

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Annual Financial Report  
Year Ended August 31, 2010

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CERTIFICATE OF THE BOARD

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Name of School District

RUNNELS  
County

200-901  
County -  
District  
Number

We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

\_\_\_\_ approved \_\_\_\_ disapproved for the year ended August 31, 2010, at a meeting of the Board of Trustees of such School District  
(Check One)

on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

<Signature on File with TEA>  
Signature of Board Secretary

<Signature on File with TEA>  
Signature of Board President

If the Board of Trustees disapproved the annual financial report, the reason(s) for disapproving it is (are) (attach list as necessary):

FINANCIAL SECTION



A Limited Liability Partnership

Jerry L. Tinkler, CPA  
Michael E. Oliphant, CPA  
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Wayne Barr, CPA

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Ballinger Independent School District  
P.O. Box 231  
Ballinger, TX 76821-0231

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ballinger Independent School District as of and for the year ended August 31, 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 administration. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ballinger Independent School District as of August 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2010, on our consideration of the Ballinger Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 36, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of the administration regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ballinger Independent School District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 also not a required part of the basic financial statements of the Ballinger Independent School District. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The fund balance and cash flow calculation worksheet which is marked "Unaudited," has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*<Signature on File with TEA>*

November 17, 2010



# BALLINGER I.S.D.



*"THE TRADITION LIVES ON"*

P.O. Box 231  
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Ballinger, Texas 76821-0231

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### UNAUDITED

Our discussion and analysis of the Ballinger Independent School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2010. It should be read in conjunction with the District's basic financial statements and independent auditors' report.

#### **Financial Highlights**

The District's assets exceeded its liabilities at the end of the current year by \$13,537,767 (net assets). Of this amount, \$6,198,894 (unrestricted net assets) may be used to meet the District's ongoing obligations.

The District's total net assets increased by \$714,883. This amount consists of a \$887,339 increase attributable to current year operations and a \$172,456 decrease attributable to prior period adjustments described in Note IV., J. to the financial statements. The District's statement of activities shows total revenues of \$13,271,974 and total expenses of \$12,384,635.

The total unreserved fund balance of the General Fund was \$6,218,025 which was an increase of \$864,829 compared to the prior year.

The District's total debt increased by \$313,450 as a net result of a scheduled principal payment of \$215,922 and a new capital lease for laptop computers in the amount of \$529,372.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**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 showing how the District's net assets changed during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### UNAUDITED

#### Overview of the Financial Statements - Continued

The governmental activities of the District include all activities related to public elementary and secondary education within the jurisdiction of the District.

The District has no component units.

**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 legal requirements. 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 current year.

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 District'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.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund and Food Service Special Revenue Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget for each fund.

**Proprietary Funds** - The District's Internal Service Fund is used to accumulate and allocate costs internally among the District's various functions. The District uses an internal service fund to account for its workers' compensation insurance program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The Internal Service Fund is presented in the proprietary fund financial statements.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. 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 accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**UNAUDITED**

**Government-Wide Financial Analysis**

**Net Assets** - A summary of the District's net assets is presented below:

NET ASSETS

	Governmental Activities	
	August 31,	
	2010	2009
Current and Other Assets	\$ 7,401,807	\$ 6,587,418
Capital Assets	7,338,873	7,161,175
Total Assets	\$ 14,740,680	\$ 13,748,593
Long-Term Liabilities Outstanding	\$ 745,293	\$ 431,843
Other Liabilities	457,620	493,866
Total Liabilities	\$ 1,202,913	\$ 925,709
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 7,338,873	\$ 7,161,175
Restricted	0	67,696
Unrestricted	6,198,894	5,594,013
Total Net Assets	\$ 13,537,767	\$ 12,822,884

A large portion of the District's net assets (\$7,338,873) reflects the District's investment in capital assets (land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; 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. The remaining balance of unrestricted net assets (\$6,198,894) may be used to meet the District's ongoing obligations.



**MANAGEMENT'S DISCUSSION AND ANALYSIS – Continued**

**UNAUDITED**

**Government-Wide Financial Analysis - Continued**

**Governmental Activities** - Governmental activities increased the District's net assets by \$887,339 and \$1,369,338 for the fiscal years ended August 31, 2010 and 2009, respectively. Key elements of these increases are as follows:

CHANGES IN NET ASSETS

	Governmental Activities	
	Year Ended August 31,	
	2010	2009
Revenues		
Program Revenues		
Charges for Services	\$ 372,235	\$ 342,301
Operating Grants and Contributions	3,663,353	2,690,571
General Revenues		
Maintenance and Operations Taxes	2,660,310	2,535,432
State Aid - Formula Grants	6,403,964	6,688,779
Grants and Contributions Not Restricted to Specific Programs	1,063	1,039
Investment Earnings	52,107	108,873
Other	118,942	47,556
Total Revenues	\$ 13,271,974	\$ 12,414,551
Expenses		
Instruction and Instructional-Related Services	\$ 7,157,474	\$ 6,317,908
Instructional and School Leadership	687,133	692,322
Support Services - Student (Pupil)	1,666,477	1,577,431
Administrative Support Services	533,708	486,148
Support Services - Nonstudent Based	1,349,714	1,253,051
Debt Service	1,313	0
Intergovernmental Charges	988,816	718,353
Total Expenses	\$ 12,384,635	\$ 11,045,213
Increase (Decrease) in Net Assets	\$ 887,339	\$ 1,369,338
Net Assets - Beginning	12,822,884	11,313,676
Prior Period Adjustments	(172,456)	139,870
Net Assets - Ending	\$ 13,537,767	\$ 12,822,884

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### UNAUDITED

#### Government-Wide Financial Analysis - Continued

The above "Changes in Net Assets" reflects the following:

- The total cost of all governmental activities this year was \$12,384,635.
- Some costs, \$372,235, were recovered through charges for services from those who directly benefited from the programs.
- Other costs, \$3,663,353, were recovered through operating grants and contributions.
- The total net cost of all governmental activities this year (total cost less program revenues) was \$8,349,047.
- The amount paid by taxpayers for these activities through property taxes was \$2,660,310.
- The amount funded by net state revenues for these activities was \$6,405,027.
- The amount funded by investment earnings and miscellaneous local revenues was \$171,049.

#### Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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. The unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the current year.

The District's governmental funds reported combined ending fund balances of \$6,790,219, an increase of \$894,780 in comparison with the prior year. This amount constitutes unreserved fund balance, which is available for spending at the District's discretion.

#### General Fund Budget

The original budget for the General Fund was \$9,056,348, and the final amended budget was \$10,079,935 which represents a \$1,023,587 increase in appropriations. Significant variances between the original budget and the final amended budget were caused by increases in Instruction (\$818,448), Student (Pupil) Transportation (\$91,000), and Facilities Acquisition and Construction (\$52,329).

#### Capital Assets and Debt

**Capital Assets** - The District's investment in capital assets, net of depreciation, for its governmental type activities as of August 31, 2010 and 2009, was \$7,338,873 and \$7,161,175, respectively. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**UNAUDITED**

**Capital Assets and Debt - Continued**

Major additions during the current year included equipment, building improvements, and completion of construction in progress.

