

**CEDAR HILL  
INDEPENDENT SCHOOL DISTRICT**

**Financial Report for the Year Ended**

**June 30, 2010**



**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
 Annual Financial Report  
 For the Year Ended June 30, 2010

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**CERTIFICATE OF BOARD**

<u>Cedar Hill Independent School District</u>	<u>Dallas</u>	<u>057-904</u>
Name of School District	County	Co.- Dist. Number

We, the undersigned, certify that the attached financial reports of the above-named school district were reviewed and ( ) approved ( ) disapproved for the year ended June 30, 2010, at a meeting of the Board of School Trustees of such school district on the \_\_\_day of \_\_\_\_\_, 2010.

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

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

If the auditor's report was disapproved, the reason(s) therefore is/are (attach list if necessary):



**FINANCIAL SECTION**





**PINGLETON, HOWARD & COMPANY, P. C.**

CERTIFIED PUBLIC ACCOUNTANTS  
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TEXAS SOCIETY OF CPAs

**UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTAL INFORMATION AND OTHER  
SUPPLEMENTARY INFORMATION  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Independent Auditor's Report**

Board of School Trustees  
**Cedar Hill Independent School District**  
P. O. Box 248  
Cedar Hill, Texas 75106

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar Hill Independent School District, Cedar Hill Texas (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. Our responsibility is to express an opinion on them based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar Hill Independent School District as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 3 through 8 and the budgetary comparison information on page 42 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 September 8, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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 conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the T.E.A. required schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, combining and individual nonmajor fund financial statements and the T.E.A. required schedules (except for Exhibit G-3, the Fund Balance and Cash Flow Calculation Worksheet, which is marked UNAUDITED and on which we express no opinion) 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.

*/s/ Pingleton, Howard & Company, P.C.*

September 8, 2010

## Management's Discussion and Analysis (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- The liabilities of the District exceeded its assets at the close of the most recent period by \$(23,014,416). Of this amount, \$15,434,655 (*unrestricted net assets*) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$26,687,457. Approximately 22 percent of this total amount, \$5,974,682, is *available for spending* at the government's discretion (*unreserved, undesignated fund balance*).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$5,744,968 or 10 percent of the total general fund expenditures.

### Overview of the Financial Statements

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

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

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

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

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no component units for which it is financially accountable. The government-wide financial statements can be found on pages 11-13 of this report.

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

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

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

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 14-17 of this report.
- **Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. There is one proprietary fund type. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The District has *business-type activities* or *enterprise funds* that operate similar to a private business. The District uses the enterprise fund to account for its extended day program activities. The basic proprietary fund financial statements can be found on pages 18-20 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary fund statements can be found on pages 21-22.
- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-39 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on page 42 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$(23,014,416).

### The District's Net Assets

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Current assets	\$ 36,621,045	37,242,943
Capital assets	<u>105,735,346</u>	<u>107,972,503</u>
Total assets	<u>142,356,391</u>	<u>145,215,446</u>
Current liabilities	8,277,112	7,998,637
Long-term liabilities	<u>157,093,695</u>	<u>160,083,232</u>
Total liabilities	<u>165,370,807</u>	<u>168,081,869</u>
Net assets:		
Invested in capital assets, net of related debt	(50,021,447)	(51,768,238)
Restricted	11,572,376	11,771,410
Unrestricted	<u>15,434,655</u>	<u>17,130,405</u>
Total net assets	<u>\$ (23,014,416)</u>	<u>(22,866,423)</u>

Investment in capital assets (e.g., land, buildings, furniture and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$(50,021,447). The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net assets, \$11,572,376 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$15,434,655 may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are more than currently available resources.

### Changes in the District's Net Assets

	Fiscal Year June 30, 2010		Fiscal Year June 30, 2009	
Revenues:				
Program revenues				
Charges for services	\$ 2,077,608	2.625%	2,198,173	2.745%
Operating grants and contributions	13,974,565	17.655%	9,650,922	12.053%
General revenues				
Property taxes	37,651,211	47.567%	43,144,398	53.884%
State grants	24,315,820	30.719%	23,483,731	29.329%
Other	<u>1,135,303</u>	<u>1.434%</u>	<u>1,592,707</u>	<u>1.989%</u>
Total revenues	<u>79,154,507</u>	<u>100.000%</u>	<u>80,069,931</u>	<u>100.000%</u>
Expenses:				
Instruction	41,613,548	52.474%	38,903,258	51.094%
Instruction resources and media services	1,080,540	1.363%	1,015,221	1.333%
Curriculum and staff development	222,824	0.281%	294,782	0.387%
Instructional leadership	1,016,299	1.282%	808,094	1.061%
School leadership	4,267,117	5.381%	4,089,593	5.371%
Guidance, counseling and evaluation services	2,564,907	3.234%	2,471,828	3.246%
Social work services	46,325	0.058%		
Health services	712,188	0.898%	679,529	0.892%
Student transportation	1,151,087	1.452%	1,218,650	1.601%
Food service	4,009,478	5.056%	3,569,864	4.689%
Cocurricular/extracurricular activities	2,156,566	2.719%	2,208,497	2.901%
General administration	2,121,444	2.675%	2,251,687	2.957%
Plant maintenance and operations	7,940,169	10.013%	7,878,510	10.347%
Security and monitoring services	1,088,797	1.373%	1,146,538	1.506%
Data processing services	941,275	1.187%	871,951	1.145%
Community services	90,946	0.115%	110,431	0.145%
Debt service - interest on long-term debt	7,542,058	9.510%	7,923,276	10.406%
Debt service - bond issuance costs	89,588	0.113%	89,724	0.118%
Payments to juvenile justice alternative ed	12,408	0.016%	63,595	0.084%
Payments to Tax Increment Fund	111,151	0.140%	123,007	0.162%
Other intergovernmental charges	169,934	0.214%		
Enterprise Funds - Locally Defined	<u>353,851</u>	<u>0.446%</u>	<u>422,355</u>	<u>0.555%</u>
Total expenses	<u>79,302,500</u>	<u>100.000%</u>	<u>76,140,390</u>	<u>100.000%</u>
Increase/(decrease) in net assets	(147,993)		3,929,541	
Beginning net assets	<u>(22,866,423)</u>		<u>(26,795,964)</u>	
Ending net assets	\$ <u>(23,014,416)</u>		<u>(22,866,423)</u>	

## Financial Analysis of the District's Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$26,687,457, a decrease of \$(423,980). Approximately 22 percent of this total amount, \$5,974,682, constitutes *unreserved, undesignated fund balance*. The remainder of fund balance is *reserved* or *designated* to indicate that it is not available for new spending because it has already been committed (1) to pay debt service (\$10,816,056), (2) for food service (\$317,388), and (3) for other miscellaneous reservations and designations (\$9,579,331).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$5,744,968, out of a total fund balance of \$15,324,299. As a measure of the general fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to the total fund expenditures. Unreserved, undesignated fund balance represents 10 percent of the total general fund expenditures. Total fund balance represents 27 percent of the total general fund expenditures.

The fund balance of the District's general fund increased by \$222,154 during the current fiscal year.

### General Fund Budgetary Highlights

- The actual revenues were below budgetary estimates by \$(989,184). This shortfall in actual revenues was caused by a legislative action after June 30, 2009 that moved \$1,168,591 of the Foundation School Fund Grant from 199 (General Funds) to fund 266 (SFSF Funds). When this action is taken into account general funds revenues were \$470,593 (.81%) less than the original budget (\$57,887,794) on page 42 of this report. Expenditures were less than appropriations by \$1,219,537, with the most significant functions being instruction and facilities maintenance.

### Capital Asset and Debt Administration

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$105,735,346 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and furniture and equipment.

#### District's Capital Assets (net of depreciation)

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Land	\$ 7,462,443	7,462,443
Buildings and improvements	97,166,797	99,717,867
Furniture and equipment	<u>1,106,106</u>	<u>792,193</u>
Totals at historical cost	<u>\$ 105,735,346</u>	<u>107,972,503</u>

Additional information on the District's capital assets can be found in Note 4.D. on page 34 of this report.

