

**DONNA INDEPENDENT  
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
AUGUST 31, 2009



DONNA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2009

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ANNUAL FINANCIAL REPORT  
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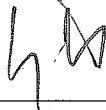
CERTIFICATE OF BOARD

Donna Independent School District  
Name of School District

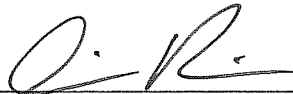
Hidalgo  
County

108-902  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2009 at a meeting of the Board of Trustees of such school district on the 27th day of January 2010.



\_\_\_\_\_  
Signature of Board Secretary



\_\_\_\_\_  
Signature of Board President

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PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Donna Independent School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Donna Independent School District (the "District") as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express 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 also 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 Donna Independent School District as of August 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 4 through 11 and the budgetary comparison information on pages, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

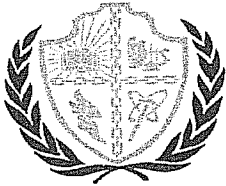


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District. The other supplementary information, required TEA schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Pattillo, Brown & Hall, C.P.*

January 8, 2010





# Donna Independent School District

## "Creating Opportunities for Success"

Roberto F Loreda, Superintendent

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Donna Independent School District annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2009. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

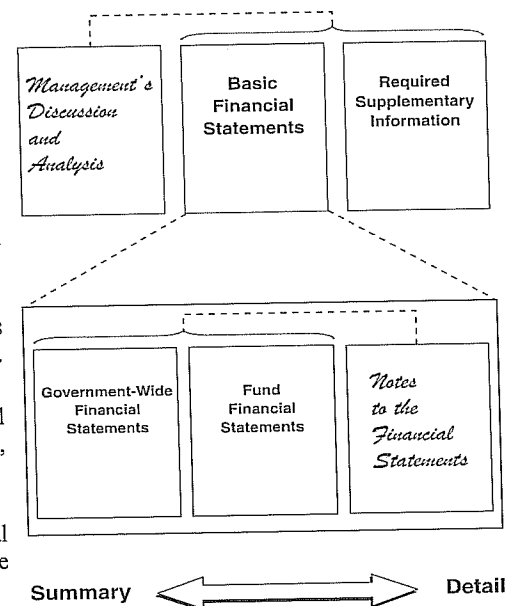
- The District's total combined net assets were \$84,358,827 at August 31, 2009.
- During the year, the District's expenses were \$6,704,121 less than the \$151,489,890 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$7,303,991.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *Fiduciary fund* statements provide information about the financial relationships in which the District's acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1F, Required Components of the District's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

### Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	• Statement of net assets	• Balance sheet	• Statement of net assets	• Statement of fiduciary net assets
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses and changes in fund net assets • Statement of cash flows	• Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during 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 year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

The two government-wide statements report the District's net assets and how they have changed. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, curriculum and staff development, school district administrative support services and general administration. Grants and charges for services finance most of these activities.

### Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain grants and local sources.

The District's has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- We use *internal service funds* to report revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in internal service fund.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets: The District's combined net assets were \$84,358,827 at August 31, 2009 (See Table A-1).

**TABLE A-1**  
**DONNA INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL ACTIVITIES**  
**NET ASSETS**

<b>Current Assets:</b>	<b>FY 2008</b>	<b>FY 2009</b>
Cash and Cash Equivalents	\$21,435,537	\$18,219,791
Property Taxes Receivable (Delinquent)	6,298,074	6,675,911
Allowance for Uncollectible Taxes	(611,893)	(651,266)
Due from Other Government	5,406,565	6,729,123
Due from Fiduciary Funds	377,918	3,398,482
Internal Balances		
Other Receivables	96,466	8,576
Inventories	524,750	610,243
<b>Total Current Assets:</b>	<b>33,527,417</b>	<b>34,990,860</b>
<b>Noncurrent Assets:</b>		
Capital Assets	162,810,841	173,576,084
Less Accumulated		
Depreciation	(34,201,890)	(37,538,535)
<b>Total Noncurrent Assets</b>	<b>128,608,951</b>	<b>136,037,549</b>
<b>Total Assets</b>	<b>162,136,368</b>	<b>171,028,409</b>

**TABLE A-1 CONTINUED**  
**DONNA INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL ACTIVITIES**  
**NET ASSETS**

	<b>FY 2008</b>	<b>FY 2009</b>
<b>Current Liabilities:</b>		
Accounts Payable	4,470,438	2,841,677
Accrued Liabilities	8,378	481,735
Interest Payable	236,255	310,950
Accrued Wages Payables	2,610,741	2,169,563
Due to Fiduciary Funds	0	3,191,911
Due to Other Government	69,473	53,329
Deferred Revenues	4,451,198	2,211,046
Payable from Restricted Assets	(8,458)	1,291,739
Current Portion of NonCurrent Liabilities	4,065,657	4,639,354
<b>Total Current Liabilities</b>	<b>15,903,682</b>	<b>17,191,304</b>
<b>Long-Term Liabilities:</b>		
Bonds Payable (Net of Current Portion)	66,839,685	64,363,884
Other Payable (Net of Current Portion)	2,561,288	5,114,394
<b>Total Liabilities</b>	<b>85,304,655</b>	<b>86,669,582</b>
<b>Net Assets:</b>		
Invested in Capital Assets Net of Related Debt	55,142,321	61,919,917
Restricted for Debt Service	1,212,268	1,707,399
Restricted for Capital Projects	852,604	0
Restricted for Other Purposes	632,300	1,515,384
Unrestricted	18,992,220	19,216,127
<b>Total Net Assets</b>	<b>76,831,713</b>	<b>84,358,827</b>

**Changes in net assets:** The District's total revenues were \$151,489,890.

The total cost of all programs and services was \$34,604,823; 69.1% of these costs are for instructional, instructional related and instructional staff development.

**Governmental Activities**

The District's total net assets increased by \$6,704,121. The total cost of all *governmental activities* this year was \$144,785,769. The amount that our taxpayers paid for these activities through property taxes was \$11,404,922 or 7.9% of total cost.



Table 2A  
**DONNA INDEPENDENT SCHOOL DISTRICT**  
**GOVERNMENTAL ACTIVITIES**  
**CHANGES IN NET ASSETS**

<b>Program Revenues:</b>	<b>FY 2008</b>	<b>FY 2009</b>
Charges for Services	\$1,523,971	\$906,454
Operating Grants and Contributions	30,402,572	33,698,369
State Aid- Formula Grants	86,318,184	90,970,002
Unrestricted Grants & Contributions	13,111,225	12,717,637
Investment Earnings	521,662	200,140
Misc. Local & Inter. Rev	888,457	532,521
Property Taxes	9,601,201	11,404,922
Special Item	211,485	2,159,807
Extraordinary Item - (Use)	0	(1,099,962)
<b>Total Program Revenues</b>	<b>142,578,757</b>	<b>151,489,890</b>
<b>Expenditures</b>		
Instruction	73,564,961	77,920,193
Instructional Resources and Media Services	2,316,145	2,155,817
Curriculum Dev. And Instructional Staff Dev.	2,164,097	2,986,891
Instructional Leadership	2,927,012	3,590,789
School Leadership	5,114,758	5,892,075
Guidance, Counseling and	4,596,597	4,999,818
Social Work Services	794,676	976,856
Health Services	1,589,003	1,636,355
Student (Pupil) Transportation	3,552,747	3,928,291
Food Services	9,604,584	9,140,238
Curricular/Extracurricular Activities	2,863,382	3,225,149
General Administration	4,529,401	4,487,311
Plant Maintenance & Oper.	14,321,105	15,492,734
Security & Monitoring Svcs.	2,145,077	2,404,411
Data Processing Services	1,276,971	1,285,458
Community Services	1,004,604	1,061,136
Debt Service	4,547,768	3,563,556
Bond Issuance Cost & Fees	12,995	3,155
Facilities Acquisition and Construction	274,921	35,536
Payments to Juvenile Justice Alternative Ed Prg.	113,760	0
<b>Total Expenditures</b>	<b>137,314,564</b>	<b>144,785,769</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>5,264,193</b>	<b>6,704,121</b>
<b>Increase (Decrease) in Net Assets</b>	<b>5,264,193</b>	<b>6,704,121</b>
<b>Net Assets at Beginning of Year</b>	<b>\$72,017,167</b>	<b>76,831,713</b>
<b>Increase (Decrease) in Net Assets</b>	<b>5,264,193</b>	<b>6,704,121</b>
<b>Prior Period Adjustment</b>	<b>(449,647)</b>	<b>822,993</b>
<b>Net Assets at End of Year</b>	<b>\$76,831,713</b>	<b>\$84,358,827</b>

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local revenues.

- The cost of all *governmental* activities this year was \$144,785,769.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$11,404,922.
- Some of the cost was paid by those who directly benefited from the programs \$906,454.
- By grants and contributions \$90,970,002.

**TABLE A-3  
DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL ACTIVITIES  
COST OF SERVICES**

	<u>FYE 2008</u>	<u>% Total</u>	<u>FYE 2009</u>	<u>% Total</u>
<b>Expenditures</b>				
Instruction	73,564,961	54%	77,920,193	54%
Plant Maintenance & Operations	14,321,105	10%	15,492,734	11%
Food Services	9,604,584	7%	9,140,238	6%
School Leadership	5,114,758	4%	5,892,075	4%
Guidance, Counseling and Evaluation Services	4,596,597	3%	4,999,818	3%
General Administration	4,529,401	3%	4,487,311	3%
Student (Pupil) Transportation	3,552,747	3%	3,928,291	3%
Debt Service	4,547,768	3%	3,563,556	2%
Instructional Leadership	2,927,012	2%	3,590,789	2%
Curricular/Extracurricular Activities	2,863,382	2%	3,225,149	2%
<b>Total Expenditures</b>	<u>137,314,564</u>		<u>144,785,769</u>	

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$151,489,890 an increase of 6.2% over the preceding year. The increase in local revenues is a result of increased state aid revenue and property tax revenues. The increase in state revenues is a result of an increase in average daily attendance. The increase in property tax revenue is higher tax values and collection efforts.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 12 times. Actual expenditures were \$5,990,708 under final budget amounts.

### CAPITAL ASSETS

At the end of 2009, the District had invested \$136,037,549 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents an increase of \$7,428,598 over last year.

