ 48,319</u>	<u>\$267,830,217</u>

Depreciation expense of the governmental activities was charged to functions/programs as follows:

Instruction	\$ 8,935,608
Instructional resources and media services	336,325
Instructional leadership	24,960
School leadership	486,126
Guidance, counseling, and evaluation services	95,805
Health services	46,231
Student (pupil) transportation	345,544
Food services	1,019,845
Co-curricular/extracurricular activities	648,852
General administration	208,153
Plant maintenance and operations	468,501
Security and monitoring services	85,567
Data processing services	281,241
Community services	<u>59,122</u>
Total depreciation expense	<u>\$ 13,041,880</u>

NOTE 9. 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 its agent bank, approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9. DEPOSITS AND INVESTMENTS - CONTINUED

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes and the District's investment policy authorized the District to invest in the following investments as summarized in the following table:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury obligations	1 year	none	none
U.S. Agency obligations	1 year	none	none
State of Texas securities	1 year	none	none
Certificates of deposit	1 year	none	none
Repurchase agreements	1 year	none	none
Commercial paper	1 year	none	none
Public funds investment pool	N/A	none	none

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Primary government	
Cash and cash equivalents	\$ 108,858,321
Fiduciary funds	<u>26,993</u>
	<u>\$ 108,885,314</u>

Cash and investments as of June 30, 2009 consist of the following:

Deposits with financial institutions	\$ 4,222,033
Investments	<u>104,663,281</u>
	<u>\$ 108,885,314</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9. DEPOSITS AND INVESTMENTS – CONTINUED

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter term investments with an average maturity of less than 29 days thus reducing the interest rate risk. The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The District has no specific limitations with respect to this metric.

As of June 30, 2009, the District had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 96,720,259	43 days
Lone Star	1,051,659	36 days
MBIA	2,203,347	38 days
Certificates of deposit	70,440	13 days
U.S. Treasury and U.S. Agency securities	<u>4,617,576</u>	241 days
	<u>\$104,663,281</u>	

As of June 30, 2009 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of June 30, 2009</u>
TexPool	\$ 96,720,259	AAA	AAAm
Lone Star	1,051,659	AAA	AAAm
MBIA	2,203,347	AAA	AAAm
Certificates of deposit	70,440	N/A	N/A
U.S. Treasury and U.S. Agency securities	4,617,576	N/A	N/A

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9. DEPOSITS AND INVESTMENTS - CONTINUED

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2009, other than external investment pools and securities guaranteed by the U.S. Government, the District did not have 5% or more of its investment with one issuer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of June 30, 2009 the District deposits with financial institutions were 100% covered by federal depository insurance.

In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

- A. Depository: Bank of America
- B. Security pledged as of the date of the highest combined balance on deposit was \$0.
- C. Largest cash, savings and time deposit combined account balance amounted to \$13,522,237 and occurred during the month of June 2009.
- D. Total amount of FDIC coverage at the time of largest combined balance was \$13,522,237.

Investment in State Investment Pools

The District is a voluntary participant in various investment pools. These pools included the following: TexPool, Lone Star, and MBIA.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 9. DEPOSITS AND INVESTMENTS – CONTINUED

Investment in State Investment Pools – Continued

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

The Lone Star Investment Pool is governed by an 11-member board, all of whom are participants in the Pool. This ensures that the policies they set affect not only other entities' assets, but their own as well. The Board meets quarterly to review Pool operations, adopt or make changes to the investment policy, review the Pool's financials and audited financial statements, and approve Pool contractor agreements. The pool is tailored to comply with the Public Funds Investment Act.

The MBIA Investment Pool is governed by a Board of Trustees, the number of trustees is determined and elected by the Participants in the pool annually but it must be an odd number and a minimum of 3 trustees. The Board meets upon the request of at least two trustees, but not less than once annually. The pool is tailored to comply with the Public Funds Investment Act.

NOTE 10. RETIREMENT 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 transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701-2698, by calling the TRS Communications 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.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 10. RETIREMENT PLAN – CONTINUED

Funding Policy. State law provides a state contribution rate of 6.0% and a member contribution rate of 6.4% for fiscal year 2007 and a state contribution rate of 6.58% and a member contribution rate of 6.4% for 2008 and 2009. In certain instances, the reporting district is required to make all or a portion of the state's 6.58% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action. The District's employees' contributions to the system for the ten months ended June 30, 2007 and the years ended June 30, 2008 and 2009 were \$5,719,633, \$7,274,887 and \$7,975,476, respectively, equal to the required contributions for each year. State contributions to TRS made on behalf of the District's employees and reflected in the District's basic financial statements as both revenue and expenditures for the ten months ended June 30, 2007 and the years ended June 30, 2008 and 2009 were \$6,087,716, \$7,785,788 and \$7,941,573, respectively. The District paid additional state contributions for the ten months ended August 31, 2007, and the years ended June 30, 2008 and 2009 in the amount of \$1,251,956, \$1,745,573 and \$2,328,218, respectively, on a portion of the employees' salaries that exceeded the statutory minimum or paid from federal grants.