CAPITAL ASSETS NET OF DEPRECIATION

	<u>Governmental Activities</u>	
	<u>August 31,</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 298,884	\$ 298,884
Buildings and Improvements	6,058,730	3,947,883
Furniture and Equipment	981,259	704,655
Construction in Progress	<u>0</u>	<u>2,209,753</u>
Totals	<u>\$ 7,338,873</u>	<u>\$ 7,161,175</u>

**Long-Term Debt** - As of August 31, 2010 and 2009, the District had total long-term debt outstanding of \$745,293 and \$431,843, respectively.

LONG-TERM DEBT OUTSTANDING

	<u>Governmental Activities</u>	
	<u>August 31,</u>	
	<u>2010</u>	<u>2009</u>
Capital Leases	<u>\$ 745,293</u>	<u>\$ 431,843</u>

The District's total long-term debt increased by \$313,450 during the current year as a net result of a scheduled principal payment of \$215,922 and a new capital lease for laptop computers in the amount of \$529,372.

**Economic Factors and Next Year's Budget**

The District has adopted a budget for the General Fund in the amount of \$9,228,842 for the fiscal year 2011, which is a decrease of \$851,093 from the fiscal year 2010.

The District's assessed valuation for property taxes is \$234,644,882 for the fiscal year 2011, which is an increase of \$5,858,890 from the fiscal year 2010.

The District's maintenance tax rate for property taxes is \$1.17 for the fiscal year 2011, which is no change from the fiscal year 2010.

The District's property tax levy for the General Fund is \$2,745,345 for the fiscal year 2011, which is an increase of \$68,549 from the fiscal year 2010.

The District's current student enrollment is 981 for the fiscal year 2011, which is a decrease of 34 from the fiscal year 2010.

**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**UNAUDITED**

**Requests for Information**

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Will Brewer, Superintendent, Ballinger Independent School District, P.O. Box 231, Ballinger, TX 76821-0231.

Basic Financial Statements

BALLINGER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2010

Data Control Codes	Primary Government  Governmental Activities
<b>ASSETS</b>	
1110 Cash and Temporary Investments	\$ 6,295,851
1220 Property Taxes Receivable (Delinquent)	172,625
1230 Allowance for Uncollectible Taxes	(37,225)
1240 Due from Other Governments	829,718
1290 Other Receivables, Net	129,434
1410 Deferred Expenses	11,404
Capital Assets:	
1510 Land	298,884
1520 Buildings, Net	6,058,730
1530 Furniture and Equipment, Net	981,259
1000 Total Assets	14,740,680
<b>LIABILITIES</b>	
2140 Interest Payable	1,313
2160 Accrued Wages Payable	333,387
2180 Due to Other Governments	7,105
2200 Accrued Expenses	101,956
2300 Deferred Revenues	13,859
Noncurrent Liabilities	
2501 Due Within One Year	394,843
2502 Due in More Than One Year	350,450
2000 Total Liabilities	1,202,913
<b>NET ASSETS</b>	
3200 Invested in Capital Assets, Net of Related Debt	7,338,873
3900 Unrestricted Net Assets	6,198,894
3000 Total Net Assets	\$ 13,537,767

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2010

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets  Primary Gov. Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 6,964,220	\$ 161,488	\$ 2,039,752	\$ (4,762,980)
12 Instructional Resources and Media Services	160,463	-	10,594	(149,869)
13 Curriculum and Staff Development	32,791	-	16,236	(16,555)
21 Instructional Leadership	173,244	-	134,242	(39,002)
23 School Leadership	513,889	-	26,607	(487,282)
31 Guidance, Counseling, and Evaluation Services	341,064	-	54,296	(286,768)
33 Health Services	50,240	-	30,360	(19,880)
34 Student (Pupil) Transportation	199,408	-	78,548	(120,860)
35 Food Services	503,019	146,636	331,338	(25,045)
36 Extracurricular Activities	572,746	59,943	13,307	(499,496)
41 General Administration	533,708	-	37,127	(496,581)
51 Plant Maintenance and Operations	985,609	4,168	36,993	(944,448)
52 Security and Monitoring Services	4,183	-	300	(3,883)
53 Data Processing Services	359,922	-	56,421	(303,501)
72 Debt Service - Interest on Long-Term Debt	1,313	-	-	(1,313)
93 Payments related to Shared Services Arrangements	918,354	-	797,232	(121,122)
99 Other Intergovernmental Charges	70,462	-	-	(70,462)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 12,384,635	\$ 372,235	\$ 3,663,353	(8,349,047)

Data  
Control  
Codes

General Revenues:

Taxes:		
MT	Property Taxes, Levied for General Purposes	2,660,310
SF	State Aid - Formula Grants	6,403,964
GC	Grants and Contributions not Restricted	1,063
IE	Investment Earnings	52,107
MI	Miscellaneous Local and Intermediate Revenue	118,942
TR	Total General Revenues	9,236,386
CN	Change in Net Assets	887,339
NB	Net Assets--Beginning	12,822,884
PA	Prior Period Adjustment	(172,456)
NE	Net Assets--Ending	\$ 13,537,767

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2010

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds	
<b>ASSETS</b>				
1110	Cash and Temporary Investments	\$ 5,769,615	\$ 412,399	\$ 6,182,014
1220	Property Taxes - Delinquent	172,625	-	172,625
1230	Allowance for Uncollectible Taxes (Credit)	(37,225)	-	(37,225)
1240	Receivables from Other Governments	633,184	196,534	829,718
1260	Due from Other Funds	-	12,096	12,096
1290	Other Receivables	128,323	1,111	129,434
1410	Deferred Expenditures	-	11,404	11,404
1000	<b>Total Assets</b>	<u>\$ 6,666,522</u>	<u>\$ 633,544</u>	<u>\$ 7,300,066</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2160	Accrued Wages Payable	\$ 294,391	\$ 38,996	\$ 333,387
2170	Due to Other Funds	-	12,096	12,096
2180	Due to Other Governments	-	7,105	7,105
2200	Accrued Expenditures	5,106	2,894	8,000
2300	Deferred Revenues	149,000	259	149,259
2000	<b>Total Liabilities</b>	<u>448,497</u>	<u>61,350</u>	<u>509,847</u>
Fund Balances:				
Unreserved Designated For:				
3510	Construction	3,010,630	-	3,010,630
3530	Capital Expenditures for Equipment	559,955	-	559,955
3590	Other Purposes	285,000	-	285,000
Unreserved and Undesignated:				
3600	Reported in the General Fund	2,362,440	-	2,362,440
3610	Reported in Special Revenue Funds	-	572,194	572,194
3000	<b>Total Fund Balances</b>	<u>6,218,025</u>	<u>572,194</u>	<u>6,790,219</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,666,522</u>	<u>\$ 633,544</u>	<u>\$ 7,300,066</u>

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



BALLINGER INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2010

<b>Total Fund Balances - Governmental Funds</b>	\$	6,790,219
1 The District uses an internal service fund to charge the costs of self-insurance to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase (decrease) net assets.		19,881
2 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. In addition, long-term liabilities, including notes and capital leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets.		6,729,332
3 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2010 capital outlays and debt principal payments is to increase (decrease) net assets.		1,134,983
4 The 2010 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(742,676)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions and the proceeds of a capital lease, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		(393,972)
<b>19 Net Assets of Governmental Activities</b>	<u>\$</u>	<u>13,537,767</u>

