

Carroll Independent School District



Annual Financial Audit Year Ended August 31, 2009

Haynes & Associates, P.C.

A Professional Corporation

405 North Oak Street

Roanoke, Texas 76262

Carroll Independent School District

Annual Financial Report Year Ended August 31, 2009

Haynes and Associates, P.C.
A Professional Corporation
Certified Public Accountants
405 North Oak Street
Roanoke, Texas 76262

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

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CERTIFICATE OF BOARD

Carroll Independent School District
Name of School District

Tarrant
County

220919
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 11 th day of January, 2010.



Signature of Board Secretary



Signature of Board President

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

BASIC FINANCIAL STATEMENTS

**Haynes and Associates, P.C.
Certified Public Accountants
405 North Oak Street
Roanoke, Texas 76262
817-491-1300**

Independent Auditor's Report

Board of Trustees
Carroll Independent School District
3051 Dove Road
Grapevine, Texas 76051

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll Independent School District (the District) as of and for the year ended August 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Carroll Independent School District as of August 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund, debt service fund, and child nutrition program for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is 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 November 20, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise Carroll Independent School District's basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. Except for Exhibit J-3 (Cash Flow and the Optimum Fund Balance Calculation Schedule) which is marked **UNAUDITED** and on which we express no opinion, these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Haynes and Associates, P.C.
November 20, 2009

**Haynes and Associates, P.C.
Certified Public Accountants
405 North Oak Street
Roanoke, Texas 76262
817-491-1300**

Independent Auditor's Report

**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
Carroll Independent School District
3051 Dove Road
Grapevine, Texas 76051

Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll Independent School District (the District) as of and for the year ended August 31, 2009. These collectively comprise the District's basic financial statements. We have issued our report on them dated November 20, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Carroll Independent School District's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of Carroll 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity'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 Carroll Independent School 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*. Carroll Independent School District's response to the findings identified in our audit, if any were noted, are described in the accompanying schedule of findings and responses.

This report is intended for the information of the district's trustees, the audit committee, the administration, 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.



Haynes and Associates, P.C.
November 20, 2009

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

Independent Auditor's Report

Board of Trustees
Carroll Independent School District
3051 Dove Road
Grapevine, Texas 76051

Members of the Board:

Compliance

We have audited the compliance of Carroll Independent School District with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended 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 Carroll Independent School District's administrators. 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 Carroll Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Carroll Independent School District's compliance with those requirements.

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

Internal Control over Compliance

The administration of Carroll Independent School 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 of 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.

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.

Schedule of Expenditures of Federal Awards

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll Independent School District as of and for the year ended August 31, 2009 and have issued our report thereon dated November 20, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the District's trustees, the audit committee, the administration, 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.



Haynes and Associates, P.C.
November 20, 2009

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

Summary of the Auditor's Results:

Type of Report on Financial Statements	Unqualified Opinion
Reportable Condition	None
Material Weakness Involving Reportable Conditions	None
Noncompliance Material to the Financial Statements	The level of noncompliance was not material in relation to the Financial statements covering Federal programs.
Type of Report on Compliance with Major Programs	Unqualified Opinion
Findings and Questioned Costs for Federal Awards as Determined in Section .510(a), OMB Circular A-133	None
Dollar threshold considered between Type A and B Federal Programs	\$300,000
Low Risk Auditee Statements	The District was classified as a Low risk auditee in the context of OMB Circular A-133
Major Federal Programs	Special Education Cluster: IDEA B, Formula (84.027)
Pass-through Entity	Texas Education Agency

**CARROLL INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF CURRENT AND PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2009**

CURRENT FINDINGS:

None Noted

PRIOR FINDINGS:

None Noted

**Carroll Independent School District
Management's Discussion and Analysis
Year Ended, August 31, 2009**

This section of Carroll Independent School District's 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

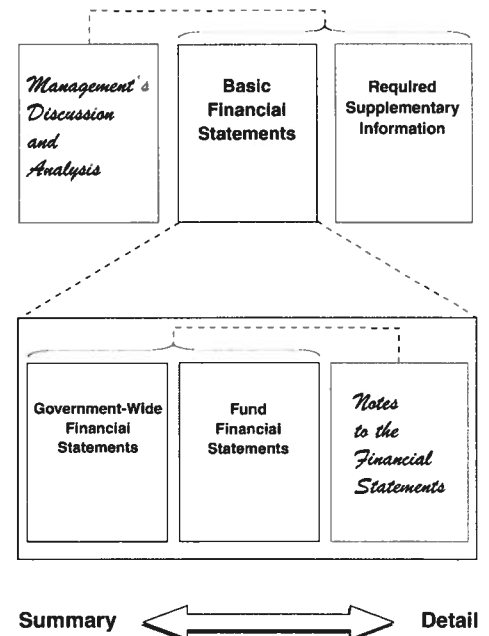
- The District's total combined net assets were \$50.9 million at August 31, 2009.
- During the year, the District's expenses were \$2.9 million less than the \$85.1 million generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$24.8 million.
- The District paid bond principal during the fiscal year ended August 31, 2009, in the amount of \$6,180,109.

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 acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

Figure A-1. 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 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.

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	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • 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

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.

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, you need to consider additional nonfinancial 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, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants 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 and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two 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.
- *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 approximately \$50.9 million at August 31, 2009. (See Table A-1).