NOTE 11. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description. Birdville Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees authority to establish and amend the basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 11. SCHOOL DISTRICT RETIREE HEALTH PLAN – CONTINUED

Funding Policy. Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2009, 2008 and 2007. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the year ended June 30, 2009 and 2008, and the ten months ended June 30, 2007, the State's contributions to TRS-Care were \$1,246,168, \$1,136,701, and \$893,693, respectively, the active member contributions were \$810,010, \$738,856, and \$580,900, respectively, and the school district's contribution were \$685,384, \$625,186, and \$491,531, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments are recognized as equal revenues and expenditures/expenses by the District. For the year ended June 30, 2009, the contribution made on behalf of the District was \$304,457.

NOTE 12. 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; and natural disasters for which the District carries commercial insurance.

In years prior to 1998, the District maintained a self-insured workers' compensation plan. For this plan, stop-loss coverage was in effect for individual claims exceeding \$200,000 with an aggregate limit of \$850,000 for claims incurred during the fiscal year 1996 and \$1,000,000 for claims incurred during fiscal years 1997 and 1998. Effective September 1, 1998 through August 31, 2000 the District obtained commercial insurance to cover its risk of loss from workers' compensation claims occurring from these dates. Effective September 1, 2000 the District again maintains a self-insured workers' compensation plan. For this plan, stop-loss coverage is in effect for claims exceeding \$200,000 with an aggregate limit of \$1,000,000. Settled claims have not exceeded the aggregate coverage in any of the past three fiscal years. Insurance coverage has not been reduced for the year from the prior year. Self-insurance fund revenues and expenses are recognized on the accrual basis. Unpaid claims filed prior to June 30 and subsequently approved by the administrator of the plan are recorded as a liability.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 12. RISK MANAGEMENT – CONTINUED

The claims liability of \$1,485,615 reported in the self-insurance fund at June 30, 2009 is based on an actuarial review of claims pending and an estimate of incurred but not reported claims. Changes in the fund's claims liability amount for the year ended June 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Liability, beginning of year	\$ 1,354,412	\$ 1,277,603
Current year claims and changes in estimates	1,116,638	759,909
Claim payments	<u>(985,435)</u>	<u>(683,100)</u>
Liability, end of year	<u>\$ 1,485,615</u>	<u>\$ 1,354,412</u>

NOTE 13. COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable 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 general purpose financial statements for such contingencies.

The District was obligated at June 30, 2009, under long-term contracts for construction, renovations, and repair of various facilities with an aggregate remaining balance of \$8,481,146.

NOTE 14. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2009, are summarized below. All federal grants shown below are passed through the State of Texas and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 12,681,791	\$ -	\$ 12,681,791
Special Revenue	<u>517,966</u>	<u>3,947,048</u>	<u>4,465,014</u>
Total	<u>\$ 13,199,757</u>	<u>\$ 3,947,048</u>	<u>\$ 17,146,805</u>

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 15. DEFERRED REVENUE

Deferred revenue at year-end consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net tax revenue	<u>\$3,577,632</u>	<u>\$ 687,054</u>	<u>\$4,264,686</u>
Total	<u>\$3,577,632</u>	<u>\$ 687,054</u>	<u>\$4,264,686</u>

NOTE 16. INTERFUND BALANCES AND ACTIVITIES

Interfund balances at June 30, 2009 consisted of the following individual fund balances:

	<u>Due to</u>	<u>Due From</u>	<u>Purpose</u>
<u>General Fund</u>			
Special Revenue Funds	\$ 1,505,574	\$ 3,746,933	Deficit of pooled cash / reimbursement of expenditures
Debt Service Fund	454,538	-	Interest earnings not yet transferred
Capital Projects Fund	972,192	-	Reimbursement of expenditures
Internal Service Fund	-	<u>323,953</u>	Reimbursement of expenditures
Total General Fund	<u>2,932,304</u>	<u>4,070,886</u>	
<u>Special Revenue Funds</u>			
General Fund	3,746,933	1,505,574	Deficit of pooled cash / reimbursement of expenditures
Agency Fund	<u>548,549</u>	-	Deficit of pooled cash
Total Special Revenue Funds	<u>4,295,482</u>	<u>1,505,574</u>	
<u>Debt Service Fund</u>			
General Fund	-	<u>454,538</u>	Interest earnings not yet transferred
<u>Proprietary Fund</u>			
General Fund	<u>323,953</u>	-	Reimbursement of expenditures
<u>Capital Projects Fund</u>			
General Fund	-	<u>972,192</u>	Reimbursement of expenditures
<u>Agency Fund</u>			
Special Revenue Funds	-	<u>548,549</u>	Deficit of pooled cash
Totals	<u>\$ 7,551,739</u>	<u>\$ 7,551,739</u>	

All amounts due are scheduled to be repaid within one year.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS**

NOTE 16. INTERFUND BALANCES AND ACTIVITIES – CONTINUED

The following transfers were made between funds during the year ended June 30, 2009:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Purpose</u>
<u>General Fund</u>			
Special Revenue Funds	\$ 59,039	\$ 88,305	Reimbursement of expenditures
Internal Service Fund	<u>2,454,597</u>	<u>-</u>	Transfer excess net assets
Total General Fund	2,513,636	88,305	
<u>Special Revenue Funds</u>			
General Fund	<u>88,305</u>	<u>59,039</u>	Reimbursement of expenditures
<u>Internal Service Fund</u>			
General Fund	<u>-</u>	<u>2,454,597</u>	Transfer excess net assets
Totals	<u>\$2,601,941</u>	<u>\$2,601,941</u>	

NOTE 17. EXCESS OF EXPENDITURES OVER APPROPRIATIONS BY FUNCTION

The Texas Education Agency requires the budgets for certain Governmental fund types to be filed with the Texas Education Agency. The budget should not be exceeded in any functional category under TEA requirements. Expenditures exceeded appropriations in one functional category in the General Fund for the year ended June 30, 2009.

