

No. \_\_\_\_\_



## UNITED INDEPENDENT SCHOOL DISTRICT AGENDA ACTION ITEM

**TOPIC:** Consideration and Approval of Independent Audit Report for the Year Ended August 31, 2008

**SUBMITTED BY:** Laida P. Benavides, CPA **OF:** Division of Finance

**APPROVED FOR TRANSMITTAL TO SCHOOL BOARD:** \_\_\_\_\_

**DATE ASSIGNED FOR BOARD CONSIDERATION:** December 17, 2008

**RECOMMENDATION:**

It is recommended that the Board of Trustees approve the independent audit report for the year ended August 31, 2008, as presented by the independent audit firm of Garza/Gonzalez & Associates.

**RATIONALE:**

The Board is required to have accounting documents and records audited annually by an independent auditor. The current audit report contains an "unqualified" opinion indicating the financial statements and all accompanying notes and information present fairly the financial position of the District. The audit firm will present preliminary audit findings at the Business Committee Meeting and will present the final audit report at the regularly scheduled board meeting of December 17, 2008.

**BUDGETARY INFORMATION:**

N/A

**BOARD POLICY REFERENCE AND COMPLIANCE:**

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2008

Data Control Codes	1	2 Primary Government		3 Total
		Governmental Activities	Business Type Activities	
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 84,605,855	\$ 1,439,302	\$ 86,045,157
1220	Property Taxes Receivable (Delinquent)	6,498,864	-	6,498,864
1230	Allowance for Uncollectible Taxes	(3,522,761)	-	(3,522,761)
1240	Due from Other Governments	28,779,655	411,306	29,190,961
1260	Internal Balances	(158,258)	158,258	-
1290	Other Receivables, net	415	1,193	1,608
1300	Inventories	94,709	364,722	459,431
1410	Prepaid Expenses	645,549	-	645,549
Capital Assets:				
1510	Land	26,355,151	-	26,355,151
1520	Buildings, Net	231,368,876	49,765	231,418,641
1530	Furniture and Equipment, Net	17,690,386	561,571	18,251,957
1580	Construction in Progress	43,145,652	-	43,145,652
1000	Total Assets	435,504,094	2,986,117	438,490,211
<b>LIABILITIES</b>				
2110	Accounts Payable	5,283,586	285,433	5,569,019
2120	Short Term Debt Payable	-	78,228	78,228
2150	Payroll Deductions & Withholdings	163,913	-	163,913
2160	Accrued Wages Payable	8,186,045	167,330	8,353,375
2180	Due to Other Governments	740,851	-	740,851
2190	Due to Student Groups	42,037	-	42,037
2200	Accrued Expenses	45,639	-	45,639
2300	Unearned Revenues	131,022	69,391	200,413
2400	Payable from Restricted Assets	247,957	-	247,957
Noncurrent Liabilities				
2501	Due Within One Year	19,389,233	-	19,389,233
2502	Due in More Than One Year	290,378,182	94,178	290,472,360
2000	Total Liabilities	324,608,465	694,560	325,303,025
<b>NET ASSETS</b>				
3200	Invested in Capital Assets, Net of Related Debt	34,610,802	515,936	35,126,738
Restricted for:				
3820	Restricted for Federal and State Programs	1,298,383	-	1,298,383
3850	Restricted for Debt Service	16,470,929	-	16,470,929
3860	Restricted for Capital Projects	19,949,640	-	19,949,640
3900	Unrestricted Net Assets	38,565,875	1,775,621	40,341,496
3000	Total Net Assets	\$ 110,895,628	\$ 2,291,557	\$ 113,187,185