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 2,974,533	\$ 197,691	\$ 3,172,224
5800 State Program Revenues	6,809,558	346,444	7,156,002
5900 Federal Program Revenues	290,164	2,622,214	2,912,378
5020 Total Revenues	<u>10,074,255</u>	<u>3,166,349</u>	<u>13,240,604</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	5,223,463	1,518,560	6,742,023
0012 Instructional Resources and Media Services	135,866	9,155	145,021
0013 Curriculum and Instructional Staff Development	16,209	15,972	32,181
0021 Instructional Leadership	-	173,244	173,244
0023 School Leadership	449,736	10,435	460,171
0031 Guidance, Counseling, and Evaluation Services	261,329	46,234	307,563
0033 Health Services	43,350	1,428	44,778
0034 Student (Pupil) Transportation	324,450	70,509	394,959
0035 Food Services	-	479,105	479,105
0036 Extracurricular Activities	528,512	9,821	538,333
0041 General Administration	474,518	16,093	490,611
0051 Facilities Maintenance and Operations	989,750	13,296	1,003,046
0052 Security and Monitoring Services	3,725	300	4,025
0053 Data Processing Services	313,162	38,899	352,061
Debt Service:			
0071 Debt Service - Principal on Long-Term Debt	215,922	-	215,922
Capital Outlay:			
0081 Facilities Acquisition and Construction	335,781	-	335,781
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	116,222	802,132	918,354
0099 Other Intergovernmental Charges	70,462	-	70,462
6030 Total Expenditures	<u>9,502,457</u>	<u>3,205,183</u>	<u>12,707,640</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>571,798</u>	<u>(38,834)</u>	<u>532,964</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7912 Sale of Real and Personal Property	4,900	-	4,900
7913 Capital Leases	529,372	-	529,372
7915 Transfers In	49,194	4,900	54,094
8911 Transfers Out (Use)	(4,900)	(49,194)	(54,094)
7080 Total Other Financing Sources (Uses)	<u>578,566</u>	<u>(44,294)</u>	<u>534,272</u>
1200 Net Change in Fund Balances	1,150,364	(83,128)	1,067,236
0100 Fund Balance - September 1 (Beginning)	5,353,196	542,243	5,895,439
1300 Increase (Decrease) in Fund Balance	<u>(285,535)</u>	<u>113,079</u>	<u>(172,456)</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,218,025</u>	<u>\$ 572,194</u>	<u>\$ 6,790,219</u>

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2010

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	1,067,236
 The District uses an internal service fund to charge the costs of self-insurance to appropriate functions in other funds. The net income (loss) of the internal service fund is reported with governmental activities. The net effect of this consolidation is to increase (decrease) net assets.		 (69,302)
 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2010 capital outlays and debt principal payments is to increase (decrease) net assets.		 1,134,983
 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.		 (742,676)
 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the 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, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.		 (502,902)
 <b>Change in Net Assets of Governmental Activities</b>	 \$	 887,339

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2010

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Temporary Investments	\$ 113,837
Total Assets	<u>113,837</u>
LIABILITIES	
Current Liabilities:	
Accrued Expenses	<u>93,956</u>
Total Liabilities	<u>93,956</u>
NET ASSETS	
Unrestricted Net Assets	<u>19,881</u>
Total Net Assets	<u><u>\$ 19,881</u></u>

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING EXPENSES:	
Other Operating Costs	\$ 70,048
Total Operating Expenses	<u>70,048</u>
Operating Income (Loss)	<u>(70,048)</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits and Investments	<u>745</u>
Total Nonoperating Revenues (Expenses)	<u>745</u>
Change in Net Assets	(69,303)
Total Net Assets - September 1 (Beginning)	<u>89,184</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 19,881</u></u>

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2010

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Payments for Insurance Claims	\$ (32,594)
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Decrease in Due From Other Funds	48,787
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	745
Net Increase in Cash and Cash Equivalents	16,938
Cash and Cash Equivalents at Beginning of the Year:	96,899
Cash and Cash Equivalents at the End of the Year:	\$ 113,837
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (70,048)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (Decrease) in Accrued Expenses	37,454
Net Cash Used for Operating Activities	\$ (32,594)

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 AUGUST 31, 2010

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and Temporary Investments	\$ -	\$ 74,714
Total Assets	-	\$ 74,714
<b>LIABILITIES</b>		
Due to Student Groups	-	\$ 74,714
Total Liabilities	-	\$ 74,714

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2010

	Private Purpose Trust Fund
<b>ADDITIONS:</b>	
Local and Intermediate Sources	\$ 18,000
Total Additions	<u>18,000</u>
<b>DEDUCTIONS:</b>	
Professional and Contracted Services	<u>21,000</u>
Total Deductions	<u>21,000</u>
Change in Net Assets	(3,000)
Total Net Assets - September 1 (Beginning)	<u>3,000</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ -</u></u>

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



BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements  
August 31, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Ballinger Independent School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally the District complies with the requirements of the 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 District is governed by the Board of Trustees, a seven-member group, which is elected by the public and has governance responsibilities, including fiscal accountability, over all activities related to public elementary and secondary education within the jurisdiction of the Ballinger Independent School District (the primary government). There are no component units included within the reporting entity.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

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 for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the District and (2) grants and contributions - payments from organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function or segment of the District. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Interfund activities between governmental funds and proprietary funds appear as due to/due froms on the governmental funds balance sheet and on the proprietary funds statement of net assets and as other resources and other uses on the governmental funds statement of revenues, expenditures, and changes in fund balance and on the proprietary funds statement of revenues, expenses, and changes in fund net assets. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of net assets.

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. All remaining governmental funds are aggregated and reported as other funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues generally result from providing services in connection with a proprietary fund's ongoing operations. Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

Property taxes, revenues received from the state, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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.

The proprietary funds 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 period in which they are incurred and become measurable. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

The Internal Service Fund accounts for the operations of a workers' compensation insurance program.

The Private Purpose Trust Fund accounts for resources used to provide scholarships for former students. These scholarships are provided from donations.

Agency Funds account for the activities of funds which are the property of student groups.

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**D. Cash and Cash Equivalents - Proprietary Funds**

For purposes of the statement of cash flows for proprietary fund types, the District considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

**E. Interfund Receivables and Payables**

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net assets.

**F. Receivables and Payables**

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

There are no significant receivables which are not scheduled for collection within one year.

**G. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported 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 is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20-50
Vehicles	2-15
Furniture and Equipment	3-15

**H. Restricted Assets**

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

**J. Compensated Absences**

The District's policy does not permit employees to accumulate unused vacation and sick leave to be paid to the employees upon separation from service.

**K. Fund Equity**

Fund equity is presented in the fund financial statements as follows:

The unreserved, undesignated fund balances for governmental fund types represent the amount available for budgeting future operations. Unrestricted net assets for proprietary funds represent the net assets available for future operations.

The designated fund balances represent tentative plans of the Board of Trustees for the future use of financial resources.

**L. Property Tax Revenues**

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 year following the October 1 levy date. Taxes are delinquent if not paid by June 30. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The District recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within the current period.

Allowances for uncollectibles are based upon historical experience. 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.