REQUIRED SUPPLEMENTARY INFORMATION

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT G-1

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	\$ 75,681,433	\$ 78,527,867	\$ 79,193,439	\$ 665,572
5800	State Program Revenues	70,447,962	72,835,456	71,799,828	(1,035,628)
5900	Federal Program Revenues	410,000	481,000	543,744	62,744
5020	Total Revenues	146,539,395	151,844,323	151,537,011	(307,312)
EXPENDITURES:					
Current:					
0011	Instruction	95,906,287	97,993,036	96,039,564	1,953,472
0012	Instructional Resources and Media Services	2,616,712	2,629,444	2,485,037	144,407
0013	Curriculum and Instructional Staff Development	767,102	886,859	699,652	187,207
0021	Instructional Leadership	2,403,068	2,478,788	2,450,448	28,340
0023	School Leadership	9,740,378	10,070,664	10,109,797	(39,133)
0031	Guidance, Counseling and Evaluation Services	5,158,796	5,339,724	5,205,029	134,695
0032	Social Work Services	193,206	153,990	137,895	16,095
0033	Health Services	2,300,117	2,229,020	2,179,134	49,886
0034	Student (Pupil) Transportation	4,256,166	3,849,672	3,488,653	361,019
0036	Extracurricular Activities	3,951,277	4,699,811	4,693,706	6,105
0041	General Administration	4,437,777	4,448,478	4,239,720	208,758
0051	Facilities Maintenance and Operations	16,398,108	16,512,483	16,007,569	504,914
0052	Security and Monitoring Services	775,330	679,536	585,497	94,039
0053	Data Processing Services	2,238,600	2,338,924	2,273,618	65,306
0061	Community Services	240,664	230,601	226,521	4,080
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	480,000	472,500	463,448	9,052
0072	Debt Service - Interest on Long Term Debt	47,050	47,050	45,863	1,187
Capital Outlay:					
0081	Facilities Acquisition and Construction	24,375	1,023,328	13,524	1,009,804
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	112,500	89,500	83,125	6,375
0097	Payments to Tax Increment Fund	115,000	121,500	121,264	236
0099	Other Intergovernmental Charges	625,000	625,000	592,164	32,836
6030	Total Expenditures	152,787,513	156,919,908	152,141,228	4,778,680
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,248,118)	(5,075,585)	(604,217)	4,471,368
OTHER FINANCING SOURCES (USES):					
7913	Capital Leases	466,000	466,000	465,791	(209)
7915	Transfers In	2,400,000	2,525,048	2,513,636	(11,412)
8911	Transfers Out (Use)	(180,000)	-	(88,305)	(88,305)
7080	Total Other Financing Sources (Uses)	2,686,000	2,991,048	2,891,122	(99,926)
1200	Net Change in Fund Balances	(3,562,118)	(2,084,537)	2,286,905	4,371,442
0100	Fund Balance - July 1 (Beginning)	44,909,478	44,909,478	44,909,478	-
3000	Fund Balance - June 30 (Ending)	\$ 41,347,360	\$ 42,824,941	\$ 47,196,383	\$ 4,371,442

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" on a GAAP basis for the General Fund, Food Service Fund which is included in the Special Revenue funds and Debt Service 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 appears in Exhibit G-1 and the other two budgets are in Exhibit J-4 and J-5.

The following procedures are followed in establishing the budgetary data:

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 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 July 1, the budget is legally enacted through 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 is made before the fact, is reflected in the official minutes of the Board, and is not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. Significant amendments were made to the following functional areas:

Function	Increase (Decrease)
Instruction	\$ 2,086,749
Curriculum & Instructional Staff Development	119,757
School Leadership	330,286
Guidance, Counseling & Evaluation Services	180,928
Student (Pupil) Transportation	(406,494)
Co-curricular/Extracurricular Activities	748,534
Security and Monitoring Services	(95,794)
Data Processing Services	100,324
Facilities Acquisition and Construction	998,953

4. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. The Texas Education Agency requires these budgets to be filed with the Texas Education Agency. The budget should not exceed expenditures in any functional expenditure category under TEA requirements. The original and final amended versions of these budgets are used in this report.

