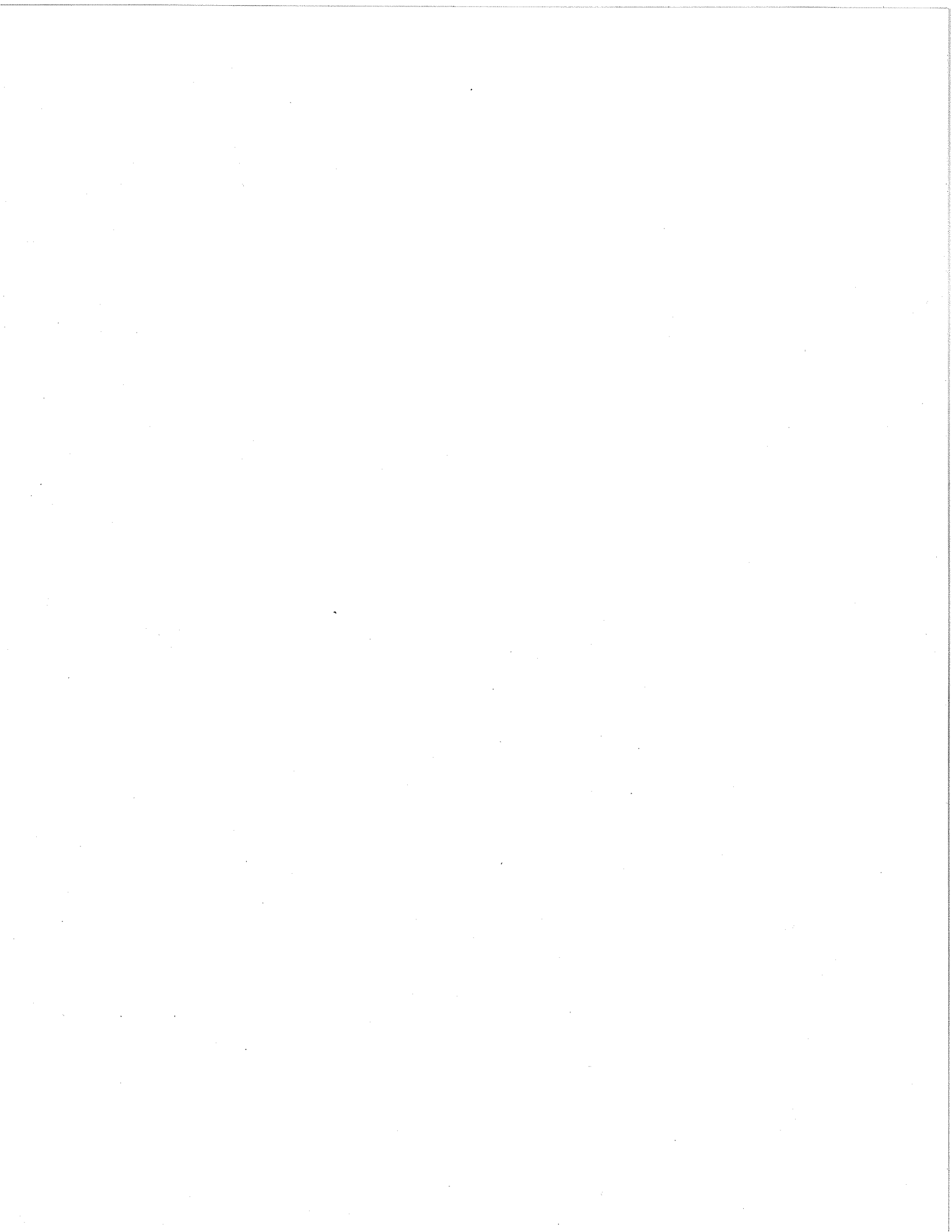


**NORTHSIDE
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2009



Northside Independent School District
Annual Financial Report
For The Year Ended August 31, 2009

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board.....	1	
FINANCIAL SECTION		
Independent Auditor's Report on Financial Statements.....	5	
Management's Discussion and Analysis (Required Supplementary Information).....	9	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	19	A-1
Statement of Activities.....	20	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	22	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	23	C-1R
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	24	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....		
Statement of Net Assets - Internal Service Fund.....	26	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Internal Service Fund.....	27	D-2
Statement of Cash Flows - Proprietary Funds.....	28	D-3
Statement of Fiduciary Net Assets - Fiduciary Funds.....	29	E-1
Notes to the Financial Statements	30	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	43	G-1
<u>Budgetary Comparison Schedules as Supplementary Information:</u>		
Capital Projects Funds:		
Budgetary Comparison Schedule:		
Capital Projects Fund.....	45	H-1
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	48	J-1
Indirect Cost Computation Schedule	50	J-2
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	51	J-3

Northside Independent School District
Annual Financial Report
For The Year Ended August 31, 2009

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	52	J-4
Debt Service Fund.....	53	J-5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	55	
Schedule of Findings and Questioned Costs	57	
Summary Schedule of Prior Audit Findings.....	58	
Corrective Action Plan.....	59	
Schedule of Required Responses to Selected School First Indicators.....	60	K-1

Introductory Section

This page is left blank intentionally.