Table A-1
The District's Net Assets

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Current and Other Assets	102,416,288	41,740,392
Capital and Non-Current Assets	171,080,876	168,020,155
Total Assets	<u>273,497,164</u>	<u>209,760,547</u>
Current Liabilities	8,884,833	6,966,219
Long Term Liabilities	213,755,359	154,809,326
Total Liabilities	<u>222,640,192</u>	<u>161,775,545</u>
Net Assets		
Invested in Capital Assets		
net of related debt	13,987,383	13,210,829
Restricted	6,994,584	6,485,418
Unrestricted	29,875,005	28,288,755
Total Net Assets	<u><u>50,856,972</u></u>	<u><u>47,985,002</u></u>

Approximately \$3,751,324 of the District's restricted net assets represent proceeds for debt retirement. These proceeds are restricted for debt retirement. The unrestricted net asset represents resources available to fund the programs of the District next year.

Changes in net assets. The District's total revenues were \$114.5 million. A significant portion, 70% of the District's revenue comes from taxes. (See Figure A-3.) Fifteen percent comes from state aid – formula grants, while only 16% relates to charges for services.

The total cost of all programs and services was \$97.5 million; 64% of these costs are for instructional and student services.

Table A-2
Changes in the District's Net
Assets
(in millions of dollars)
Governmental Activities

Revenues	<u>2009</u>	<u>2008</u>
<u>Program Revenues</u>		
Charges for Services	6.0	5.8
Operating Grants and Contributions	9.3	9.0
<u>General Revenues</u>		
Property Taxes	83.4	80.9
State aid - formula	14.1	9.9
Investment earnings	.5	2.3
Other	1.2	4.0
Total Revenues	114.5	111.9
Expenses		
Instruction	43.8	40.6
Instructional Resources	1.3	1.5
Curriculum	.6	.7
Instructional Leadership	1.0	.9
School Leadership	3.3	3.1
Guidance	2.2	2.1
Health Services	.6	.6
Student Transportation	2.1	2.0
Food Services	2.8	2.6
Extracurricular Activities	4.0	4.0
General Administration	3.1	2.8
Plant maintenance and security	2.0	14.9
Data processing services	1.4	1.0
Community services	0	0
Debt service	8.2	8.5
Facilities acquisition and constructions	0	0
Incremental Costs Related to WADA	16.1	11.8
Fiscal Agent/SSA	.4	.5
TIF	4.6	4.5
Total Expenses	97.5	102.3

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 tax dollars.

- The cost of all *governmental* activities this year was \$97.5 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$83.4 million.
- Some of the cost was paid by those who directly benefited from the programs (\$6.00 million), or
- By grants and contributions (\$9.3 million).

Table A-3
Net Cost of Selected District Functions
(in million of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2009	2008		2009	2008	
Instruction	43.8	40.6	2.20%	39.0	36.1	7.40%
School leadership	3.3	3.1	6.00%	3.2	3.0	0.00%
General administration	3.1	2.8	2.92%	2.6	2.3	1.15%
Plant Maintenance & Operations	1.9	14.9	(87.2%)	1.3	14.3	(90.90%)
Debt Service - Interest & Fiscal Charges	8.2	8.5	(0.35%)	8.2	8.5	(0.35%)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$106.1 million, a increase of 7.60% over the preceding year. Any increase in federal revenues is primarily due to an increase in federal program revenue distributed through other agencies. Any increase in state revenues is a result of an increase of students in average daily attendance.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$2,323,897 below final budget amounts.

Resources available were \$177,898 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of August 31, 2009, the District had invested \$227.6 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of (\$8.2 million) over last year.

Table A-4
District's Capital Assets
(in millions of dollars)

	Governmental Activities		Total % Change
	<u>2009</u>	<u>2008</u>	
Land	14.0	14.0	0.00%
Buildings and improvements	181.5	173.9	4.40%
Vehicles	7.1	7.1	0.00%
Equipment	16.7	15.1	10.60%
Other	8.3	9.3	(10.70%)
Totals at historical cost	<u>227.6</u>	<u>219.4</u>	
Total accumulated depreciation	<u>(56.6)</u>	<u>(48.6)</u>	
Net capital assets	<u>171.0</u>	<u>163.4</u>	

Long-Term Debt

Table A -5
District's Long Term
Debt
(in millions of dollars)

	G o v e r n m e n t a l		C h a n g e
	2 0 0 9	2 0 0 8	
Bonds Payable	194.3	135.6	43.3%
Other Payable	19.4	19.2	0.01%
Less deferred amount on refundings	0.0	0.0	
Total bonds and notes payable	213.7	154.8	

At August 31, 2009 the District had \$213.7 million 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 98,248,111
1220 Property Taxes Receivable (Delinquent)	1,508,354
1230 Allowance for Uncollectible Taxes	(150,835)
1240 Due from Other Governments	2,474,559
1267 Due from Fiduciary Funds	48,928
1290 Other Receivables, net	140,173
1300 Inventories	134,560
1410 Deferred Expenses	12,437
Capital Assets:	
1510 Land	13,995,234
1520 Buildings, Net	141,198,094
1530 Furniture and Equipment, Net	7,557,222
1580 Construction in Progress	8,330,326
1000 Total Assets	273,497,164
LIABILITIES	
2110 Accounts Payable	1,802,776
2160 Accrued Wages Payable	1,753,893
2180 Due to Other Governments	3,047,566
2190 Due to Student Groups	49,816
2300 Deferred Revenues	2,230,782
Noncurrent Liabilities	
2501 Due Within One Year	8,280,472
2502 Due in More Than One Year	205,474,887
2000 Total Liabilities	222,640,192
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	13,987,383
3820 Restricted for Federal and State Programs	381,706
3850 Restricted for Debt Service	3,751,324
3860 Restricted for Capital Projects	2,535,746
3870 Restricted for Campus Activities	325,808
3900 Unrestricted Net Assets	29,875,005
3000 Total Net Assets	\$ 50,856,972