COMBINING STATEMENTS

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

Data Control Codes	203 Child Care Development Block Grant	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Due from Other Governments	-	29,603	1,693,345
1260	Due from Other Funds	-	-	-
1300	Inventories	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 29,603</u>	<u>\$ 1,693,345</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110	Accounts Payable	\$ -	\$ -	\$ 12,737
2160	Accrued Wages Payable	-	-	316,265
2170	Due to Other Funds	-	29,603	1,364,343
2180	Due to Other Governments	-	-	-
2000	Total Liabilities	<u>-</u>	<u>29,603</u>	<u>1,693,345</u>
Fund Balances:				
Reserved For:				
3410	Investments in Inventory	-	-	-
3450	Food Service	-	-	-
Designated For:				
3590	Other Purposes	-	-	-
Unreserved and Undesignated:				
3610	Reported in Special Revenue Funds	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 29,603</u>	<u>\$ 1,693,345</u>

220 Adult Education Federal	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ 4,105,214	\$ -	\$ -	\$ -	\$ -
30,467	1,346,673	101,696	20,795	206,380	336,099	9,384	168,016
-	-	-	-	-	-	-	-
-	-	-	113,102	-	-	-	-
<u>\$ 30,467</u>	<u>\$ 1,346,673</u>	<u>\$ 101,696</u>	<u>\$ 4,239,111</u>	<u>\$ 206,380</u>	<u>\$ 336,099</u>	<u>\$ 9,384</u>	<u>\$ 168,016</u>
\$ -	\$ 1,925	\$ -	\$ 18,121	\$ -	\$ -	\$ -	\$ 2,009
1,384	555,058	23,000	401,394	5,659	81,022	-	42,895
29,083	789,690	78,696	695,859	200,721	255,077	9,384	123,112
-	-	-	-	-	-	-	-
<u>30,467</u>	<u>1,346,673</u>	<u>101,696</u>	<u>1,115,374</u>	<u>206,380</u>	<u>336,099</u>	<u>9,384</u>	<u>168,016</u>
-	-	-	113,102	-	-	-	-
-	-	-	3,010,635	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,123,737</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 30,467</u>	<u>\$ 1,346,673</u>	<u>\$ 101,696</u>	<u>\$ 4,239,111</u>	<u>\$ 206,380</u>	<u>\$ 336,099</u>	<u>\$ 9,384</u>	<u>\$ 168,016</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

Data Control Codes	284 Smaller Learning Communities	286 Summer School LEP	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	-	-	1,024	667
1260	Due from Other Funds	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,024</u>	<u>\$ 667</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	1,024	667
2180	Due to Other Governments	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>1,024</u>	<u>667</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	-
3450	Food Service	-	-	-	-
Unreserved Designated For:					
3590	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>\$ 1,024</u>	<u>\$ 667</u>

317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program	404 Student Success Initiative
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,149	750	22,185	56,014	-	53,981	69,254	231,349
-	-	-	-	26,770	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,149</u>	<u>\$ 750</u>	<u>\$ 22,185</u>	<u>\$ 56,014</u>	<u>\$ 26,770</u>	<u>\$ 53,981</u>	<u>\$ 69,254</u>	<u>\$ 231,349</u>
\$ 675	\$ 361	\$ -	\$ 8,104	\$ 476	\$ 639	\$ -	\$ 3,898
-	-	367	-	-	26,158	58,904	171,934
1,474	389	21,818	47,910	-	27,184	10,350	55,517
-	-	-	-	-	-	-	-
<u>2,149</u>	<u>750</u>	<u>22,185</u>	<u>56,014</u>	<u>476</u>	<u>53,981</u>	<u>69,254</u>	<u>231,349</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	26,294	-	-	-
-	-	-	-	26,294	-	-	-
<u>\$ 2,149</u>	<u>\$ 750</u>	<u>\$ 22,185</u>	<u>\$ 56,014</u>	<u>\$ 26,770</u>	<u>\$ 53,981</u>	<u>\$ 69,254</u>	<u>\$ 231,349</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

Data Control Codes	409 Basic Skills Program High School	411 Technology Allotment	414 Texas Reading Initiative	427 Awards For Teacher Excellence	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	4,320	-	-	2,656
1260	Due from Other Funds	-	57,906	4,768	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 4,320</u>	<u>\$ 57,906</u>	<u>\$ 4,768</u>	<u>\$ 2,656</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	1,944	57,906	-	-
2170	Due to Other Funds	2,376	-	-	2,656
2180	Due to Other Governments	-	-	4,768	-
2000	Total Liabilities	<u>4,320</u>	<u>57,906</u>	<u>4,768</u>	<u>2,656</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	-
3450	Food Service	-	-	-	-
Unreserved Designated For:					
3590	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>\$ 4,320</u>	<u>\$ 57,906</u>	<u>\$ 4,768</u>	<u>\$ 2,656</u>

428 High School Allotment	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	483 Local Fine Arts	487 Workshops	490 Local Special Projects	493 After School Tutoring
\$ -	\$ -	\$ -	\$ 1,291,005	\$ -	\$ -	\$ 12,499,103	\$ -
-	-	78,207	-	-	-	-	-
918,043	3,148	299,933	-	2,069	21,171	169,074	2,692
-	-	-	-	-	-	-	-
<u>\$ 918,043</u>	<u>\$ 3,148</u>	<u>\$ 378,140</u>	<u>\$ 1,291,005</u>	<u>\$ 2,069</u>	<u>\$ 21,171</u>	<u>\$ 12,668,177</u>	<u>\$ 2,692</u>
\$ 4,351	\$ -	\$ 222	\$ -	\$ -	\$ -	\$ -	\$ -
246,978	-	125,472	-	-	-	-	-
-	-	-	548,549	-	-	-	-
-	-	-	-	-	-	-	-
<u>251,329</u>	<u>-</u>	<u>125,694</u>	<u>548,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	12,668,177	-
666,714	3,148	252,446	742,456	2,069	21,171	-	2,692
<u>666,714</u>	<u>3,148</u>	<u>252,446</u>	<u>742,456</u>	<u>2,069</u>	<u>21,171</u>	<u>12,668,177</u>	<u>2,692</u>
<u>\$ 918,043</u>	<u>\$ 3,148</u>	<u>\$ 378,140</u>	<u>\$ 1,291,005</u>	<u>\$ 2,069</u>	<u>\$ 21,171</u>	<u>\$ 12,668,177</u>	<u>\$ 2,692</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2009