**M. Interfund Transfers**

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budget**

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued**

**A. Budget - Continued**

The official school budget is prepared for adoption for required governmental fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Food Service Special Revenue Fund. The remaining Special Revenue Funds adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. 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 accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (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:

**Custodial Credit Risk - Deposits and Investments:** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits and investments in certificates of deposit may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits and investments in certificates of deposit, since they are covered by depository insurance and pledged securities held by a third party in the District's name.

**Concentration of Credit Risk:** The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2010, all of the District's investments are in external investment pools or certificates of deposit with its depository bank. The certificates of deposit are completely covered by pledged securities as described in the preceding paragraph.

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**A. Deposits and Investments - Continued**

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2010, the District was not significantly exposed to credit risk.

Interest Rate Risk: The District's investment policy limits its exposure to fair value losses arising from fluctuating interest rates by using final and weighted-average-maturity limits and diversification.

Foreign Currency Risk: Not applicable

The carrying amount of the District's cash and temporary investments at August 31, 2010, approximates fair value and consisted of the following:

Cash in Bank	\$ 2,113,016
Certificates of Deposit	3,742,958
Lone Star Investment Pool	42,015
TexPool	440,759
TexSTAR	<u>31,817</u>
Total Cash and Temporary Investments	<u><u>\$ 6,370,565</u></u>

**B. 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 other governments are summarized as follows:

	State Entitlements	Federal Grants	Total
General Fund	\$ 633,184	\$ 0	\$ 633,184
Special Revenue Funds	<u>119,333</u>	<u>77,201</u>	<u>196,534</u>
Totals	<u><u>\$ 752,517</u></u>	<u><u>\$ 77,201</u></u>	<u><u>\$ 829,718</u></u>

**C. Interfund Balances and Transfers**

1. The following is a summary of amounts due from and due to other funds:

	Due From	Due To	Purpose
Nonmajor Governmental Funds			
Special Revenue Fund	<u><u>\$ 12,096</u></u>	<u><u>\$ 12,096</u></u>	Reimbursement

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

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**C. Interfund Balances and Transfers - Continued**

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 4,900	Operating Transfer
Nonmajor Governmental Funds	General Fund	<u>49,194</u>	Residual Balance Transfer
Total		<u>\$ 54,094</u>	

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2010, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
Land	\$ 298,884	\$ 0	\$ 0	\$ 298,884
Buildings and Improvements	12,027,191	2,667,918	0	14,695,109
Furniture and Equipment	2,130,054	462,209	22,900	2,569,363
Construction in Progress	<u>2,209,753</u>	<u>0</u>	<u>2,209,753</u>	<u>0</u>
Total Capital Assets	<u>\$ 16,665,882</u>	<u>\$ 3,130,127</u>	<u>\$ 2,232,653</u>	<u>\$ 17,563,356</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (8,079,308)	\$ (557,071)	\$ 0	\$ (8,636,379)
Furniture and Equipment	<u>(1,425,399)</u>	<u>(185,605)</u>	<u>(22,900)</u>	<u>(1,588,104)</u>
Total Accumulated Depreciation	<u>\$ (9,504,707)</u>	<u>\$ (742,676)</u>	<u>\$ (22,900)</u>	<u>\$ (10,224,483)</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,161,175</u>	<u>\$ 2,387,451</u>	<u>\$ 2,209,753</u>	<u>\$ 7,338,873</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**D. Capital Assets - Continued**

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 482,100
Instructional Resources and Media Services	14,191
Curriculum and Instructional Staff Development	461
School Leadership	49,578
Guidance, Counseling, and Evaluation Services	31,095
Health Services	5,063
Student (Pupil) Transportation	17,652
Food Services	23,914
Cocurricular/Extracurricular Activities	29,548
General Administration	38,761
Plant Maintenance and Operations	42,887
Security and Monitoring Services	124
Data Processing Services	<u>7,302</u>
Total	<u><u>\$ 742,676</u></u>

**E. Deferred Revenues**

Deferred revenues at year end consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Net Delinquent Taxes Receivable	\$ 135,400	\$ 0	\$ 135,400
State Grants	0	259	259
Other	<u>13,600</u>	<u>0</u>	<u>13,600</u>
Totals	<u><u>\$ 149,000</u></u>	<u><u>\$ 259</u></u>	<u><u>\$ 149,259</u></u>



BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**F. Commitments Under Noncapitalized Leases**

Commitments under operating lease agreements for equipment provide for minimum future rental payments as of August 31, 2010, as follows:

<u>Year Ending</u> <u>August 31,</u>	
2011	\$ 5,016
2012	<u>1,672</u>
Total Minimum Rentals	<u>\$ 6,688</u>

Rental expenditures during the year ended August 31, 2010, were \$82,044.

**G. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended August 31, 2010:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Capital Leases	<u>\$ 431,843</u>	<u>\$ 529,372</u>	<u>\$ 215,922</u>	<u>\$ 745,293</u>	<u>\$ 394,843</u>

The District's outstanding capital leases payable are as follows:

Capital lease to finance the acquisition of laptop computers as authorized by Texas Education Code, Section 271. This lease agreement qualifies as a capital lease for accounting purposes and is payable from the General Fund with an interest rate of 0%.	<u>\$ 215,921</u>
Capital lease to finance the acquisition of laptop computers as authorized by Texas Education Code, Section 271. This lease agreement qualifies as a capital lease for accounting purposes and is payable from the General Fund with an interest rate of 1.9%.	<u>529,372</u>
Total Capital Leases Payable	<u>\$ 745,293</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**G. Long-Term Debt - Continued**

The combined annual debt service requirements are as follows:

Year Ending August 31,	Capital Leases		Total
	Principal	Interest	
2011	\$ 394,843	\$ 1,313	\$ 396,156
2012	173,576	6,659	180,235
2013	<u>176,874</u>	<u>3,361</u>	<u>180,235</u>
Totals	<u>\$ 745,293</u>	<u>\$ 11,333</u>	<u>\$ 756,626</u>

**H. Outstanding Encumbrances**

There were no outstanding encumbrances that were provided for in the subsequent year's budget.

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

Local and intermediate source revenues consists of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	\$ 2,669,861	\$ 0	\$ 0	\$ 2,669,861
Tuition and Fees	1,100	0	0	1,100
Other Local Sources	239,199	46,700	283	286,182
Cocurricular, Enterprising Services, or Activities	59,943	150,708	0	210,651
Intermediate Sources	<u>4,430</u>	<u>0</u>	<u>0</u>	<u>4,430</u>
Totals	<u>\$ 2,974,533</u>	<u>\$ 197,408</u>	<u>\$ 283</u>	<u>\$ 3,172,224</u>

**J. General Fund Federal Source Revenues**

Program or Source	CFDA Number	Amount
E Rate-School and Library Program	--	\$ 263,763
School Health and Related Services (SHARS)	--	<u>26,401</u>
Totals		<u>\$ 290,164</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**IV. OTHER INFORMATION**

**A. Pension Plan Obligations**

Plan Description - The Ballinger Independent School 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, Section 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% of the member's annual compensation and a state contribution rate of not less than 6% 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 a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2010, 2009, and 2008 and a state contribution rate of 6.644% for fiscal year 2010 and 6.58% for fiscal years 2009 and 2008. In certain instances the District is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January through August 2010. State contributions to TRS made on behalf of the Ballinger Independent School District's employees for the years ended August 31, 2010, 2009, and 2008, were \$407,952, \$393,410, and \$380,178, respectively. The District paid additional state contributions for the years ended August 31, 2010, 2009, and 2008, in the amount of \$52,321, \$54,985, and \$56,768, respectively, on the portion of the employees' salaries that exceeded the statutory minimum and on salaries paid from federal grants.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for Texas Public School Retired Employee Group Insurance Program (TRS-Care), administered by TRS, to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments totaled \$15,806, \$13,832, and \$13,711 for the years ended August 31, 2010, 2009, and 2008, respectively. The total on-behalf payments made by the State of Texas and the federal government amounted to \$423,758, \$407,242, and \$393,889 for the years ended August 31, 2010, 2009, and 2008, respectively.