TABLE A-4  
DONNA INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL ACTIVITIES  
SCHEDULE OF CAPITAL ASSETS

Capital Assets	FYE 2008	FYE 2009
Land	6,964,197	7,005,324
Buildings and Improvements	125,830,761	137,948,917
Furniture & Equipment	14,523,705	14,780,283
Capital Leases	4,293,875	9,862,251
Construction in Progress	11,198,303	3,979,309
<b>Totals at Historical Cost</b>	<b>162,810,841</b>	<b>173,576,084</b>
<b>Less Accumulated Depreciation</b>	<b>(34,201,890)</b>	<b>(37,538,535)</b>
<b>Net Capital Assets</b>	<b>128,608,951</b>	<b>136,037,549</b>

### LONG TERM DEBT

At year end, the District has \$67,618,884 in bonds and notes outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

TABLE A-5

	Balance 8/31/2008	Additions	Reductions	Adjustments	Balance 8/31/2009
Governmental Activities:					
Bonds Payable	\$68,430,000	\$0	\$3,215,000	\$0	\$65,215,000
Note Payable	795,000	0	115,000	0	680,000
Accreted Interest	1,624,685	99,199	0	0	1,723,884
Capital Lease Payable	2,616,945	5,568,376	1,686,543	(30)	6,498,748
<b>Totals</b>	<b>\$76,595,762</b>	<b>\$5,667,575</b>	<b>\$5,016,543</b>	<b>(\$30)</b>	<b>\$74,117,632</b>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The Average Daily Attendance (ADA) is projected to grow at 3% in fiscal year 2009-2010. The District's 2009-10 ADA is projected to be 13,797, which is an increase of 402.
- Legislative changes in state funding will hold the district harmless based on 2005-2007 rates and any increases will be attributed to the changes in the ADA.
- A decrease in the property tax rates is budgeted. The total budgeted tax rate is \$1.1779 which is composed of \$1.17 compressed rate for maintenance and operations and \$.0079 for the payment of principal and interest on bonds.
- The taxable value used for the 2008-2009 budget preparation is up \$156,531,050 from the previous year, which is an increase of 20%.
- Inflationary trends in the region tend to be somewhat lower than the national Consumer Price Index (CPI).
- Budgeted expenditures are projected to decrease by 0.9% to \$133,024,171.
- Reduction in Force (RIF) plan was implemented during the end of fiscal year 2008-09. This will reduce staff positions and for some employees reduce working hours for the following fiscal year.

These indicators were taken into account when adopting the general fund budget for 2010. Amounts available for appropriation in the general fund budget for 2010 are \$133,024,171, an increase of 4.8% versus the final 2009 budget of \$126,595,409.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, 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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. David Robledo, Office of Business & Finance, Donna I.S.D., 116 North 10<sup>th</sup> Street, Donna, Texas 78537 or by calling (956) 461-4320.

## **BASIC FINANCIAL STATEMENTS**

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

		Primary Government
Data		
Control		
Codes		Governmental Activities
<hr/>		
ASSETS		
1110	Cash and Cash Equivalents	\$ 18,219,791
1220	Property Taxes Receivable (Delinquent)	6,675,911
1230	Allowance for Uncollectible Taxes	(651,266)
1240	Due from Other Governments	6,729,123
1267	Due from Fiduciary Funds	3,398,482
1290	Other Receivables, net	8,576
1300	Inventories	610,243
Capital Assets:		
1510	Land	7,005,324
1520	Buildings, Net	105,635,307
1530	Furniture and Equipment, Net	9,555,358
1540	Other Capital Assets, Net	4,293,875
1550	Leased Property Under Capital Leases, Net	5,568,376
1580	Construction in Progress	3,979,309
		<hr/>
1000	Total Assets	171,028,409
<hr/>		
LIABILITIES		
2110	Accounts Payable	2,841,677
2140	Interest Payable	310,950
2150	Payroll Deductions & Withholdings	481,735
2160	Accrued Wages Payable	2,169,563
2177	Due to Fiduciary Funds	3,191,911
2180	Due to Other Governments	53,329
2300	Deferred Revenues	2,211,046
2400	Payable from Restricted Assets	1,291,739
Noncurrent Liabilities		
2501	Due Within One Year	4,639,354
2502	Due in More Than One Year	69,478,278
		<hr/>
2000	Total Liabilities	86,669,582
<hr/>		
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	61,919,917
3850	Restricted for Debt Service	1,707,399
3890	Restricted for Other Purposes	1,515,384
3900	Unrestricted Net Assets	19,216,127
		<hr/>
3000	Total Net Assets	\$ 84,358,827

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		3	4	
		Charges for	Operating	Primary Gov.
	Expenses	Services	Grants and Contributions	Governmental Activities
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 77,920,193	\$ 281,798	\$ 20,985,667	\$ (56,652,728)
12 Instructional Resources and Media Services	2,155,817	10,437	1,217,695	(927,685)
13 Curriculum and Instructional Staff Development	2,986,891	10,437	1,413,174	(1,563,280)
21 Instructional Leadership	3,590,789	15,655	1,785,845	(1,789,289)
23 School Leadership	5,892,075	20,874	571,813	(5,299,388)
31 Guidance, Counseling and Evaluation Services	4,999,818	20,874	2,488,174	(2,490,770)
32 Social Work Services	976,856	5,218	465,962	(505,676)
33 Health Services	1,636,355	5,218	763,847	(867,290)
34 Student (Pupil) Transportation	3,928,291	15,655	510,854	(3,401,782)
35 Food Services	9,140,238	319,204	314,746	(8,506,288)
36 Extracurricular Activities	3,225,149	84,575	101,614	(3,038,960)
41 General Administration	4,487,311	15,655	357,630	(4,114,026)
51 Plant Maintenance and Operations	15,492,734	85,199	615,739	(14,791,796)
52 Security and Monitoring Services	2,404,411	10,437	951,002	(1,442,972)
53 Data Processing Services	1,285,458	5,218	205,666	(1,074,574)
61 Community Services	1,061,136	-	948,941	(112,196)
72 Debt Service - Interest on Long Term Debt	3,563,556	-	-	(3,563,556)
73 Debt Service - Bond Issuance Cost and Fees	3,155	-	-	(3,155)
81 Facilities Acquisition and Construction	35,536	-	-	(35,536)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 144,785,769</b>	<b>\$ 906,454</b>	<b>\$ 33,698,369</b>	<b>(110,180,946)</b>

Data Control Codes		
	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	10,088,753
DT	Property Taxes, Levied for Debt Service	1,316,169
SF	State Aid - Formula Grants	90,970,002
GC	Grants and Contributions not Restricted	12,717,637
IE	Investment Earnings	200,140
MI	Miscellaneous Local and Intermediate Revenue	532,521
S1	Special Item -	2,159,807
S2	Special Item - (Use)	(1,099,962)
TR	Total General Revenues and Special Items	116,885,067
CN	Change in Net Assets	6,704,121
NB	Net Assets--Beginning	76,831,713
PA	Prior Period Adjustment	822,993
NE	Net Assets--Ending	\$ 84,358,827

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 9,669,229	\$ 5,639,902	\$ 879,653	\$ 16,188,784
1220 Property Taxes - Delinquent	5,977,315	698,596	-	6,675,911
1230 Allowance for Uncollectible Taxes (Credit)	(581,406)	(69,860)	-	(651,266)
1240 Due from Other Governments	3,217,245	-	3,511,878	6,729,123
1260 Due from Other Funds	22,410,550	18,777	1,223,204	23,652,531
1290 Other Receivables	6,569	1,842	-	8,411
1300 Inventories	598,937	-	11,306	610,243
1000 Total Assets	<u>\$ 41,298,439</u>	<u>\$ 6,289,257</u>	<u>\$ 5,626,041</u>	<u>\$ 53,213,737</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110 Accounts Payable	\$ 1,529,045	\$ -	\$ 290,399	\$ 1,819,444
2140 Interest Payable - Current	180,248	130,702	-	310,950
2150 Payroll Deductions and Withholdings Payable	481,735	-	-	481,735
2160 Accrued Wages Payable	1,828,104	-	341,459	2,169,563
2170 Due to Other Funds	22,617,472	3,842,664	3,784,580	30,244,716
2180 Due to Other Governments	-	-	53,329	53,329
2300 Deferred Revenues	7,169,927	604,632	239,827	8,014,386
2400 Payable from Restricted Assets	187,917	3,860	-	191,777
2000 Total Liabilities	<u>33,994,448</u>	<u>4,581,858</u>	<u>4,709,594</u>	<u>43,285,900</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	598,937	-	-	598,937
3420 Retirement of Long Term Debt	-	1,707,399	-	1,707,399
3490 Other Purposes	-	-	749,314	749,314
Unreserved and Undesignated:				
3600 Reported in the General Fund	6,705,054	-	-	6,705,054
3610 Reported in Special Revenue Funds	-	-	167,133	167,133
3000 Total Fund Balances	<u>7,303,991</u>	<u>1,707,399</u>	<u>916,447</u>	<u>9,927,837</u>
4000 Total Liabilities and Fund Balances	<u>\$ 41,298,439</u>	<u>\$ 6,289,257</u>	<u>\$ 5,626,041</u>	<u>\$ 53,213,737</u>

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

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

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 9,927,837</b>
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.	7,807,695
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$162,810,841 and the accumulated depreciation was \$34,201,890. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.	55,142,321
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2009 capital outlays and debt principal payments is to increase net assets.	10,424,007
The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(3,547,242)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.	4,604,209
<b>Net Assets of Governmental Activities</b>	<b>\$ 84,358,827</b>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 11,094,546	\$ 1,519,737	\$ 71,828	\$ 12,686,111
5800 State Program Revenues	97,325,823	5,240,362	5,047,510	107,613,695
5900 Federal Program Revenues	9,510,530	-	20,220,569	29,731,099
5020 Total Revenues	117,930,899	6,760,099	25,339,907	150,030,905
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	61,348,393	-	15,756,707	77,105,100
0012 Instructional Resources and Media Services	1,274,975	-	874,501	2,149,476
0013 Curriculum and Instructional Staff Development	1,506,087	-	1,450,795	2,956,882
0021 Instructional Leadership	2,068,612	-	1,491,402	3,560,014
0023 School Leadership	5,584,716	-	217,311	5,802,027
0031 Guidance, Counseling and Evaluation Services	2,862,861	-	2,115,134	4,977,995
0032 Social Work Services	560,967	-	415,061	976,028
0033 Health Services	955,443	-	667,919	1,623,362
0034 Student (Pupil) Transportation	3,611,658	-	238,103	3,849,761
0035 Food Services	9,120,907	-	16,858	9,137,765
0036 Extracurricular Activities	3,173,285	-	1,488	3,174,773
0041 General Administration	4,474,630	-	26,699	4,501,329
0051 Facilities Maintenance and Operations	15,135,777	-	36,830	15,172,607
0052 Security and Monitoring Services	2,104,757	-	831,717	2,936,474
0053 Data Processing Services	1,163,643	-	102,339	1,265,982
0061 Community Services	217,679	-	853,287	1,070,966
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	1,610,794	3,215,000	190,749	5,016,543
0072 Debt Service - Interest on Long Term Debt	393,603	3,070,754	-	3,464,357
0073 Debt Service - Bond Issuance Cost and Fees	900	2,255	-	3,155
Capital Outlay:				
0081 Facilities Acquisition and Construction	9,913,552	-	153,053	10,066,605
6030 Total Expenditures	127,083,239	6,288,009	25,439,953	158,811,201
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,152,340)	472,090	(100,046)	(8,780,296)
<b>OTHER FINANCING SOURCES (USES):</b>				
7913 Capital Leases	5,568,376	-	-	5,568,376
7949 Other Resources	2,159,807	-	-	2,159,807
7080 Total Other Financing Sources (Uses)	7,728,183	-	-	7,728,183
1200 Net Change in Fund Balances	(1,424,157)	472,090	(100,046)	(1,052,113)
0100 Fund Balance - September 1 (Beginning)	8,835,125	1,212,268	976,508	11,023,901
1300 Prior Period Adjustment	(106,977)	23,041	39,985	(43,951)
3000 Fund Balance - August 31 (Ending)	\$ 7,303,991	\$ 1,707,399	\$ 916,447	\$ 9,927,837