**Long-term debt.** As of June 30, 2010, the District had total general obligation bonded debt outstanding of \$105,927,784, a decrease of \$(4,347,076) over the prior year. Accretion on capital appreciation bonds was \$1,397,962 for fiscal year 2010, resulting in an ending balance of \$50,863,843. Unamortized bond premium was \$243,344 at June 30, 2010.

The “AAA” long-term rating on the District’s Texas’ bonds reflects the Texas Permanent School Fund guarantee. The “AA-” Standard & Poor’s underlying rating on the District’s unenhanced debt reflects the District’s: (1) participation in the strong and growing Dallas/Fort Worth area economy, (2) strong administrative management, and (3) continued satisfactory financial performance.

Additional information on the District’s long-term debt can be found in Note 4.E. on pages 35-36 of this report.

### **Economic Factors and Next Year’s Budgets and Rates**

During the spring of 2006 the state enacted legislation that allowed the District to lower its 2008 Maintenance and Operations (M&O) tax rate by \$0.33, resulting in a 2010 Maintenance and Operations tax rate of \$1.04. The portion of the 2010 tax rate used to service the principal and interest on bonded indebtedness decreased \$0.10 from the 2008-2009 Interest and Sinking (I&S) tax rate resulting in a 2010 Interest and Sinking (I&S) tax rate of \$0.36. The District’s total 2009-2010 tax rate of \$1.40 represents a net increase of \$0.10 when compared to the 2008 rate. The I&S rate in the 2010-2011 school year is \$0.40, an increase of \$0.04 from the 2009-2010 I&S rate. This increase is a result of the decrease in Tax Roll Values of 5.5% from the previous year. The combined tax rate for 2010-2011 is \$1.44.

The 2010 Certified Taxable Value for Cedar Hill ISD is \$2,609,573,052, which represents a 5.5% decrease over prior year values. This decrease was caused by the decline in residential values in Dallas County. The decrease in taxable value will result in an increase in state funding for the 2010-2011 school year.

The District’s 2010-2011 average daily attendance is expected to be approximately 7,800, which is a 1.1% increase from the prior year. The increase is attributed to parents enrolling students from private schools and the perception of the district’s education system is improving. The average daily attendance is expected to continue to increase 2% - 3% per year as in the past.

The District’s underlying bond rating from Standard and Poor’s improved from “A” to “AA-” during the past year. This improvement is a result of the continued positive financial performance over the past 8 years.

### **Requests for Information**

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



## **BASIC FINANCIAL STATEMENTS**

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CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 18,364,066	\$ 15,123	\$ 18,379,189
1220 Property Taxes Receivable (Delinquent)	1,907,148	-	1,907,148
1230 Allowance for Uncollectible Taxes	(190,715)	-	(190,715)
1240 Due from Other Governments	14,816,424	-	14,816,424
1410 Deferred Expenses	372,097	-	372,097
1420 Capitalized Bond and Other Debt Issuance Costs	1,336,902	-	1,336,902
Capital Assets:			
1510 Land	7,462,443	-	7,462,443
1520 Buildings, Net	97,166,797	-	97,166,797
1530 Furniture and Equipment, Net	1,106,106	-	1,106,106
1000 Total Assets	<u>142,341,268</u>	<u>15,123</u>	<u>142,356,391</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	110,618	-	110,618
2140 Interest Payable	1,408,774	-	1,408,774
2150 Payroll Deductions & Withholdings	3,589	-	3,589
2160 Accrued Wages Payable	5,946,782	3,208	5,949,990
2300 Deferred Revenues	804,141	-	804,141
Noncurrent Liabilities			
2501 Due Within One Year	6,695,000	-	6,695,000
2502 Due in More Than One Year	150,398,695	-	150,398,695
2000 Total Liabilities	<u>165,367,599</u>	<u>3,208</u>	<u>165,370,807</u>
<b>NET ASSETS</b>			
3200 Invested in Capital Assets, Net of Related Debt Restricted for:	(50,021,447)	-	(50,021,447)
3820 Restricted for Federal and State Programs	317,388	-	317,388
3850 Restricted for Debt Service	11,254,988	-	11,254,988
3900 Unrestricted Net Assets	15,422,740	11,915	15,434,655
3000 Total Net Assets	<u>\$ (23,026,331)</u>	<u>\$ 11,915</u>	<u>\$ (23,014,416)</u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 41,613,548	\$ 32,262	\$ 8,963,607
12 Instructional Resources and Media Services	1,080,540	-	48,069
13 Curriculum and Staff Development	222,824	-	14,420
21 Instructional Leadership	1,016,299	-	294,072
23 School Leadership	4,267,117	-	410,353
31 Guidance, Counseling and Evaluation Services	2,564,907	-	422,255
32 Social Work Services	46,325	-	49,501
33 Health Services	712,188	-	40,629
34 Student (Pupil) Transportation	1,151,087	-	280,288
35 Food Services	4,009,478	1,005,301	2,946,739
36 Extracurricular Activities	2,156,566	216,227	54,041
41 General Administration	2,121,444	-	70,206
51 Plant Maintenance and Operations	7,940,169	103,914	246,777
52 Security and Monitoring Services	1,088,797	-	65,500
53 Data Processing Services	941,275	-	36,067
61 Community Services	90,946	359,952	27,870
72 Debt Service - Interest on Long Term Debt	7,542,058	-	-
73 Debt Service - Bond Issuance Cost and Fees	89,588	-	-
95 Payments to Juvenile Justice Alternative Ed. Prg.	12,408	-	-
97 Payments to Tax Increment Fund	111,151	-	-
99 Other Intergovernmental Charges	169,934	-	-
[TG] Total Governmental Activities:	<u>78,948,649</u>	<u>1,717,656</u>	<u>13,970,394</u>
BUSINESS-TYPE ACTIVITIES:			
01 Extended Day Program	<u>353,851</u>	<u>359,952</u>	<u>4,171</u>
[TB] Total Business-Type Activities:	<u>353,851</u>	<u>359,952</u>	<u>4,171</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 79,302,500</u>	<u>\$ 2,077,608</u>	<u>\$ 13,974,565</u>

Data	General Revenues:
Control	Taxes:
Codes	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
\$ (32,617,679)	\$ -	\$ (32,617,679)
(1,032,471)	-	(1,032,471)
(208,404)	-	(208,404)
(722,227)	-	(722,227)
(3,856,764)	-	(3,856,764)
(2,142,652)	-	(2,142,652)
3,176	-	3,176
(671,559)	-	(671,559)
(870,799)	-	(870,799)
(57,438)	-	(57,438)
(1,886,298)	-	(1,886,298)
(2,051,238)	-	(2,051,238)
(7,589,478)	-	(7,589,478)
(1,023,297)	-	(1,023,297)
(905,208)	-	(905,208)
296,876	-	296,876
(7,542,058)	-	(7,542,058)
(89,588)	-	(89,588)
(12,408)	-	(12,408)
(111,151)	-	(111,151)
(169,934)	-	(169,934)
(63,260,599)	-	(63,260,599)
-	10,272	10,272
-	10,272	10,272
(63,260,599)	10,272	(63,250,327)
27,968,697	-	27,968,697
9,682,514	-	9,682,514
24,315,820	-	24,315,820
388,965	-	388,965
59,474	-	59,474
686,864	-	686,864
63,102,334	-	63,102,334
(158,265)	10,272	(147,993)
(22,868,066)	1,643	(22,866,423)
\$ (23,026,331)	\$ 11,915	\$ (23,014,416)