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

CARROLL 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	6
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 43,828,184	\$ 435,221	\$ 4,357,721	\$ (39,035,242)
12 Instructional Resources and Media Services	1,278,166	-	30,157	(1,248,009)
13 Curriculum and Instructional Staff Development	625,668	-	74,147	(551,521)
21 Instructional Leadership	954,126	-	119,053	(835,073)
23 School Leadership	3,323,106	-	140,105	(3,183,000)
31 Guidance, Counseling and Evaluation Services	2,172,971	-	305,344	(1,867,626)
33 Health Services	602,002	-	31,863	(570,139)
34 Student (Pupil) Transportation	2,119,004	152,000	79,449	(1,887,555)
35 Food Services	2,816,265	2,552,952	2,888,419	2,625,106
36 Extracurricular Activities	4,045,948	2,100,705	871,200	(1,074,043)
41 General Administration	3,080,281	341,852	119,879	(2,618,550)
51 Plant Maintenance and Operations	1,919,950	409,268	176,733	(1,333,949)
52 Security and Monitoring Services	74,267	-	3,231	(71,036)
53 Data Processing Services	1,356,948	-	51,673	(1,305,275)
61 Community Services	24,971	-	1,765	(23,206)
72 Debt Service - Interest on Long Term Debt	7,279,117	-	-	(7,279,117)
73 Debt Service - Bond Issuance Cost and Fees	941,815	-	-	(941,815)
91 Contracted Instructional Services Between Schools	16,071,624	-	-	(16,071,624)
93 Payments to Fiscal Agent/Member Districts of SSA	420,369	-	-	(420,369)
97 Payments to Tax Increment Fund	4,555,311	-	-	(4,555,311)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 97,490,091	\$ 5,991,998	\$ 9,250,737	(82,247,356)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	55,189,647
GC	Grants and Contributions not Restricted	14,182,464
IE	Investment Earnings	504,480
MI	Miscellaneous Local and Intermediate Revenue	15,242,735
TR	Total General Revenues	85,119,326
CN	Change in Net Assets	2,871,970
NB	Net Assets--Beginning	47,985,002
NE	Net Assets--Ending	\$ 50,856,972

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 27,915,537	\$ 3,711,377	\$ 65,565,564
1220 Property Taxes - Delinquent	1,131,439	376,915	-
1230 Allowance for Uncollectible Taxes (Credit)	(113,144)	(37,691)	-
1240 Due from Other Governments	2,198,764	-	-
1260 Due from Other Funds	1,567,352	30,508	-
1290 Other Receivables	7,447	9,439	-
1300 Inventories	79,656	-	-
1410 Deferred Expenditures	12,437	-	-
1000 Total Assets	<u>\$ 32,799,488</u>	<u>\$ 4,090,548</u>	<u>\$ 65,565,564</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110 Accounts Payable	\$ 409,958	\$ -	\$ 1,327,126
2160 Accrued Wages Payable	1,737,123	-	-
2170 Due to Other Funds	1,303,769	-	-
2180 Due to Other Governments	3,036,009	-	-
2190 Due to Student Groups	49,816	-	-
2300 Deferred Revenues	1,428,636	339,224	-
2000 Total Liabilities	<u>7,965,311</u>	<u>339,224</u>	<u>1,327,126</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	514,057	-	-
3420 Retirement of Long Term Debt	-	3,503,733	-
3450 Food Service	-	-	-
3490 Other Purposes	7,200,000	-	2,535,746
Unreserved and Undesignated:			
3600 Reported in the General Fund	17,120,120	247,591	-
3610 Reported in Special Revenue Funds	-	-	-
3620 Reported in Capital Projects Funds	-	-	61,702,692
3000 Total Fund Balances	<u>24,834,177</u>	<u>3,751,324</u>	<u>64,238,438</u>
4000 Total Liabilities and Fund Balances	<u>\$ 32,799,488</u>	<u>\$ 4,090,548</u>	<u>\$ 65,565,564</u>

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

Other Funds	Total Governmental Funds
\$ 1,055,633	\$ 98,248,111
-	1,508,354
-	(150,835)
275,795	2,474,559
2,177	1,600,037
123,287	140,173
54,904	134,560
-	12,437
<u>\$ 1,511,796</u>	<u>\$ 103,967,396</u>
\$ 65,692	\$ 1,802,776
16,770	1,753,893
247,341	1,551,110
11,557	3,047,566
-	49,816
462,922	2,230,782
<u>804,282</u>	<u>10,435,943</u>
-	514,057
-	3,503,733
312,182	312,182
325,808	10,061,554
-	17,367,711
69,524	69,524
-	61,702,692
<u>707,514</u>	<u>93,531,453</u>
<u>\$ 1,511,796</u>	<u>\$ 103,967,396</u>