Data Control Codes	499 Educational Excellence Foundation	Total Nonmajor Governmental Funds
ASSETS		
1110	Cash and Cash Equivalents	\$ - \$ 17,895,322
1240	Due from Other Governments	- 4,465,014
1260	Due from Other Funds	- 1,505,574
1300	Inventories	- 113,102
1000	Total Assets	<u>\$ - \$ 23,979,012</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
2110	Accounts Payable	\$ - \$ 53,518
2160	Accrued Wages Payable	- 2,116,340
2170	Due to Other Funds	- 4,295,482
2180	Due to Other Governments	- 4,768
2000	Total Liabilities	<u>- 6,470,108</u>
Fund Balances:		
Reserved For:		
3410	Investments in Inventory	- 113,102
3450	Food Service	- 3,010,635
Unreserved Designated For:		
3590	Other Purposes	- 12,668,177
Unreserved and Undesignated:		
3610	Reported in Special Revenue Funds	- 1,716,990
3000	Total Fund Balances	<u>- 17,508,904</u>
4000	Total Liabilities and Fund Balances	<u>\$ - \$ 23,979,012</u>

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BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	203 Child Care Development Block Grant	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	23,982	51,811	2,820,994
5020 Total Revenues	<u>23,982</u>	<u>51,811</u>	<u>2,820,994</u>
EXPENDITURES:			
Current:			
0011 Instruction	600	45,092	2,569,134
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	12,833	-	56,782
0021 Instructional Leadership	10,549	-	191,443
0023 School Leadership	-	-	1,792
0031 Guidance, Counseling and Evaluation Services	-	1,460	-
0032 Social Work Services	-	5,259	-
0034 Student (Pupil) Transportation	-	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0061 Community Services	-	-	1,843
6030 Total Expenditures	<u>23,982</u>	<u>51,811</u>	<u>2,820,994</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
7915 Transfers In	-	-	-
8911 Transfers Out (Use)	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-
1300 Prior Period Adjustment	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

220 Adult Education Federal	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ -	\$ 4,030,276	\$ -	\$ -	\$ -	\$ -
-	-	-	318,623	-	-	-	-
99,723	4,130,385	122,115	5,597,261	250,832	664,628	19,293	378,366
99,723	4,130,385	122,115	9,946,160	250,832	664,628	19,293	378,366
42,463	3,637,214	122,115	-	209,992	540,187	1,986	286,576
-	-	-	-	-	-	-	-
3,618	15,194	-	-	40,840	61,738	17,307	28,070
53,642	42,271	-	-	-	19,200	-	33,966
-	45,730	-	-	-	11,200	-	-
-	251,205	-	-	-	-	-	-
-	57,343	-	-	-	-	-	-
-	81,428	-	-	-	-	-	-
-	-	-	9,743,807	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	32,303	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	29,754
99,723	4,130,385	122,115	9,743,807	250,832	664,628	19,293	378,366
-	-	-	202,353	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	202,353	-	-	-	-
-	-	-	2,921,384	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 3,123,737	\$ -	\$ -	\$ -	\$ -

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	284 Smaller Learning Communities	286 Summer School LEP	315 SSA IDEA, Part B Discretionary	316 SSA IDEA, Part B Deaf	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	95,858	20,958	37,783	19,764
5020	Total Revenues	<u>95,858</u>	<u>20,958</u>	<u>37,783</u>	<u>19,764</u>
EXPENDITURES:					
Current:					
0011	Instruction	29,477	20,958	37,783	19,764
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	29,898	-	-	-
0021	Instructional Leadership	14,999	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	21,484	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0061	Community Services	-	-	-	-
6030	Total Expenditures	<u>95,858</u>	<u>20,958</u>	<u>37,783</u>	<u>19,764</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	-	-	-	-
1300	Prior Period Adjustment	-	-	-	-
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

317 SSA - IDEA, B Preschool Deaf	340 SSA - IDEA C Deaf - Early Intervention	385 Visually Impaired	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program	404 Student Success Initiative
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	22,185	64,117	58,318	258,867	135,958	724,063
3,330	1,790	-	-	-	-	-	-
<u>3,330</u>	<u>1,790</u>	<u>22,185</u>	<u>64,117</u>	<u>58,318</u>	<u>258,867</u>	<u>135,958</u>	<u>724,063</u>
3,330	1,790	22,185	63,782	23,124	231,670	76,919	670,133
-	-	-	-	-	-	-	11,683
-	-	-	335	35,625	18,691	-	7,018
-	-	-	-	-	4,506	-	-
-	-	-	-	-	-	-	35,204
-	-	-	-	-	-	-	25
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	4,000	-	-
-	-	-	-	-	-	-	-
<u>3,330</u>	<u>1,790</u>	<u>22,185</u>	<u>64,117</u>	<u>58,749</u>	<u>258,867</u>	<u>76,919</u>	<u>724,063</u>
-	-	-	-	(431)	-	59,039	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(59,039)	-
-	-	-	-	-	-	(59,039)	-
-	-	-	-	(431)	-	-	-
-	-	-	-	26,725	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	409 Basic Skills Program High School	411 Technology Allotment	414 Texas Reading Initiative	427 Awards For Teacher Excellence
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	163,089	607,963	8,857	21,443
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>163,089</u>	<u>607,963</u>	<u>8,857</u>	<u>21,443</u>
EXPENDITURES:				
Current:				
0011 Instruction	86,034	-	5,278	4,855
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	49,366	696,268	-	15,519
0021 Instructional Leadership	27,689	-	3,579	1,069
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
6030 Total Expenditures	<u>163,089</u>	<u>696,268</u>	<u>8,857</u>	<u>21,443</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(88,305)	-	-
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	88,305	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>88,305</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