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

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

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$ (1,052,113)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net assets.	1,679,490
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2009 capital outlays and debt principal payments is to increase (decrease) net assets.	10,424,007
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(3,547,242)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	(800,021)
<b>Change in Net Assets of Governmental Activities</b>	<u>\$ 6,704,121</u>

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

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

EXHIBIT C-5

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 11,651,336	\$ 11,656,336	\$ 11,094,546	\$ (561,790)
5800 State Program Revenues	93,945,286	99,639,419	97,325,823	(2,313,596)
5900 Federal Program Revenues	9,275,750	9,796,776	9,510,530	(286,246)
5020 Total Revenues	114,872,372	121,092,531	117,930,899	(3,161,632)
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	60,241,683	58,885,308	61,348,393	(2,463,085)
0012 Instructional Resources and Media Services	1,116,800	1,219,108	1,274,975	(55,867)
0013 Curriculum and Instructional Staff Development	1,602,110	1,690,272	1,506,087	184,185
0021 Instructional Leadership	2,137,873	2,162,793	2,068,612	94,181
0023 School Leadership	5,499,770	5,500,402	5,584,716	(84,314)
0031 Guidance, Counseling and Evaluation Services	2,621,390	2,879,660	2,862,861	16,799
0032 Social Work Services	659,330	630,481	560,967	69,514
0033 Health Services	1,041,760	890,286	955,443	(65,157)
0034 Student (Pupil) Transportation	2,832,130	3,681,061	3,611,658	69,403
0035 Food Services	9,619,070	9,810,015	9,120,907	689,108
0036 Extracurricular Activities	3,180,387	3,382,830	3,173,285	209,545
0041 General Administration	5,099,320	4,665,471	4,474,630	190,841
0051 Facilities Maintenance and Operations	14,535,359	14,694,366	15,135,777	(441,411)
0052 Security and Monitoring Services	2,320,590	2,091,284	2,104,757	(13,473)
0053 Data Processing Services	1,272,480	1,169,504	1,163,643	5,861
0061 Community Services	230,160	229,471	217,679	11,792
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	643,680	1,534,541	1,610,794	(76,253)
0072 Debt Service - Interest on Long Term Debt	104,720	133,037	393,603	(260,566)
0073 Debt Service - Bond Issuance Cost and Fees	-	900	900	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	5,841,741	9,913,552	(4,071,811)
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	113,760	-	-	-
6030 Total Expenditures	114,872,372	121,092,531	127,083,239	(5,990,708)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(9,152,340)	(9,152,340)
<b>OTHER FINANCING SOURCES (USES):</b>				
7913 Capital Leases	-	-	5,568,376	5,568,376
7914 Non-Current Loans	3,000,000	3,000,000	-	(3,000,000)
7949 Other Resources	-	-	2,159,807	2,159,807
8911 Transfers Out (Use)	(3,000,000)	(3,000,000)	-	3,000,000
7080 Total Other Financing Sources (Uses)	-	-	7,728,183	7,728,183
1200 Net Change in Fund Balances	-	-	(1,424,157)	(1,424,157)
0100 Fund Balance - September 1 (Beginning)	8,835,125	8,835,125	8,835,125	-
1300 Prior Period Adjustment	-	-	(106,977)	(106,977)
3000 Fund Balance - August 31 (Ending)	\$ 8,835,125	\$ 8,835,125	\$ 7,303,991	\$ (1,531,134)

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

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

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,031,007
Due from Other Funds	7,675,386
Other Receivables	165
Total Assets	<u>9,706,558</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	1,022,233
Due to Other Funds	876,630
Total Liabilities	<u>1,898,863</u>
NET ASSETS	
Unrestricted Net Assets	<u>7,807,695</u>
Total Net Assets	<u><u>\$ 7,807,695</u></u>

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

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

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 12,817,881
Total Operating Revenues	<u>12,817,881</u>
OPERATING EXPENSES:	
Payroll Costs	121,046
Professional and Contracted Services	852,993
Supplies and Materials	67,091
Other Operating Costs	<u>10,096,631</u>
Total Operating Expenses	<u>11,137,761</u>
Operating Income	1,680,120
Total Net Assets - September 1 (Beginning)	5,261,291
Prior Period Adjustment	<u>866,284</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 7,807,695</u></u>

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

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

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 29,967,623
Cash Payments for Insurance Claims	(36,171,574)
Net Cash Used for Operating Activities	<u>(6,203,951)</u>
Net Decrease in Cash and Cash Equivalents	(6,203,951)
Cash and Cash Equivalents at Beginning of the Year:	<u>8,234,958</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 2,031,007</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income:	\$ 1,680,120
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(4,182,438)
Increase (decrease) in Accounts Payable	<u>(3,701,633)</u>
Net Cash Used for Operating Activities	<u>\$ (6,203,951)</u>

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

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

	Private Purpose Trust Funds	Rosita Alarcon Scholarship	Agency Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 10,060	\$ 3,769	\$ 635,082
Due from Other Funds	-	-	10,706
Other Receivables	-	-	105,953
Total Assets	<u>10,060</u>	<u>3,769</u>	<u>\$ 751,741</u>
<b>LIABILITIES</b>			
Accounts Payable	-	-	\$ 74,946
Payroll Deductions and Withholdings Payable	-	-	1,399
Due to Other Funds	-	-	217,277
Due to Other Governments	-	-	124,431
Due to Student Groups	10,060	-	252,719
Deferred Revenues	-	-	73,508
Payable from Restricted Assets	-	-	7,461
Total Liabilities	<u>10,060</u>	<u>-</u>	<u>\$ 751,741</u>
<b>NET ASSETS</b>			
Restricted for Scholarships	-	2,769	
Restricted for Other Purposes	-	1,000	
Total Net Assets	<u>\$ -</u>	<u>\$ 3,769</u>	

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

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DONNA INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2009

	Private Purpose Trust Funds	Agency Funds
Change in Net Assets	-	-
Total Net Assets - September 1 (Beginning)	-	3,769
Total Net Assets - August 31 (Ending)	\$ -	\$ 3,769

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

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DONNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2009

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Donna 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 ("Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* ("Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**A. REPORTING ENTITY**

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

**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 District and its component unit non-fiduciary activities with the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, grants, state foundation funds and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use or directly benefit from goods or services provided by a given function or segment of the District. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants through the Department of Education, Department of Health & Human Services and Texas Education Agency. If revenue is not program revenue, it is general revenue used to support all of the District's functions.

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Assets. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. GOVERNMENT -WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

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 District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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 use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

Revenues from local sources consist primarily of property tax revenue. 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 some times require the District to refund all or part of the unused amount.

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. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BASIS OF PRESENTATION - FUND ACCOUNTING

The District reports the following major governmental funds:

1. **General Fund** - is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds, are accounted for in this fund.
2. **Debt Service Fund** - is used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

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

Governmental Funds:

1. **Special Revenue Funds** - are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Normally, unused balances are returned to the grantor at the close of specified project periods.
2. **Capital Projects Fund** - is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.
3. **Permanent Funds** - is used to account for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

Proprietary Fund:

1. **Enterprise Funds** - are used to account for those operations that are financed and operated in a manner similar to private business. The District has no Enterprise funds.
2. **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 Funds include the following: Health Insurance Fund, Vending Machines Fund, and Worker's Compensation Fund.

Fiduciary funds:

1. **Private Purpose Trust Funds** - are used to account for donations, which have stipulations that the principal may not be expended; only the income may be used for a specific purpose.
2. **Agency Funds** - are used to account for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the Textbook Waiver Refunds, Student Activity Account, County Education District, Tax Office Clearing Account, Campus Checking accounts, Library Fund, and Campus Agency Funds.
3. **Pension (and Other Employee Benefit) Trust Funds**-- These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District has no Pension Trust Funds.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

4. *Investment Trust Fund*—This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the District. The District has no Investment Trust Funds.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.
4. Vacations are taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liabilities have been accrued in the accompanying general-purpose financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying general-purpose financial statements.
5. Capital assets, which include land, buildings, vehicles, furniture & equipment and construction in progress, are reported in the applicable governmental activities or business-type activities columns in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, vehicles and furniture & equipment of the District is depreciated using the straight line method over the following estimated useful lives:

I. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **OTHER ACCOUNTING POLICIES** (Continued)

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Vehicles	5
Office Equipment	5
Computer Equipment	5

6. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change for future construction needs.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
8. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide database for policy development and funding plans.

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

A. **EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets.

One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including capital leases payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets at the Beginning of Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of Year</u>	<u>Changes in Net Assets</u>
Land	\$ 6,964,197	\$ -	\$ 6,964,197	\$ -
Buildings	125,830,761	(29,475,816)	96,354,945	-
Furniture & Equipment	14,523,705	(4,726,074)	9,797,631	-
Construction in Progress	11,198,303	-	11,198,303	-
Capital Leased Assets	4,293,875	-	4,293,875	-
Changes in Net Assets				<u>\$ 128,608,951</u>

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

(Continued)

### A. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS (Continued)

<u>Long - Term Liabilities at the Beginning of Year</u>	<u>Payable at the Beginning of Year</u>	
Bonds Payable	\$ 68,430,000	
Notes Payable	795,000	
Accreted Interest	1,624,685	
Capital Leases Payable	<u>2,616,945</u>	
Changes in Net Assets		<u>\$ 73,466,630</u>
Net Adjustment to Net Assets		<u>\$ 55,142,321</u>

### B. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 provides reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments in Net Assets</u>
Land	\$ 41,127	\$ 41,127	
Buildings & Improvements	632,175	632,175	
Furniture & Equipment	427,190	427,190	
Construction in Progress	4,306,972	4,306,972	
Capital Leased Assets	<u>5,568,376</u>	<u>5,568,376</u>	
Total Capital Outlay			<u>\$ 10,975,840</u>
Bond Principal	3,215,000	3,215,000	
Loan Principal	115,000	115,000	
Capital Lease Payments	<u>1,686,543</u>	<u>1,686,543</u>	
Total Principal Payments			5,016,543
Capital Lease Proceeds	<u>(5,568,376)</u>	<u>(5,568,376)</u>	<u>(5,568,376)</u>
Net Adjustment to Net Assets			<u>\$ 10,424,007</u>

### III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund; which is included in the General Fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5.

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

1. Prior to August 20<sup>th</sup> the District prepares a budget for the next succeeding fiscal year beginning September 1<sup>st</sup>. 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. Public notice of the meeting must be given at least ten days prior to the meeting.
3. Prior to September 1<sup>st</sup>, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure functions or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

#### B. DEPOSITS AND INVESTMENTS

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with counter party's trust department in the District's name 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.

At August 31, 2009, the carrying amount of the District's deposits (cash and interest-bearing savings accounts) was \$1,802,671 and the bank balance was \$4,409,737. The District's cash deposits at August 31, 2009 and during the year were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The District monitors cash flows regularly when TEA funds are received to ensure that the bank pledges sufficient collateral.

