

Financial Report of

**SONORA
INDEPENDENT SCHOOL DISTRICT**

Sonora, Texas

Year Ended August 31, 2010

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

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CERTIFICATE OF THE BOARD

SONORA INDEPENDENT SCHOOL DISTRICT

Name of School District

SUTTON

County

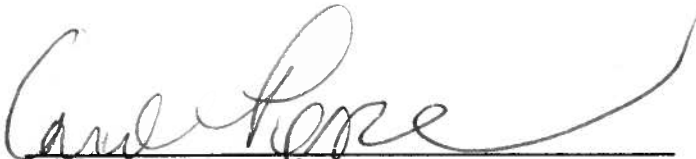
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County -
District
Number

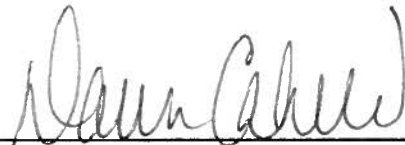
We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

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 9 day of Nov, 2010



Signature of Board Secretary



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

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

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

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www.eckertandcompany.com

Members of
American Institute of CPAs
Texas Society of CPAs

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Sonora Independent School District
807 South Concho
Sonora, TX 76950-3999

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sonora 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 Sonora Independent School District as of August 31, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2010, on our consideration of the Sonora 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 32, 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 Sonora 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 Sonora 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.

Eckert & Company, LLP

October 12, 2010



807 S. Concho
Sonora, Texas 76950
(325) 387-6940
FAX: (325) 387-5090

Don Gibson, Superintendent

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

Our discussion and analysis of the Sonora 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 \$30,242,617 (net assets). Of this amount, \$11,779,850 (unrestricted net assets) may be used to meet the District's ongoing obligations.

The District's total net assets increased by \$765,367. This amount consists of a \$814,233 increase attributable to current year operations and a \$48,866 decrease attributable to prior period adjustments. The District's statement of activities shows total revenues of \$21,781,010 and total expenses of \$20,966,777.

The total unreserved fund balance of the General Fund was \$11,540,567 which was a decrease of \$3,597,976 compared to the prior year.

The District's total long-term debt decreased by \$725,396 as a result of principal payments of \$725,000 and amortization of bond premium of \$396.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

UNAUDITED

Overview of the Financial Statements - Continued

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.

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 two categories: governmental 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, Food Service Special Revenue Fund, and Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget for each fund.

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.

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 | | \$ 13,388,447 | \$ 18,162,027 |
| Capital Assets | | <u>19,766,637</u> | <u>16,212,690</u> |
| Total Assets | | <u>\$ 33,155,084</u> | <u>\$ 34,374,717</u> |
| Long-Term Liabilities Outstanding | | \$ 2,325,954 | \$ 3,051,350 |
| Other Liabilities | | <u>586,513</u> | <u>1,846,117</u> |
| Total Liabilities | | <u>\$ 2,912,467</u> | <u>\$ 4,897,467</u> |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | | \$ 17,451,044 | \$ 13,176,453 |
| Restricted | | 1,011,723 | 968,476 |
| Unrestricted | | <u>11,779,850</u> | <u>15,332,321</u> |
| Total Net Assets | | <u>\$ 30,242,617</u> | <u>\$ 29,477,250</u> |