428 High School Allotment	429 Other State Special Revenue Funds	435 SSA Regional Day School - Deaf	461 Campus Activity Funds	483 Local Fine Arts	487 Workshops	490 Local Special Projects	493 After School Tutoring
\$ 57,145	\$ -	\$ 310,570	\$ 2,329,796	\$ 2,069	\$ 2,048	\$ 406,114	\$ 14,790
1,646,137	132	445,892	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,703,282</u>	<u>132</u>	<u>756,462</u>	<u>2,329,796</u>	<u>2,069</u>	<u>2,048</u>	<u>406,114</u>	<u>14,790</u>
1,795,742	-	835,614	69,175	-	-	-	9,392
-	132	-	-	-	-	-	-
33,542	-	930	-	-	4,472	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,952
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,259,040	-	-	-	754
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,829,284</u>	<u>132</u>	<u>836,544</u>	<u>2,328,215</u>	<u>-</u>	<u>4,472</u>	<u>-</u>	<u>12,098</u>
<u>(126,002)</u>	<u>-</u>	<u>(80,082)</u>	<u>1,581</u>	<u>2,069</u>	<u>(2,424)</u>	<u>406,114</u>	<u>2,692</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(126,002)	-	(80,082)	1,581	2,069	(2,424)	406,114	2,692
792,716	3,148	332,528	740,875	-	23,595	12,262,063	-
-	-	-	-	-	-	-	-
<u>\$ 666,714</u>	<u>\$ 3,148</u>	<u>\$ 252,446</u>	<u>\$ 742,456</u>	<u>\$ 2,069</u>	<u>\$ 21,171</u>	<u>\$ 12,668,177</u>	<u>\$ 2,692</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	499 Educational Excellence Foundation	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ -	\$ 7,152,808
5800 State Program Revenues	-	4,475,644
5900 Federal Program Revenues	-	14,338,873
5020 Total Revenues	-	25,967,325
EXPENDITURES:		
Current:		
0011 Instruction	-	11,462,364
0012 Instructional Resources and Media Services	-	11,815
0013 Curriculum and Instructional Staff Development	-	1,128,046
0021 Instructional Leadership	-	402,913
0023 School Leadership	-	95,878
0031 Guidance, Counseling and Evaluation Services	-	252,690
0032 Social Work Services	-	62,602
0034 Student (Pupil) Transportation	-	81,428
0035 Food Services	-	9,743,807
0036 Extracurricular Activities	-	2,259,794
0041 General Administration	-	53,787
0051 Facilities Maintenance and Operations	-	4,000
0061 Community Services	-	31,597
6030 Total Expenditures	-	25,590,721
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	376,604
OTHER FINANCING SOURCES (USES):		
7915 Transfers In	-	88,305
8911 Transfers Out (Use)	-	(59,039)
7080 Total Other Financing Sources (Uses)	-	29,266
1200 Net Change in Fund Balance	-	405,870
0100 Fund Balance - July 1 (Beginning)	2,571,369	19,674,403
1300 Prior Period Adjustment	(2,571,369)	(2,571,369)
3000 Fund Balance - June 30 (Ending)	\$ -	\$ 17,508,904

REQUIRED TEA SCHEDULES

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2009

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2000 and prior years	Various	Various	\$ Various
2001	1.416300	0.153500	4,712,674,096
2002	1.419800	0.150000	5,204,280,044
2003	1.455000	0.162000	5,668,493,380
2004	1.455000	0.162000	5,899,556,044
2005	1.465000	0.152000	6,165,856,861
2006	1.465000	0.152000	6,357,870,019
2007	1.339000	0.226000	6,755,819,844
2008	1.040000	0.365000	7,052,993,271
2009 (School year under audit)	1.040000	0.370000	7,556,727,742
100 TOTALS			