**B. Retiree Health Plan**

Plan Description - The Ballinger Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**IV. OTHER INFORMATION** – Continued

**B. Retiree Health Plan** - Continued

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 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% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2010, 2009 and 2008. 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 August 31, 2010, 2009, and 2008, the State's contributions to TRS-Care were \$61,116, \$59,789, and \$58,612, respectively, the active member contributions were \$39,725, \$38,863, and \$38,098, respectively, and the District's contributions were \$33,614, \$32,884, and \$32,237, respectively, which equaled the required contributions each year.

**C. 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 year 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.

**D. Health Care Coverage**

During the year ended August 31, 2010, employees of the District were covered by a health insurance plan (the Plan) through the TRS - Active Care Program administered by the Teacher Retirement System. The District contributed \$180 of the employee-only premium per month, and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under the Plan, the District is not liable for costs incurred beyond the premiums paid.

**E. Property and Liability Coverage**

During the year ended August 31, 2010, the District met its property and casualty obligations through participation in the Texas Association of Public Schools Property and Liability Fund (the Fund) which was created effective September 1, 2001, as a public entity risk-sharing pool for Texas public schools, junior or community colleges, and education service centers. The Fund was created in accordance with the Interlocal Cooperation Act, Chapters 791 and 2259 of the Texas Government Code and operates within the appropriate rules, regulations, and laws of the State of Texas. The Fund offers the following coverage: automobile liability, errors and omissions, general liability, and property including automobile physical damage. Most coverage is on an occurrence basis, with the exception of errors and omissions, which is on a claims-made basis.

The Fund was formed for the purpose of providing competitive costs for coverage, loss control, and administrative services for members. Members join the Fund by executing Interlocal Participation Agreements.

In the normal course of business, the Fund seeks to reduce the loss that may arise from catastrophes or other events that cause unfavorable underwriting results by reinsuring certain levels of risk in various areas of exposure with other insurance enterprises or reinsurers. Reinsurance agreements permit recovery of a portion of losses from reinsurers although it does not discharge the primary liability of the Fund as direct insurer of the risks reinsured. Amounts recoverable from reinsurers are estimated in a manner consistent with the reinsured policy.

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**IV. OTHER INFORMATION - Continued**

**E. Property and Liability Coverage - Continued**

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees. The Fund's audited financial statements as of August 31, 2009, are available at the Fund's offices.

**F. Unemployment Compensation Coverage**

During the year ended August 31, 2010, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop-loss coverage for the Unemployment Compensation pool.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2009, are available at the TASB's offices.

**G. Workers' Compensation Insurance**

The District is partially uninsured with respect to workers' compensation insurance. The District participates in a shared risk pool, the "West Texas Educational Insurance Association," administered by Claims Administrative Services, Inc. Individual claims that exceed the loss fund maximum, stated at \$61,853 at August 31, 2010, are paid by the Association through a reinsurance program. The District is responsible for all claims up to the loss fund maximum. Cumulative unpaid claims (including "incurred but not reported" claims) the District is responsible for paying totaled \$93,956 at August 31, 2010. Contributions to this pool for the current year were \$70,048.

Changes in the balances of claims liabilities are as follows:

	Year Ended August 31,	
	2010	2009
Unpaid Claims - Beginning	\$ 56,502	\$ 41,623
Incurred Claims	70,048	43,889
Claim Payments	(32,594)	(29,010)
Unpaid Claims - Ending	\$ 93,956	\$ 56,502

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2010

**IV. OTHER INFORMATION - Continued**

**H. Contingencies**

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

**I. Shared Services Arrangements**

The Ballinger Independent School District participates in a shared services arrangement for IDEA - Part B, Formula, Discretionary, and Preschool with two other school districts. The Ballinger Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. All of the financial activities of the shared services arrangement are accounted for and included in the financial statements of the Ballinger Independent School District in Special Revenue Fund Number 437. Expenditures of the shared services arrangement are summarized as follows:

Ballinger Independent School District	\$ 77,948
Coleman Independent School District	77,105
Winters Independent School District	<u>67,296</u>
Total	<u>\$ 222,349</u>

The Ballinger Independent School District participates in a shared services arrangement for a Career and Technology grant with two other school districts. The Ballinger Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement. All of the financial activities of the shared services arrangement are accounted for and included in the financial statements of the Ballinger Independent School District in Special Revenue Fund Number 331. Expenditures of the shared services arrangement are summarized as follows:

Ballinger Independent School District	\$ 12,729
Miles Independent School District	5,967
Winters Independent School District	<u>11,720</u>
Total	<u>\$ 30,416</u>

**J. Adjustments to Fund Balances**

The fund balance of the General Fund was increased by \$3,453 to record a settle up from a prior year's grant and decreased by \$288,988 to adjust for prior year state foundation funding. The fund balance of the Shared Services - Special Education Fund was increased by \$113,079 to record a settle up of SHARS from a prior year.

**K. Subsequent Event**

The District will pay off the capital lease with a balance of \$215,921 with the proceeds from the sale of laptop computers.

Required Supplementary Information

BALLINGER INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 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	\$ 2,676,165	\$ 2,823,265	\$ 2,974,533	\$ 151,268
5800	State Program Revenues	6,375,533	6,375,533	6,809,558	434,025
5900	Federal Program Revenues	15,000	246,115	290,164	44,049
5020	Total Revenues	9,066,698	9,444,913	10,074,255	629,342
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	4,393,788	5,212,236	5,223,463	(11,227)
0012	Instructional Resources and Media Services	135,545	136,545	135,866	679
0013	Curriculum and Instructional Staff Development	19,408	18,858	16,209	2,649
0023	School Leadership	455,723	452,123	449,736	2,387
0031	Guidance, Counseling, and Evaluation Services	265,478	265,478	261,329	4,149
0033	Health Services	43,568	43,568	43,350	218
0034	Student (Pupil) Transportation	296,772	387,772	324,450	63,322
0036	Extracurricular Activities	508,063	532,613	528,512	4,101
0041	General Administration	472,271	486,091	474,518	11,573
0051	Facilities Maintenance and Operations	966,047	1,015,743	989,750	25,993
0052	Security and Monitoring Services	9,700	4,900	3,725	1,175
0053	Data Processing Services	334,941	313,635	313,162	473
Debt Service:					
0071	Debt Service - Principal on Long-Term Debt	215,922	215,922	215,922	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	750,000	802,329	335,781	466,548
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of SSA	116,222	116,222	116,222	-
0099	Other Intergovernmental Charges	68,000	71,000	70,462	538
6030	Total Expenditures	9,051,448	10,075,035	9,502,457	572,578
1100	Excess (Deficiency) of Revenues Over Expenditures	15,250	(630,122)	571,798	1,201,920
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	-	4,900	4,900
7913	Capital Leases	-	529,372	529,372	-
7915	Transfers In	49,194	49,194	49,194	-
8911	Transfers Out (Use)	(4,900)	(4,900)	(4,900)	-
7080	Total Other Financing Sources (Uses)	44,294	573,666	578,566	4,900
1200	Net Change in Fund Balances	59,544	(56,456)	1,150,364	1,206,820
0100	Fund Balance - September 1 (Beginning)	5,353,196	5,353,196	5,353,196	-
1300	Increase (Decrease) in Fund Balance	-	-	(285,535)	(285,535)
3000	Fund Balance - August 31 (Ending)	\$ 5,412,740	\$ 5,296,740	\$ 6,218,025	\$ 921,285