A large portion of the District's net assets (\$17,451,044) 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. An additional portion of the District's net assets (\$1,011,723) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11,779,850) 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 \$814,233 and \$1,729,172 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 | \$ 465,354 | \$ 348,248 |
| Operating Grants and Contributions | 1,879,487 | 1,535,888 |
| General Revenues | | |
| Maintenance and Operations Taxes | 13,873,202 | 17,795,098 |
| Debt Service Taxes | 852,865 | 941,589 |
| State Aid - Formula Grants | 4,577,953 | 3,637,487 |
| Grants and Contributions Not Restricted to Specific Programs | 988 | 993 |
| Investment Earnings | 51,188 | 223,821 |
| Other | 79,973 | 168,154 |
| Total Revenues | \$ 21,781,010 | \$ 24,651,278 |
| Expenses | | |
| Instruction and Instructional-Related Services | \$ 7,503,295 | \$ 7,349,711 |
| Instructional and School Leadership | 747,488 | 649,835 |
| Support Services - Student (Pupil) | 2,245,580 | 1,944,329 |
| Administrative Support Services | 504,166 | 475,710 |
| Support Services - Nonstudent Based | 1,907,501 | 1,973,021 |
| Debt Service | 102,635 | 130,547 |
| Intergovernmental Charges | 7,956,112 | 10,398,953 |
| Total Expenses | \$ 20,966,777 | \$ 22,922,106 |
| Increase (Decrease) in Net Assets | \$ 814,233 | \$ 1,729,172 |
| Net Assets - Beginning | 29,477,250 | 28,078,776 |
| Prior Period Adjustments | (48,866) | (330,698) |
| Net Assets - Ending | \$ 30,242,617 | \$ 29,477,250 |

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 \$20,966,777.
- Some costs, \$465,354, were recovered through charges for services from those who directly benefited from the programs.
- Other costs, \$1,879,487, were recovered through operating grants and contributions.
- The total net cost of all governmental activities this year (total cost less program revenues) was \$18,621,936.
- The amount paid by taxpayers for these activities through property taxes was \$14,726,067.
- The amount funded by net state revenues for these activities was \$4,577,953.
- The amount funded by investment earnings and miscellaneous local revenues was \$132,149.

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 \$12,638,363, a decrease of \$3,546,513 in comparison with the prior year. Of this total amount \$11,635,067 constitutes unreserved fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed for various restricted purposes.

General Fund Budget

The original budget for the General Fund was \$23,538,366, and the final amended budget was \$27,392,831 which represents a \$3,854,465 increase in appropriations. Significant variances between the original budget and the final amended budget were caused by an increase of approximately \$106,000 for Extracurricular Activities - Function 36, an increase of approximately \$1,790,000 for Facilities Acquisition and Construction - Function 81, and an increase of approximately \$1,818,000 for Contracted Instructional Services Between Schools - Function 91.

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 \$19,766,637 and \$16,212,690, 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 building additions/improvements, equipment, and construction in progress.

CAPITAL ASSETS NET OF DEPRECIATION

| | <u>Governmental Activities</u> | |
|----------------------------|--------------------------------|----------------------|
| | <u>August 31,</u> | |
| | <u>2010</u> | <u>2009</u> |
| Land | \$ 176,444 | \$ 176,444 |
| Buildings and Improvements | 13,500,293 | 13,903,917 |
| Furniture and Equipment | 1,272,243 | 1,093,919 |
| Construction in Progress | <u>4,817,657</u> | <u>1,038,410</u> |
| Totals | <u>\$ 19,766,637</u> | <u>\$ 16,212,690</u> |

Long-Term Debt - As of August 31, 2010 and 2009, the District had total long-term debt outstanding of \$2,325,954 and \$3,051,350, respectively.

LONG-TERM DEBT OUTSTANDING

| | <u>Governmental Activities</u> | |
|--------------------------|--------------------------------|---------------------|
| | <u>August 31,</u> | |
| | <u>2010</u> | <u>2009</u> |
| General Obligation Bonds | \$ 2,325,000 | \$ 3,050,000 |
| Bond Premium | <u>954</u> | <u>1,350</u> |
| Totals | <u>\$ 2,325,954</u> | <u>\$ 3,051,350</u> |

The District's total long-term debt decreased by \$725,396 during the current year as a result of principal payments of \$725,000 and amortization of bond premium of \$396.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

UNAUDITED

Economic Factors and Next Year's Budget

The District has adopted a budget for the General Fund in the amount of \$19,408,043 for the fiscal year 2011, which is a decrease of \$7,984,788 from the fiscal year 2010.