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

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
11 Instruction	\$ 186,463,334	\$ 1,128	\$ 32,512,807
12 Instructional Resources and Media Services	5,041,817	-	224,729
13 Curriculum and Instructional Staff Development	1,496,836	-	1,010,142
21 Instructional Leadership	7,048,701	-	3,205,687
23 School Leadership	19,069,112	-	1,985,749
31 Guidance, Counseling and Evaluation Services	12,244,544	-	2,280,430
32 Social Work Services	1,656,268	-	132,185
33 Health Services	3,219,740	-	170,030
34 Student (Pupil) Transportation	12,854,838	-	557,274
35 Food Services	1,373,363	6,862	1,316,146
36 Extracurricular Activities	9,012,854	1,366,313	89,927
41 General Administration	10,136,554	-	474,706
51 Plant Maintenance and Operations	32,429,720	-	1,043,867
52 Security and Monitoring Services	6,407,414	-	319,959
53 Data Processing Services	3,848,203	-	237,674
61 Community Services	756,417	-	491,129
72 Debt Service - Interest on Long Term Debt	13,738,310	-	160,563
73 Debt Service - Bond Issuance Cost and Fees	14,938	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	335,000	-	-
99 Other Intergovernmental Charges	1,336,878	-	-
[TG] Total Governmental Activities:	<u>328,484,840</u>	<u>1,374,303</u>	<u>46,213,005</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
35 Enterprise Fund - National School Breakfast&Lunch	19,784,330	2,959,425	16,201,061
[TB] Total Business-Type Activities:	<u>19,784,330</u>	<u>2,959,425</u>	<u>16,201,061</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 348,269,170</u>	<u>\$ 4,333,728</u>	<u>\$ 62,414,066</u>
Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants		
GC	Grants and Contributions not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
TR	Total General Revenues		
CN	Change in Net Assets		
NB	Net Assets--Beginning		
NE	Net Assets--Ending		

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

Net (Expense) Revenue and  
Changes in Net Assets

6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (153,949,399)	\$ -	\$ (153,949,399)
(4,817,088)	-	(4,817,088)
(486,694)	-	(486,694)
(3,843,014)	-	(3,843,014)
(17,083,363)	-	(17,083,363)
(9,964,114)	-	(9,964,114)
(1,524,083)	-	(1,524,083)
(3,049,710)	-	(3,049,710)
(12,297,564)	-	(12,297,564)
(50,355)	-	(50,355)
(7,556,614)	-	(7,556,614)
(9,661,848)	-	(9,661,848)
(31,385,853)	-	(31,385,853)
(6,087,455)	-	(6,087,455)
(3,610,529)	-	(3,610,529)
(265,289)	-	(265,289)
(13,577,747)	-	(13,577,747)
(14,938)	-	(14,938)
(335,000)	-	(335,000)
(1,336,878)	-	(1,336,878)
(280,897,532)	-	(280,897,532)
-	(623,845)	(623,845)
-	(623,845)	(623,845)
(280,897,532)	(623,845)	(281,521,377)
82,834,685	-	82,834,685
12,454,204	-	12,454,204
197,350,265	-	197,350,265
695,642	-	695,642
5,580,829	52,368	5,633,198
6,345,363	-	6,345,363
305,260,989	52,368	305,313,357
24,363,457	(571,476)	23,791,981
86,532,171	2,863,033	89,395,204
\$ 110,895,628	\$ 2,291,557	\$ 113,187,185