Other Supplementary Information

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2010

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program
<b>ASSETS</b>				
1110 Cash and Temporary Investments	\$ -	\$ -	\$ -	\$ 136,897
1240 Receivables from Other Governments	17,447	-	-	11,501
1260 Due from Other Funds	-	-	10,135	-
1290 Other Receivables	-	-	-	-
1410 Deferred Expenditures	-	-	-	11,404
1000 Total Assets	<u>\$ 17,447</u>	<u>\$ -</u>	<u>\$ 10,135</u>	<u>\$ 159,802</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2160 Accrued Wages Payable	\$ 15,936	\$ -	\$ 9,268	\$ 5,295
2170 Due to Other Funds	-	-	-	-
2180 Due to Other Governments	-	-	-	-
2200 Accrued Expenditures	1,511	-	867	101
2300 Deferred Revenues	-	-	-	-
2000 Total Liabilities	<u>17,447</u>	<u>-</u>	<u>10,135</u>	<u>5,396</u>
Fund Balances:				
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	-	-	154,406
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>154,406</u>
4000 Total Liabilities and Fund Balances	<u>\$ 17,447</u>	<u>\$ -</u>	<u>\$ 10,135</u>	<u>\$ 159,802</u>

242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	266 Title XIV ARRA State Stabilization	270 ESEA VI, Pt B Rural & Low Income	279 Title II, D ARRA - Ed. Technology	280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool
\$ -	\$ -	\$ -	\$ -	\$ (1,111)	\$ -	\$ -	\$ -
-	3,706	-	-	-	-	-	-
-	-	-	-	-	-	1,961	-
-	-	-	-	1,111	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,961</u>	<u>\$ -</u>
\$ -	\$ 3,382	\$ -	\$ -	\$ -	\$ -	\$ 1,924	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	324	-	-	-	-	37	-
-	-	-	-	-	-	-	-
-	3,706	-	-	-	-	1,961	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 3,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,961</u>	<u>\$ -</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2010

Data Control Codes	285 ESEA I,A Improving Basic Program	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary
<b>ASSETS</b>				
1110	Cash and Temporary Investments	\$ (25,343)	\$ -	\$ -
1240	Receivables from Other Governments	25,343	16,773	-
1260	Due from Other Funds	-	-	-
1290	Other Receivables	-	-	-
1410	Deferred Expenditures	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ 16,773</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2160	Accrued Wages Payable	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	10,135	-
2180	Due to Other Governments	-	6,638	-
2200	Accrued Expenditures	-	-	-
2300	Deferred Revenues	-	-	-
2000	Total Liabilities	<u>-</u>	<u>16,773</u>	<u>-</u>
Fund Balances:				
Unreserved and Undesignated:				
3610	Reported in Special Revenue Funds	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 16,773</u>	<u>\$ -</u>

331 SSA - Career & Technical - Basic Grant	364 SSA - ARRA IDEA, Pt. B Formula	365 SSA - ARRA IDEA, Part B Preschool	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment	415 Kindergarten and Pre-K Grants	424 School Leadership Pilot Prog.
\$ -	\$ -	\$ -	\$ (301)	\$ (883)	\$ 259	\$ -	\$ -
-	2,428	-	301	883	-	3,245	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 3,245</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,191	\$ -
-	1,961	-	-	-	-	-	-
-	467	-	-	-	-	-	-
-	-	-	-	-	-	54	-
-	-	-	-	-	259	-	-
<u>-</u>	<u>2,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259</u>	<u>3,245</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 2,428</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 259</u>	<u>\$ 3,245</u>	<u>\$ -</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2010

Data Control Codes	426 TX Educator Excellence Award Grant	428 High School Allotment	429 D.A.T.E. Grant	437 SSA Special Education	
<b>ASSETS</b>					
1110	Cash and Temporary Investments	\$ -	\$ -	\$ (1,828)	\$ 233,961
1240	Receivables from Other Governments	-	-	1,828	113,079
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1410	Deferred Expenditures	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,040</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2160	Accrued Wages Payable	\$ -	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	347,040
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,040</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,040</u>

461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 70,748	\$ 412,399	\$ -	\$ 412,399
-	196,534	-	196,534
-	12,096	-	12,096
-	1,111	-	1,111
-	11,404	-	11,404
<u>\$ 70,748</u>	<u>\$ 633,544</u>	<u>\$ -</u>	<u>\$ 633,544</u>
\$ -	\$ 38,996	\$ -	\$ 38,996
-	12,096	-	12,096
-	7,105	-	7,105
-	2,894	-	2,894
-	259	-	259
<u>-</u>	<u>61,350</u>	<u>-</u>	<u>61,350</u>
70,748	572,194	-	572,194
<u>70,748</u>	<u>572,194</u>	<u>-</u>	<u>572,194</u>
<u>\$ 70,748</u>	<u>\$ 633,544</u>	<u>\$ -</u>	<u>\$ 633,544</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	240 National Breakfast and Lunch Program
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 148,127
5800 State Program Revenues	-	-	-	12,418
5900 Federal Program Revenues	255,474	6,675	157,725	321,216
5020 Total Revenues	<u>255,474</u>	<u>6,675</u>	<u>157,725</u>	<u>481,761</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	245,821	6,487	157,725	-
0012 Instructional Resources and Media Services	3,722	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	5,931	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	-	-	-
0033 Health Services	-	188	-	-
0034 Student (Pupil) Transportation	-	-	-	319
0035 Food Services	-	-	-	479,105
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	1,977
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
<b>Intergovernmental:</b>				
0093 Payments to Fiscal Agent/Member Districts of	-	-	-	-
6030 Total Expenditures	<u>255,474</u>	<u>6,675</u>	<u>157,725</u>	<u>481,401</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>360</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	360
0100 Fund Balance - September 1 (Beginning)	-	-	-	154,046
1300 Increase (Decrease) in Fund Balance	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,406</u>