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>				
1110	\$ 7,917,898	\$ 11,620,177	\$ (1,174,009)	\$ 18,364,066
1220	1,419,446	487,702	-	1,907,148
1230	(141,945)	(48,770)	-	(190,715)
1240	12,509,328	-	2,307,096	14,816,424
1260	3,289	-	-	3,289
1410	372,097	-	-	372,097
1000	<u>\$ 22,080,113</u>	<u>\$ 12,059,109</u>	<u>\$ 1,133,087</u>	<u>\$ 35,272,309</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110	\$ 60,528	\$ -	\$ 50,090	\$ 110,618
2150	3,589	-	-	3,589
2160	5,414,196	-	532,586	5,946,782
2170	-	-	3,289	3,289
2300	1,277,501	1,243,053	20	2,520,574
2000	<u>6,755,814</u>	<u>1,243,053</u>	<u>585,985</u>	<u>8,584,852</u>
Fund Balances:				
Reserved For:				
3420	-	10,816,056	-	10,816,056
3430	372,097	-	-	372,097
3450	-	-	317,388	317,388
3470	207,234	-	-	207,234
Unreserved Designated For:				
3590	9,000,000	-	-	9,000,000
Unreserved and Undesignated:				
3600	5,744,968	-	-	5,744,968
3610	-	-	229,714	229,714
3000	<u>15,324,299</u>	<u>10,816,056</u>	<u>547,102</u>	<u>26,687,457</u>
4000	<u>\$ 22,080,113</u>	<u>\$ 12,059,109</u>	<u>\$ 1,133,087</u>	<u>\$ 35,272,309</u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

<b>Total Fund Balances - Governmental Funds</b>	\$	26,687,457
<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 \$136,998,620 and the accumulated depreciation was \$29,026,117. In addition, long-term liabilities, including bonds payable of \$110,274,860, 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 decrease net assets.		(2,302,357)
<b>2</b> Current year capital outlays of \$624,605 and long-term debt principal payments of \$4,347,076 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 current year capital outlays and debt principal payments is to increase net assets.		4,971,681
<b>3</b> Accrued interest payable on long-term debt is not reflected on the fund financial statements, but is shown on the government-wide financial statements. The effect of showing accrued interest payable is to decrease net assets.		(1,408,774)
<b>4</b> Accreted interest on capital appreciation bonds has not been included on the fund financial statements, but is shown on the government-wide financial statements. The effect of including accreted interest is to decrease net assets.		(50,863,843)
<b>5</b> The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(2,861,762)
<b>6</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 net assets.		2,751,267
<b>19 Net Assets of Governmental Activities</b>	\$	(23,026,331)

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 29,071,878	\$ 9,977,748	\$ 1,451,471	\$ 40,501,097
5800 State Program Revenues	26,787,768	-	1,673,896	28,461,664
5900 Federal Program Revenues	388,964	-	9,824,551	10,213,515
5020 Total Revenues	<u>56,248,610</u>	<u>9,977,748</u>	<u>12,949,918</u>	<u>79,176,276</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	32,034,943	-	7,838,375	39,873,318
0012 Instructional Resources and Media Services	973,315	-	46,649	1,019,964
0013 Curriculum and Instructional Staff Development	218,475	-	4,349	222,824
0021 Instructional Leadership	763,193	-	253,106	1,016,299
0023 School Leadership	4,035,382	-	201,937	4,237,319
0031 Guidance, Counseling and Evaluation Services	2,264,094	-	300,813	2,564,907
0032 Social Work Services	-	-	46,325	46,325
0033 Health Services	708,982	-	3,206	712,188
0034 Student (Pupil) Transportation	975,050	-	278,332	1,253,382
0035 Food Services	-	-	4,046,605	4,046,605
0036 Extracurricular Activities	1,843,818	-	-	1,843,818
0041 General Administration	1,967,738	-	-	1,967,738
0051 Facilities Maintenance and Operations	7,917,565	-	8,668	7,926,233
0052 Security and Monitoring Services	1,073,662	-	11,875	1,085,537
0053 Data Processing Services	878,950	-	-	878,950
0061 Community Services	69,597	-	21,349	90,946
<b>Debt Service:</b>				
0071 Debt Service - Principal on Long Term Debt	-	4,347,076	-	4,347,076
0072 Debt Service - Interest on Long Term Debt	-	6,171,157	-	6,171,157
0073 Debt Service - Bond Issuance Cost and Fees	-	2,177	-	2,177
<b>Intergovernmental:</b>				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	12,408	-	-	12,408
0097 Payments to Tax Increment Fund	111,151	-	-	111,151
0099 Other Intergovernmental Charges	169,934	-	-	169,934
6030 Total Expenditures	<u>56,018,257</u>	<u>10,520,410</u>	<u>13,061,589</u>	<u>79,600,256</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>230,353</u>	<u>(542,662)</u>	<u>(111,671)</u>	<u>(423,980)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	8,199	8,199
8911 Transfers Out (Use)	(8,199)	-	-	(8,199)
7080 Total Other Financing Sources (Uses)	<u>(8,199)</u>	<u>-</u>	<u>8,199</u>	<u>-</u>
1200 Net Change in Fund Balances	222,154	(542,662)	(103,472)	(423,980)
0100 Fund Balance - July 1 (Beginning)	<u>15,102,145</u>	<u>11,358,718</u>	<u>650,574</u>	<u>27,111,437</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 15,324,299</u>	<u>\$ 10,816,056</u>	<u>\$ 547,102</u>	<u>\$ 26,687,457</u>

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



CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2010

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(423,980)
Current year capital outlays of \$624,605 and long-term debt principal payments of \$4,347,076 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 current year capital outlays and debt principal payments is to increase net assets.		4,971,681
Accrued interest payable on long-term debt is not reflected on the fund financial statements, but is shown on the government-wide financial statements. The net effect of including the accrued interest payable is to decrease net assets.		(13,362)
Accreted interest on capital appreciation bonds has not been included on the fund financial statements, but is shown on the government-wide financial statements. The effect of including accreted interest is to decrease net assets.		(1,397,962)
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.		(2,861,762)
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 decrease net assets.		(432,880)
<b>Change in Net Assets of Governmental Activities</b>	<u>\$</u>	<u>(158,265)</u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2010

	Business-Type Activities
	Total Enterprise Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 15,123
Total Assets	<u>15,123</u>
LIABILITIES	
Current Liabilities:	
Accrued Wages Payable	<u>3,208</u>
Total Liabilities	<u>3,208</u>
NET ASSETS	
Unrestricted Net Assets	<u>11,915</u>
Total Net Assets	<u><u>\$ 11,915</u></u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities
	Total Enterprise Funds
<b>OPERATING REVENUES:</b>	
Local and Intermediate Sources	\$ 359,952
State Program Revenues	4,171
Total Operating Revenues	<u>364,123</u>
<b>OPERATING EXPENSES:</b>	
Payroll Costs	346,118
Professional and Contracted Services	2,599
Supplies and Materials	4,678
Other Operating Costs	456
Total Operating Expenses	<u>353,851</u>
Operating Income	10,272
Total Net Assets - July 1 (Beginning)	<u>1,643</u>
Total Net Assets - June 30 (Ending)	<u><u>\$ 11,915</u></u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 359,952
Cash Received from Quasi-External Transactions	4,171
Cash Payments to Employees for Services	(344,021)
Cash Payments for Suppliers	(7,277)
Cash Payments for Other Operating Expenses	(456)
Net Cash Provided by Operating Activities	<u>12,369</u>
Net Increase in Cash and Cash Equivalents	12,369
Cash and Cash Equivalents at Beginning of the Year:	<u>2,754</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 15,123</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 10,272
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accrued Wages Payable	<u>2,097</u>
Net Cash Provided by Operating Activities	<u>\$ 12,369</u>

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 308,059
Investments - Current	27,536	-
Total Assets	27,536	\$ 308,059
<b>LIABILITIES</b>		
Due to Student Groups	-	\$ 308,059
Total Liabilities	-	\$ 308,059
<b>NET ASSETS</b>		
Restricted for Scholarships	27,536	
Total Net Assets	\$ 27,536	

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

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF CHANGES IN NET ASSETS  
 FIDUCIARY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Private Purpose Trust Fund
<hr/>	
ADDITIONS:	
Earnings from Temporary Deposits &	\$ 199
Total Additions	<u>199</u>
Change in Net Assets	199
Total Net Assets - July 1 (Beginning)	<u>27,337</u>
Total Net Assets - June 30 (Ending)	<u><u>\$ 27,536</u></u>

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

## CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements  
at and for the  
Year Ended June 30, 2010

### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Cedar Hill Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

#### **A. Reporting Entity**

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

#### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and

-continued-

# CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### C. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (continued)

fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible to accrual concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

-continued-



**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Fund Accounting**

The District reports the following major governmental funds:

1. **General Fund** - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. **Capital Projects Fund** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

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

Governmental Funds:

1. **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.