CERTIFICATE OF BOARD

Northside Independent School District
Name of School District

Wilbarger
County

244-905
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2009, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

Signature of Board Secretary

Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

This page is left blank intentionally.

Financial Section

This page is left blank intentionally.



Certified Public Accountants
Michael C. Moore, CPA
John T. Truelove, CPA
Douglas A. Pharis, CPA

Independent Auditor's Report on Financial Statements

Board of Trustees
Northside Independent School District
18040 Highway 283
Vernon, Texas 76384

Members of the Board of Trustees:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Northside Independent School District as of August 31, 2009, 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 December 23, 2009, on our consideration of Northside 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.

The Management's Discussion and Analysis and the budgetary comparison information identified as Required Supplementary Information in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Northside Independent School District's basic financial statements. The accompanying supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

King, Moore, Truelove & Pharis

King, Moore, Truelove & Pharis
December 23, 2009

Management's Discussion and Analysis

This page is left blank intentionally.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

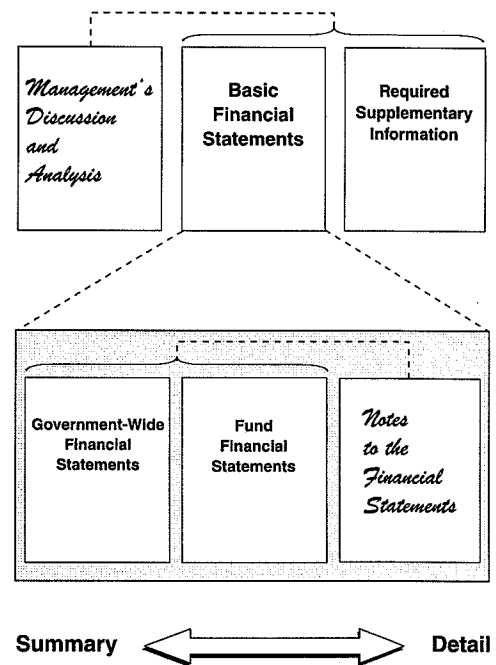
- The District's total combined net assets were \$1,240,185 at August 31, 2009.
- During the year, the District's expenses were \$193,670 more than the \$1,896,318 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased \$170,382 from last year.
- The general fund reported a fund balance this year of \$101,884.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

Type of Statements	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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

Government-wide Statements

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

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

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

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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

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

The District has the following kinds of funds:

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

fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$1,240,185 at August 31, 2009. (See Table A-1).

Table A-1
Northside Independent School District's Combined Net Assets

	Governmental Activities		Total Percentage Change
	<u>2009</u>	<u>2008</u>	<u>2009-2008</u>
ASSETS:			
Cash and Cash Equivalents	\$ 254,943	\$ 311,449	-18.1%
Investments	-	158,289	-100.0%
Property Taxes Receivable (Net)	12,824	6,390	100.7%
Due from Other Governments	76,831	49,734	54.5%
Deferred Expenses	4,761	4,523	5.3%
Capitalized Bond Issuance Costs	38,588	40,342	-4.3%
Capital Assets:			
Land	5,925	5,925	0.0%
Construction in Process	-	2,362,882	-100.0%
Buildings, Furniture, and Equipment, Net	3,181,812	681,738	366.7%
Total Assets	<u>3,575,684</u>	<u>3,621,272</u>	-1.3%
LIABILITIES:			
Accounts Payable	22,095	124,400	-82.2%
Accrued Liabilities	36,444	31,579	15.4%
Due to Other Governments	166,910	71,437	133.6%
Unearned Revenue	-	50,000	-100.0%
Noncurrent Liabilities:			
Due Within One Year	50,000	50,000	0.0%
Due in More Than One Year	2,060,050	1,860,000	10.8%
Total Liabilities	<u>2,335,499</u>	<u>2,187,416</u>	6.8%
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	1,077,687	1,140,545	-5.5%
Restricted For:			
Debt Service	3,858	3,165	21.9%
Capital Projects	-	174	-100.0%
Unrestricted	158,640	289,972	-45.3%
Total Net Assets	<u>\$ 1,240,185</u>	<u>\$ 1,433,856</u>	-13.5%

Changes in net assets. The District's total revenues were \$1,896,318. A significant portion, 78%, of the District's revenue comes from state aid formula and grants. (See Figure A-3.) 16% comes from taxes, while only 2% relates to charges for services.