242 Summer Feeding Program	255 ESEA II,A Training and Recruiting	266 Title XIV ARRA State Stabilization	270 ESEA VI, Pt B Rural & Low Income	279 Title II, D ARRA - Ed. Technology	280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	60,794	296,003	23,774	165,755	-	97,920	4,936
-	60,794	296,003	23,774	165,755	-	97,920	4,936
-	49,635	296,003	-	163,514	-	27,730	4,936
-	-	-	-	-	-	-	-
-	-	-	-	2,241	-	-	-
-	11,159	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	70,190	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	23,774	-	-	-	-
-	-	-	-	-	-	-	-
-	60,794	296,003	23,774	165,755	-	97,920	4,936
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	285 ESEA I,A Improving Basic Program	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	44,097	547,390	19,778	137,102
5020 Total Revenues	<u>44,097</u>	<u>547,390</u>	<u>19,778</u>	<u>137,102</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	39,913	86,936	-	137,102
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	4,184	-	-	-
0021 Instructional Leadership	-	1,137	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling, and Evaluation Services	-	20,227	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
<b>Intergovernmental:</b>				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	443,990	19,778	-
6030 Total Expenditures	<u>44,097</u>	<u>552,290</u>	<u>19,778</u>	<u>137,102</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(4,900)</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	4,900	-	-
8911 Transfers Out (Use)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>4,900</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
1300 Increase (Decrease) in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

331 SSA - Career & Technical - Basic Grant	364 SSA - ARRA IDEA, Pt. B Formula	365 SSA - ARRA IDEA, Part B Preschool	401 Optional Extended Year Program	404 Student Success Initiative	411 Technology Allotment	415 Kindergarten and Pre-K Grants	424 School Leadership Pilot Prog.
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	3,012	8,827	25,387	43,711	1,000
<u>30,408</u>	<u>354,275</u>	<u>13,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>30,408</u>	<u>354,275</u>	<u>13,461</u>	<u>3,012</u>	<u>8,827</u>	<u>25,387</u>	<u>43,711</u>	<u>1,000</u>
26,033	97,737	2,547	3,012	8,827	25,387	43,711	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	700
2,855	9,349	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,520	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	300
-	-	-	-	-	-	-	-
-	247,189	10,914	-	-	-	-	-
<u>30,408</u>	<u>354,275</u>	<u>13,461</u>	<u>3,012</u>	<u>8,827</u>	<u>25,387</u>	<u>43,711</u>	<u>1,000</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2010

Data Control Codes	426 TX Educator Excellence Award Grant	428 High School Allotment	429 D.A.T.E. Grant	437 SSA Special Education	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 1,373
5800	State Program Revenues	-	-	73,913	178,176
5900	Federal Program Revenues	-	-	-	85,431
5020	Total Revenues	<u>-</u>	<u>-</u>	<u>73,913</u>	<u>264,980</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	-	-	47,241	34,834
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	-	9,547	-
0021	Instructional Leadership	-	-	-	155,017
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling, and Evaluation Services	-	-	-	7,365
0033	Health Services	-	-	-	1,240
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	2,000	12,573
0051	Facilities Maintenance and Operations	-	-	-	11,319
0052	Security and Monitoring Services	-	-	-	-
0053	Data Processing Services	-	-	15,125	-
<b>Intergovernmental:</b>					
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	-	80,261
6030	Total Expenditures	<u>-</u>	<u>-</u>	<u>73,913</u>	<u>302,609</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,629)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	(48,885)	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>(48,885)</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	(48,885)	-	(37,629)
0100	Fund Balance - September 1 (Beginning)	-	48,885	-	271,590
1300	Increase (Decrease) in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,079</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 347,040</u>

461 Campus Activity Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 47,908	\$ 197,408	\$ 283	\$ 197,691
-	346,444	-	346,444
-	2,622,214	-	2,622,214
<u>47,908</u>	<u>3,166,066</u>	<u>283</u>	<u>3,166,349</u>
13,429	1,518,560	-	1,518,560
5,433	9,155	-	9,155
-	15,972	-	15,972
-	173,244	-	173,244
9,735	10,435	-	10,435
6,438	46,234	-	46,234
-	1,428	-	1,428
-	70,509	-	70,509
-	479,105	-	479,105
9,821	9,821	-	9,821
-	16,093	-	16,093
-	13,296	-	13,296
-	300	-	300
-	38,899	-	38,899
-	<u>802,132</u>	-	<u>802,132</u>
<u>44,856</u>	<u>3,205,183</u>	-	<u>3,205,183</u>
<u>3,052</u>	<u>(39,117)</u>	<u>283</u>	<u>(38,834)</u>
-	4,900	-	4,900
-	(48,885)	(309)	(49,194)
-	(43,985)	(309)	(44,294)
3,052	(83,102)	(26)	(83,128)
67,696	542,217	26	542,243
-	113,079	-	113,079
<u>\$ 70,748</u>	<u>\$ 572,194</u>	<u>\$ -</u>	<u>\$ 572,194</u>

Required TEA Schedules

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2010

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2001 and prior years	Various	Various	\$ Various
2002	1.500000	0.070000	139,716,230
2003	1.500000	0.070000	150,742,481
2004	1.500000	0.070000	152,237,408
2005	1.500000	0.070000	163,629,597
2006	1.500000	0.070000	163,644,073
2007	1.370000	0.000000	174,416,463
2008	1.170000	0.000000	189,401,662
2009	1.170000	0.000000	217,292,206
2010 (School year under audit)	1.170000	0.000000	228,785,992
1000 TOTALS			

(10) Beginning Balance 9/1/2009	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2010
\$ 13,002	\$ -	\$ 606	\$ 31	\$ (3,263)	\$ 9,102
3,839	-	223	29	(737)	2,850
4,258	-	348	16	(1,187)	2,707
5,002	-	155	7	(1,169)	3,671
6,365	-	930	43	(1,372)	4,020
5,115	-	835	39	(1,266)	2,975
15,669	-	4,609	-	(1,705)	9,355
20,251	-	7,425	-	(1,000)	11,826
71,923	-	34,423	-	(4,056)	33,444
-	2,676,796	2,584,119	-	-	92,677
<u>\$ 145,422</u>	<u>\$ 2,676,796</u>	<u>\$ 2,633,673</u>	<u>\$ 165</u>	<u>\$ (15,755)</u>	<u>\$ 172,625</u>



BALLINGER INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2011-2012  
 GENERAL AND SPECIAL REVENUE FUNDS  
 AUGUST 31, 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	\$ 1,552	\$ -	\$ 125,885	\$ 206,254	\$ -	\$ -	\$ 333,691
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	18,433	-	1,000	-	19,433
6212	Audit Services	-	-	-	22,904	-	-	22,904
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	73,799	-	-	-	-	73,799
621X	Other Professional Services	-	-	24,621	7,458	-	-	32,079
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	11,572	-	-	11,572
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	6,483	6,573	-	-	13,056
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	478	82	-	-	560
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	-	-	5,634	7,512	-	-	13,146
6410	Travel, Subsistence, Stipends	7,614	-	3,311	1,133	-	-	12,058
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	1,950	-	-	-	-	-	1,950
6490	Miscellaneous Operating	13,645	-	12,102	1,078	-	-	26,825
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	<b>TOTAL</b>	<b>\$ 24,761</b>	<b>\$ 73,799</b>	<b>\$ 196,947</b>	<b>\$ 264,566</b>	<b>\$ 1,000</b>	<b>\$ -</b>	<b>\$ 561,073</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 12,707,639

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 920,374
Total Debt & Lease(6500)	(11)	215,922
Plant Maintenance (Function 51, 6100-6400)	(12)	933,635
Food (Function 35, 6341 and 6499)	(13)	193,506
Stipends (6413)	(14)	2,206
Column 4 (above) - Total Indirect Cost		264,566

SubTotal: 2,530,209

Net Allowed Direct Cost \$ 10,177,430

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 14,695,109
Historical Cost of Building over 50 years old	(16)	\$ 416,500
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 2,569,363
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 285,102
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 70,190

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs. \$70,462 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET  
 GENERAL FUND AS OF AUGUST 31, 2010

**UNAUDITED**

1	Total General Fund Balance as of 8/31/10 (Exhibit C-1 object 3000 for the General Fund Only)	\$	6,218,025
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$	-
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)		3,855,585
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.		1,740,000
6	Estimate of delayed payments from state sources (58xx).		-
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.		-
8	Estimate of delayed payments from federal sources (59xx)		-
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)		-
10	Adjustment to meet Board Policy		-
11	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10)		<u>5,595,585</u>
12	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 11)	\$	<u><u>622,440</u></u>

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

The District is concerned about the status of state funding and is attempting to maintain an adequate fund balance for unforeseen circumstances.