Proprietary Funds:

2. **Enterprise Fund** - The District accounts for activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities in an enterprise fund. The District's enterprise fund provides extended day services for students at the Elementary campuses.

Fiduciary Funds:

3. **Private Purpose Trust Funds** - The District accounts for donations for which the donor has stipulated that the income may be used for purposes that benefit parties outside the District. The District's private purpose trust fund is for a scholarship fund.
4. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is for student groups.

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Assets, Liabilities, and Net Assets or Equity**

**1. Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Due From (To) Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations.

**3. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the district is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	15
Vehicles	7
Office equipment	5
Computer equipment	5

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Assets, Liabilities, and Net Assets or Equity** (continued)

**4. Vacation and Sick Leave**

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying basic financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to be accumulated but does not vest. Therefore, a liability for unused sick leave has not been recorded in the accompanying basic financial statements.

**5. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**6. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. As of June 30, 2010, Reserved Fund Balance includes \$372,097 for prepaid items and \$207,234 for capital acquisition in the General Fund. Debt Service Fund reserves total \$10,816,056 for retirement of funded indebtedness as of June 30, 2010. Unreserved designated fund balance includes \$9,000,000 designated for other purposes in the General Fund. The Special Revenue Fund reserves total \$317,388 for Food Service.

7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Assets, Liabilities, and Net Assets or Equity** (continued)

**8. Data Control Codes**

The Data Control Codes refer to the account code structure prescribed by T.E.A. in the *Financial Accountability System Resources Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

9. School Districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

Exhibit C-2 provides a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting." The details of this \$2,751,267 adjustment are as follows:

Long-term debt:

Premium and issuance costs on bonds	\$ 1,093,558
Deferred gain on refunding bonds	<u>(58,724)</u>
	<u>1,034,834</u>

Deferred revenue:

To remove the current period uncollected tax levy from deferred revenue	965,051
To remove prior year collectible delinquent tax levy receivable from deferred revenue	<u>751,382</u>
	<u>1,716,433</u>

Net adjustment to increase fund balance - total governmental funds to arrive at net assets - governmental activities	\$ <u>2,751,267</u>
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-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS** (continued)

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

Exhibit C-4 provides a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “various other reclassifications are necessary to convert from the modified accrual basis of accounting to the full accrual basis of accounting.” The details of this \$(432,880) adjustment are as follows:

Long-term debt:

Amortization of premium and issuance costs on bonds	\$ (76,350)
Amortization of deferred gain on refunding bonds	<u>29,362</u>
	<u>(46,988)</u>

Taxes:

To move the current period uncollected tax levy to revenue	965,051
To remove the prior year tax collection from current period revenue	<u>(1,350,943)</u>
	<u>(385,892)</u>

Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets of governmental activities	\$ <u>(432,880)</u>
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**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Data**

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

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

1. Prior to June 20, the District prepared a budget for the next succeeding fiscal year beginning July 1. The operating budget included proposed expenditures and the means of financing them.
2. A meeting of the Board was then called for the purpose of adopting the proposed budget. At least ten days’ public notice of the meeting must be given.

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY** (continued)

**A. Budgetary Data** (continued)

3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end. The budget was properly amended throughout the period by the Board of Trustees.
  
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

June 30, 2010 Fund Balance

Appropriated budget funds - Food Service Special Revenue Fund	\$ 317,388
Nonappropriated budget funds	<u>229,714</u>
All Special Revenue Funds	<u>\$ 547,102</u>

**B. Encumbrance Accounting**

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment or Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at June 30 and encumbrances outstanding at that time are either canceled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at year end.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS** (continued)

**A. Deposits and Investments** (continued)

At June 30, 2010, the carrying amount of the District's cash, savings, and time deposits was \$(674,413). The bank balance was \$1,303,803. The District's combined deposits at June 30, 2010, and during the year ending June 30, 2010, were fully insured by federal depository insurance or collateralized with securities pledged to the District and held by the District's agent.

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

- a. Name of bank, Prosperity Bank, Cedar Hill, Texas.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$5,864,573.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$1,309,423 and occurred during the month of December.
- d. Total amount of FDIC coverage at the time of highest combined balance was \$250,000.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit; (3) certain municipal securities; (4) money market savings account; (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Fund; (8) Investment pools; (9) guaranteed investment contracts; and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

- a. **Custodial Credit Risk - Deposits:** In the case of deposits this is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC). The District is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS** (continued)

**A. Deposits and Investments** (continued)

- b. **Custodial Credit Risk - Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District investments are with the Texas Local Government Investment Pool (“TexPool”), and the Logic Investment Pool (“Logic”). The pools are public funds investment pools created to provide a safe environment for the placement of local government funds in authorized short-term investments. Local investment pools operate in a manner consistent with the Security and Exchange Commission’s Rule 2a7 of the Investment Company Act of 1940. The Texas Comptroller of Public Accounts exercises oversight responsibility over TexPool. Administration of Logic is performed by a Board of Directors, which is an administrative agency created under the Interlocal Act. The District is not exposed to custodial credit risk for its investments.
- c. **Credit Risk -** This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The credit quality rating for TexPool at year end was AAAM by Standard & Poor’s. The credit quality rating for Logic at year end was Aaa by Moody’s Investor Service.
- d. **Interest Rate Risk -** This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The weighted average maturity for the District’s investment in external investment pools is less than 60 days.
- e. **Foreign Currency Risk -** This is the risk that exchange rates will adversely affect the fair value of an investment. The District is not exposed to foreign currency risk.
- f. **Concentration of Credit Risk -** This is the risk of loss attributed to the magnitude of the District’s investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent disclosure requirement. The District is not exposed to concentration of credit risk.

The District's temporary investments at June 30, 2010, were as follows:

<u>Investment Type:</u>	<u>Fair Value</u>
Logic investment pool	\$ 19,228,466
TexPool investment pool	<u>160,729</u>
Total	\$ <u>19,389,195</u>

-continued-



**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS** (continued)

**B. Property Taxes**

Property taxes 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. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the period following the October 1 levy date. The assessed value of the property tax roll on August 1, 2009, upon which the levy for the 2009-10 fiscal year was based, was \$2,752,880,297. The roll was subsequently increased to a period end assessed value of \$2,901,100,659. Taxes are delinquent if not paid by January 31. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs after June 30.

The tax rates assessed for the year ended June 30, 2010, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.04 and \$0.36 per \$100 valuation, respectively, for the total of \$1.40 per \$100 valuation.

Total tax collections for the year ended June 30, 2010 were 99% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the General and Debt Service Funds are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2010, property taxes receivable, net of estimated uncollectible taxes, totaled \$1,277,501 and \$438,932 for the General and Debt Service Funds, respectively.