UNITED INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 50,975,784	\$ 7,671,565	\$ 24,332,737
1220 Property Taxes - Delinquent	5,559,006	939,858	-
1230 Allowance for Uncollectible Taxes (Credit)	(2,975,464)	(547,297)	-
1240 Due from Other Governments	26,626,080	-	-
1260 Due from Other Funds	1,675,848	-	-
1290 Other Receivables	415	-	-
1300 Inventories	94,709	-	-
1410 Prepaid Expenditures	645,549	-	-
1000 Total Assets	<u>\$ 82,601,927</u>	<u>\$ 8,064,126</u>	<u>\$ 24,332,737</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
2110 Accounts Payable	\$ 900,489	\$ -	\$ 4,383,097
2150 Payroll Deductions and Withholdings Payable	163,913	-	-
2160 Accrued Wages Payable	7,703,303	-	-
2170 Due to Other Funds	-	-	-
2180 Due to Other Governments	-	714,277	-
2190 Due to Student Groups	-	-	-
2200 Accrued Expenditures	45,639	-	-
2300 Deferred Revenues	1,900,635	297,095	-
2400 Payable from Restricted Assets	247,957	-	-
2000 Total Liabilities	<u>\$ 10,961,936</u>	<u>\$ 1,011,372</u>	<u>\$ 4,383,097</u>
<b>Fund Balances:</b>			
<b>Reserved For:</b>			
3410 Investments in Inventory	\$ 94,709	\$ -	\$ -
3420 Retirement of Long Term Debt	9,418,175	7,052,754	-
3430 Prepaid Items	645,549	-	-
3440 Outstanding Encumbrances	4,103,685	-	15,815,225
<b>Unreserved Designated For:</b>			
3510 Construction	1,611,576	-	-
3540 Self Insurance	125,000	-	-
3590 Other Purposes	9,712,365	-	-
<b>Unreserved and Undesignated:</b>			
3600 Reported in the General Fund	45,928,932	-	-
3610 Reported in Special Revenue Funds	-	-	-
3620 Reported in Capital Projects Funds	-	-	4,134,415
3000 Total Fund Balances	<u>\$ 71,639,991</u>	<u>\$ 7,052,754</u>	<u>\$ 19,949,640</u>
4000 Total Liabilities and Fund Balances	<u>\$ 82,601,927</u>	<u>\$ 8,064,126</u>	<u>\$ 24,332,737</u>

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

Other Funds	Total Governmental Funds
\$ 1,625,769	\$ 84,605,855
-	6,498,864
-	(3,522,761)
2,153,575	28,779,655
-	1,675,848
-	415
-	94,709
-	645,549
<u>\$ 3,779,344</u>	<u>\$ 118,778,134</u>
\$ -	\$ 5,283,586
-	163,913
482,742	8,186,045
1,834,106	1,834,106
26,574	740,851
42,037	42,037
-	45,639
95,502	2,293,231
-	247,957
<u>\$ 2,480,961</u>	<u>\$ 18,837,366</u>
\$ -	\$ 94,709
-	16,470,929
-	645,549
-	19,918,910
-	1,611,576
-	125,000
-	9,712,365
-	45,928,932
1,298,383	1,298,383
-	4,134,415
<u>\$ 1,298,383</u>	<u>\$ 99,940,768</u>
<u>\$ 3,779,344</u>	<u>\$ 118,778,134</u>

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

<b>Total Fund Balances - Governmental Funds</b>	\$	99,940,768
<b>1</b> 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 \$432,828,683 and the accumulated depreciation was \$133,822,638. In addition, long-term liabilities, including bonds payable, Public Property Finance Contractual Obligations (PPFCO's), leases and Loan Star proceeds totaled \$325,717,327 and other long-term liabilities of \$629,212 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.		(27,340,494)
<b>2</b> Current year capital outlays of \$34,319,018 and long-term debt principal payments of \$19,019,662, amortization of premiums in the amount of \$364,406, refunded bonds of \$4,295,000 and reductions of \$4,072,046 of other liabilities 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 retirement of capital assets of \$540,764, and the issuance of refunding bonds of \$4,295,000, the accretion on capital appreciation bonds of \$2,190,251, and the accumulation of other benefits of \$4,686,740 in the financial statements should be shown as decreases in capital assets and as increases in long-term debt in the government-wide statements. The net effect of including the 2008 capital outlays and debt principal payments is to increase (decrease) net assets.		50,357,378
<b>3</b> The 2008 depreciation expense of \$14,739,997 net of adjustments/disposals of \$515,764 increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(14,224,233)
<b>4</b> 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.		2,162,210
<b>19 Net Assets of Governmental Activities</b>	<b>\$</b>	<b>110,895,628</b>