BALLINGER INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 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	\$ 142,800	\$ 142,800	\$ 148,127	\$ 5,327
5800 State Program Revenues	14,257	14,257	12,418	(1,839)
5900 Federal Program Revenues	281,855	281,855	321,216	39,361
5020 Total Revenues	438,912	438,912	481,761	42,849
<b>EXPENDITURES:</b>				
0034 Student (Pupil) Transportation	-	319	319	-
0035 Food Services	452,462	481,331	479,105	2,226
0051 Facilities Maintenance and Operations	1,450	2,262	1,977	285
6030 Total Expenditures	453,912	483,912	481,401	2,511
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(45,000)	360	45,360
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	15,000	15,000	-	(15,000)
7080 Total Other Financing Sources (Uses)	15,000	15,000	-	(15,000)
1200 Net Change in Fund Balances	-	(30,000)	360	30,360
0100 Fund Balance - September 1 (Beginning)	154,046	154,046	154,046	-
3000 Fund Balance - August 31 (Ending)	\$ 154,046	\$ 124,046	\$ 154,406	\$ 30,360

COMPLIANCE AND INTERNAL CONTROLS SECTION



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Texas Society of CPAs

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

Board of Trustees  
Ballinger Independent School District  
P.O. Box 231  
Ballinger, TX 76821-0231

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ballinger Independent School District as of and for the year ended August 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow the administration or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

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

We noted certain matters involving internal control over financial reporting that we reported to the administration of the Ballinger Independent School District in a separate letter dated November 17, 2010.

Compliance and Other Matters

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

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

<*Signature on File with TEA*>

November 17, 2010



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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees  
Ballinger Independent School District  
P.O. Box 231  
Ballinger, TX 76821-0231

Compliance

We have audited the Ballinger Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Ballinger Independent School District's major federal programs for the year ended August 31, 2010. The Ballinger Independent School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Ballinger Independent School District's administration. Our responsibility is to express an opinion on the Ballinger Independent School District's compliance based on our audit.

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

In our opinion, the Ballinger Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2010.

Internal Control Over Compliance

The administration of the Ballinger Independent School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Ballinger Independent School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow the administration or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

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

*<Signature on File with TEA>*

November 17, 2010



BALLINGER INDEPENDENT SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
Year Ended August 31, 2010

**A. Summary of Audit Results**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Ballinger Independent School District.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of the Ballinger Independent School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Ballinger Independent School District expresses an unqualified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs for the Ballinger Independent School District.
7. The programs tested as major programs included:

CFDA Number 84.010A	ESEA, Title I, Part A - Improving Basic Programs
CFDA Number 84.389	ESEA, Title I, Part A - ARRA - Improving Basic Programs
CFDA Number 84.027	IDEA - Part B, Formula
CFDA Number 84.027	IDEA - Part B, Discretionary
CFDA Number 84.173	IDEA - Part B, Preschool
CFDA Number 84.391	IDEA - Part B, Formula - ARRA
CFDA Number 84.392	IDEA - Part B, Preschool - ARRA
CFDA Number 84.394	Title XIV, State Fiscal Stabilization Fund - ARRA

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Ballinger Independent School District was determined to be a low-risk auditee.
10. Pass-Through Entity: Texas Education Agency

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

**D. Findings - State Compliance**

None

BALLINGER INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 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>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs*	84.010A	10-610101200901	\$ 238,028
ESEA, Title I, Part A - Improving Basic Programs*	84.010A	11-610101200901	17,446
Total CFDA Number 84.010A			255,474
ESEA, Title I, Part C - Migratory Children	84.011	10-615001200901	6,675
IDEA - Part B, Formula*	84.027	10-660012009016600	147,590
IDEA - Part B, Formula*	84.027	11-660012009016600	10,135
SSA - IDEA - Part B, Formula*	84.027	10-660012009016600	535,517
SSA - IDEA - Part B, Formula*	84.027	11-660012009016600	16,773
SSA - IDEA - Part B, Discretionary*	84.027	10-660012009016600	137,102
Total CFDA Number 84.027			847,117
SSA - Career and Technical - Basic Grant	84.048	10-420006200901	30,408
SSA - IDEA - Part B, Preschool*	84.173	10-6610012009016610	19,778
ESEA, Title VI, Part B-Rural & Low Income Program	84.358B	10-696001200901	23,774
ESEA, Title II, Part A-Teacher/Principal Training	84.367A	10-694501200901	57,087
ESEA, Title II, Part A-Teacher/Principal Training	84.367A	11-694501200901	3,707
Total CFDA Number 84.367A			60,794
Title II D Enhancing Ed. Through Technology - ARRA	84.386	10-10553001200901	165,755
ESEA, Title I, A - ARRA-Improving Basic Programs*	84.389	10-10551001200901	44,097
IDEA - Part B, Formula - ARRA*	84.391	10-554001200901	97,920
SSA - IDEA - Part B, Formula - ARRA*	84.391	10-554001200901	354,275
Total CFDA Number 84.391			452,195
IDEA - Part B, Preschool - ARRA*	84.392	10-555001200901	4,936
SSA - IDEA - Part B, Preschool - ARRA*	84.392	10-555001200901	13,461
Total CFDA Number 84.392			18,397
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	10-557001200901	296,003
Total Passed Through State Department of Education			\$ 2,220,467
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 2,220,467</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
School Breakfast Program*	10.553	10-200901	\$ 93,070
National School Lunch Program - Cash Assistance*	10.555	10-200901	208,098
National School Lunch Prog. - Non-Cash Assistance*	10.555	10-200901	20,048
Total CFDA Number 10.555			228,146
Total Passed Through the State Department of Agriculture			\$ 321,216
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<b>\$ 321,216</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,541,683</b>

\*Clustered Programs as required by Compliance Supplement March, 2010

School Health and Related Services (SHARS) Program expenditures of \$111,832 and E Rate-School and Library expenditures of \$263,763 are not included in the above figures. The above figures do include \$4,900 of expenditures from the sale proceeds of a vehicle purchased with federal funds in a prior year.

BALLINGER INDEPENDENT SCHOOL DISTRICT  
Notes to the Schedule of Expenditures of Federal Awards  
August 31, 2010

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Ballinger Independent School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.