The total cost of all programs and services was \$2,089,988; 50% of these costs are for instructional services.

Governmental Activities

- Property tax rates remained at \$1.14 per \$100 dollar of valuation. This tax rate coupled with increasing values resulted in a increase of tax revenues of \$52,630.

Figure A-3 District Sources of Revenue for Fiscal Year 2009

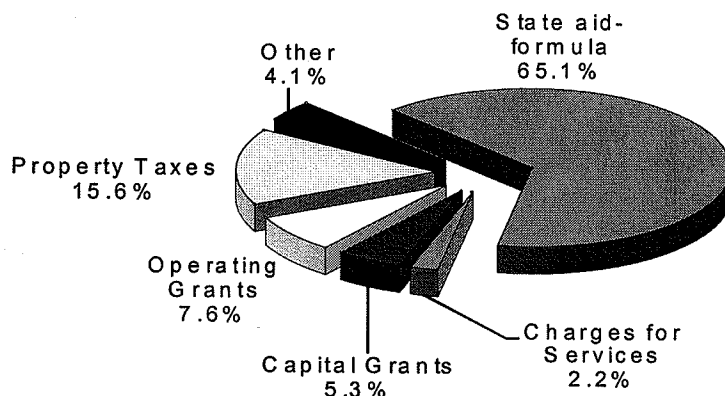


Table A-2
Changes in Northside Independent School District's Net Assets

	Governmental Activities		Total Percentage Change 2009-2008
	2009	2008	
Program Revenues:			
Charges for Services	\$ 42,367	\$ 40,141	5.5%
Operating Grants and Contributions	144,867	248,756	-41.8%
Capital Grants and Contributions	100,731	106,628	-5.5%
General Revenues			
Property Taxes	295,844	243,214	21.6%
State Aid – Formula	1,234,673	1,254,315	-1.6%
Investment Earnings	6,237	48,221	-87.1%
Other	71,599	31,488	127.4%
Total Revenues	1,896,318	1,972,763	-3.9%
Instruction	956,047	863,684	10.7%
Instructional Resources and Media Services	18,644	23,128	-19.4%
Curriculum Dev. And Instructional Staff Dev.	74,139	60,078	23.4%
School Leadership	91,981	66,831	37.6%
Guidance, Counseling and Evaluation Services	9,484	19,491	-51.3%
Health Services	3,697	4,171	-11.4%
Student (Pupil) Transportation	67,549	68,885	-1.9%
Food Services	114,650	113,365	1.1%
Curricular/Extracurricular Activities	113,135	123,807	-8.6%
General Administration	223,997	183,616	22.0%
Plant Maintenance & Oper.	241,000	223,804	7.7%
Community Services	65,823	62,541	5.2%
Interest on Long-Term Debt	86,522	89,004	-2.8%

Bond Issuance Costs and Fees	1,754	1,784	-1.7%
Capital Outlay	648	-	
Payments to Fiscal Agent/ Member Dist. – SSA	16,947	15,417	9.9%
Other Intergovernmental Charges	3,971	-	
Total Expenses	2,089,988	1,919,606	8.9%
Excess (Deficiency) Before Other Resources, Uses & Transfers	(193,670)	53,157	-464.3%
Other Resources (Uses)	-	-	-
Transfers In (Out)	-	-	-
Increase (Decrease) in Net Assets	\$ (193,670)	\$ 53,157	-464.3%

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

- The cost of all *governmental* activities this year was \$2,089,988
- However, the amount that our taxpayers paid for these activities through property taxes was \$295,844.
- Some of the cost was paid by those who directly benefited from the programs \$42,367, or
- By grants and contributions \$245,598.

Table A-3
Net Cost of Selected District Functions

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2009	2008		2009	2008	
Instruction	\$ 956,047	\$ 863,684	10.7%	\$ 882,077	\$ 752,657	17.2%
School administration	\$ 223,997	\$ 183,616	22.0%	\$ 213,494	\$ 174,104	22.6%
Plant Maintenance & Operations	\$ 241,000	\$ 223,804	7.7%	\$ 229,143	\$ 212,240	8.0%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$1,889,883, a decrease of 4% over the preceding year.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. With these adjustments, actual expenditures were \$80,291 below final budget amounts.

Resources available were \$41,631 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the District had invested \$4,045,984 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase of \$250,218 over last year.