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

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 91,876,866	\$ 13,484,888	\$ 3,100,824
5800 State Program Revenues	200,706,436	9,696,094	-
5900 Federal Program Revenues	1,156,173	-	-
5020 Total Revenues	<u>293,739,475</u>	<u>23,180,982</u>	<u>3,100,824</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	153,808,608	-	-
0012 Instructional Resources and Media Services	4,567,277	-	-
0013 Curriculum and Instructional Staff Development	520,357	-	-
0021 Instructional Leadership	4,199,398	-	-
0023 School Leadership	17,634,365	-	-
0031 Guidance, Counseling and Evaluation Services	10,592,260	-	-
0032 Social Work Services	1,607,113	-	-
0033 Health Services	3,204,807	-	-
0034 Student (Pupil) Transportation	13,921,659	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	7,816,194	-	-
0041 General Administration	9,427,698	-	-
0051 Facilities Maintenance and Operations	32,556,452	-	-
0052 Security and Monitoring Services	6,357,766	-	-
0053 Data Processing Services	3,879,463	-	-
0061 Community Services	290,935	-	-
<b>Debt Service:</b>			
0071 Debt Service - Principal on Long Term Debt	3,197,766	12,349,279	-
0072 Debt Service - Interest on Long Term Debt	467,080	13,982,849	-
0073 Debt Service - Bond Issuance Cost and Fees	1,786	13,152	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	1,944,308	-	27,273,516
<b>Intergovernmental:</b>			
0095 Payments to Juvenile Justice Alternative Ed. Prg.	335,000	-	-
0099 Other Intergovernmental Charges	1,336,878	-	-
6030 Total Expenditures	<u>277,667,170</u>	<u>26,345,280</u>	<u>27,273,516</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,072,305</u>	<u>(3,164,298)</u>	<u>(24,172,692)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7901 Refunding Bonds Issued	-	4,295,000	-
7915 Transfers In	100,000	-	2,500,000
8911 Transfers Out (Use)	(2,500,000)	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(4,391,660)	-
7080 Total Other Financing Sources (Uses)	<u>(2,400,000)</u>	<u>(96,660)</u>	<u>2,500,000</u>
1200 Net Change in Fund Balances	13,672,305	(3,260,958)	(21,672,692)
0100 Fund Balance - September 1 (Beginning)	<u>57,967,686</u>	<u>10,313,711</u>	<u>41,622,332</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 71,639,991</u>	<u>\$ 7,052,754</u>	<u>\$ 19,949,640</u>

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



Other Funds	Total Governmental Funds
\$ 891,177	\$ 109,353,755
8,648,516	219,051,046
23,160,516	24,316,689
<u>32,700,209</u>	<u>352,721,490</u>
24,179,369	177,987,977
18,129	4,585,406
976,483	1,496,840
2,841,618	7,041,016
1,053,050	18,687,415
1,647,423	12,239,683
49,190	1,656,303
14,995	3,219,802
29,279	13,950,938
855,615	855,615
14,049	7,830,243
134,214	9,561,912
108,075	32,664,527
34,998	6,392,764
69,814	3,949,277
465,509	756,444
582,986	16,130,031
160,563	14,610,492
-	14,938
-	29,217,824
-	335,000
-	1,336,878
<u>33,235,359</u>	<u>364,521,324</u>
<u>(535,150)</u>	<u>(41,799,834)</u>
-	4,295,000
-	2,600,000
(100,000)	(2,600,000)
-	(4,391,660)
<u>(100,000)</u>	<u>(96,660)</u>
<u>(635,150)</u>	<u>(11,896,494)</u>
<u>1,933,533</u>	<u>111,837,262</u>
<u>\$ 1,298,383</u>	<u>\$ 99,940,768</u>