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

Total Fund Balances - Governmental Funds	\$	93,531,453
1 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(decrease) net assets.		-
2 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 \$227,712,742 and the accumulated depreciation was \$56,631,865. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.		(23,224,636)
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2009 capital outlays and debt principal payments is to increase (decrease) net assets.		2,096,530
4 The 2009 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(5,241,908)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		(16,304,467)
19 Net Assets of Governmental Activities	\$	50,856,972

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 62,526,651	\$ 20,071,330	\$ 66,692
5800 State Program Revenues	16,843,250	-	-
5900 Federal Program Revenues	55,135	-	-
5020 Total Revenues	79,425,036	20,071,330	66,692
EXPENDITURES:			
Current:			
0011 Instruction	37,942,124	-	-
0012 Instructional Resources and Media Services	990,463	-	-
0013 Curriculum and Instructional Staff Development	566,247	-	-
0021 Instructional Leadership	878,927	-	-
0023 School Leadership	3,321,569	-	-
0031 Guidance, Counseling and Evaluation Services	1,960,480	-	-
0033 Health Services	602,002	-	-
0034 Student (Pupil) Transportation	1,613,455	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	2,527,227	-	-
0041 General Administration	3,037,568	-	-
0051 Facilities Maintenance and Operations	6,910,174	-	-
0052 Security and Monitoring Services	74,267	-	-
0053 Data Processing Services	1,229,056	-	-
0061 Community Services	24,971	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	12,492,092	-
0072 Debt Service - Interest on Long Term Debt	-	6,540,678	-
0073 Debt Service - Bond Issuance Cost and Fees	-	17,603	865,847
Capital Outlay:			
0081 Facilities Acquisition and Construction	153,780	-	3,978,537
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	16,071,624	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	420,369	-	-
0097 Payments to Tax Increment Fund	4,555,311	-	-
6030 Total Expenditures	82,879,614	19,050,373	4,844,384
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,454,578)	1,020,957	(4,777,692)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	64,910,000
7915 Transfers In	1,306,772	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	955,847
8911 Transfers Out (Use)	(1,306,772)	-	-
7080 Total Other Financing Sources (Uses)	-	-	65,865,847
1200 Net Change in Fund Balances	(3,454,578)	1,020,957	61,088,155
0100 Fund Balance - September 1 (Beginning)	28,288,755	2,730,367	3,150,283
3000 Fund Balance - August 31 (Ending)	\$ 24,834,177	\$ 3,751,324	\$ 64,238,438

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

	Other Funds	Total Governmental Funds
\$	3,704,669	\$ 86,369,342
	1,031,869	17,875,119
	1,798,278	1,853,413
	6,534,816	106,097,874
	2,512,971	40,455,095
	-	990,463
	59,421	625,668
	72,880	951,807
	-	3,321,569
	207,330	2,167,810
	-	602,002
	-	1,613,455
	2,709,370	2,709,370
	808,921	3,336,148
	35,757	3,073,325
	-	6,910,174
	-	74,267
	25,421	1,254,477
	-	24,971
	-	12,492,092
	-	6,540,678
	-	883,450
	-	4,132,317
	-	16,071,624
	-	420,369
	-	4,555,311
	6,432,071	113,206,442
	102,745	(7,108,568)
	-	64,910,000
	-	1,306,772
	-	955,847
	-	(1,306,772)
	-	65,865,847
	102,745	58,757,279
	604,769	34,774,174
\$	707,514	\$ 93,531,453

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

Total Net Change in Fund Balances - Governmental Funds	\$	58,757,279
<p>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 (decrease) net assets.</p>		
		-
<p>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.</p>		
		(62,811,905)
<p>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.</p>		
		(5,241,908)
<p>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.</p>		
		12,168,504
Change in Net Assets of Governmental Activities	\$	2,871,970

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

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

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 748,900
Restricted Assets	23,761	24,928
Total Assets	23,761	\$ 773,828
LIABILITIES		
Payroll Deductions and Withholdings Payable	-	\$ 2,084
Due to Other Funds	-	48,927
Due to Student Groups	-	722,817
Total Liabilities	-	\$ 773,828
NET ASSETS		
Unrestricted Net Assets	23,761	
Total Net Assets	\$ 23,761	

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

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

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ 1,460
Total Additions	<u>1,460</u>
Change in Net Assets	1,460
Total Net Assets - September 1 (Beginning)	<u>22,301</u>
Total Net Assets - August 31 (Ending)	<u>\$ 23,761</u>

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

CARROLL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees (Board), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and as a body corporate 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 (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

Government-wide Statements – The statement of net assets (SNA) and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities (SOA) presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational

or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The District reports the following major governmental funds:

General Fund – This is the District’s primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Capital Projects Fund - This fund is used to account for proceeds of long-term debt financing and revenues and expenditures related to authorized construction and other asset acquisitions. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal.

In addition, the District reports the following fund types:

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

Fiduciary Funds – These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments. These include private-purpose trust and agency funds.

Private-purpose trust funds – These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement, and are accounted for in essentially the same manner as proprietary funds.

Agency funds – The agency funds are purely custodial and thus do not involve measurement of results of operations.

b. **Measurement Focus – Basis of Accounting**

Government-wide and Fiduciary Fund Financial Statements – These financial statements are reported using the economic resources measurement

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

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

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

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

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.

- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments were made throughout the year.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year’s budget. Since it is the Districts policy to cancel all encumbrances outstanding at year end; the end-of-year outstanding encumbrances that were provided for in the subsequent year’s budget are:

General Fund	\$	0
Special Revenue Fund		0
Debt Service Fund		0
Capital Projects Fund		<u>0</u>
Total	\$	<u>0</u>

5. Financial Statement Amounts

Cash and Cash Equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District’s cash and temporary investments.

For the purpose of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

Inventories

On government-wide financial statements, inventories are presented at cost using the first in, first out (FIFO) method and are expensed when used. On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the FIFO method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of purchase.

Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they do not represent available spendable resources.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15-50 years
Vehicles	5-10 years
Other Equipment	3-15 years

6. Receivable and Payable Balances

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

7. Interfund Activities

Interfund activity results from loans, service provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and do not appear on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and therefore, do not appear on the government-wide statement of net assets.

8. Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrued at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest but accumulates and is recorded as an expenditure as it is paid.

9. Use of Estimates

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

10. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the Guide. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

11. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the Guide. Mandatory codes are utilized in the form provided in that section.

B. Deposits, Securities and Investments

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2009, all District cash deposits were covered by FDIC insurance or by pledged collateral held by the District or its depository in the District's name. The District's deposits appear to have been properly secured throughout the fiscal year.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to be in substantial compliance with the requirements of the Act.

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities.
- b. obligation of the State of Texas or its agencies.
- c. obligation guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligation of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

The District adopted the provision of GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The

Statement requires certain investments to be reported at fair value rather than cost or amortized cost, and that changes in the fair value be recorded as investment revenue.

District investments include investments in external investment pools, such as Texpool, Texas Class, Lone Star Investment Pool and Money Market Mutual Funds. All Texpool, Lone Star Investment Pool, MBIA, interest bearing checking accounts and Money Market Mutual Funds are reported at share price (fair value).

The Texas Local Government Investment Pool (Texpool) is managed by the Texas Comptroller of Public Accounts. The Comptroller is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate Texpool. In addition, the Texpool Advisory Board advises on Texpool's investment policy. This Board is composed equally of participants in Texpool and other persons who do not have a business relationship with Texpool who are qualified to advise Texpool.

Texas Class is an investment pool operated by a publically held entity regulated by the SEC by Texas Class.

The Lone Star Investment Pool is managed by the Board of Directors of the Texas Association of School Boards. This Board is comprised of elected members of the organization. An advisory board of qualified investment members advised the directors on investment decisions.

The District did not have any investments in repurchase agreements at year end. Any repurchase agreements are evidenced by written agreement approved by both parties.

Investments can be categorized according to three levels of custodial credit risk. These three levels of custodial risk are as follows:

- Category 1 Insured or registered, or securities held by the District or it's agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the financial Institution's trust department or agency in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the financial institution, or by its trust department or agent but not in the District's name.

The following table categorizes the District's investment at August 31, 2009, using these three levels of custodial credit risk.

	Category 1	Category 2	Category 3	Fair Value
Texas Class*	1			\$74,776,793
Texpool*	1			118,426
Lone Star Investment*	1			14,760,245
Money Market Funds- Bank of Texas	1			<u>9,369,457</u>
Total				<u>\$99,024,921</u>

*Local government pool investments are based upon a contract and not the security itself. Therefore, these type of investments are not categorized above.

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

- a. Name of bank: Bank of Texas, N.A.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 6,922,930
- c. Largest cash, savings and time deposit combined account balances amounted to \$6,836,116 occurred during the month of August.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$200,000.

C. Property Taxes

Property taxes are levied annually by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the October 1 levy date. On January 1 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

The District levied taxes on property within the District at \$1.04 to fund general operations and \$0.375 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$6,012,034,654 including all supplements.

D.Capital Assets

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$13,995,234	\$0	\$0	\$13,995,234
Non-depreciable Property	68,125	0	0	68,125
Construction in Progress	9,316,658	6,678,234	7,664,566	8,330,326
Total capital assets not being depreciated	\$23,380,017	6,678,234	7,664,566	\$22,393,685
Capital assets being depreciated:				
Buildings & improvements	\$173,877,038	7,664,566	0	\$181,541,604
Equipment	15,110,727	1,650,386	51,981	16,709,132
Vehicles	7,068,321	0	0	7,068,321
Total capital assets being depreciated	\$196,056,086	9,314,952	51,981	\$205,319,057
Less accumulated depreciation for:				
Buildings and improvements	\$36,641,668	\$3,769,967	\$0	\$40,411,635
Equipment	11,650,783	1,186,021	25,991	12,810,813
Vehicles	3,123,497	285,920	0	3,409,417
Total accumulated depreciation	\$51,415,948	\$5,241,908	\$25,991	\$56,631,865
Total capital assets being depreciated, net	\$144,640,138	\$4,073,044	\$25,990	\$148,687,192
Governmental activities capital assets, net	<u>\$168,020,155</u>	<u>\$10,751,278</u>	<u>\$7,690,556</u>	<u>\$171,080,877</u>

Depreciation was charged to functions as follows:

Instruction	\$3,373,088
Instructional Resources and Media Services	287,702
Instructional Leadership	2,319
School Leadership	1,537
Guidance, Counseling & Evaluation Services	5,161
Student Transportation	505,549
Food Services	106,895
Cocurricular and Extracurricular Activities	709,800
General Administration	6,956
Plant Maintenance and Operations	140,430
Data Processing	102,471
Total	<u>\$5,241,908</u>

E. Long Term Obligations

Long-Term Obligation Activity

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$135,577,187	\$64,908,435	\$6,180,109	\$194,305,513	\$8,280,472
Loans Payable	0	0	0	0	0
Accreted Interest Payable	19,232,139	217,707	0	19,449,846	0
Total Governmental Activities	<u>\$154,809,326</u>	<u>\$65,126,142</u>	<u>\$6,180,109</u>	<u>\$213,755,359</u>	<u>\$8,280,472</u>

Bonds

Bonded indebtedness of the District is identified as non-current liabilities in the government wide financial statements, with current requirements for principal shown as due in one year. Bonds outstanding at August 31, 2009 are as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance</u>
Tax Refunding Bonds, Series 1990A	7.10-7.25%	\$15,900,000	\$600,473
Tax Refunding Bonds, Series 1993	N/A	14,804,683	0
Tax School Building and Refunding Bonds, Series 1994	5.70-6.329%	20,614,338	0
Tax School Building Bonds, Series 1995	4.90%	3,730,000	0
Tax School Building Bonds, Series 1996	4.70-5.00%	9,305,000	0
Tax School Building and Refunding Bonds, Series 1997	5.49%	9,335,000	0
Variable Rate Tax School Building Bonds, Series 1997	4.93-5.15%	10,200,000	1,200,000
Variable Rate Tax School Building Bonds, Series 1997	5.15-5.21%	9,800,000	2,050,000
Tax School Building and Refunding Bonds, Series 1999	5.18-5.70%	16,226,727	0
Tax School Building Bonds, Series 1999	4.10-5.15%	23,900,000	0
Tax School Building Bonds, Series 2000-A	4.44%	11,100,000	0
Tax School Building Bonds, Series 2000	Variable	35,000,000	17,300,000
Tax School Building and Refunding Bonds, Series 2001	3.23-5.41%	21,854,997	4,315,000
Tax School Building Bonds, Series 2003	1.20-3.69%	12,119,999	1,260,000
Tax School Building Bonds, Series 2005	3.20-5.25%	20,564,997	20,259,997
Tax School Building Bonds, Series 2006	4.00-5.00%	38,071,919	29,331,919
Tax School Building Bonds, Series 2006C	4.00-4.375%	23,399,863	23,074,863

Tax School Buildings Bonds, Series 2008	2.30-5.00%	9,439,992	9,214,992
Tax School Buildings Bonds, Series 2009A	3.75-6.875%	58,190,000	58,190,000
Tax School Buildings Bonds, Series 2009B	5.00%	6,720,000	6,720,000
Tax School Buildings Bonds, Series 2009C	2.50-5.25%	20,788,269	20,788,269
Total			194,305,513

New debt has been issued during the current fiscal year, Series 2009 in the amount of \$95,138,261. A portion of this new debt issued was used to refund outstanding debt of the District. Refundings included the following: 1998 U/L Tax School Building Bonds in the amount of \$3,580,000, 1998 CABS in the amount of \$1,309,687, 1998A U/L Tax School Buildings Bonds in the amount of \$25,020,000 and 1998A CABS in the amount of \$320,139.

Debt service requirements on long-term debt at August 31, 2009 are as follows:

Governmental Activities

Year Ending August 31	Principal	Interest	Total
2010	8,280,472	11,679,350	19,959,822
2011	7,285,000	9,576,424	16,861,424
2012	6,925,000	9,259,144	16,184,144
2013	6,631,247	10,018,265	16,649,512
2014	5,654,002	11,143,540	16,797,542
2015-2019	33,639,792	47,391,527	81,031,319
2020-2024	47,280,000	29,619,322	76,899,322
2025-2029	46,025,000	15,808,615	61,833,615
2030-2034	31,625,000	5,001,931	36,626,931
2035	960,000	24,422	984,422
Totals	<u>\$194,305,513</u>	<u>\$149,522,540</u>	<u>\$343,828,053</u>

F. Pension Plan

- **Plan Description**

The District contributes to the Teacher Retirement System of Texas (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System includes a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS publication heading.

- Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. In certain instances, the District is required to make all or a portion of the State's 6.0% contribution. Contributions are not actuarially determined but are legally established each biennium by the legislature of the State of Texas. The District's employees contributions to the System for the years ended August 31, 2009, 2008 and 2007 were \$2,837,676, \$2,706,484 and \$ 2,508,087, respectively. Contributions from private grants and from the District for salaries above the statutory minimum for the years ended August 31, 2009, 2008, and 2007 were \$575,487, \$454,694 and \$388,915, respectively.

- On-Behalf Payments

In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$2,715,921 are reflected in the general fund basic financial statements.

In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," Medicare Part D on-behalf payments for the August 31, 2009 fiscal year end, are \$103,707.

G. Risk Management

Health Care

During the year ended August 31, 2009, employees of the Carroll Independent School District were covered by a health insurance plan (the Plan). The District paid premiums of \$290 per month per employee and employees, at their option, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to TRS Active Care for the fiscal year. TRS Active Care became the District's new healthcare provider beginning September 1, 2008. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Carroll Independent School District and TRS Active Care is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for TRS Active Care are available for the year ended December 31, 2007 and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

H. Litigation

The District appears to have no significant pending litigation as of August 31, 2009, which is required to be disclosed according to the District's counsel.