Table A-4
District's Capital Assets

	Governmental Activities		Total Percentage Change
	<u>2009</u>	<u>2008</u>	<u>2009-2008</u>
Land	\$ 5,925	\$ 5,925	--
Construction in Process	--	2,362,883	100.0%
Buildings and improvements	3,533,518	934,746	278.0%
Vehicles	381,443	381,443	--
Equipment	125,089	110,769	12.9%
Totals at historical cost	<u>4,045,975</u>	<u>3,795,766</u>	<u>6.6%</u>
Total accumulated depreciation	-858,238	-745,213	15.2%
Net capital assets	<u>\$ 3,187,737</u>	<u>\$ 3,050,553</u>	<u>4.5%</u>

Long Term Debt

At year-end, the District had \$2,110,050 in bonds and notes outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
District's Long Term Debt

	Governmental Activities		Total Percentage Change
	<u>2009</u>	<u>2008</u>	<u>2009-2008</u>
Notes payable	\$ 250,050	\$ --	-100.0%
Bonds payable	1,860,000	1,910,000	-2.3%
Total bonds & notes payable	<u>\$ 2,110,050</u>	<u>\$ 1,910,000</u>	<u>-2.9%</u>

Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "AAA" and Standard & Poors "AAA".

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2009-2010 budget preparation is up from the prior year.
- The District's 2009-2010 refined average daily attendance is expected to be 180, an increase from the 2008-2009 actual average daily attendance of 171.

These indicators were taken into account when adopting the general fund budget for 2009-2010. Amounts available for appropriation in the general fund budget are \$1,534,951, a decrease of less than 2 percent over the actual 2008-2009 total revenues of \$1,565,338. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to decrease 10% to \$1,497,443 compared to the 2008-2009 actual expenditures of \$1,670,393. The District has added no major new programs or initiatives to the 2009-2010 budget. If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of the 2009-2010 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

This page is left blank intentionally.

Basic Financial Statements

This page is left blank intentionally.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

AUGUST 31, 2009

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 254,943
1225	Property Taxes Receivable (Net)	12,824
1240	Due from Other Governments	76,831
1410	Deferred Expenses	4,761
1420	Capitalized Bond and Other Debt Issuance Costs	38,588
Capital Assets:		
1510	Land	5,925
1520	Buildings and Improvements, Net	3,024,508
1530	Furniture and Equipment, Net	157,304
1000	Total Assets	<u>3,575,684</u>
LIABILITIES:		
2110	Accounts Payable	22,095
2165	Accrued Liabilities	36,444
2180	Due to Other Governments	166,910
Noncurrent Liabilities:		
2501	Due Within One Year	50,000
2502	Due in More Than One Year	2,060,050
2000	Total Liabilities	<u>2,335,499</u>
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	1,077,687
Restricted For:		
3850	Debt Service	3,858
3900	Unrestricted	158,640
3000	Total Net Assets	<u>\$ 1,240,185</u>

The accompanying notes are an integral part of this statement.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	Functions/Programs	1	3	4	5
		Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Governmental Activities:				
11	<i>Instruction</i>	\$ 956,047	\$ --	\$ 73,970	\$ --
12	<i>Instructional Resources and Media Services</i>	18,644	--	833	--
13	<i>Curriculum and Staff Development</i>	74,139	--	31,127	--
23	<i>School Leadership</i>	91,981	--	4,333	--
31	<i>Guidance, Counseling, & Evaluation Services</i>	9,484	--	415	--
33	<i>Health Services</i>	3,697	--	171	--
34	<i>Student Transportation</i>	67,549	--	2,288	--
35	<i>Food Service</i>	114,650	30,944	55	--
36	<i>Cocurricular/Extracurricular Activities</i>	113,135	11,423	5,225	--
41	<i>General Administration</i>	223,997	--	10,503	--
51	<i>Plant Maintenance and Operations</i>	241,000	--	11,857	--
61	<i>Community Services</i>	65,823	--	3,066	--
72	<i>Interest on Long-term Debt</i>	86,522	--	--	100,731
73	<i>Bond Issuance Costs and Fees</i>	1,754	--	--	--
81	<i>Capital Outlay</i>	648	--	--	--
93	<i>Payments Related to Shared Services Arrangements</i>	16,947	--	830	--
99	<i>Other Intergovernmental Charges</i>	3,971	--	194	--
TG	Total Governmental Activities	<u>2,089,988</u>	<u>42,367</u>	<u>144,867</u>	<u>100,731</u>
TP	Total Primary Government	<u>\$ 2,089,988</u>	<u>\$ 42,367</u>	<u>\$ 144,867</u>	<u>\$ 100,731</u>
	General Revenues:				
MT	<i>Property Taxes, Levied for General Purposes</i>				
DT	<i>Property Taxes, Levied for Debt Service</i>				
IE	<i>Investment Earnings</i>				
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				
MI	<i>Miscellaneous</i>				
TR	Total General Revenues				
CN	Change in Net Assets				
NB	Net Assets - Beginning				
NE	Net Assets - Ending				

The accompanying notes are an integral part of this statement.