UNITED INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2008

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(11,896,494)
<p>Current year capital outlays \$34,319,018 and long-term debt principal payments of \$19,019,662, amortization of premiums in the amount of \$364,406, refunded bonds of \$4,295,000 and reductions of \$4,072,046 of other liabilities 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 retirement of capital assets of \$540,764, and the issuance of refunding bonds of \$4,295,000, the accretion on capital appreciation bonds of \$2,190,251, and the accumulation of other benefits of \$4,686,740 in the financial statements should be shown as decreases in capital assets and as increases in long-term debt in the government-wide statements. The net effect of removing the 2008 capital outlays and debt principal payments is to increase (decrease) net assets.</p>		
		50,357,378
<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>		
		(14,224,233)
<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>		
		126,806
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b>24,363,457</b>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 90,392,101	\$ 91,753,747	\$ 91,876,866	\$ 123,119
5800	State Program Revenues	185,555,267	199,299,612	200,706,436	1,406,824
5900	Federal Program Revenues	900,765	800,765	1,156,173	355,408
5020	Total Revenues	276,848,133	291,854,124	293,739,475	1,885,351
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	148,675,092	157,113,704	153,808,608	3,305,096
0012	Instructional Resources and Media Services	4,260,752	4,652,030	4,567,277	84,753
0013	Curriculum and Instructional Staff Development	1,025,338	770,264	520,357	249,907
0021	Instructional Leadership	3,679,664	4,282,570	4,199,398	83,172
0023	School Leadership	16,697,614	17,805,667	17,634,365	171,302
0031	Guidance, Counseling and Evaluation Services	10,110,154	10,765,129	10,592,260	172,869
0032	Social Work Services	1,449,070	1,610,852	1,607,113	3,739
0033	Health Services	2,907,954	3,227,418	3,204,807	22,611
0034	Student (Pupil) Transportation	12,395,432	14,586,315	13,921,659	664,656
0036	Extracurricular Activities	7,589,907	8,107,424	7,816,194	291,230
0041	General Administration	10,842,278	10,102,535	9,427,698	674,837
0051	Facilities Maintenance and Operations	33,262,896	34,860,856	32,556,452	2,304,404
0052	Security and Monitoring Services	6,443,440	6,715,340	6,357,766	357,574
0053	Data Processing Services	3,633,549	4,959,624	3,879,463	1,080,161
0061	Community Services	229,000	310,254	290,935	19,319
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	2,336,933	3,463,271	3,197,766	265,505
0072	Debt Service - Interest on Long Term Debt	465,347	467,081	467,080	1
0073	Debt Service - Bond Issuance Cost and Fees	5,000	5,000	1,786	3,214
Capital Outlay:					
0081	Facilities Acquisition and Construction	8,400,000	9,976,961	1,944,308	8,032,653
Intergovernmental:					
0095	Payments to Juvenile Justice Alternative Ed. Prg.	-	350,000	335,000	15,000
0099	Other Intergovernmental Charges	-	1,500,000	1,336,878	163,122
6030	Total Expenditures	274,409,420	295,632,295	277,667,170	17,965,125
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	2,438,713	(3,778,171)	16,072,305	19,850,476
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	100,000	100,000	100,000	-
8911	Transfers Out (Use)	(2,500,000)	(2,500,000)	(2,500,000)	-
7080	Total Other Financing Sources (Uses)	(2,400,000)	(2,400,000)	(2,400,000)	-
1200	Net Change in Fund Balances	38,713	(6,178,171)	13,672,305	19,850,476
0100	Fund Balance - September 1 (Beginning)	57,967,686	57,967,686	57,967,686	-
3000	Fund Balance - August 31 (Ending)	\$ 58,006,399	\$ 51,789,515	\$ 71,639,991	\$ 19,850,476