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

- a. Depository: First National Bank of Edinburg
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$28,424,931
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$25,655,791 and occurred during the month of November 2008.

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

##### B. DEPOSITS AND INVESTMENTS (Continued)

- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

##### District Policies and Legal Contractual Provisions Governing Deposits

**Custodial Credit Risk for Deposits** – State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial risk for deposits.

**Foreign Currency Risk for Deposits** – The District limits the risk that changes in exchange rates will adversely affect the fair value of a deposit. At year-end, the District was not exposed to foreign currency risk.

##### District Policies and Legal Contractual Provisions Governing Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. The 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. The Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

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

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
TexPool	\$ 16,417,120	\$ 16,417,120	\$ -	\$ -	\$ -
Total	\$ 16,417,120	\$ 16,417,120	\$ -	\$ -	\$ -

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

**Credit Risk** – In accordance with state law and the District's investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1, P-1 or have an equivalent rating, and obligations of states, agencies, counties, and cities must be at least A or its equivalent. As of August 31, 2009, the District's investments in TexPool was rated AAAM by Standard and Poor's (S&P).

**Custodial Risk for Investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments held by third parties were fully collateralized and held in the District's name.

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

##### B. DEPOSITS AND INVESTMENTS (Continued)

**Concentration of Credit Risk** – The investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce risk of loss resulting from over concentration of assets in specific class of investments, specific maturity or specific issuer. As of August 31, 2009, the District had 13% of its investments in interest bearing checking accounts in its depository bank, First National Bank. These interest bearing accounts were fully covered by eligible pledged securities. The District had 87% of its investments in TASB investment pools rated AAA as noted above.

**Interest Rate Risk** – In accordance with state law and the District's investment policy, the District does not purchase any investments greater than five (5) years for its operating funds.

**Foreign Currency Risk for Investments** – The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

##### C. PROPERTY TAXES

Property taxes are levied by October 1<sup>st</sup> on the assessed value listed as of the prior January 1<sup>st</sup> for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. The assessed value of the certified roll upon which the levy for the current fiscal year was based, was \$894,315,672. The tax rates assessed for the year ended August 31, 2009 as follows:

\$1.040	For the purpose of maintenance and operations
<u>.160</u>	For the payment of principal and interest on bonds
<u>\$1.200</u>	Total tax rate

Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. On January 31<sup>st</sup> 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 when they become due or past due and receivable within the current period.

##### D. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes receivable within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

##### E. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2009, are summarized below:

<u>Fund</u>	<u>State</u> <u>Entitlements</u>	<u>Federal</u> <u>Grants</u>	<u>Total</u>
General	\$ 3,217,245	\$ -	\$ 3,217,245
Special Revenue	<u>2,677,731</u>	<u>834,147</u>	<u>3,511,878</u>
Total	<u>\$ 5,894,976</u>	<u>\$ 834,147</u>	<u>\$ 6,729,123</u>

IV. **DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS** (Continued)

F. **INTERFUND RECEIVABLES AND PAYABLES**

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

	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
<b><u>General Fund:</u></b>		
General Fund	\$ 14,771,667	\$ 11,505,190
Special Revenue Fund	-	-
Debt Service Fund	3,842,602	2,964
Capital Projects	-	-
Internal Service Fund	66,613	6,695,586
Agency Fund	<u>116,190</u>	<u>3,191,849</u>
Total General Fund	<u>18,797,072</u>	<u>21,395,589</u>
<b><u>Debt Service Fund:</u></b>		
General Fund	2,964	3,842,602
Capital Projects Fund	-	-
Agency Fund	<u>15,813</u>	<u>62</u>
Total Debt Service Fund	<u>18,777</u>	<u>3,842,664</u>
<b><u>Internal Service Fund:</u></b>		
General Fund	4,250,458	24,739
Special Revenue Fund	-	-
Internal Service Fund	800,000	800,000
Agency Fund	<u>2,455,145</u>	<u>51,891</u>
Total Internal Service Fund	<u>7,505,603</u>	<u>876,630</u>
<b><u>Trust and Agency Fund:</u></b>		
General Fund	(105)	190,713
Special Revenue	-	-
Debt Service Fund	62	15,813
Internal Service Fund	-	-
Trust and Agency	<u>10,750</u>	<u>10,750</u>
Total Trust and Agency Fund	<u>10,707</u>	<u>217,276</u>
 Totals	 <u><u>\$ 26,332,159</u></u>	 <u><u>\$ 26,332,159</u></u>



IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. INTERFUND RECEIVABLES AND PAYABLES (Continued)

Balances resulted from the time lag between the dates that 1) interfund goods and services are provided when reimbursable expenditures occur, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made. Balances also result from interfund payroll transaction and end of year reclassess made between funds.

G. CAPITAL ASSET ACTIVITY

	Primary Government				
	Balance	Changes During Year			Balance
	8/31/2008	Additions	Deletions	Adjustments	8/31/2009
Governmental Activities:					
Land	\$ 6,964,197	\$ 41,127	\$ -	\$ -	\$ 7,005,324
Buildings & Improvements	125,830,761	632,175	(39,985)	11,525,966	137,948,917
Furniture & Equipment	14,523,705	427,190	(170,612)	-	14,780,283
Construction in Progress	11,198,303	4,306,972	-	(11,525,966)	3,979,309
Capital Leased Assets	<u>4,293,875</u>	<u>5,568,376</u>	<u>-</u>	<u>-</u>	<u>9,862,251</u>
Totals at Historic Cost	<u>162,810,841</u>	<u>10,975,840</u>	<u>(210,597)</u>	<u>-</u>	<u>173,576,084</u>
Less Accumulated Depreciation:					
Buildings & Improvements	(29,475,816)	(2,837,794)	-	-	(32,313,610)
Furniture & Equipment	<u>(4,726,074)</u>	<u>(709,448)</u>	<u>210,597</u>	<u>-</u>	<u>(5,224,925)</u>
Total Accum. Depreciation	<u>(34,201,890)</u>	<u>(3,547,242)</u>	<u>210,597</u>	<u>-</u>	<u>(37,538,535)</u>
Governmental Activities					
Capital Assets, Net	\$ 128,608,951	\$ 7,428,598	\$ -	\$ -	\$ 136,037,549

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

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,886,415
Instructional Resources and Media Services	39,305
Curriculum and Personnel Development	46,491
Instructional Administration	63,739
School Administration	172,458
Guidance, Counseling and Evaluation Services	87,121
Attendance and Social Work Services	17,310
Health Services	29,475
Student (Pupil) Transportation	111,494
Food Services	281,897
Cocurricular/Extracurricular Activities	98,066
General Administration	138,140
Plant Maintenance and Operations	467,713
Security and Monitoring Service	65,008
Data Processing Services	35,958
Community Services	6,652
Total depreciation expense	<u>\$ 3,547,242</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

H. LONG-TERM OBLIGATIONS

Note Payable

The District issued Sports Facility Revenue Note-Series 2001. This note is secured by all future revenues generated by the District's Sports Facility System.

Debt service requirements for the note payable are as follows:

Year Ending				
August 31,	Principal	Interest	Total	
2010	\$ 120,000	\$ 39,680	\$ 159,680	
2011	125,000	31,840	156,840	
2012	135,000	23,520	158,520	
2013	145,000	14,560	159,560	
2014	155,000	4,960	159,960	
	<u>\$ 680,000</u>	<u>\$ 114,560</u>	<u>\$ 794,560</u>	

Bonds Payable

Bonded indebtedness of the District is reflected within the Statement of Net Assets and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. During the year, the District entered into Unlimited Tax Refunding Bonds 2007 which refunded a portion of the Unlimited Tax School Building Bonds Series 2000. A summary of changes for bonds payable for the year ended August 31, 2009 is as follows:

Description	Interest Rate	Original Issue Amount	Interest Current Year	Balance 9/1/2008	Principal Retired	Balance 8/31/2009
1998	4.1%-5.5%	\$ 27,000,000	\$ 101,438	\$ 1,345,000	\$ 1,345,000	\$ -
2000	5.0%-6.0%	29,000,000	169,548	2,850,000	860,000	1,990,000
2002	2.0%-5.0%	17,000,000	656,165	14,195,000	500,000	13,695,000
2004	4.86%	16,000,000	734,960	14,830,000	320,000	14,510,000
2005 CABS		-	-	730,000	-	730,000
2005	2.5%-4.6%	27,620,000	1,314,822	25,515,000	105,000	25,410,000
2007 CABS		-	-	10,000	-	10,000
2007	3.0%-5.9%	9,155,000	301,383	8,955,000	85,000	8,870,000
Totals			<u>\$ 3,278,316</u>	<u>\$ 68,430,000</u>	<u>\$ 3,215,000</u>	<u>\$ 65,215,000</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

H. LONG-TERM OBLIGATIONS (Continued)

Debt service requirements for bonds payable are as follows:

Year Ending August 31,	Principal	Interest	Total
2010	\$ 2,575,000	\$ 3,719,050	\$ 6,294,050
2011	3,430,000	2,859,438	6,289,438
2012	3,575,000	2,705,401	6,280,401
2013	3,745,000	2,532,766	6,277,766
2014	3,930,000	2,347,884	6,277,884
2015-2019	20,465,000	8,738,873	29,203,873
2020-2024	14,435,000	6,515,570	20,950,570
2025-2029	8,605,000	1,884,656	10,489,656
2030-2034	4,455,000	608,869	5,063,869
Totals	<u>\$ 65,215,000</u>	<u>\$ 31,912,507</u>	<u>\$ 97,127,507</u>

Capital Leases

The Public Property Finance Act gives the District authority to enter into capital leases for the acquisition of personal property. The interest rate of these leases is 2.6% and 8.5%. In the current year, the District entered into two schedules totaling 5,047,484 ranging from 2.6% - 3.4% interest capital lease agreement for the purchase of computers and printers, and a \$520,892 at 4.15% interest for the athletic scoreboard. Commitments under capital lease agreements for facilities and equipment provide for minimum future payments as of August 31, 2009 as follows:

August 31,	Principal	Interest	Total
2010	\$ 1,944,354	\$ 241,407	\$ 2,185,761
2011	1,792,049	152,559	1,944,608
2012	1,579,636	90,806	1,670,442
2013	1,182,709	36,733	1,219,442
Totals	<u>\$ 6,498,748</u>	<u>\$ 521,505</u>	<u>\$ 7,020,253</u>

Long-term obligations activity for the governmental activities for the year ended August 31, 2009, is as follows:

Governmental Activities:	Balance 9/1/2008	Additions	Reductions	Adjustments	Balance 8/31/2009	Current Portion
Bonds Payable	\$ 68,430,000	\$ -	\$ 3,215,000	\$ -	\$ 65,215,000	\$ 2,575,000
Note Payable	795,000	-	115,000	-	680,000	120,000
Accreted Interest	1,624,685	99,199	-	-	1,723,884	-
Capital Leases Payable	2,616,945	5,568,376	1,686,543	(30)	6,498,748	1,944,354
Totals	<u>\$ 73,466,630</u>	<u>\$ 5,667,575</u>	<u>\$ 5,016,543</u>	<u>\$ (30)</u>	<u>\$ 74,117,632</u>	<u>\$ 4,639,354</u>

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

##### I. DEFINED BENEFIT PENSION PLAN (Continued)

**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, 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](http://www.trs.state.tx.us), under the TRS Publications heading.