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$ (882,077)
(17,811)
(43,012)
(87,648)
(9,069)
(3,526)
(65,261)
(83,651)
(96,487)
(213,494)
(229,143)
(62,757)
14,209
(1,754)
(648)
(16,117)
(3,777)

(1,802,023)

(1,802,023)

269,738
26,106
6,237
1,234,673
71,599

1,608,353
(193,670)
1,433,855

\$ 1,240,185

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2009

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 Cash and Cash Equivalents	\$ 267,242	\$ 3	\$ (12,405)	\$ 254,840
1225 Taxes Receivable, Net	11,945	--	879	12,824
1240 Due from Other Governments	56,337	--	20,494	76,831
1260 Due from Other Funds	--	5,997	--	5,997
1000 Total Assets	<u>\$ 335,524</u>	<u>\$ 6,000</u>	<u>\$ 8,968</u>	<u>\$ 350,492</u>
LIABILITIES:				
Current Liabilities:				
2110 Accounts Payable	\$ 16,095	\$ 6,000	\$ --	\$ 22,095
2160 Accrued Wages Payable	32,357	--	3,435	35,792
2170 Due to Other Funds	5,997	--	--	5,997
2180 Due to Other Governments	166,843	--	67	166,910
2200 Accrued Expenditures	403	--	249	652
2300 Unearned Revenue	11,945	--	879	12,824
2000 Total Liabilities	<u>233,640</u>	<u>6,000</u>	<u>4,630</u>	<u>244,270</u>
FUND BALANCES:				
Reserved Fund Balances:				
3450 Reserve for Food Service	--	--	1,058	1,058
3490 Other Reserves of Fund Balance	10,559	--	3,280	13,839
3600 Unreserved	91,325	--	--	91,325
3000 Total Fund Balances	<u>101,884</u>	<u>--</u>	<u>4,338</u>	<u>106,222</u>
4000 Total Liabilities and Fund Balances	<u>\$ 335,524</u>	<u>\$ 6,000</u>	<u>\$ 8,968</u>	<u>\$ 350,492</u>

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds balance sheet	\$ 106,222
Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	3,187,737
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	12,824
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	102
Payables for bond principal which are not due in the current period are not reported in the funds.	(1,860,000)
Payables for notes which are not due in the current period are not reported in the funds.	(250,050)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	43,349
Rounding difference	<u>1</u>
Net assets of governmental activities - statement of net assets	<u>\$ 1,240,185</u>

The accompanying notes are an integral part of this statement.

NORTHSIDE INDEPENDENT SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 352,996	\$ 26	\$ 56,590	\$ 409,612
5800 State Program Revenues	1,206,673	--	143,329	1,350,002
5900 Federal Program Revenues	5,669	--	124,600	130,269
5020 Total Revenues	<u>1,565,338</u>	<u>26</u>	<u>324,519</u>	<u>1,889,883</u>
EXPENDITURES:				
Current:				
0011 Instruction	818,486	--	92,984	911,470
0012 Instructional Resources and Media Services	17,003	--	429	17,432
0013 Curriculum and Staff Development	39,443	--	31,587	71,030
0023 School Leadership	88,504	--	--	88,504
0031 Guidance, Counseling, & Evaluation Services	8,483	--	--	8,483
0033 Health Services	3,486	--	--	3,486
0034 Student Transportation	46,607	--	--	46,607
0035 Food Service	1,125	--	107,314	108,439
0036 Cocurricular/Extracurricular Activities	106,708	--	--	106,708
0041 General Administration	214,513	--	--	214,513
0051 Plant Maintenance and Operations	242,508	--	--	242,508
0061 Community Services	62,609	--	--	62,609
0071 Principal on Long-term Debt	--	--	50,000	50,000
0072 Interest on Long-term Debt	--	--	86,522	86,522
0081 Capital Outlay	--	236,537	--	236,537
0093 Payments to Shared Service Arrangements	16,947	--	--	16,947
0099 Other Intergovernmental Charges	3,971	--	--	3,971
6030 Total Expenditures	<u>1,670,393</u>	<u>236,537</u>	<u>368,836</u>	<u>2,275,766</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>(105,055)</u>	<u>(236,511)</u>	<u>(44,317)</u>	<u>(385,883)</u>
Other Financing Sources and (Uses):				
7914 Non-Current Loan Proceeds	250,050	--	--	250,050
7915 Transfers In	--	236,337	31,500	267,837
8911 Transfers Out	(267,837)	--	--	(267,837)
7080 Total Other Financing Sources and (Uses)	<u>(17,787)</u>	<u>236,337</u>	<u>31,500</u>	<u>250,050</u>
1200 Net Change in Fund Balances	<u>(122,842)</u>	<u>(174)</u>	<u>(12,817)</u>	<u>(135,833)</u>
0100 Fund Balances - Beginning	224,726	174	17,155	242,055
3000 Fund Balances - Ending	<u>\$ 101,884</u>	<u>\$ --</u>	<u>\$ 4,338</u>	<u>\$ 106,222</u>

The accompanying notes are an integral part of this statement.