**C. Due From Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2010, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>Fund</u>	<u>Local</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 277,173	12,232,155		12,509,328
Special revenue	_____	<u>236,079</u>	<u>2,071,017</u>	<u>2,307,096</u>
Total	\$ <u>277,173</u>	<u>12,468,234</u>	<u>2,071,017</u>	<u>14,816,424</u>

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS** (continued)

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2010 was as follows:

	Primary Government			Ending
	Beginning Balance	Additions	Retirements	Balance
Government activities:				
Land	\$ 7,462,443			7,462,443
Buildings and improvements	126,280,299			126,280,299
Furniture and equipment	<u>3,255,878</u>	<u>624,605</u>		<u>3,880,483</u>
Totals at historical cost	<u>136,998,620</u>	<u>624,605</u>		<u>137,623,225</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,562,432)	(2,551,070)		(29,113,502)
Furniture and equipment	<u>(2,463,685)</u>	<u>(310,692)</u>		<u>(2,774,377)</u>
Total accumulated depreciation	<u>(29,026,117)</u>	<u>(2,861,762)</u>		<u>(31,887,879)</u>
Governmental activities capital assets, net	<u>\$ 107,972,503</u>	<u>(2,237,157)</u>		<u>105,735,346</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,846,156
Instructional resources and media	60,576
School leadership	29,798
Student transportation	63,240
Food services	219,658
Extracurricular activities	323,248
General administration	153,706
Plant maintenance and operations	99,795
Security and monitoring	3,260
Data processing services	<u>62,325</u>
Total depreciation expense	<u>\$ 2,861,762</u>

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**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS (continued)**

**E. Bonds Payable**

Bonds payable activity for the year ended June 30, 2010 was as follows:

Governmental Activities	Interest Rate Payable	Amounts Original Issue	Beginning Balance	Additions	Reductions	Ending Balance	Due Within Due Year
<b>Bonded Indebtedness:</b>							
2000 School Bldg & Refunding	6.79%	\$ 21,953,007	908,954		(908,954)		
2002 School Bldg & Refunding	6.00%	34,298,816	17,054,837		(1,840,000)	15,214,837	1,840,000
2004 School Building	5.47%	38,899,833	38,899,833			38,899,833	10,000
2005 School Bldg & Refunding	5.42%	31,742,827	31,659,719		(111,383)	31,548,336	828,467
2006 School Refunding	3.95%	6,980,085	5,307,295		(1,344,000)	3,963,295	1,079,424
2007 School Refunding	4.50%	11,468,762	11,240,412		(142,739)	11,097,673	110,792
2009 School Refunding	4.75%	5,203,810	<u>5,203,810</u>			<u>5,203,810</u>	<u>146,888</u>
Total bonded indebtedness			110,274,860		(4,347,076)	105,927,784	4,015,571
Bond Premium			254,405		(11,061)	243,344	
Deferred gain on refunding bonds			88,086		(29,362)	58,724	
Accreted interest			<u>49,465,881</u>	<u>3,795,886</u>	<u>(2,397,924)</u>	<u>50,863,843</u>	<u>2,679,429</u>
Total bonds payable			<u>\$ 160,083,232</u>	<u>3,795,886</u>	<u>(6,785,423)</u>	<u>157,093,695</u>	<u>6,695,000</u>

General obligation bonds consist of 2004 School Building Bonds bearing interest at 3.00 - 6.19% per annum, and 2000, 2002, 2005, 2006, 2007 and 2009 Refunding Bonds bearing interest at 3.50 - 6.79% per annum. Interest expense for the year on all bonded indebtedness was \$6,171,157.

Debt service requirements for the general obligation bonds are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2011	\$ 4,015,571	6,416,710	10,432,281
2012	3,859,301	6,739,105	10,598,406
2013	3,739,307	6,970,530	10,709,837
2014	3,851,646	7,951,673	11,803,319
2015	3,472,663	7,615,368	11,088,031
2016-2020	11,762,419	40,259,488	52,021,907
2021-2025	17,334,638	41,023,619	58,358,257
2026-2030	21,933,210	41,988,693	63,921,903
2031-2035	<u>35,959,029</u>	<u>22,493,183</u>	<u>58,452,212</u>
Total	<u>\$ 105,927,784</u>	<u>181,458,369</u>	<u>287,386,153</u>

-continued-

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 4 DETAILED NOTES ON ALL FUNDS** (continued)

**E. Bonds Payable** (continued)

There are a number of limitations and restrictions contained in the various general obligation bonds indentures. The District is in compliance with all significant limitations and restrictions at June 30, 2010.

**F. Defeasance of Debt**

In prior years, the District defeased certain previously issued and outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2010, \$10,368,979 of bonds outstanding are considered defeased.

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal 2010, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**B. Litigation and Contingencies**

The District is a party to various legal actions none of which is believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying combined financial statements for such 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 June 30, 2010 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.

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**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 5 OTHER INFORMATION** (continued)

**C. Revenues from Local and Intermediate Sources**

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

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Proprietary</u> <u>Fund</u>	<u>Fiduciary</u> <u>Fund</u>	<u>Total</u>
Property taxes	\$ 28,205,500		9,824,423			38,029,923
Food sales		1,005,301				1,005,301
Investment income	33,355		26,119		199	59,673
Penalties, interest and other tax related income	301,431		116,564			417,995
Co-curricular student activities	216,627	413,821				630,448
Other	<u>314,965</u>	<u>32,349</u>	<u>10,642</u>	<u>359,952</u>	<u>—</u>	<u>717,908</u>
<b>Total</b>	<b>\$ <u>29,071,878</u></b>	<b><u>1,451,471</u></b>	<b><u>9,977,748</u></b>	<b><u>359,952</u></b>	<b><u>199</u></b>	<b><u>40,861,248</u></b>

**D. Deferred Revenue**

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u>
Net tax revenue	\$ 1,277,501		438,932	1,716,433
IDEA, Part B, Preschool, ARRA		20		20
State revenue	<u>—</u>	<u>—</u>	<u>804,121</u>	<u>804,121</u>
<b>Total</b>	<b>\$ <u>1,277,501</u></b>	<b><u>20</u></b>	<b><u>1,243,053</u></b>	<b><u>2,520,574</u></b>

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## CEDAR HILL INDEPENDENT SCHOOL DISTRICT

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

### NOTE 5 **OTHER INFORMATION** (continued)

#### **E. Health Care Coverage**

For the year ended June 30, 2010, employees of the District were covered by the TRS active care insurance plan (the plan). The District paid premiums of \$225, per month per employee to the plan and employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to licensed insurer. The plan was authorized by Article 3.51-2., Texas Insurance Code, and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewable September 1, 2010 and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross Blue Shield are available for the year ended December 31, 2009, are filed with the Texas State Board of Insurance, Austin, Texas and are public records.

#### **F. Pension Plan Obligations**

Plan Description - The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees.

TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal year 2008, 2009 and 2010 and a

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**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**

Notes to the Financial Statements

at and for the

Year Ended June 30, 2010

-continued-

**NOTE 5 OTHER INFORMATION** (continued)

**F. Pension Plan Obligations** (continued)

Funding Policy (continued)

state contribution rate of 6.0% for calendar year 2008, 6.58% for calendar year 2009 and 6.644% for calendar year 2010. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ended June 30, 2008, 2009 and 2010 were \$2,208,705, \$2,393,854, and \$2,404,156, respectively. The District paid additional state contributions for the years ended June 30, 2008, 2009 and 2010 in the amount of \$509,027, \$593,013, and \$595,623, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

**G. Retiree Health Plan**

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

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2008, 2009, and 2010. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2008, 2009, and 2010, the State's contributions to TRS-Care were \$404,407, \$434,454, and \$456,459, respectively, the active member contributions were \$262,867, \$282,389, and \$296,702, respectively, and the school district's contributions were \$222,428, \$238,943, and \$251,053, respectively, which equaled the required contributions each year. In addition to the pension plan and TRS-Care on behalf, the District is allocated a portion of the Medicare Part D retiree drug subsidy the TRS-Care receives. The amount allocated on behalf for the year ended June 30, 2010 is estimated by TRS at \$115,694.