I. Commitments and Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2009 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

J. Interfund Balances and Activities

Transfers To and From Other Funds

Transfers noted for the District at August 31, 2009 were all within the General Fund. These transfers were in the amount of \$1,306,772.

Interfund Receivables and Payables

The composition of interfund balances as of August 31, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue	\$269,819
General Fund	Debt Service	0
General Fund	Capital Projects	0
General Fund	General Fund	1,250,783
Debt Service	General Fund	30,507
General Fund	Agency Fund	<u>48,928</u>
Total		<u>\$1,600,037</u>

K. Compliance, Stewardship, and Accountability

Expenditures Over Appropriations

There were no expenditures in excess of appropriations at functional expenditure levels.

L. Subsequent Events

There were no events which occurred subsequent to year end through the date of this report that would have a significant impact on the Districts financial status or operations which would be required to be disclosed in these footnotes.

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 62,038,155	\$ 62,355,345	\$ 62,526,651	\$ 171,306
5800	State Program Revenues	16,515,645	16,826,593	16,843,250	16,657
5900	Federal Program Revenues	75,000	65,200	55,135	(10,065)
5020	Total Revenues	78,628,800	79,247,138	79,425,036	177,898
EXPENDITURES:					
Current:					
0011	Instruction	36,685,945	38,393,820	37,942,124	451,696
0012	Instructional Resources and Media Services	801,140	1,200,591	990,463	210,128
0013	Curriculum and Instructional Staff Development	647,965	631,812	566,247	65,565
0021	Instructional Leadership	891,306	891,306	878,927	12,379
0023	School Leadership	3,357,993	3,375,358	3,321,569	53,789
0031	Guidance, Counseling and Evaluation Services	1,995,056	1,995,056	1,960,480	34,576
0033	Health Services	579,229	613,229	602,002	11,227
0034	Student (Pupil) Transportation	1,987,245	1,812,245	1,613,455	198,790
0036	Extracurricular Activities	2,628,457	2,749,769	2,527,227	222,542
0041	General Administration	3,205,748	3,251,748	3,037,568	214,180
0051	Facilities Maintenance and Operations	8,179,899	7,209,029	6,910,174	298,855
0052	Security and Monitoring Services	86,263	86,263	74,267	11,996
0053	Data Processing Services	772,995	1,287,637	1,229,056	58,581
0061	Community Services	30,000	30,000	24,971	5,029
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	597,587	153,780	443,807
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	12,256,242	16,071,624	16,071,624	-
0093	Payments to Fiscal Agent/Member Districts of SSA	451,126	451,126	420,369	30,757
0097	Payments to Tax Increment Fund	4,937,069	4,555,311	4,555,311	-
6030	Total Expenditures	79,493,678	85,203,511	82,879,614	2,323,897
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(864,878)	(5,956,373)	(3,454,578)	2,501,795
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	1,672,577	1,680,357	1,306,772	(373,585)
8911	Transfers Out (Use)	(1,672,577)	(1,680,357)	(1,306,772)	373,585
7080	Total Other Financing Sources (Uses)	-	-	-	-
1200	Net Change in Fund Balances	(864,878)	(5,956,373)	(3,454,578)	2,501,795
0100	Fund Balance - September 1 (Beginning)	-	28,288,755	28,288,755	-
3000	Fund Balance - August 31 (Ending)	\$ (864,878)	\$ 22,332,382	\$ 24,834,177	\$ 2,501,795

T.E.A. REQUIRED SCHEDULES

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

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ -	\$ 2,177,805	\$ -	\$ -	\$ 2,177,805
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	22,366	-	-	22,366
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	261,519	-	-	-	261,519
6212	Audit Services	-	-	-	29,150	-	-	29,150
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	443,667	-	-	-	-	443,667
621X	Other Professional Services	-	-	72,359	162,336	-	-	234,695
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	17,580	-	-	17,580
6240	Contr. Maint. and Repair	-	-	-	-	206,418	-	206,418
6250	Utilities	-	-	-	-	6,414	-	6,414
6260	Rentals	-	-	12,912	38,236	-	-	51,148
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	255	226	-	-	481
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	2,480	495,307	-	-	497,787
6410	Travel, Subsistence, Stipends	9,442	-	10,016	31,146	-	-	50,604
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	17,730	-	-	-	-	-	17,730
6490	Miscellaneous Operating	-	-	3,390	20,737	-	-	24,127
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	257,511	257,511
6000	TOTAL	\$ 27,172	\$ 443,667	\$ 362,931	\$ 2,994,889	\$ 212,832	\$ 257,511	\$ 4,299,002

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 88,810,142

LESS: Deductions of Unallowable Costs
 FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,237,742
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	6,907,433
Food (Function 35, 6341 and 6499)	(13)	1,248,222
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		2,994,889

SubTotal: 12,388,286

Net Allowed Direct Cost \$ 76,421,856

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 181,541,604
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)	\$ 23,777,453
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ -

(8) NOTE A: \$1,234,041 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.