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

Net change in fund balances - total governmental funds	\$ (135,833)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	250,218
The depreciation of capital assets used in governmental activities is not reported in the funds.	(113,025)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	6,434
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	239
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	50,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(1,754)
The net revenue (expense) of internal service funds is reported with governmental activities.	101
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	<u>(250,050)</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (193,670)</u>

The accompanying notes are an integral part of this statement.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

INTERNAL SERVICE FUND

AUGUST 31, 2009

Data Control Codes		Nonmajor Internal Service Fund
		<u> </u>
		Insurance Fund
		<u> </u>
	ASSETS:	
	Current Assets:	
1110	<i>Cash and Cash Equivalents</i>	\$ 102
	Total Current Assets	<u>102</u>
1000	Total Assets	\$ <u>102</u>
	LIABILITIES:	
2000	Total Liabilities	<u> --</u>
	NET ASSETS:	
3900	<i>Unrestricted Net Assets</i>	\$ 102
3000	Total Net Assets	<u>\$ 102</u>

The accompanying notes are an integral part of this statement.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2009

Data Control Codes		Nonmajor Internal Service Fund
		<u> </u>
		Insurance Fund
		<u> </u>
	OPERATING REVENUES:	
5700	Local and Intermediate Sources	\$ 2,079
5020	Total Revenues	<u>2,079</u>
	OPERATING EXPENSES:	
6100	Payroll Costs	<u>1,978</u>
6030	Total Expenses	<u>1,978</u>
1300	Change in Net Assets	101
0100	Total Net Assets - Beginning	<u>1</u>
3300	Total Net Assets - Ending	<u>\$ 102</u>

The accompanying notes are an integral part of this statement.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2009

	Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Received for Workers Comp</i>	\$ 2,079
<i>Cash Payments for Workers Comp</i>	(1,978)
Net Cash Provided (Used) by Operating Activities	<u>101</u>
Net Increase (Decrease) in Cash and Cash Equivalents	101
Cash and Cash Equivalents at Beginning of Year	1
Cash and Cash Equivalents at End of Year	<u>\$ 102</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 101
Net Cash Provided (Used) by Operating Activities	<u>\$ 101</u>

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

<u>Data Control Codes</u>		<u>Agency Fund</u>	<u>Student Activity</u>
	ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 23,516	
1000	Total Assets	<u>\$ 23,516</u>	
	LIABILITIES:		
	Current Liabilities:		
2190	<i>Due to Student Groups</i>	\$ 23,516	
2000	Total Liabilities	<u>23,516</u>	
	NET ASSETS		
3000	Total Net Assets	<u>\$ --</u>	

The accompanying notes are an integral part of this statement.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

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

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

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

3. Financial Statement Amounts

a. Cash and Cash Equivalents

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

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

At August 31, 2009, net property taxes receivable is calculated as follows:

Gross property taxes receivable	\$	12,824
Allowance for uncollectible taxes		0
Net property taxes receivable	\$	<u>12,824</u>

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30
Building Improvements	15-30
Vehicles	5-10
Office Equipment	5-10
Computer Equipment	5

e. Receivable and Payable Balances

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

There are no significant receivables, except delinquent taxes receivable, which are not scheduled for collection within one year of year end.

f. Long-Term Obligations

In the governmental wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond Issuance costs are reported as deferred charges and amortized over the life of the bond.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. Use of Estimates

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

The amount of foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is reasonably possible the foundation revenue estimates as of August 31, 2009 will change.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

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

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

1. Cash Deposits:

At August 31, 2009, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$278,458 and the bank balance was \$313,674. The District's cash deposits at August 31, 2009 and during the year ended August 31, 2009, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investment at August 31, 2009 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
None		\$ --
Total Investments		\$ --

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. 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 year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2009

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 5,925	\$ --	\$ --	\$ 5,925
Construction in progress	2,362,883	235,889	2,598,772	--
Total capital assets not being depreciated	<u>2,368,808</u>	<u>235,889</u>	<u>2,598,772</u>	<u>5,925</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	934,746	2,598,772	--	3,533,518
Equipment	110,769	14,320	--	125,089
Vehicles	381,443	--	--	381,443
Total capital assets being depreciated	<u>1,426,958</u>	<u>2,613,101</u>	<u>--</u>	<u>4,040,050</u>
Less accumulated depreciation for:				
Buildings and improvements	(428,209)	(80,801)	--	(509,010)
Equipment	(58,563)	(11,395)	--	(69,958)
Vehicles	(258,441)	(20,829)	--	(279,270)
Total accumulated depreciation	<u>(745,213)</u>	<u>(113,025)</u>	<u>--</u>	<u>(858,238)</u>
Total capital assets being depreciated, net	<u>681,745</u>	<u>2,500,076</u>	<u>--</u>	<u>3,181,812</u>
Governmental activities capital assets, net	<u>\$ 3,050,553</u>	<u>\$ 2,735,965</u>	<u>\$ 2,598,772</u>	<u>\$ 3,187,737</u>