	(10) Beginning Balance 7/1/2008	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2009
\$	1,570,212	\$ -	\$ 12,503	\$ 2,397	\$ (7,113)	\$ 1,548,199
	272,052	-	5,934	643	-	265,475
	285,810	-	9,490	1,003	(1,306)	274,011
	277,923	-	17,748	1,976	(1,722)	256,477
	383,835	-	28,273	3,148	(13,721)	338,693
	384,981	-	46,154	4,789	1,080	335,118
	826,575	-	409,446	42,482	(12,441)	362,206
	702,848	-	173,421	29,270	(26,618)	473,539
	3,377,374	-	1,905,702	668,828	(172,438)	630,406
	-	102,454,662	74,020,019	26,334,042	919,805	3,020,406
\$	<u>8,081,610</u>	<u>\$ 102,454,662</u>	<u>\$ 76,628,690</u>	<u>\$ 27,088,578</u>	<u>\$ 685,526</u>	<u>\$ 7,504,530</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2010-2011
 GENERAL AND SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 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	\$ 35,367	\$ -	\$ 266,145	\$ 3,010,020	\$ -	\$ -	\$ 3,311,532
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	146,820	-	-	-	-	-	146,820
6212	Audit Services	-	-	-	52,900	-	-	52,900
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	592,644	-	-	-	-	592,644
621X	Other Professional Services	-	-	-	212,790	-	-	212,790
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	15,155	-	15,155
6250	Utilities	-	-	-	-	984	-	984
6260	Rentals	-	-	-	4,177	-	-	4,177
6290	Miscellaneous Contr.	-	-	-	190,623	-	-	190,623
6320	Textbooks and Reading	-	-	693	1,469	-	-	2,162
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	432	-	926	87,660	-	-	89,018
6410	Travel, Subsistence, Stipends	12,702	-	13,524	34,526	-	-	60,752
6420	Ins. and Bonding Costs	62,812	-	-	121	-	-	62,933
6430	Election Costs	823	-	-	-	-	-	823
6490	Miscellaneous Operating	25,243	-	5,597	111,518	-	-	142,358
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 284,199	\$ 592,644	\$ 286,885	\$ 3,705,804	\$ 16,139	\$ -	\$ 4,885,671
Total expenditures/expenses for General and Special Revenue Funds:							(9)	\$ 177,731,950
LESS: Deductions of Unallowable Costs								
FISCAL YEAR								
Total Capital Outlay (6600)						(10)	\$ 1,661,859	
Total Debt & Lease(6500)						(11)	509,311	
Plant Maintenance (Function 51, 6100-6400)						(12)	15,771,564	
Food (Function 35, 6341 and 6499)						(13)	3,951,658	
Stipends (6413)						(14)	-	
Column 4 (above) - Total Indirect Cost							3,705,804	
SubTotal:								25,600,196
Net Allowed Direct Cost								\$ 152,131,753
CUMULATIVE								
Total Cost of Buildings before Depreciation (1520)							(15)	\$ 310,026,090
Historical Cost of Building over 50 years old							(16)	\$ 13,929,103
Amount of Federal Money in Building Cost (Net of #16)							(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)							(18)	\$ 19,259,813
Historical Cost of Furniture & Equipment over 16 years old							(19)	\$ 2,370,158
Amount of Federal Money in Furniture & Equipment (Net of #19)							(20)	\$ 3,538,796

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
 \$592,164 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 FOR THE YEAR ENDED JUNE 30, 2009

UNAUDITED

1	Total General Fund Balance as of 6/30/09 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 47,196,383
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 1,739,111	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	12,500,000	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	29,000,000	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09-5/31/10).	13,000,000	
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)		<u>56,239,111</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ (9,042,728)</u>

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 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	\$ 4,120,500	\$ 4,120,500	\$ 4,030,276	\$ (90,224)
5800 State Program Revenues	258,000	320,000	318,623	(1,377)
5900 Federal Program Revenues	4,906,142	4,906,142	5,597,261	691,119
5020 Total Revenues	9,284,642	9,346,642	9,946,160	599,518
EXPENDITURES:				
0035 Food Services	9,954,509	10,216,509	9,743,807	472,702
6030 Total Expenditures	9,954,509	10,216,509	9,743,807	472,702
1200 Net Change in Fund Balances	(669,867)	(869,867)	202,353	1,072,220
0100 Fund Balance - July 1 (Beginning)	2,921,384	2,921,384	2,921,384	-
3000 Fund Balance - June 30 (Ending)	\$ 2,251,517	\$ 2,051,517	\$ 3,123,737	\$ 1,072,220

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED JUNE 30, 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	\$ 25,725,072	\$ 26,938,222	\$ 27,315,564	\$ 377,342
5800	State Program Revenues	946,566	1,019,000	1,337,166	318,166
5020	Total Revenues	26,671,638	27,957,222	28,652,730	695,508
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	16,516,377	16,581,376	16,581,376	-
0072	Debt Service - Interest on Long Term Debt	10,211,663	9,827,710	9,396,837	430,873
0073	Debt Service - Bond Issuance Cost and Fees	30,000	90,914	90,914	-
6030	Total Expenditures	26,758,040	26,500,000	26,069,127	430,873
1100	Excess (Deficiency) of Revenues Over Expenditures	(86,402)	1,457,222	2,583,603	1,126,381
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	4,750,000	4,750,000
7916	Premium or Discount on Issuance of Bonds	-	-	62,526	62,526
8949	Other (Uses)	-	-	(4,891,688)	(4,891,688)
7080	Total Other Financing Sources (Uses)	-	-	(79,162)	(79,162)
1200	Net Change in Fund Balances	(86,402)	1,457,222	2,504,441	1,047,219
0100	Fund Balance - July 1 (Beginning)	4,379,191	4,379,191	4,379,191	-
3000	Fund Balance - June 30 (Ending)	\$ 4,292,789	\$ 5,836,413	\$ 6,883,632	\$ 1,047,219

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FEDERAL AWARDS SECTION

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

Board of Trustees
Birdville Independent School District
Haltom City, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Birdville Independent School District as of and for the year ended June 30, 2009, which collectively comprise Birdville Independent School District's basic financial statements and have issued our report thereon dated November 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity'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 a 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 entity'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 Birdville Independent School District's financial statements are free of material misstatement, we performed tests of Birdville Independent School District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Birdville Independent School District in a separate letter dated November 9, 2009.