**Funding Policy.** State law provides for fiscal years 2007, 2008 and 2009 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are to 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 the fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to TRS made on behalf of the "District's" employees for the years ended August 31, 2007, 2008, and 2009 were \$4,759,098, \$5,110,289, and \$5,400,595 respectively. The "District" paid additional state contributions for the years ended August 31, 2007, 2008, and 2009 in the amount of \$435,107, \$554,105, and \$629,959 respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, enacted in January 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. As a result, this provision 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 pharmacy claims paid by the TRS-Care on behalf of plan participants. GASB Statement No. 24 requires recognition of these on-behalf payments in the financial statements and must be recognized as equal revenues and expenditures. Medicare Part D payments made on-behalf Donna ISD participants for the years ended August 31, 2007, 2008, and 2009 were \$178,166, \$213,014, and \$223,225 respectively.

##### J. HEALTH CARE COVERAGE

The District sponsors a modified self-insurance plan to provide health care to staff members and their dependents. The District paid a monthly premium of \$335 per employee during the year. Transactions related to the plan are accounted for the Employee Health Insurance Fund (the "Fund"), an internal service fund of the District. The District provides 100% of the employees' premiums related to the base plan. Contributions are required by employees for additional personal coverage, or coverage of their dependents. The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended August 31, 2009, to \$100,000 for any individual participant and an aggregate limit equal to \$9,760,349 (Minimum Attachment Point). All premiums are paid to a licensed insurer.

Estimates of claims are payable and of a claims incurred, but not reported at August 31, 2009, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

K. DEFERRED REVENUE

Deferred revenue at year end consisted of the following:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Trust &amp; Agency</u>	<u>Total</u>
Net Tax Revenue	\$ 5,198,707	\$ -	\$ 604,632	\$ 73,508	\$ 5,876,847
Food Service	20,018	-	-	-	20,018
Science Laboratory Grant - High School	676,146	-	-	-	676,146
Science Laboratory Grant - Todd	820,000	-	-	-	820,000
Foundation	453,152	-	-	-	453,152
Texas Step Tobacco Enforcement	1,779	-	-	-	1,779
Summer School Non Attendance	125	-	-	-	125
Texas Advanced Placement	-	23,601	-	-	23,601
High School Allotment	-	100,293	-	-	100,293
CCMS Daycare	-	52,449	-	-	52,449
Technology Allotment	-	51,317	-	-	51,317
Latchkey Project	-	3,136	-	-	3,136
Summer LEP	-	5,806	-	-	5,806
Visually Handicapped	-	3,225	-	-	3,225
Total	<u>\$ 7,169,927</u>	<u>\$ 239,827</u>	<u>\$ 604,632</u>	<u>\$ 73,508</u>	<u>\$ 8,087,894</u>

L. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the current year, revenues from local and intermediate sources consisted of the following:

<u>Description</u>	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Property Taxes	\$ 9,369,503	\$ -	\$ 1,408,043	\$ -	\$ 10,777,546
Penalties and Interest	678,170	-	89,452	-	767,622
Investment Income	168,120	-	22,242	9,778	200,140
Food Service Activity	297,552	-	-	-	297,552
Other	581,201	62,050	-	-	643,251
Totals	<u>\$ 11,094,546</u>	<u>\$ 62,050</u>	<u>\$ 1,519,737</u>	<u>\$ 9,778</u>	<u>\$ 12,686,111</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

M. EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended August 31, 2009 expenditures exceeded budget in the following line items:

General Fund	
<u>Function</u>	
11	\$ 2,463,085
12	55,867
23	84,314
33	65,157
51	441,411
52	13,473
71	76,253

M. CONTINGENT LIABILITIES

The District is a defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcomes of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and, accordingly, no provision for losses has been recorded. However, the District is in jeopardy of a potential claim in excess of \$500,000 and possibly as high as \$1,100,000 for a breach of contract.

The District participates in numerous state and federal grant programs, which 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 monies received may be required and the ability to collect any of the related receivable at August 31, 2009 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies. However, the Division of Financial Audits of the Texas Education Agency has initiated several audits of four federal grant awards of the 2005-06 program year. The District is waiting for a conclusion of their audits and a preliminary report.

N. SUBSEQUENT EVENTS

On November 2, 2009, the jury in the U.S. District Court reached a decision on the case relating to the breach of contract and found in favor of the plaintiff for an awarded amount totaling \$1,028,050 and fines to other individuals of \$24,500. The District is not disputing liability in this case. The amount recoverable from insurance is not yet determined. The District will make the appropriate financial transactions in fiscal year 2010.

On October 2, 2009, the Department of Accreditation of the Texas Education Agency concluded their audit of certain federal grant awards. In the preliminary report, TEA has questioned transactions totaling \$1,250,000. On January 8, 2010, the District responded to their findings and is waiting for TEA's determination.

#### IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

##### O. MAINTENANCE OF EFFORT

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents.

A. Total District premium paid for health care for 2008-2009: \$ 9,011,823

B. Subtract any non-medical expenditures:

Life insurance	\$ -	
Dental insurance	-	
Vision insurance	-	
Long-term disability	-	
Short-term disability	-	
Alternate plans	-	
COBRA expense	-	
Retiree expense	-	-

C. 2008-2009 Maintenance of Effort: \$ 9,011,823

##### P. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

##### Q. PRIOR PERIOD ADJUSTMENTS

Adjustments to the fund balance occurred during the 2008-2009 school year which included a \$14,022 reclassification of Fund 755 Wellness Program fund balance to Fund 753 Health Insurance, a \$911,284 reduction of Health Insurance liability of previous outstanding claims from Harrington Insurance in Fund 753 which increased fund balance. A redistribution of foundation entitlements of \$23,041 from Fund 199 General Fund to Fund 599 Debt Service therefore, restoring Debt Service fund balance. A \$39,985 reimbursement of building cost of Adame Elementary to Fund 696 Capital Projects fund, and corrections to cash balances of \$83,936 and \$45,000 which resulted in a decrease of fund balance to Fund 199 General Fund and Workmen's compensation, respectively.

##### R. SPECIAL ITEM (USES)

The District received \$2,159,807 which consisted of litigation proceeds collected during the fiscal year. The amount was classified as special item within the statement of activities.

The District is involved in pending litigation which totals \$1,099,962. The amount was classified as special item (uses) within the statement of activities.

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## **COMBINING AND OTHER STATEMENTS**

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

Data Control Codes		203 Safe Schools	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ (6,642)	\$ (165)	\$ 165
1240	Due from Other Governments	307,800	7,742	959,085	149,675
1260	Due from Other Funds	-	-	1,321	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 307,800</u>	<u>\$ 1,100</u>	<u>\$ 960,241</u>	<u>\$ 149,840</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ 30,070	\$ -	\$ 5,958	\$ 1,121
2160	Accrued Wages Payable	-	-	186,905	16,079
2170	Due to Other Funds	277,730	1,100	767,378	132,640
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>307,800</u>	<u>1,100</u>	<u>960,241</u>	<u>149,840</u>
Fund Balances:					
Reserved For:					
3490	Other Purposes	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 307,800</u>	<u>\$ 1,100</u>	<u>\$ 960,241</u>	<u>\$ 149,840</u>

## EXHIBIT H-1 (Cont'd)

224	225	244	255	261	262	263	265
IDEA - Part B Formula	IDEA - Part B Preschool	Vocational Ed Basic Grant	ESEA II, A Training and Recruiting	Reading First	Title II, D Education Technology	Title III, A English Lang. Acquisition	Title IV, B Community Learning
\$ (124)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
113,972	6,934	45,723	158,819	76,123	6,755	10,432	34,677
264,728	-	-	-	-	-	65,277	-
-	-	-	-	-	-	-	-
<u>\$ 378,576</u>	<u>\$ 6,934</u>	<u>\$ 45,723</u>	<u>\$ 158,819</u>	<u>\$ 76,123</u>	<u>\$ 6,755</u>	<u>\$ 75,709</u>	<u>\$ 34,677</u>
\$ 1,780	\$ -	\$ 3,528	\$ 3,130	\$ 304	\$ -	\$ -	\$ -
99,689	4,889	-	33,897	-	-	-	-
277,107	2,045	42,195	121,792	75,819	6,755	75,709	34,677
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>378,576</u>	<u>6,934</u>	<u>45,723</u>	<u>158,819</u>	<u>76,123</u>	<u>6,755</u>	<u>75,709</u>	<u>34,677</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 378,576</u>	<u>\$ 6,934</u>	<u>\$ 45,723</u>	<u>\$ 158,819</u>	<u>\$ 76,123</u>	<u>\$ 6,755</u>	<u>\$ 75,709</u>	<u>\$ 34,677</u>

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

Data Control Codes		269 Title V, Pt.A Innovative Programs	274 Gear Up Region One	276 Title I SIP Academy	283 IDEA, Pt. B ARRA Formula
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Due from Other Governments	1,621	54,018	6,013	282,895
1260	Due from Other Funds	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 1,621</u>	<u>\$ 54,018</u>	<u>\$ 6,013</u>	<u>\$ 282,895</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 1,800	\$ -	\$ 74,489
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	1,621	52,218	6,013	208,406
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>1,621</u>	<u>54,018</u>	<u>6,013</u>	<u>282,895</u>
Fund Balances:					
Reserved For:					
3490	Other Purposes	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,621</u>	<u>\$ 54,018</u>	<u>\$ 6,013</u>	<u>\$ 282,895</u>

## EXHIBIT H-1 (Cont'd)

284 IDEA, Pt. B ARRA Preschool	285 ESEA I, A Improving Basic Program	289 Summer LEP	385 Visually Impaired	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	455,448	-	-	-	-	997	73,884
-	-	5,806	3,225	-	26,345	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 455,448</u>	<u>\$ 5,806</u>	<u>\$ 3,225</u>	<u>\$ -</u>	<u>\$ 26,345</u>	<u>\$ 997</u>	<u>\$ 73,884</u>
\$ -	\$ 1,786	\$ -	\$ -	\$ -	\$ 2,744	\$ -	\$ -
-	-	-	-	-	-	-	-
-	453,662	-	-	-	-	997	73,884
-	-	-	-	-	-	-	-
-	-	5,806	3,225	-	23,601	-	-
<u>-</u>	<u>455,448</u>	<u>5,806</u>	<u>3,225</u>	<u>-</u>	<u>26,345</u>	<u>997</u>	<u>73,884</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 455,448</u>	<u>\$ 5,806</u>	<u>\$ 3,225</u>	<u>\$ -</u>	<u>\$ 26,345</u>	<u>\$ 997</u>	<u>\$ 73,884</u>