The District's assessed valuation for property taxes is \$1,052,602,608 for the fiscal year 2011, which is a decrease of \$276,337,573 from the fiscal year 2010.

The District's maintenance tax rate for property taxes is \$1.04 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 \$10,947,067 for the fiscal year 2011, which is a decrease of \$2,873,911 from the fiscal year 2010.

The District's current student enrollment is 910 for the fiscal year 2011, which is a decrease of 11 from the fiscal year 2010.

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: Don Gibson, Superintendent, Sonora Independent School District, 807 South Concho, Sonora, TX 76950-3999.

Basic Financial Statements

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

| Data Control Codes | Primary Government |
|--|----------------------------|
| | Governmental Activities |
| ASSETS | |
| 1110 Cash and Temporary Investments | \$ 10,946,253 |
| 1220 Property Taxes Receivable (Delinquent) | 200,949 |
| 1230 Allowance for Uncollectible Taxes | (47,740) |
| 1240 Due from Other Governments | 2,274,399 |
| 1290 Other Receivables, Net | 508 |
| 1420 Capitalized Bond and Other Debt Issuance Costs | 14,078 |
| Capital Assets: | |
| 1510 Land | 176,444 |
| 1520 Buildings, Net | 13,500,293 |
| 1530 Furniture and Equipment, Net | 1,272,243 |
| 1580 Construction in Progress | 4,817,657 |
| 1000 Total Assets | 33,155,084 |
| LIABILITIES | |
| 2110 Accounts Payable | 206,255 |
| 2140 Interest Payable | 3,717 |
| 2160 Accrued Wages Payable | 358,820 |
| 2180 Due to Other Governments | 17,721 |
| Noncurrent Liabilities | |
| 2501 Due Within One Year | 750,000 |
| 2502 Due in More Than One Year | 1,575,954 |
| 2000 Total Liabilities | 2,912,467 |
| NET ASSETS | |
| 3200 Invested in Capital Assets, Net of Related Debt | 17,451,044 |
| 3850 Restricted for Debt Service | 1,011,723 |
| 3900 Unrestricted Net Assets | 11,779,850 |
| 3000 Total Net Assets | \$ 30,242,617 |

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

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

EXHIBIT B-1

| Data Control Codes | 1 | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|--|----------------------|-------------------|------------------------------|--|
| | | Expenses | 3 Charges for Services | 4 Operating Grants and Contributions |
| Primary Government: | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | |
| 11 Instruction | \$ 7,171,041 | \$ 145,467 | \$ 1,199,251 | \$ (5,826,323) |
| 12 Instructional Resources and Media Services | 159,719 | - | 22,196 | (137,523) |
| 13 Curriculum and Staff Development | 172,535 | - | 99,920 | (72,615) |
| 21 Instructional Leadership | 138,884 | - | 16,452 | (122,432) |
| 23 School Leadership | 608,604 | - | 29,872 | (578,732) |
| 31 Guidance, Counseling, and Evaluation Services | 347,237 | - | 22,239 | (324,998) |
| 33 Health Services | 77,164 | - | 3,767 | (73,397) |
| 34 Student (Pupil) Transportation | 320,705 | - | 11,078 | (309,627) |
| 35 Food Services | 520,495 | 117,213 | 325,257 | (78,025) |
| 36 Extracurricular Activities | 979,979 | 95,958 | 13,482 | (870,539) |
| 41 General Administration | 504,166 | - | 11,333 | (492,833) |
| 51 Plant Maintenance and Operations | 1,595,820 | 106,716 | 112,761 | (1,376,343) |
| 52 Security and Monitoring Services | 11,500 | - | - | (11,500) |
| 53 Data Processing Services | 300,181 | - | 11,879 | (288,302) |
| 72 Debt Service - Interest on Long-Term Debt | 102,175 | - | - | (102,175) |
| 73 Debt Service - Bond Issuance Cost and Fees | 460 | - | - | (460) |
| 91 Contracted Instructional Services Between Schools | 7,766,540 | - | - | (7,766,540) |
| 99 Other Intergovernmental Charges | 189,572 | - | - | (189,572) |
| [TP] TOTAL PRIMARY GOVERNMENT: | \$ 20,966,777 | \$ 465,354 | \$ 1,879,487 | (18,621,936) |