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

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2008

	Business-Type Activities
	70
	Food Service Fund
<hr/>	
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,439,302
Due from Other Governments	411,306
Due from Other Funds	158,258
Other Receivables	1,193
Inventories	364,722
Total Current Assets	<u>2,374,781</u>
Noncurrent Assets:	
Capital Assets:	
Buildings and Improvements	69,800
Depreciation on Buildings	(20,035)
Furniture and Equipment	3,959,429
Depreciation on Furniture and Equipment	<u>(3,397,858)</u>
Total Noncurrent Assets	<u>611,336</u>
Total Assets	<u>2,986,117</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	285,433
Short Term Bonds, Loans, and Other Payable	78,228
Accrued Wages Payable	167,330
Unearned Revenues	69,391
Total Current Liabilities	<u>600,382</u>
Noncurrent Liabilities:	
Loans Payable - Due in More than One Year	79,500
Other Long-Term Debt - Due in More than One Year	14,678
Total Noncurrent Liabilities	<u>94,178</u>
Total Liabilities	<u>694,560</u>
<b>NET ASSETS</b>	
Investments in Capital Assets, Net of Debt	515,936
Unrestricted Net Assets	<u>1,775,621</u>
Total Net Assets	<u>\$ 2,291,557</u>

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

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

	Business-Type Activities
	70
	Food Service Fund
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 2,359,996
State Program Revenues	599,429
Total Operating Revenues	<u>2,959,425</u>
OPERATING EXPENSES:	
Payroll Costs	9,889,386
Professional and Contracted Services	404,463
Supplies and Materials	9,256,183
Other Operating Costs	53,490
Depreciation	180,808
Total Operating Expenses	<u>19,784,330</u>
Operating Income (Loss)	<u>(16,824,90)</u>
NONOPERATING REVENUES (EXPENSES):	
National School Breakfast Program	4,767,981
National School Lunch Program	10,119,338
Donated Commodities (USDA)	1,313,742
Earnings from Temporary Deposits & Investments	52,368
Total Nonoperating Revenues (Expenses)	<u>16,253,429</u>
Change in Net Assets	(571,476)
Total Net Assets - September 1 (Beginning)	<u>2,863,033</u>
Total Net Assets - August 31 (Ending)	<u>\$ 2,291,557</u>

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

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

	Business-Type Activities
	70
	Food Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 2,286,262
Cash Received from State	599,355
Cash Payments to Employees for Services	(9,895,380)
Cash Payments for Contracted Services	(404,463)
Cash Payments for Suppliers	(7,681,326)
Cash Payments for Other Operating Expenses	(53,490)
Net Cash Used for Operating Activities	<u>(15,149,042)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Increase(decrease) in Short-term Loans	54,565
Federal Grants	14,887,319
Net Cash Provided by Non-Capital Financing Activities	<u>14,941,884</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>	
Acquisition of Capital Assets	(182,133)
Long Term Loan & Other Debt	94,178
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(87,955)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>52,368</u>
Net Decrease in Cash and Cash Equivalents	(242,745)
Cash and Cash Equivalents at Beginning of the Year:	<u>1,682,047</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 1,439,302</u>

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

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2008

	Business-Type Activities
	70
	Food Service Fund
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (16,824,905)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	180,808
Commodity Expense - USDA Various Food Products	1,313,742
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	26
Decrease (increase) in Inventories	(23,610)
Decrease (increase) in Due From Other	(73,760)
Increase (decrease) in Accounts Payable	284,726
Increase (decrease) in Accrued Wages Payable	(5,995)
Increase (decrease) in Unearned Revenue	(74)
Net Cash Used for Operating Activities	<u>\$ (15,149,042)</u>
<u>Noncash Investing, Capital and Financing Activities:</u>	
Commodity Expense - USDA Various Food Products	1,313,742

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

UNITED INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2008

	Agency Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,389,943
Total Assets	<u>1,389,943</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 1,389,943
Total Liabilities	<u>1,389,943</u>

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