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

Data Control Codes		404 Student Success Initiative	409 Basic Skills Program High School	411 Technology Allotment	414 Texas Reading Initiative
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ 2,500	\$ -	\$ -
1240	Due from Other Governments	257,370	14,585	8,496	(280)
1260	Due from Other Funds	-	-	35,944	280
1300	Inventories	-	-	9,418	-
1000	Total Assets	<u>\$ 257,370</u>	<u>\$ 17,085</u>	<u>\$ 53,858</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ 2,250	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	257,370	14,585	291	-
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	51,317	-
2000	Total Liabilities	<u>257,370</u>	<u>14,585</u>	<u>53,858</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3490	Other Purposes	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	2,500	-	-
3000	Total Fund Balances	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 257,370</u>	<u>\$ 17,085</u>	<u>\$ 53,858</u>	<u>\$ -</u>

## EXHIBIT H-1 (Cont'd)

415 Kindergarten and Pre-K Grants	421 Master Reading Teacher	428 High School Allotment	429 Other State Special Revenue Funds	449 Medicaid ADM Claim (MAC)	465 Beverage Fund	482 Latchkey Program	484 CCMS Day Care
\$ -	\$ (661)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
188,041	-	-	266,129	-	-	26,924	-
431,089	-	110,520	-	195,895	4,037	-	76,737
-	-	-	-	-	1,888	-	-
<u>\$ 619,130</u>	<u>\$ (661)</u>	<u>\$ 110,520</u>	<u>\$ 266,129</u>	<u>\$ 195,895</u>	<u>\$ 5,925</u>	<u>\$ 26,924</u>	<u>\$ 76,737</u>
\$ -	\$ -	\$ 3,025	\$ 19,474	\$ -	\$ 3,751	\$ -	\$ 23
-	-	-	-	-	-	-	-
619,130	-	7,202	245,444	-	-	27,430	1,280
-	-	-	-	53,329	-	-	-
-	-	100,293	-	-	-	3,136	52,449
<u>619,130</u>	<u>-</u>	<u>110,520</u>	<u>264,918</u>	<u>53,329</u>	<u>3,751</u>	<u>30,566</u>	<u>53,752</u>
-	-	-	-	-	-	-	-
-	(661)	-	1,211	142,566	2,174	(3,642)	22,985
<u>-</u>	<u>(661)</u>	<u>-</u>	<u>1,211</u>	<u>142,566</u>	<u>2,174</u>	<u>(3,642)</u>	<u>22,985</u>
<u>\$ 619,130</u>	<u>\$ (661)</u>	<u>\$ 110,520</u>	<u>\$ 266,129</u>	<u>\$ 195,895</u>	<u>\$ 5,925</u>	<u>\$ 26,924</u>	<u>\$ 76,737</u>

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

Data Control Codes		499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	696 Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ (4,927)	\$ 884,580	\$ 879,653
1240	Due from Other Governments	(2,000)	3,511,878	-	3,511,878
1260	Due from Other Funds	2,000	1,223,204	-	1,223,204
1300	Inventories	-	11,306	-	11,306
1000	Total Assets	<u>\$ -</u>	<u>\$ 4,741,461</u>	<u>\$ 884,580</u>	<u>\$ 5,626,041</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ 155,233	\$ 135,166	\$ 290,399
2160	Accrued Wages Payable	-	341,459	-	341,459
2170	Due to Other Funds	-	3,784,480	100	3,784,580
2180	Due to Other Governments	-	53,329	-	53,329
2300	Deferred Revenues	-	239,827	-	239,827
2000	Total Liabilities	<u>-</u>	<u>4,574,328</u>	<u>135,266</u>	<u>4,709,594</u>
Fund Balances:					
Reserved For:					
3490	Other Purposes	-	-	749,314	749,314
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	167,133	-	167,133
3000	Total Fund Balances	<u>-</u>	<u>167,133</u>	<u>749,314</u>	<u>916,447</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 4,741,461</u>	<u>\$ 884,580</u>	<u>\$ 5,626,041</u>

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

Data Control Codes		203	204	211	212
			ESEA Title IV	ESEA I, A	ESEA Title I
		Safe Schools	Safe & Drug Free Schools	Improving Basic Program	Part C Migrant
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	2,200,360	93,254	9,178,395	2,414,660
5020	Total Revenues	2,200,360	93,254	9,178,395	2,414,660
EXPENDITURES:					
Current:					
0011	Instruction	15,781	60,366	4,754,090	1,621,919
0012	Instructional Resources and Media Services	-	-	860,478	-
0013	Curriculum and Instructional Staff Development	11,849	4,790	423,150	14,363
0021	Instructional Leadership	738,970	-	357,279	290,305
0023	School Leadership	-	81	21,737	119,633
0031	Guidance, Counseling and Evaluation Services	310,264	8,408	1,326,218	123,523
0032	Social Work Services	321,418	-	42,281	27,637
0033	Health Services	-	-	661,113	1,131
0034	Student (Pupil) Transportation	-	-	224,016	14,087
0035	Food Services	-	-	104	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	9,411	-	1,629	12,086
0052	Security and Monitoring Services	792,667	17,442	-	-
0053	Data Processing Services	-	-	-	-
0061	Community Services	-	2,167	506,300	189,976
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	2,200,360	93,254	9,178,395	2,414,660
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
1300	Prior Period Adjustment	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes	269 Title V, Pt.A Innovative Programs	274 Gear Up Region One	276 Title I SIP Academy	283 IDEA, Pt. B ARRA Formula
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	8,435	158,470	6,866	282,895
5020 Total Revenues	8,435	158,470	6,866	282,895
EXPENDITURES:				
Current:				
0011 Instruction	8,435	153,357	3,222	258,561
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	4,284	3,644	24,334
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	829	-	-
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	8,435	158,470	6,866	282,895
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
1300 Prior Period Adjustment	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

284 IDEA, Pt. B ARRA Preschool	285 ESEA I, A Improving Basic Program	289 Summer LEP	385 Visually Impaired	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	399 Investment Capital Funds	401 Optional Extended Year Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	58,352	14,536	997	98,549
-	454,609	22,864	-	-	-	-	-
-	454,609	22,864	-	58,352	14,536	997	98,549
-	317,296	22,864	-	-	14,536	-	98,549
-	-	-	-	-	-	-	-
-	137,313	-	-	-	-	997	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	13,400	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	44,952	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	454,609	22,864	-	58,352	14,536	997	98,549
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Data Control Codes		404 Student Success Initiative	409 Basic Skills Program High School	411 Technology Allotment	414 Texas Reading Initiative
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	893,300	28,775	385,248	9,720
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>893,300</u>	<u>28,775</u>	<u>385,248</u>	<u>9,720</u>
EXPENDITURES:					
Current:					
0011	Instruction	833,131	26,275	105,838	9,720
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	60,169	-	31,016	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	57,645	-
0061	Community Services	-	-	-	-
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	-	190,749	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>893,300</u>	<u>26,275</u>	<u>385,248</u>	<u>9,720</u>
1200	Net Change in Fund Balance	-	2,500	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
1300	Prior Period Adjustment	-	-	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ -</u>

415 Kindergarten and Pre-K Grants	421 Master Reading Teacher	428 High School Allotment	429 Other State Special Revenue Funds	449 Medicaid ADM Claim (MAC)	465 Beverage Fund	482 Latchkey Program	484 CCMS Day Care
\$ -	\$ -	\$ -	\$ -	\$ 18,995	\$ 1,841	\$ 41,214	\$ -
1,656,356	(661)	667,918	1,191,696	-	-	-	42,724
-	-	-	-	-	-	-	-
<u>1,656,356</u>	<u>(661)</u>	<u>667,918</u>	<u>1,191,696</u>	<u>18,995</u>	<u>1,841</u>	<u>41,214</u>	<u>42,724</u>
1,656,356	-	547,798	1,067,510	-	-	1,382	1,950
-	-	4,869	8,909	-	-	-	-
-	-	98,442	7,335	-	-	-	500
-	-	-	1,112	-	-	-	-
-	-	7,328	15,617	-	-	-	-
-	-	7,993	16,043	-	-	-	-
-	-	-	293	-	-	-	3,563
-	-	-	5,675	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	16,754	-	-	-	-
-	-	1,488	-	-	-	-	-
-	-	-	26,699	-	-	-	-
-	-	-	13,704	-	-	-	-
-	-	-	7,242	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	3,592	-	-	43,474	13,726
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,656,356</u>	<u>-</u>	<u>667,918</u>	<u>1,190,485</u>	<u>-</u>	<u>-</u>	<u>44,856</u>	<u>19,739</u>
-	(661)	-	1,211	18,995	1,841	(3,642)	22,985
-	-	-	-	123,571	333	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (661)</u>	<u>\$ -</u>	<u>\$ 1,211</u>	<u>\$ 142,566</u>	<u>\$ 2,174</u>	<u>\$ (3,642)</u>	<u>\$ 22,985</u>

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

Data Control Codes		499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	696 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ 62,050	\$ 9,778	\$ 71,828
5800	State Program Revenues	-	5,047,510	-	5,047,510
5900	Federal Program Revenues	-	20,220,569	-	20,220,569
5020	Total Revenues	-	25,330,129	9,778	25,339,907
EXPENDITURES:					
Current:					
0011	Instruction	-	15,756,707	-	15,756,707
0012	Instructional Resources and Media Services	-	874,501	-	874,501
0013	Curriculum and Instructional Staff Development	-	1,450,795	-	1,450,795
0021	Instructional Leadership	-	1,491,402	-	1,491,402
0023	School Leadership	-	217,311	-	217,311
0031	Guidance, Counseling and Evaluation Services	-	2,115,134	-	2,115,134
0032	Social Work Services	-	415,061	-	415,061
0033	Health Services	-	667,919	-	667,919
0034	Student (Pupil) Transportation	-	238,103	-	238,103
0035	Food Services	-	16,858	-	16,858
0036	Extracurricular Activities	-	1,488	-	1,488
0041	General Administration	-	26,699	-	26,699
0051	Facilities Maintenance and Operations	-	36,830	-	36,830
0052	Security and Monitoring Services	-	831,717	-	831,717
0053	Data Processing Services	-	102,339	-	102,339
0061	Community Services	-	853,287	-	853,287
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	-	190,749	-	190,749
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	153,053	153,053
6030	Total Expenditures	-	25,286,900	153,053	25,439,953
1200	Net Change in Fund Balance	-	43,229	(143,275)	(100,046)
0100	Fund Balance - September 1 (Beginning)	-	123,904	852,604	976,508
1300	Prior Period Adjustment	-	-	39,985	39,985
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 167,133	\$ 749,314	\$ 916,447

DONNA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
AUGUST 31, 2009

	752	753
	Print Shop	Insurance
<hr/>		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ (145,679)	\$ -
Due from Other Funds	212,954	6,460,518
Other Receivables	-	90
	<hr/>	<hr/>
Total Assets	67,275	6,460,608
	<hr/>	<hr/>
LIABILITIES		
Current Liabilities:		
Accounts Payable	11,507	734,616
Due to Other Funds	24,739	800,000
	<hr/>	<hr/>
Total Liabilities	36,246	1,534,616
	<hr/>	<hr/>
NET ASSETS		
Unrestricted Net Assets	31,029	4,925,992
	<hr/>	<hr/>
Total Net Assets	\$ 31,029	\$ 4,925,992
	<hr/>	<hr/>