CARROLL 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)		\$ 24,834,177
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 7,714,057	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	-	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	4,626,484	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09-5/31/10).	6,078,596	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	-	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
8	Estimate of delayed payments from federal sources (59xx)	-	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		<u>18,419,137</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ 6,415,040</u>

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

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,571,071	\$ 2,571,071	\$ 2,625,011	\$ 53,940
5800	State Program Revenues	62,400	62,400	79,560	17,160
5900	Federal Program Revenues	173,400	173,400	115,924	(57,476)
5020	Total Revenues	2,806,871	2,806,871	2,820,495	13,624
EXPENDITURES:					
0035	Food Services	2,868,087	2,943,087	2,709,370	233,717
6030	Total Expenditures	2,868,087	2,943,087	2,709,370	233,717
1200	Net Change in Fund Balances	(61,216)	(136,216)	111,125	247,341
0100	Fund Balance - September 1 (Beginning)	-	200,975	201,057	82
3000	Fund Balance - August 31 (Ending)	\$ (61,216)	\$ 64,759	\$ 312,182	\$ 247,423

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 22,660,114	\$ 20,039,512	\$ 20,071,330	\$ 31,818
5020	Total Revenues	22,660,114	20,039,512	20,071,330	31,818
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	13,650,167	12,492,092	12,492,092	-
0072	Debt Service - Interest on Long Term Debt	8,589,090	7,392,461	6,540,678	851,783
0073	Debt Service - Bond Issuance Cost and Fees	150,000	154,958	17,603	137,355
6030	Total Expenditures	22,389,257	20,039,511	19,050,373	989,138
1200	Net Change in Fund Balances	270,857	1	1,020,957	1,020,956
0100	Fund Balance - September 1 (Beginning)	-	2,730,367	2,730,367	-
3000	Fund Balance - August 31 (Ending)	\$ 270,857	\$ 2,730,368	\$ 3,751,324	\$ 1,020,956

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2000 and prior years	\$ 1.429500	\$ 0.360500	\$ 2,288,477,470
2001	1.440000	0.445000	2,670,868,997
2002	1.420000	0.515000	3,042,670,230
2003	1.440000	0.500000	3,416,730,477
2004	1.438500	0.464000	3,605,227,070
2005	1.500000	0.435000	3,721,512,423
2006	1.500000	0.440000	3,829,949,221
2007	1.370000	0.430000	4,326,177,444
2008	1.040000	0.430000	4,899,664,421
2009 (School year under audit)	1.040000	0.375000	5,396,987,633
100 TOTALS			
9000 Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			\$ -

(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
\$ 234,825	\$ -	\$ 3,899	\$ 1,444	\$ -	\$ 229,482
45,140	-	2	-	-	45,138
44,128	-	-	-	-	44,128
42,925	-	-	-	-	42,925
120,675	-	33,093	12,240	(889)	74,453
124,487	-	28,049	10,374	(1,766)	84,298
113,149	-	39,144	14,479	(1,766)	57,760
135,187	-	43,477	16,081	(3,822)	71,807
490,574	-	257,901	69,398	(25,668)	137,607
-	76,367,375	55,114,438	20,384,792	(147,389)	720,756
<u>\$ 1,351,090</u>	<u>\$ 76,367,375</u>	<u>\$ 55,520,004</u>	<u>\$ 20,508,808</u>	<u>\$ (181,299)</u>	<u>\$ 1,508,354</u>
\$ -	\$ -	\$ 3,325,377	\$ 1,229,934	\$ -	\$ (4,555,311)

FEDERAL AWARDS SECTION

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

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	09610101220919	\$ 115,341
ESEA, Title I, Part A - Improving Basic Programs	84.010A	09610101220919	9,438
Total CFDA Number 84.010A			124,779
IDEA - Part B, Formula	84.027	096600012209196600	1,060,781
IDEA - Part B, Formula	84.027	096600012209196600	176,975
IDEA - Part B, Discretionary	84.027	09660006220919	97,676
Total CFDA Number 84.027			1,335,432
Career and Technical - Basic Grant	84.048	09420006220919	40,481
Career and Technical - Basic Grant	84.048	09420006220919	5,200
Total CFDA Number 84.048			45,681
IDEA - Part B, Preschool	84.173	096610012209196610	22,771
ESEA Title IV - Safe and Drug-Free Schools	84.186A	09691001220919	13,315
Title V, Part A - Innovative Programs	84.298	0968501220919	1,709
Title II, Part D -Enhancing Ed. Through Technology	84.318X	09630001220919	1,188
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	09694501220919	100,565
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	09694501220919	5,128
Total CFDA Number 84.367A			105,693
IDEA, Part B, Formula - ARRA	84.391	10554001220919	30,313
IDEA, Part B, Preschool - ARRA	84.392	10555001220919	504
Total Passed Through State Department of Education			\$ 1,681,385
TOTAL DEPARTMENT OF EDUCATION			\$ 1,681,385
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
National School Lunch Program - Cash Assistance*	10.555	71300701	\$ 112,870
National School Lunch Prog. - Non-Cash Assistance*	10.555	71300701	3,054
Total CFDA Number 10.555			115,924
Total Passed Through the State Department of Agriculture			\$ 115,924
TOTAL DEPARTMENT OF AGRICULTURE			\$ 115,924
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,797,309

*Clustered Programs as required by Compliance Supplement March, 2009

CARROLL INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2009

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Carroll Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

B. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. No provision has been made for amounts on hand at August 31, 2009.