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

Hankins, Eastup, Deaton, Tonn & Seay

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

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

Board of Trustees
Birdville Independent School District
Haltom City, Texas

Compliance

We have audited the compliance of Birdville Independent School 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 June 30, 2009. Birdville Independent School 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 Birdville Independent School District's management. Our responsibility is to express an opinion on Birdville Independent School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Birdville Independent School 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 Birdville Independent School District's compliance with those requirements.

In our opinion, Birdville Independent School 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 June 30, 2009.

Internal Control Over Compliance

The management of Birdville Independent School 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 Birdville Independent School 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 Birdville Independent School 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 a more than remote likelihood that noncompliance with a type of compliance requirement of a 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Hankins, Eastup, Deaton, Tonn & Seay

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

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

SECTION I -SUMMARY OF AUDITORS' RESULTS

Financial Statements

An unqualified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes None reported

An unqualified opinion was issued on compliance for major programs.

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) or Circular A-133? Yes No

Identification of major programs:

84.010A	ESEA, Title I, Part A. Improving Basic Programs
Special Education Cluster:	
84.027	IDEA - Part B, Formula
84.027	IDEA - Part B, Discretionary
84.027	IDEA - Part B, Deaf
84.173	IDEA - Part B, Preschool
84.173	IDEA - Part B, Preschool Deaf

- Dollar threshold used to distinguish between type A and type B programs? \$436,000

Auditee qualified as low-risk auditee? Yes No

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009**

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – OTHER FINDINGS

None

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009**

Finding 08-01

Accrued Expenditures – The District implemented expanded procedures to review accrued expenditures during the closing process for the June 30, 2009 year-end.

Findings 08-02 and 08-03

Employee Time and Effort Certifications – District grant directors implemented a consistent, District-wide procedure that requires employees who work on Federal award programs to complete and file all required time and effort certifications and documentation.

**BIRDVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
JUNE 30, 2009**

Finding Number

Corrective Action Plan

None required.

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2009

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
Adult Education (ABE) - Federal	84.002	094100087110266	\$ 102,000
ESEA, Title I, Part A - Improving Basic Programs	84.010A	09610101220902	2,885,424
IDEA - Part B, Formula	84.027	096600012209026600	4,224,722
SSA - IDEA - Part B, Discretionary	84.027	096600022209026673	37,783
SSA - IDEA - Part B, Deaf	84.027	096600012209026601	20,215
Total CFDA Number 84.027			4,282,720
Career and Technical - Basic Grant	84.048	09420006220902	256,561
IDEA - Part B, Preschool	84.173	096610012209026610	124,904
SSA - IDEA - Part B, Preschool Deaf	84.173	096610012209026611	3,406
Total CFDA Number 84.173			128,310
SSA - IDEA, Part C - Early Intervention (Deaf)	84.181A	093911012209023911	1,790
ESEA Title IV - Safe and Drug-Free Schools	84.186A	09691001220902	52,994
Smaller Learning Communities	84.215	V215I042224	95,858
Title II, Part D -Enhancing Ed. Through Technology	84.318X	09630001220902	19,733
Title III, Part A - English Language Acquisition	84.365A	09671001220902	385,933
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	09694501220902	679,808
Summer School LEP	84.369A	220902	20,958
Total Passed Through State Department of Education			\$ 8,912,089
TOTAL DEPARTMENT OF EDUCATION			\$ 8,912,089
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Child Care Development Block Grant	93.575	220902	\$ 23,982
Total Passed Through Texas Dept of Human Services			\$ 23,982
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 23,982
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program*	10.553	220902	\$ 912,096
National School Lunch Program - Cash Assistance*	10.555	220902	4,048,339
National School Lunch Prog. - Non-Cash Assistance*	10.555	220902	636,826
Total CFDA Number 10.555			4,685,165
Total Passed Through the State Department of Agriculture			\$ 5,597,261
TOTAL DEPARTMENT OF AGRICULTURE			\$ 5,597,261
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 14,533,332

*Clustered Programs as required by Compliance Supplement March, 2009

BIRDVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

1. The District utilizes the fund types specified in the Texas Education Agency *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 awards generally are accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the General Fund or Special Revenue Fund, components of the Governmental Funds. 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 (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

3. The National School Lunch Program (CFDA 10.555) received like kind goods. The monetary value of these goods was \$636,826 for the year ended June 30, 2009.
4. ROTC reimbursements of \$256,843, SHARS reimbursements of \$35,473, and Texas Department of Health Medicaid reimbursements of \$56,969, all of which are recorded as federal revenue in the General Fund, are not considered for purposes of the Schedule of Expenditures of Federal Awards.
5. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refund of any money received may be required and the collectibility of any related receivable at June 30, 2009, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