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**REQUIRED SUPPLEMENTARY INFORMATION**

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

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	\$ 31,065,000	\$ 31,065,000	\$ 29,071,878	\$ (1,993,122)
5800 State Program Revenues	26,571,794	25,921,794	26,787,768	865,974
5900 Federal Program Revenues	251,000	251,000	388,964	137,964
5020 Total Revenues	57,887,794	57,237,794	56,248,610	(989,184)
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	33,126,881	32,434,881	32,034,943	399,938
0012 Instructional Resources and Media Services	1,024,885	1,024,885	973,315	51,570
0013 Curriculum and Instructional Staff Development	358,712	248,712	218,475	30,237
0021 Instructional Leadership	602,812	789,812	763,193	26,619
0023 School Leadership	3,918,157	4,118,157	4,035,382	82,775
0031 Guidance, Counseling and Evaluation Services	2,219,348	2,369,348	2,264,094	105,254
0033 Health Services	694,481	709,481	708,982	499
0034 Student (Pupil) Transportation	1,174,427	1,074,427	975,050	99,377
0036 Extracurricular Activities	2,005,726	1,925,726	1,843,818	81,908
0041 General Administration	2,196,428	1,991,428	1,967,738	23,690
0051 Facilities Maintenance and Operations	8,261,939	8,131,939	7,917,565	214,374
0052 Security and Monitoring Services	1,012,934	1,112,934	1,073,662	39,272
0053 Data Processing Services	895,706	910,706	878,950	31,756
0061 Community Services	80,358	80,358	69,597	10,761
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	10,000	-	-	-
0095 Payments to Juvenile Justice Alternative Ed. Prg.	175,000	25,000	12,408	12,592
0097 Payments to Tax Increment Fund	130,000	115,000	111,151	3,849
0099 Other Intergovernmental Charges	-	175,000	169,934	5,066
6030 Total Expenditures	57,887,794	57,237,794	56,018,257	1,219,537
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	230,353	230,353
<b>OTHER FINANCING SOURCES (USES):</b>				
8911 Transfers Out (Use)	-	-	(8,199)	(8,199)
7080 Total Other Financing Sources (Uses)	-	-	(8,199)	(8,199)
1200 Net Change in Fund Balances	-	-	222,154	222,154
0100 Fund Balance - July 1 (Beginning)	15,102,145	15,102,145	15,102,145	-
3000 Fund Balance - June 30 (Ending)	\$ 15,102,145	\$ 15,102,145	\$ 15,324,299	\$ 222,154

## COMBINING STATEMENTS

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	213 ESEA Title I Part B Even Start	224 IDEA Part B Formula	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ (700)	\$ (327,515)	\$ (10,070)	\$ (269,038)
1240	Receivables from Other Governments	700	422,466	17,831	405,863
1000	Total Assets	<u>\$ -</u>	<u>\$ 94,951</u>	<u>\$ 7,761</u>	<u>\$ 136,825</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	94,951	7,761	136,825
2170	Due to Other Funds	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>94,951</u>	<u>7,761</u>	<u>136,825</u>
Fund Balances:					
Reserved For:					
3450	Food Service/Federal or State Funds Restriction	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 94,951</u>	<u>\$ 7,761</u>	<u>\$ 136,825</u>

225 IDEA Part B Preschool	226 IDEA Part B Discretionary	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	258 Public Charter Schools	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition
\$ (13,053)	\$ (488)	\$ 290,985	\$ (55,617)	\$ (13,206)	\$ (1,382)	\$ (927)	\$ (807)
18,153	488	91,157	55,617	14,842	1,382	927	807
<u>\$ 5,100</u>	<u>\$ -</u>	<u>\$ 382,142</u>	<u>\$ -</u>	<u>\$ 1,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 50,090	\$ -	\$ -	\$ -	\$ -	\$ -
5,100	-	11,375	-	1,636	-	-	-
-	-	3,289	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>5,100</u>	<u>-</u>	<u>64,754</u>	<u>-</u>	<u>1,636</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	317,388	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	317,388	-	-	-	-	-
<u>\$ 5,100</u>	<u>\$ -</u>	<u>\$ 382,142</u>	<u>\$ -</u>	<u>\$ 1,636</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

Data Control Codes	266 Title XIV ARRA State Stabilization	279 Title II, D ARRA - Ed. Technology	281 Character Education Grant	283 IDEA, Pt. B ARRA Formula	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ (169,692)	\$ (189)	\$ (9,420)	\$ (315,339)
1240	Receivables from Other Governments	248,102	189	9,420	329,485
1000	Total Assets	<u>\$ 78,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,146</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	78,410	-	-	14,146
2170	Due to Other Funds	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>78,410</u>	<u>-</u>	<u>-</u>	<u>14,146</u>
Fund Balances:					
Reserved For:					
3450	Food Service/Federal or State Funds Restriction	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 78,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,146</u>

284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment	415 Kindergarten and Pre-K Grants
\$ 20	\$ (433,487)	\$ -	\$ (2,922)	\$ (748)	\$ (24,292)	\$ 10,691	\$ (34,975)
-	453,588	-	2,922	2,945	120,799	-	47,315
<u>\$ 20</u>	<u>\$ 20,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,197</u>	<u>\$ 96,507</u>	<u>\$ 10,691</u>	<u>\$ 12,340</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	20,101	-	-	2,197	96,507	-	12,340
-	-	-	-	-	-	-	-
20	-	-	-	-	-	-	-
<u>20</u>	<u>20,101</u>	<u>-</u>	<u>-</u>	<u>2,197</u>	<u>96,507</u>	<u>-</u>	<u>12,340</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,691	-
-	-	-	-	-	-	10,691	-
<u>\$ 20</u>	<u>\$ 20,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,197</u>	<u>\$ 96,507</u>	<u>\$ 10,691</u>	<u>\$ 12,340</u>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

Data Control Codes	421 Master Reading Teacher	425 Teacher Induction and Mentoring	427 Early College HS Grant	429 Other State Special Revenue Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ (17,446)	\$ (43,214)	\$ -
1240	Receivables from Other Governments	-	17,446	43,214	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Reserved For:					
3450	Food Service/Federal or State Funds Restriction	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



459 Other SSA Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 51,237	\$ 219,023	\$ (1,438)	\$ (1,174,009)
-	-	1,438	2,307,096
<u>\$ 51,237</u>	<u>\$ 219,023</u>	<u>\$ -</u>	<u>\$ 1,133,087</u>
\$ -	\$ -	\$ -	\$ 50,090
51,237	-	-	532,586
-	-	-	3,289
-	-	-	20
<u>51,237</u>	<u>-</u>	<u>-</u>	<u>585,985</u>
-	-	-	317,388
-	219,023	-	229,714
-	219,023	-	547,102
<u>\$ 51,237</u>	<u>\$ 219,023</u>	<u>\$ -</u>	<u>\$ 1,133,087</u>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	211 ESEA I, A Improving Basic Program	213 ESEA Title I Part B Even Start	224 IDEA Part B Formula	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	2,395	913,674	158,212	1,435,700
5020	Total Revenues	<u>2,395</u>	<u>913,674</u>	<u>158,212</u>	<u>1,435,700</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	2,144	913,674	77,083	1,118,179
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	358
0021	Instructional Leadership	-	-	81,129	4,660
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	194,171
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	118,332
0035	Food Services	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	251	-	-	-
6030	Total Expenditures	<u>2,395</u>	<u>913,674</u>	<u>158,212</u>	<u>1,435,700</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

225 IDEA Part B Preschool	226 IDEA Part B Discretionary	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	258 Public Charter Schools	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition
\$ -	\$ -	\$ 1,005,388	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	26,402	-	-	-	-	-
45,678	881	2,907,297	82,985	149,803	186,278	8,165	39,941
45,678	881	3,939,087	82,985	149,803	186,278	8,165	39,941
45,678	881	-	79,465	149,803	22,974	8,165	39,941
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	3,304	-	-
-	-	-	3,520	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	160,000	-	-
-	-	4,034,391	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
45,678	881	4,034,391	82,985	149,803	186,278	8,165	39,941
-	-	(95,304)	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	(95,304)	-	-	-	-	-
-	-	412,692	-	-	-	-	-
\$ -	\$ -	\$ 317,388	\$ -	\$ -	\$ -	\$ -	\$ -