754	755	771	Total
Vending Machines	Wellness Program	Workmen's Compensation	Internal Service Funds
\$ 318,147	\$ -	\$ 1,858,539	\$ 2,031,007
6,484	-	995,430	7,675,386
-	-	75	165
324,631	-	2,854,044	9,706,558
-	-	276,110	1,022,233
-	-	51,891	876,630
-	-	328,001	1,898,863
324,631	-	2,526,043	7,807,695
<u>\$ 324,631</u>	<u>\$ -</u>	<u>\$ 2,526,043</u>	<u>\$ 7,807,695</u>

DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2009

	752	753
	Print Shop	Insurance.
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 294,977	\$ 11,179,721
Total Operating Revenues	<u>294,977</u>	<u>11,179,721</u>
OPERATING EXPENSES:		
Payroll Costs	117,021	4,025
Professional and Contracted Services	104,918	-
Supplies and Materials	63,701	3,390
Other Operating Costs	<u>1,050</u>	<u>10,095,581</u>
Total Operating Expenses	<u>286,690</u>	<u>10,102,996</u>
Operating Income	8,287	1,076,725
Total Net Assets - September 1 (Beginning)	22,742	2,952,005
Prior Period Adjustment	<u>-</u>	<u>897,262</u>
Total Net Assets - August 31 (Ending)	<u>\$ 31,029</u>	<u>\$ 4,925,992</u>

754	755	771	Total
Vending Machines	Wellness Program	Workmen's Compensation	Internal Service Funds
\$ 23,641	\$ -	\$ 1,319,542	\$ 12,817,881
23,641	-	1,319,542	12,817,881
-	-	-	121,046
-	-	748,075	852,993
-	-	-	67,091
-	-	-	10,096,631
-	-	748,075	11,137,761
23,641	-	571,467	1,680,120
300,990	(14,022)	1,999,576	5,261,291
-	14,022	(45,000)	866,284
\$ 324,631	\$ -	\$ 2,526,043	\$ 7,807,695

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

	752	753
	Print Shop	Insurance
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 444	\$ 28,292,023
Cash Payments for Insurance Claims	(174,125)	(34,900,631)
Net Cash Provided by (Used for) Operating Activities	<u>(173,681)</u>	<u>(6,608,608)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(173,681)	(6,608,608)
Cash and Cash Equivalents at Beginning of the Year:	<u>28,002</u>	<u>6,622,630</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ (145,679)</u>	<u>\$ 14,022</u>
<u>Reconciliation of Operating Income to Net Cash</u>		
<u>Provided By (Used For) Operating Activities:</u>		
Operating Income:	\$ 8,287	\$ 1,076,725
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(202,239)	(4,005,373)
Increase (decrease) in Accounts Payable	<u>20,271</u>	<u>(3,679,960)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (173,681)</u>	<u>\$ (6,608,608)</u>

754	755	771	Total
Vending Machines	Wellness Program	Workmen's Compensation	Internal Service Funds
\$ 355,314	\$ -	\$ 1,319,842	\$ 29,967,623
(331,673)	-	(765,145)	(36,171,574)
23,641	-	554,697	(6,203,951)
23,641	-	554,697	(6,203,951)
294,506	(14,022)	1,303,842	8,234,958
<u>\$ 318,147</u>	<u>\$ (14,022)</u>	<u>\$ 1,858,539</u>	<u>\$ 2,031,007</u>
\$ 23,641	\$ -	\$ 571,467	\$ 1,680,120
-	-	25,174	(4,182,438)
-	-	(41,944)	(3,701,633)
<u>\$ 23,641</u>	<u>\$ -</u>	<u>\$ 554,697</u>	<u>\$ (6,203,951)</u>

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DONNA INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2009

	BALANCE SEPTEMBER 1 2008	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2009
<b>AGENCY FUND FOR TEXTBOOK WAIVER REFUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 33,161	\$ 2,253	\$ 250	\$ 35,164
Liabilities:				
Accounts Payable	\$ -	\$ 310	\$ 250	\$ 60
Due to Other Funds	19,902	-	-	19,902
Due to Other Governments	13,259	2,253	310	15,202
Total Liabilities	\$ 33,161	\$ 2,563	\$ 560	\$ 35,164
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 133,181	\$ 357,465	\$ 355,616	\$ 135,030
Due From Other Funds	-	617	723	(106)
Total Assets	\$ 133,181	\$ 358,082	\$ 356,339	\$ 134,924
Liabilities:				
Accounts Payable	\$ 4,103	\$ 341,452	\$ 343,876	\$ 1,679
Due to Other Funds	208	2,944	1,577	1,575
Due to Student Groups	128,870	386,776	383,976	131,670
Payable from Restricted Assets	-	272	272	-
Total Liabilities	\$ 133,181	\$ 731,444	\$ 729,701	\$ 134,924
<b>COUNTY EDUCATION DISTRICT</b>				
Assets:				
Cash and Temporary Investments	\$ 143,575	\$ 35,202	\$ 21,824	\$ 156,953
Due From Other Funds	3,730	42,095	35,013	10,812
Other Receivables	81,161	-	6,258	74,903
Total Assets	\$ 228,466	\$ 77,297	\$ 63,095	\$ 242,668
Liabilities:				
Accounts Payable	\$ 478	\$ 2,115	\$ 2,593	\$ -
Due to Other Funds	57,023	202	203	57,022
Due to Other Governments	85,134	20,186	643	104,677
Deferred Revenue	79,766	-	6,258	73,508
Payable from Restricted Assets	6,065	2,868	1,472	7,461
Total Liabilities	\$ 228,466	\$ 25,371	\$ 11,169	\$ 242,668
<b>TAX OFFICE CLEARING ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 330,351	\$ 13,005,712	\$ 13,195,829	\$ 140,234
Due From Other Funds	22,168	28,283	50,451	-
Other Receivables	10,604	20,529	83	31,050
Total Assets	\$ 363,123	\$ 13,054,524	\$ 13,246,363	\$ 171,284
Liabilities:				
Accounts Payable	\$ 51,587	\$ 12,135	\$ -	\$ 63,722
Payroll Deductions & Withholdings	-	1,399	-	1,399

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DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2009

	BALANCE SEPTEMBER 1 2008	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2009
Due to Other Funds	307,575	12,981,418	13,187,382	101,611
Due to Other Governments	3,961	591	-	4,552
Total Liabilities	<u>\$ 363,123</u>	<u>\$ 12,995,543</u>	<u>\$ 13,187,382</u>	<u>\$ 171,284</u>
<b>CAMPUS CHECKING</b>				
Assets:				
Cash and Temporary Investments	\$ 123,284	\$ 590,477	\$ 556,338	\$ 157,423
Due From Other Funds	1,929	-	1,929	-
Total Assets	<u>\$ 125,213</u>	<u>\$ 590,477</u>	<u>\$ 558,267</u>	<u>\$ 157,423</u>
Liabilities:				
Accounts Payable	\$ 25,663	\$ 507,973	\$ 524,151	\$ 9,485
Due to Other Funds	21,037	18,059	1,929	37,167
Due to Student Groups	78,513	651,073	618,815	110,771
Total Liabilities	<u>\$ 125,213</u>	<u>\$ 1,177,105</u>	<u>\$ 1,144,895</u>	<u>\$ 157,423</u>
<b>CAMPUS LIBRARY FUND</b>				
Assets:				
Cash and Temporary Investments	\$ 802	\$ 56,931	\$ 53,219	\$ 4,514
Liabilities:				
Accounts Payable	\$ -	\$ 51,834	\$ 51,834	\$ -
Due to Student Groups	802	58,304	54,592	4,514
Total Liabilities	<u>\$ 802</u>	<u>\$ 110,138</u>	<u>\$ 106,426</u>	<u>\$ 4,514</u>
<b>CAMPUS/AGENCY FIMDS NON H.S.</b>				
Assets:				
Cash and Temporary Investments	\$ 8,127	\$ 13,145	\$ 15,508	\$ 5,764
Liabilities:				
Accounts Payable	\$ -	\$ 10,890	\$ 10,890	\$ -
Due to Student Groups	8,127	13,587	15,950	5,764
Total Liabilities	<u>\$ 8,127</u>	<u>\$ 24,477</u>	<u>\$ 26,840</u>	<u>\$ 5,764</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 772,481	\$ 14,061,185	\$ 14,198,584	\$ 635,082
Due From Other Funds	27,827	70,995	88,116	10,706
Other Receivables	91,765	20,529	6,341	105,953
Total Assets	<u>\$ 892,073</u>	<u>\$ 14,152,709</u>	<u>\$ 14,293,041</u>	<u>\$ 751,741</u>
Liabilities:				
Accounts Payable	\$ 81,831	\$ 926,709	\$ 933,594	\$ 74,946
Payroll Deductions & Withholdings	-	1,399	-	1,399
Due to Other Funds	405,745	13,002,623	13,191,091	217,277
Due to Other Governments	102,354	23,030	953	124,431
Due to Student Groups	216,312	1,109,740	1,073,333	252,719

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DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2009

	BALANCE SEPTEMBER 1 2008	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2009
Deferred Revenue	79,766	-	6,258	73,508
Payable from Restricted Funds	6,065	3,140	1,744	7,461
Total Liabilities	<u>\$ 892,073</u>	<u>\$ 15,066,641</u>	<u>\$ 15,206,973</u>	<u>\$ 751,741</u>

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DONNA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 PRIVATE PURPOSE TRUST FUNDS  
 AUGUST 31, 2009

	806 Scholarship Fund	807 Adminstrative Scholarship Fund	Total Private Purpose Trust Funds
<hr/>			
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 7,835	\$ 2,225	\$ 10,060
Total Assets	<u>7,835</u>	<u>2,225</u>	<u>10,060</u>
LIABILITIES			
Current Liabilities:			
Due to Student Groups	<u>7,835</u>	<u>2,225</u>	<u>10,060</u>
Total Liabilities	<u>7,835</u>	<u>2,225</u>	<u>10,060</u>

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## **REQUIRED SUPPLEMENTARY SCHEDULES**

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2000 and prior years	Various	Various	\$ Various
2001	1.480000	0.061000	434,397,673
2002	1.490000	0.120000	468,656,846
2003	1.500000	0.000000	489,195,836
2004	1.500000	0.060000	617,472,704
2005	1.500000	0.160000	645,229,469
2006	1.500000	0.160000	644,062,401
2007	1.370000	0.160000	821,644,196
2008	1.040000	0.160000	834,531,042
2009 (School year under audit)	1.040000	0.160000	894,315,675
100 TOTALS			

(10) Beginning Balance 9/1/2008	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2009
\$ 1,193,833	\$ -	\$ 21,263	\$ 6,820	\$ (75,783)	\$ 1,089,967
232,927	-	18,208	527	(10,162)	204,030
253,821	-	28,980	1,476	(10,854)	212,511
565,008	-	39,997	1,600	(12,917)	510,494
532,302	-	62,490	6,666	(7,006)	456,140
624,371	-	81,315	8,674	(2,841)	531,541
813,544	-	118,221	12,610	(1,469)	681,244
686,176	-	183,715	21,456	(3,875)	477,130
1,396,092	-	430,686	61,302	20,972	925,076
-	11,244,495	8,584,103	1,315,674	243,060	1,587,778
<u>\$ 6,298,074</u>	<u>\$ 11,244,495</u>	<u>\$ 9,568,978</u>	<u>\$ 1,436,805</u>	<u>\$ 139,125</u>	<u>\$ 6,675,911</u>