NORTHSIDE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

Depreciation was charged to functions as follows:

Instruction	\$	44,678
Instructional Resources and Media Services		1,212
Curriculum and Staff Development		3,108
School Leadership		3,477
Guidance, Counseling, & Evaluation Services		1,001
Health Services		211
Student Transportation		20,829
Food Services		6,211
Extracurricular Activities		6,428
General Administration		9,484
Plant Maintenance and Operations		13,172
Community Services		3,214
	\$	<u>113,025</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2009, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Capital Projects Fund	General Fund	\$ 5,997	
	Other Balances	--	
	Total	<u>\$ 5,997</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2009, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Other Governmental Funds	\$ 31,500	Supplement other funds sources
General fund	Capital Project Fund	236,337	Supplement other funds sources
	Total	<u>\$ 267,837</u>	

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2009

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2009, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 1,910,000	\$ --	\$ 50,000	\$ 1,860,000	\$ 50,000
Notes	--	250,050	--	250,050	--
Total governmental activities	\$ 1,910,000	\$ 250,050	\$ 50,000	\$ 2,110,050	\$ 50,000

Information on the above Notes and Bonds payable

	Rate	Purpose
Note Payable to the Herring Bank	5.00%	Building Construction
Bonds Payable	4.59%	Building Construction

2. Debt Service Requirements

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

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2010	\$ 50,000	\$ 84,227	\$ 134,227
2011	94,424	95,312	189,736
2012	102,813	89,513	192,327
2013	110,115	84,572	194,687
2014	112,572	79,362	191,933
2015-2019	400,126	327,995	728,121
2020-2024	435,000	236,270	671,270
2025-2029	550,000	123,930	673,930
2030-2031	255,000	11,819	266,819
Totals	\$ 2,110,050	\$ 1,133,000	\$ 3,243,050

3. Continuing Disclosure Requirements

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information depository of Texas, which is the Municipal Advisory Council. The information is required under SEC Rule 15c-12 to enable investors to analyze the financial condition and operations of the District.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2009, 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.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

H. Pension Plan

1. Plan Description

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

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.58% of the District's covered payroll. The District's employees' contributions to the System for the years ending August 31, 2009, 2008 and 2007 were \$71,758, \$70,063 and \$56,666, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending August 31, 2009, 2008 and 2007 were \$10,593, \$9,014 and \$7,633, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$73,152 for the year ended August 31, 2009.

I. Retiree Health Care Plan

1. Plan Description

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

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2008, 2007 and 2006. 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, 2009, 2008, and 2007, the State's contributions to TRS-Care were \$11,212, \$10,948 and \$8,854, respectively, the active member contributions were \$7,288, \$7,116 and \$5,755, respectively, and the District's contributions were \$6,167, \$6,021, and \$4,870, respectively, which equaled the required contributions each year.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

3. Medicare Part D

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 the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2009, 2008, and 2007, the subsidy payments received by TRS-Care on behalf of the District were \$2,417, \$2,361, and \$2,004, respectively,

J. Self-Insured Worker's Compensation Plan

The District is a member in a self-insured worker's compensation plan. The District's loss fund maximum for the 2008-2009 plan year is \$10,220. The District is not responsible for claims and claims allocation expense beyond its individual loss fund for that plan year. Also, the estimated liability may be lower than the District's potential liability, which is its loss fund for each plan year.

The estimated claims benefit obligation for the self-insured worker's compensation plan of \$38,134 at August 31, 2009 includes requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of the loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount. The liability recorded was the undiscounted estimate of the third party administrator at August 31, 2009. The District's ultimate liability is the sum of the District's loss fund as determined by the third party administrator.

The District is not responsible for claims and claims allocation expense beyond its stop loss insurance coverage.

K. Commitments and Contingencies

1. Contingencies

The District participates in 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 basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2009.

L. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") which provides special education services with the following school districts:

Member Districts

Vernon Independent School District

Harrold Independent School District

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2009

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Vernon ISD nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

M. Subsequent Events

On November 3, 2009, the voters in Northside Independent School District voted to ratify an adopted tax rate of \$1.17 per \$100 valuation for the tax year beginning January 1, 2010.