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	266 Title XIV ARRA State Stabilization	279 Title II, D ARRA - Ed. Technology	281 Character Education Grant	283 IDEA, Pt. B ARRA Formula	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	2,353,694	20,406	242,416	1,102,446
5020	Total Revenues	<u>2,353,694</u>	<u>20,406</u>	<u>242,416</u>	<u>1,102,446</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	2,110,388	20,406	123,471	1,010,015
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	-	2,827
0021	Instructional Leadership	75,000	-	85,640	1,447
0023	School Leadership	121,981	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	12,207	88,157
0032	Social Work Services	46,325	-	-	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	-	-	21,098	-
6030	Total Expenditures	<u>2,353,694</u>	<u>20,406</u>	<u>242,416</u>	<u>1,102,446</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment	415 Kindergarten and Pre-K Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	20,644	39,374	273,373	219,702	143,546
5,220	167,307	2,053	-	-	-	-	-
<u>5,220</u>	<u>167,307</u>	<u>2,053</u>	<u>20,644</u>	<u>39,374</u>	<u>273,373</u>	<u>219,702</u>	<u>143,546</u>
5,220	167,307	2,053	20,644	34,914	262,921	230,399	143,546
-	-	-	-	-	-	-	-
-	-	-	-	1,164	-	-	-
-	-	-	-	-	5,053	-	-
-	-	-	-	1,601	5,399	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,695	-	-	-
-	-	-	-	-	-	-	-
<u>5,220</u>	<u>167,307</u>	<u>2,053</u>	<u>20,644</u>	<u>39,374</u>	<u>273,373</u>	<u>230,399</u>	<u>143,546</u>
-	-	-	-	-	-	(10,697)	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	(10,697)	-
-	-	-	-	-	-	21,388	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,691</u>	<u>\$ -</u>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	421 Master Reading Teacher	425 Teacher Induction and Mentoring	427 Early College HS Grant	429 Other State Special Revenue Funds	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	9,129	125,000	198,091	611,558
5900	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>9,129</u>	<u>125,000</u>	<u>198,091</u>	<u>611,558</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	9,129	124,823	159,297	551,150
0012	Instructional Resources and Media Services	-	-	-	2,758
0013	Curriculum and Instructional Staff Development	-	-	-	-
0021	Instructional Leadership	-	177	-	-
0023	School Leadership	-	-	38,794	30,858
0031	Guidance, Counseling and Evaluation Services	-	-	-	2,758
0032	Social Work Services	-	-	-	-
0033	Health Services	-	-	-	2,758
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	12,214
0051	Facilities Maintenance and Operations	-	-	-	8,668
0052	Security and Monitoring Services	-	-	-	394
0061	Community Services	-	-	-	-
6030	Total Expenditures	<u>9,129</u>	<u>125,000</u>	<u>198,091</u>	<u>611,558</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

459 Other SSA Special Revenue Funds	461 Campus Activity Funds	499 Other Local Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 32,262	\$ 413,821	\$ -	\$ 1,451,471
1,082	-	5,995	1,673,896
-	-	-	9,824,551
<u>33,344</u>	<u>413,821</u>	<u>5,995</u>	<u>12,949,918</u>
77,160	327,545	-	7,838,375
-	43,891	-	46,649
-	-	-	4,349
-	-	-	253,106
-	-	-	201,937
-	-	-	300,813
-	-	-	46,325
-	448	-	3,206
-	-	-	278,332
-	-	-	4,046,605
-	-	-	8,668
3,791	-	5,995	11,875
-	-	-	21,349
<u>80,951</u>	<u>371,884</u>	<u>5,995</u>	<u>13,061,589</u>
<u>(47,607)</u>	<u>41,937</u>	<u>-</u>	<u>(111,671)</u>
8,199	-	-	8,199
<u>8,199</u>	<u>-</u>	<u>-</u>	<u>8,199</u>
(39,408)	41,937	-	(103,472)
<u>39,408</u>	<u>177,086</u>	<u>-</u>	<u>650,574</u>
<u>\$ -</u>	<u>\$ 219,023</u>	<u>\$ -</u>	<u>\$ 547,102</u>

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**REQUIRED T.E.A. SCHEDULES**

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED JUNE 30, 2010

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2001 and prior years	Various	Various	\$ Various
2002	1.490000	0.140000	1,479,778,799
2003	1.500000	0.180000	1,764,323,609
2004	1.500000	0.201600	1,925,942,466
2005	1.500000	0.241300	2,128,604,261
2006	1.500000	0.348430	2,340,991,436
2007	1.370000	0.373300	2,560,483,910
2008	1.040000	0.360000	2,829,331,571
2009	1.040000	0.460000	2,902,967,662
2010 (School year under audit)	1.040000	0.360000	2,722,945,214
1000 TOTALS			
9000	Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code		\$ <u>10,687,596</u>

(10) Beginning Balance 7/1/2009	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2010
\$ 146,078	\$ -	\$ 1,254	\$ 521	\$ (60,873)	\$ 83,430
18,599	-	63	8	(6,417)	12,111
33,171	-	323	39	(10,759)	22,050
36,112	-	789	106	(12,228)	22,989
61,886	-	9,125	1,468	(8,328)	42,965
80,578	-	15,047	3,495	(3,721)	58,315
139,102	-	32,845	8,950	347	97,654
260,509	-	84,271	29,171	(14,391)	132,676
1,559,882	-	661,412	292,548	(243,241)	362,681
-	38,121,233	27,408,211	9,487,457	(153,288)	1,072,277
<u>\$ 2,335,917</u>	<u>\$ 38,121,233</u>	<u>\$ 28,213,340</u>	<u>\$ 9,823,763</u>	<u>\$ (512,899)</u>	<u>\$ 1,907,148</u>
\$ -	\$ 111,151	\$ 111,151	\$ -	\$ -	\$ -

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2010-2011  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

**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	\$ -	\$ -	\$ 302,635	\$ 1,123,408	\$ -	\$ -	\$ 1,426,043
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	122,446	-	-	-	122,446
6212	Audit Services	-	-	-	40,460	-	-	40,460
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	193,319	-	-	-	-	193,319
621X	Other Professional Services	-	-	37,730	7,796	-	-	45,526
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	19,129	4,518	-	-	23,647
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	10,474	-	-	10,474
6290	Miscellaneous Contr.	-	-	1,300	43,658	-	-	44,958
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	603	-	5,025	70,421	-	-	76,049
6410	Travel, Subsistence, Stipends	10,700	-	16,863	15,638	-	-	43,201
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	8,606	-	-	-	-	-	8,606
6490	Miscellaneous Operating	21,370	-	30,014	51,559	-	-	102,943
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	<b>TOTAL</b>	<b>\$ 41,279</b>	<b>\$ 193,319</b>	<b>\$ 535,142</b>	<b>\$ 1,367,932</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,137,672</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 69,079,846

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 624,605
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	7,840,375
Food (Function 35, 6341 and 6499)	(13)	130
Stipends (6413)	(14)	9,900
Column 4 (above) - Total Indirect Cost		<u>1,367,932</u>

SubTotal: 9,842,942

Net Allowed Direct Cost \$ 59,236,904

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 126,280,299
Historical Cost of Building over 50 years old	(16)	\$ 982,353
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 3,880,483
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 476,766
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 259,515

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.  
 \$169,934 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 FUNDBALANCE AND CASH FLOW CALCULATION WORKSHEET  
 FOR THE YEAR ENDED JUNE 30, 2010

**UNAUDITED**

1	Total General Fund Balance as of 6/30/10 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 15,324,299
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 579,331	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	9,000,000	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-	
5	Estimate of two month's average cash disbursements during the fiscal year.	9,391,224	
6	Estimate of delayed payments from state sources (58xx).	12,232,155	
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)	2,071,018	
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	Adjustment to meet Board Policy	-	
11	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9 +		<u>33,273,728</u>
12	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ (17,949,429)</u>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,286,447	\$ 1,286,447	\$ 1,005,388	\$ (281,059)
5800 State Program Revenues	28,500	28,500	26,402	(2,098)
5900 Federal Program Revenues	2,572,246	2,922,246	2,907,297	(14,949)
5020 Total Revenues	<u>3,887,193</u>	<u>4,237,193</u>	<u>3,939,087</u>	<u>(298,106)</u>
EXPENDITURES:				
0035 Food Services	<u>3,887,193</u>	<u>4,237,193</u>	<u>4,034,391</u>	<u>202,802</u>
6030 Total Expenditures	<u>3,887,193</u>	<u>4,237,193</u>	<u>4,034,391</u>	<u>202,802</u>
1200 Net Change in Fund Balances	-	-	(95,304)	(95,304)
0100 Fund Balance - July 1 (Beginning)	<u>412,692</u>	<u>412,692</u>	<u>412,692</u>	<u>-</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 412,692</u>	<u>\$ 412,692</u>	<u>\$ 317,388</u>	<u>\$ (95,304)</u>

CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 DEBT SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2010

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	\$ 10,530,000	\$ 10,530,000	\$ 9,977,748	\$ (552,252)
5020	Total Revenues	10,530,000	10,530,000	9,977,748	(552,252)
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	4,347,100	4,347,100	4,347,076	24
0072	Debt Service - Interest on Long Term Debt	6,171,160	6,171,160	6,171,157	3
0073	Debt Service - Bond Issuance Cost and Fees	11,740	11,740	2,177	9,563
6030	Total Expenditures	10,530,000	10,530,000	10,520,410	9,590
1200	Net Change in Fund Balances	-	-	(542,662)	(542,662)
0100	Fund Balance - July 1 (Beginning)	11,358,718	11,358,718	11,358,718	-
3000	Fund Balance - June 30 (Ending)	\$ 11,358,718	\$ 11,358,718	\$ 10,816,056	\$ (542,662)

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**FEDERAL AWARDS SECTION**

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***PINGLETON, HOWARD & COMPANY, P. C.***

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 148

FRISCO, TEXAS 75034

972-335-9754/FAX 972-335-9758

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MEMBERS  
AMERICAN INSTITUTE OF CPAS  
AICPA DIVISION FOR CPA FIRMS  
TEXAS SOCIETY OF CPAS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITOR'S REPORT**

Board of School Trustees  
**Cedar Hill Independent School District**  
P. O. Box 248  
Cedar Hill, Texas 75106

Members of the Board:

We have audited the basic financial statements of Cedar Hill Independent School District, Cedar Hill, Texas, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Cedar Hill 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 basic financial statements but not for the purpose of expressing an opinion on the effectiveness of Cedar Hill Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cedar Hill 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

As part of obtaining reasonable assurance about whether Cedar Hill Independent School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

*/s/ Pingleton, Howard & Company, P.C.*

September 8, 2010

***PINGLETON, HOWARD & COMPANY, P. C.***

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 148

FRISCO, TEXAS 75034

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MEMBERS  
AMERICAN INSTITUTE OF CPAs  
AICPA DIVISION FOR CPA FIRMS  
TEXAS SOCIETY OF CPAs

**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

**Cedar Hill Independent School District**

P. O. Box 248

Cedar Hill, Texas 75106

Members of the Board:

**Compliance**

We have audited the compliance of the Cedar Hill Independent School District, Cedar Hill, Texas with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. Cedar Hill Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cedar Hill Independent School District's management. Our responsibility is to express an opinion on Cedar Hill Independent School District's compliance based on our audit.

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

In our opinion Cedar Hill Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The administration of Cedar Hill 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 Cedar Hill Independent School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion 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.

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

A material weakness is a significant deficiency or a combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

*/s/ Pingleton, Howard & Company, P.C.*

September 8, 2010

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Schedule of Findings and Questioned Costs  
For Year Ended June 30, 2010

<u>Program</u>	<u>Description</u>												
Type of Report on Financial Statements	Unqualified												
Control Deficiencies	None												
Material Weaknesses Involving Control Deficiencies	None												
Noncompliance Material to the Financial Statements	None												
Type of Report on Compliance with Major Programs	Unqualified Opinion												
Findings and Questioned Costs for Federal Awards as Defined in Section.510(a), OMB Circular A-133	None												
Dollar Threshold Considered Between Type A and Type B Federal Programs	\$306,405												
Low Risk Auditee Statements	The District was classified as a low risk Auditee in the context of OMB Circular A-133.												
Major Federal Program	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">National School Breakfast and Lunch Programs</td> <td style="text-align: right;">10.555</td> </tr> <tr> <td style="padding-left: 20px;">ESEA, Title I, Part A</td> <td style="text-align: right;">84.010</td> </tr> <tr> <td style="padding-left: 20px;">ESEA, Title, I, Part A - ARRA</td> <td style="text-align: right;">84.389</td> </tr> <tr> <td style="padding-left: 20px;">IDEA, Part B, Formula</td> <td style="text-align: right;">84.027</td> </tr> <tr> <td style="padding-left: 20px;">IDEA, Part B, Formula - ARRA</td> <td style="text-align: right;">84.391</td> </tr> <tr> <td style="padding-left: 20px;">Title XIV, State Fiscal Stabilization - ARRA</td> <td style="text-align: right;">84.394</td> </tr> </table>	National School Breakfast and Lunch Programs	10.555	ESEA, Title I, Part A	84.010	ESEA, Title, I, Part A - ARRA	84.389	IDEA, Part B, Formula	84.027	IDEA, Part B, Formula - ARRA	84.391	Title XIV, State Fiscal Stabilization - ARRA	84.394
National School Breakfast and Lunch Programs	10.555												
ESEA, Title I, Part A	84.010												
ESEA, Title, I, Part A - ARRA	84.389												
IDEA, Part B, Formula	84.027												
IDEA, Part B, Formula - ARRA	84.391												
Title XIV, State Fiscal Stabilization - ARRA	84.394												
Pass-through Entity	Texas Education Agency												

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Schedule of Status of Prior Findings  
For Year Ended June 30, 2010

<u>Program</u>	<u>Status of Prior Year's Finding/ Noncompliance</u>
----------------	--

- NONE -



CEDAR HILL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Character Education Grant	84.215S	Q215S060173	\$ 242,416
Total Direct Programs			\$ 242,416
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>\$ 242,416</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	10610101057904	\$ 913,674
IDEA - Part B, Formula	84.027	10660001057904	1,435,700
IDEA - Part B, Discretionary	84.027	10660006057904	881
Total CFDA Number 84.027			1,436,581
Career and Technical - Basic Grant	84.048	10420006057904	82,985
IDEA - Part B, Preschool	84.173	10661001057904	45,678
ESEA Title IV, Pt. A - Safe and Drug-Free Schools	84.186A	10691001057904	2,395
ESEA, Title I, Part B - Even Start Family Literacy	84.213	106120017110354	158,212
Public Charter Schools	84.282	105900147110002	186,278
Title II, Part D -Enhancing Ed. Through Technology	84.318	10630001057904	8,165
Title III, Part A - English Language Acquisition	84.365A	10671001057904	39,941
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	10694501057904	149,803
Summer School LEP	84.369A	10955050257904	2,053
Title II D Enhancing Ed. Through Technology - ARRA	84.386	10553001057904	20,406
ESEA, Title I, A - ARRA - Improving Basic Programs	84.389	10551001057904	167,307
IDEA, Part B, Formula - ARRA	84.391	10555001057904	1,102,446
IDEA, Part B, Preschool - ARRA	84.392	10555001057904	5,220
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	10557001057904	2,353,694
Total Passed Through State Department of Education			\$ 6,674,838
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 6,674,838</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Education</u>			
Medicaid Administrative Claiming Program - MAC	93.778		\$ 9,490
Total Passed Through Texas Dept of Education			\$ 9,490
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 9,490</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through Texas Department of Human Services</u>			
Donated Commodities	10.550		\$ 227,676
Total Passed Through Texas Department of Human Services			\$ 227,676
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast & Lunch Program	10.555		\$ 2,679,621
Total Passed Through the State Department of Agriculture			\$ 2,679,621
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<b>\$ 2,907,297</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 9,834,041</b>

Note 1: School Health and Related Services reimbursements of \$291,528 and Junior Officer Training reimbursements of \$87,946 are recorded as federal program revenue in the general fund, but are not considered federal awards for the purpose of this schedule.

**CEDAR HILL INDEPENDENT SCHOOL DISTRICT**  
Notes to Schedule of Expenditures of Federal Awards  
For Year Ended June 30, 2010

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

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions of Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.
4. The District participates in numerous Federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, in any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying financial statements for such contingencies.