| Data Control Codes | General Revenues: | | |
|--------------------------|--|--|----------------------|
| | Taxes: | | |
| MT | Property Taxes, Levied for General Purposes | | 13,873,202 |
| DT | Property Taxes, Levied for Debt Service | | 852,865 |
| SF | State Aid - Formula Grants | | 4,577,953 |
| GC | Grants and Contributions not Restricted | | 988 |
| IE | Investment Earnings | | 51,188 |
| MI | Miscellaneous Local and Intermediate Revenue | | 79,973 |
| TR | Total General Revenues | | <u>19,436,169</u> |
| CN | Change in Net Assets | | 814,233 |
| NB | Net Assets--Beginning | | 29,477,250 |
| PA | Prior Period Adjustment | | (48,866) |
| NE | Net Assets--Ending | | <u>\$ 30,242,617</u> |

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

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

| Data Control Codes | 10 General Fund | Other Funds | Total Governmental Funds |
|--------------------------------------|-----------------------|---------------------|--------------------------------|
| ASSETS | | | |
| 1110 | \$ 9,817,868 | \$ 1,128,385 | \$ 10,946,253 |
| 1220 | 190,346 | 10,603 | 200,949 |
| 1230 | (45,564) | (2,176) | (47,740) |
| 1240 | 2,209,235 | 65,164 | 2,274,399 |
| 1260 | 43,129 | 4,653 | 47,782 |
| 1290 | 508 | - | 508 |
| 1000 | <u>\$ 12,215,522</u> | <u>\$ 1,206,629</u> | <u>\$ 13,422,151</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| 2110 | \$ 206,062 | \$ 193 | \$ 206,255 |
| 2160 | 319,457 | 39,363 | 358,820 |
| 2170 | 4,653 | 43,129 | 47,782 |
| 2180 | - | 17,721 | 17,721 |
| 2300 | 144,783 | 8,427 | 153,210 |
| 2000 | <u>674,955</u> | <u>108,833</u> | <u>783,788</u> |
| Fund Balances: | | | |
| Reserved For: | | | |
| 3420 | - | 1,003,296 | 1,003,296 |
| Unreserved Designated For: | | | |
| 3590 | 6,000,000 | - | 6,000,000 |
| Unreserved and Undesignated: | | | |
| 3600 | 5,540,567 | - | 5,540,567 |
| 3610 | - | 94,500 | 94,500 |
| 3000 | <u>11,540,567</u> | <u>1,097,796</u> | <u>12,638,363</u> |
| 4000 | <u>\$ 12,215,522</u> | <u>\$ 1,206,629</u> | <u>\$ 13,422,151</u> |

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

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

| | | |
|--|-----------|-------------------|
| Total Fund Balances - Governmental Funds | \$ | 12,638,363 |
| 1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets. | | 13,176,453 |
| 2 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. | | 5,331,659 |
| 3 The 2010 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets. | | (1,052,712) |
| 4 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 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. | | 148,854 |
| 19 Net Assets of Governmental Activities | <u>\$</u> | <u>30,242,617</u> |