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

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 11,671	\$ 161,388	\$ 325,650	\$ 2,306,679	\$ -	\$ -	\$ 2,805,388
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	-	439,137	-	-	439,137
6212	Audit Services	-	-	-	25,000	-	-	25,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	118,057	-	-	-	-	118,057
621X	Other Professional Services	36,622	-	17,750	185,104	-	-	239,476
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	3,650	36,169	-	-	39,819
6240	Contr. Maint. and Repair	-	-	-	2,744	-	-	2,744
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	5,923	44,240	-	-	50,163
6290	Miscellaneous Contr.	-	65	4,900	176,370	-	-	181,335
6320	Textbooks and Reading	-	-	955	-	-	-	955
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,587	5,345	8,655	132,867	-	-	148,454
6410	Travel, Subsistence, Stipends	29,177	629	13,669	21,754	-	-	65,229
6420	Ins. and Bonding Costs	-	1,250	-	-	-	-	1,250
6430	Election Costs	-	38,295	-	-	-	-	38,295
6490	Miscellaneous Operating	23,769	2,430	55,373	169,681	-	-	251,253
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	94,425	94,425
6000	TOTAL	\$ 102,826	\$ 327,459	\$ 436,525	\$ 3,539,745	\$ -	\$ 94,425	\$ 4,500,980

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 152,370,138

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 10,822,961
Total Debt & Lease(6500)	(11) 2,196,047
Plant Maintenance (Function 51, 6100-6400)	(12) 15,123,913
Food (Function 35, 6341 and 6499)	(13) 3,627,674
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	3,539,745

SubTotal:

35,310,340

Net Allowed Direct Cost

\$ 117,059,798

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 37,988,899
Historical Cost of Building over 50 years old	(16) \$ -
Amount of Federal Money in Building Cost (Net of #16)	(17) \$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$ 8,205,865
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ -

(8) NOTE A: \$980,037 in Function 53 expenditures are included in this report on administrative costs.

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

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

**UNAUDITED**

1	Total General Fund Balance as of 8/31/09 (Exhibit C-1 object 3000 for the General Fund Only)	\$ 7,303,991
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 598,937
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	1,441,035
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09-5/31/10).	9,917,975
6	Estimate of delayed payments from state sources (58xx) including August payment delays	39,914
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.	(453,152)
8	Estimate of delayed payments from federal sources (59xx)	734,228
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>12,278,937</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)	<u>\$ (4,974,946)</u>

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 455,000	\$ 455,000	\$ 309,605	\$ (145,395)
5800	State Program Revenues	65,000	65,000	223,131	158,131
5900	Federal Program Revenues	9,225,750	9,415,750	8,949,229	(466,521)
5020	Total Revenues	9,745,750	9,935,750	9,481,965	(453,785)
EXPENDITURES:					
0035	Food Services	9,373,250	9,563,250	8,831,066	732,184
0051	Facilities Maintenance and Operations	372,500	372,500	466,448	(93,948)
6030	Total Expenditures	9,745,750	9,935,750	9,297,514	638,236
1200	Net Change in Fund Balances	-	-	184,451	184,451
0100	Fund Balance - September 1 (Beginning)	(841,451)	(841,451)	(841,451)	-
3000	Fund Balance - August 31 (Ending)	\$ (841,451)	\$ (841,451)	\$ (657,000)	\$ 184,451

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

Data Control Codes		Budgeted Amounts		Actual Amounts (GAAP Basis -See Note III A)	Variance With Final Budget Positive or (Negative)
		Original	Final		
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,189,540	\$ 1,189,540	\$ 1,519,737	\$ 330,197
5800	State Program Revenues	5,618,390	5,618,390	5,240,362	(378,028)
5020	Total Revenues	6,807,930	6,807,930	6,760,099	(47,831)
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	3,215,000	3,215,000	3,215,000	-
0072	Debt Service - Interest on Long Term Debt	3,557,930	3,557,930	3,070,754	487,176
0073	Debt Service - Bond Issuance Cost and Fees	35,000	35,000	2,255	32,745
6030	Total Expenditures	6,807,930	6,807,930	6,288,009	519,921
1200	Net Change in Fund Balances	-	-	472,090	472,090
0100	Fund Balance - September 1 (Beginning)	1,212,268	1,212,268	1,212,268	-
1300	Prior Period Adjustment	-	-	23,041	23,041
3000	Fund Balance - August 31 (Ending)	\$ 1,212,268	\$ 1,212,268	\$ 1,707,399	\$ 495,131

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## **FEDERAL AWARDS SECTION**

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PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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  
Donna Independent School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Donna Independent School District (the "District") as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Donna 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 District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

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

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





### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 09-01 and within the schedule of prior year findings as 08-01.

We noted certain matters that we reported to management of the District in a separate letter dated January 8, 2010.

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

*Pattillo, Brown & Hill, C.P.*

January 8, 2010





PATTILLO, BROWN & HILL, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

**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  
Donna Independent School District

**Compliance**

We have audited the compliance of Donna Independent School District (the "District") with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

**Internal Control Over Compliance**

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



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

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

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

*Patullo, Brown & Hill, LLP*

January 8, 2010



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

**I. Summary of the Auditors' Results:**

The type of auditors' report on financial statements:	Unqualified
Regarding internal control over financial reporting:	
a. Material weakness(es) identified:	None
b. Significant deficiency(ies) identified that are not considered to be material weaknesses:	Yes
c. Noncompliance which is material to the financial statements:	None
d. Regarding internal control over major programs:	
Material weakness(es) identified:	None reported
Significant deficiency(ies) identified that are not considered to be material weaknesses:	None
e. Type of auditors' report on compliance with major programs:	Unqualified
f. Any audit findings which are required to be reported in accordance with OMB Circular A-133, Sec. 510(a):	Yes
g. Major programs are as follows:	Child Nutrition CFDA 10.553/10.555 Teacher Principal CFDA 84.367A Safe Schools CFDA 93.575 IDEA – Part B, Formula/Preschool CFDA 84.027/84.173
h. Dollar threshold used to distinguish between Type A and Type B programs:	\$875,094
i. Low risk auditee:	No

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DONNA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2009  
(Continued)

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

*Finding 09-1*                      *Bank Reconciliations*

Criteria:	The District did not properly reconcile several bank accounts on a timely basis.
Condition:	Bank reconciliations for several bank accounts were not properly reconciled prior to the end of the subsequent month.
Questioned Costs	Questioned costs could not be quantified because the finding does not relate to a specific dollar amount.
Effect:	The District's general ledger did not reflect an accurate cash balance at year-end and there is a possibility that errors went undetected for periods of time.
Recommendation:	Bank reconciliations should be prepared and reviewed in a timely manner in order to ensure that errors or irregularities are detected and corrected.

**III. Findings and Questioned Costs for Federal Awards.**

None reported.

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DONNA INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR

Findings 09-01

*Bank Reconciliations*

The Business Office is operating with a financial system that is outdated which is making data retrieval inefficient. The Business Office is currently undergoing a financial system conversion which will be implemented in fiscal year 2010. In addition, the business office will have another accountant assist in the review of the bank reconciliation process.

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

Finding 08-1

*Grant Expenditures*

Condition: During our review of special revenue accounts, there were two instances where expenditures exceeded revenues, reflecting a deficit in the appropriate fund. An adjustment was made to reclass the excess expenditures to the general fund.

Recommendation: We recommend the District make appropriate budget amendments to the application and monitor the grants closely.

Current Year Status: No exceptions found during our testing.

Finding 08-2

*Child Nutrition Program*

*Questioned  
Costs*

Condition: During our review of Child Nutrition Program, we found that the District exceeded expenditures over revenue by the amount of \$900,845.

Recommendation: We recommend the District make appropriate budget amendments to the application and monitor the grants closely.

Current Year Status: Item not corrected; however during the fiscal year 2009, the District implemented a Reduction in Force (RIF) plan which reduced the number of staff and the number of working hours for the majority of the employees in the Child Nutrition Program. The District will also monitor the other major component of the Child Nutrition Program budget which is food cost.

N/A

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Summer LEP	84.369A	-	\$ 22,864
Total Direct Programs			\$ 22,864
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	09-610101108902	\$ 8,559,945
ESEA, Title I, Part A - Improving Basic Programs	84.010A	10-610101108902	618,450
Total CFDA Number 84.010A			9,178,395
ESEA, Title I, Part C - Migratory Children	84.011	09-615001108902	2,296,775
ESEA, Title I, Part C - Migratory Children	84.011	10-615001108902	117,885
Total CFDA Number 84.011			2,414,660
IDEA - Part B, Formula	84.027	09-6600011089026600	2,216,350
IDEA - Part B, Formula	84.027	10-6600011089026600	113,972
Total CFDA Number 84.027			2,330,322
Career and Technical - Basic Grant	84.048	09-420006108902	278,714
Career and Technical - Basic Grant	84.048	10-420006108902	23,214
Total CFDA Number 84.048			301,928
IDEA - Part B, Preschool	84.173	09-6610011089026610	41,330
IDEA - Part B, Preschool	84.173	10-6610011089026610	4,889
Total CFDA Number 84.173			46,219
ESEA Title IV - Safe and Drug-Free Schools	84.186A	09-691001108902	93,254
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	08-6950127110011	457,228
Title V, Part A - Innovative Programs	84.298	09-685001108902	8,435
Title II, Part D -Enhancing Ed. Through Technology	84.318X	09-630001108902	69,597
GEAR UP	84.334S	-	158,470
Reading First	84.357	08-6455057110018	516,310
Title III, Part A - English Language Acquisition	84.365A	09-671001108902	675,988
Title III, Part A - English Language Acquisition	84.365A	10-671001108902	4,878
Total CFDA Number 84.365A			680,866
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	09-694501108902	904,188
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	10-694501108902	93,103
Total CFDA Number 84.367A			997,291
Title I SIP Academy Grant	84.377A	09-610701108902045	6,866
ESEA, Title I, A - ARRA - Improving Basic Programs	84.389	10-551001108902	454,609
IDEA, Part B, Formula - ARRA	84.391	10-554001108902	282,895
Total Passed Through State Department of Education			\$ 17,997,345
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 18,020,209</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through State Department of Education</u>			
Child Care Development Block Grant	93.575	09-104301108902	\$ 2,200,360
Total Passed Through State Department of Education			\$ 2,200,360
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 2,200,360</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program*	10.553	71400901	\$ 3,381,950

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
National School Lunch Program - Cash Assistance*	10.555	71300901	\$ 5,252,515
National School Lunch Prog. - Non-Cash Assistance*	10.555	-	314,764
Total CFDA Number 10.555			<u>5,567,279</u>
Total Passed Through the State Department of Agriculture			\$ 8,949,229
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 8,949,229</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 29,169,798</u></u>

\*Clustered Programs as required by Compliance Supplement March, 2009

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

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

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

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

**(Last page.)**