N. Property/Casualty Program

During the year ended August 31, 2009, Northside ISD participated in the TASB Risk Management Fund's (the Fund) Property Casualty Program with coverage in:

- Auto Liability
- Auto Physical Damage
- Equipment Breakdown
- General Liability
- Property
- Sexual Misconduct Endorsement
- SP Legal Liability

The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2009, the Fund anticipates Northside ISD has no additional liability beyond the contractual obligations for payment of contributions.

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 offices and have been filed with the Texas Department of Insurance in Austin.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

This page is left blank intentionally.

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT G-1

Page 1 of 2

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts						
	Original	Final	Actual				
REVENUES:							
5700	<i>Local and Intermediate Sources</i>	\$ 299,839	\$ 333,316	\$ 352,996	\$	19,680	
5800	<i>State Program Revenues</i>	1,329,867	1,188,905	1,206,673		17,768	
5900	<i>Federal Program Revenues</i>	--	1,486	5,669		4,183	
5020	Total Revenues	<u>1,629,706</u>	<u>1,523,707</u>	<u>1,565,338</u>		<u>41,631</u>	
EXPENDITURES:							
Current:							
Instruction & Instructional Related Services:							
0011	<i>Instruction</i>	833,421	843,421	818,486		24,935	
0012	<i>Instructional Resources and Media Services</i>	18,793	18,793	17,003		1,790	
0013	<i>Curriculum and Staff Development</i>	43,315	43,315	39,443		3,872	
	Total Instruction & Instr. Related Services	<u>895,529</u>	<u>905,529</u>	<u>874,932</u>		<u>30,597</u>	
Instructional and School Leadership:							
0023	<i>School Leadership</i>	85,835	88,835	88,504		331	
	Total Instructional & School Leadership	<u>85,835</u>	<u>88,835</u>	<u>88,504</u>		<u>331</u>	
Support Services - Student (Pupil):							
0031	<i>Guidance, Counseling and Evaluation Services</i>	8,127	8,527	8,483		44	
0033	<i>Health Services</i>	3,171	3,671	3,486		185	
0034	<i>Student (Pupil) Transportation</i>	67,591	72,869	46,607		26,262	
0035	<i>Food Services</i>	2,443	2,443	1,125		1,318	
0036	<i>Cocurricular/Extracurricular Activities</i>	95,679	110,679	106,708		3,971	
	Total Support Services - Student (Pupil)	<u>177,011</u>	<u>198,189</u>	<u>166,409</u>		<u>31,780</u>	
Administrative Support Services:							
0041	<i>General Administration</i>	173,981	214,981	214,513		468	
	Total Administrative Support Services	<u>173,981</u>	<u>214,981</u>	<u>214,513</u>		<u>468</u>	
Support Services - Nonstudent Based:							
0051	<i>Plant Maintenance and Operations</i>	206,911	258,911	242,508		16,403	
	Total Support Services - Nonstudent Based	<u>206,911</u>	<u>258,911</u>	<u>242,508</u>		<u>16,403</u>	
Ancillary Services:							
0061	<i>Community Services</i>	60,274	63,274	62,609		665	
	Total Ancillary Services	<u>60,274</u>	<u>63,274</u>	<u>62,609</u>		<u>665</u>	
Capital Outlay:							
0081	<i>Capital Outlay</i>	10,000	--	--		--	
	Total Capital Outlay	<u>10,000</u>	<u>--</u>	<u>--</u>		<u>--</u>	
Intergovernmental Charges:							
0093	<i>Payments to Fiscal Agent/Member Dist.-SSA</i>	15,750	16,950	16,947		3	
0099	<i>Other Intergovernmental Charges</i>	3,415	4,015	3,971		44	
	Total Intergovernmental Charges	<u>19,165</u>	<u>20,965</u>	<u>20,918</u>		<u>47</u>	
6030	Total Expenditures	<u>1,628,706</u>	<u>1,750,684</u>	<u>1,670,393</u>		<u>80,291</u>	

NORTHSIDE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2009

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>1,000</u>	<u>(226,977)</u>	<u>(105,055)</u>	<u>121,922</u>
	Other Financing Sources (Uses):				
7914	Non-Current Loan Proceeds	--	250,050	250,050	--
8911	Transfers Out	<u>(317,674)</u>	<u>(277,514)</u>	<u>(267,837)</u>	<u>9,677</u>
7080	Total Other Financing Sources and (Uses)	<u>(317,674)</u>	<u>(27,464)</u>	<u>(17,787)</u>	<u>9,677</u>
1200	Net Change in Fund Balance	<u>(316,674)</u>	<u>(254,441)</u>	<u>(122,842)</u>	<u>131,599</u>
0100	Fund Balance - Beginning	--	--	224,726	224,726
3000	Fund Balance - Ending	<u>\$ (316,674)</u>	<u>\$ (254,441)</u>	<u>\$ 101,884</u>	<u>\$ 356,325</u>