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

SONORA 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 | |
|--|---|----------------------|--------------------------------|----------------------|
| REVENUES: | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 14,122,236 | \$ 1,161,256 | \$ 15,283,492 |
| 5800 | State Program Revenues | 5,033,809 | 56,649 | 5,090,458 |
| 5900 | Federal Program Revenues | 21,086 | 1,346,884 | 1,367,970 |
| 5020 | Total Revenues | <u>19,177,131</u> | <u>2,564,789</u> | <u>21,741,920</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| 0011 | Instruction | 5,631,704 | 900,584 | 6,532,288 |
| 0012 | Instructional Resources and Media Services | 131,125 | 16,458 | 147,583 |
| 0013 | Curriculum and Instructional Staff Development | 72,808 | 92,845 | 165,653 |
| 0021 | Instructional Leadership | 113,695 | 10,713 | 124,408 |
| 0023 | School Leadership | 534,786 | - | 534,786 |
| 0031 | Guidance, Counseling, and Evaluation Services | 303,830 | 7,591 | 311,421 |
| 0033 | Health Services | 68,408 | - | 68,408 |
| 0034 | Student (Pupil) Transportation | 610,143 | - | 610,143 |
| 0035 | Food Services | 14,971 | 518,524 | 533,495 |
| 0036 | Extracurricular Activities | 881,031 | 166,964 | 1,047,995 |
| 0041 | General Administration | 456,084 | - | 456,084 |
| 0051 | Facilities Maintenance and Operations | 1,554,368 | 81,176 | 1,635,544 |
| 0052 | Security and Monitoring Services | 11,500 | - | 11,500 |
| 0053 | Data Processing Services | 274,817 | - | 274,817 |
| Debt Service: | | | | |
| 0071 | Debt Service - Principal on Long-Term Debt | - | 725,000 | 725,000 |
| 0072 | Debt Service - Interest on Long-Term Debt | - | 97,819 | 97,819 |
| 0073 | Debt Service - Bond Issuance Cost and Fees | - | 460 | 460 |
| Capital Outlay: | | | | |
| 0081 | Facilities Acquisition and Construction | 4,008,251 | - | 4,008,251 |
| Intergovernmental: | | | | |
| 0091 | Contracted Instructional Services Between Schools | 7,766,540 | - | 7,766,540 |
| 0099 | Other Intergovernmental Charges | 189,572 | - | 189,572 |
| 6030 | Total Expenditures | <u>22,623,633</u> | <u>2,618,134</u> | <u>25,241,767</u> |
| 1100 | Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(3,446,502)</u> | <u>(53,345)</u> | <u>(3,499,847)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7912 | Sale of Real and Personal Property | 2,200 | - | 2,200 |
| 7915 | Transfers In | - | 90,766 | 90,766 |
| 8911 | Transfers Out (Use) | (90,766) | - | (90,766) |
| 7080 | Total Other Financing Sources (Uses) | <u>(88,566)</u> | <u>90,766</u> | <u>2,200</u> |
| 1200 | Net Change in Fund Balances | <u>(3,535,068)</u> | <u>37,421</u> | <u>(3,497,647)</u> |
| 0100 | Fund Balance - September 1 (Beginning) | 15,138,543 | 1,046,333 | 16,184,876 |
| 1300 | Increase (Decrease) in Fund Balance | (62,908) | 14,042 | (48,866) |
| 3000 | Fund Balance - August 31 (Ending) | <u>\$ 11,540,567</u> | <u>\$ 1,097,796</u> | <u>\$ 12,638,363</u> |

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

SONORA 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

| | | |
|---|-----------|----------------|
| Total Net Change in Fund Balances - Governmental Funds | \$ | (3,497,647) |
| 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. | | 5,331,659 |
| 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. | | (1,052,712) |
| 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, 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. | | 32,933 |
| Change in Net Assets of Governmental Activities | <u>\$</u> | <u>814,233</u> |

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

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

| | Agency Funds |
|-------------------------------------|------------------|
| ASSETS | |
| Cash and Temporary Investments | \$ 53,084 |
| Total Assets | \$ 53,084 |
| LIABILITIES | |
| Other Liabilities Payable - Current | \$ 13,083 |
| Due to Student Groups | 40,001 |
| Total Liabilities | \$ 53,084 |

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Sonora 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 Sonora 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.

All interfund transactions between governmental 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 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.

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 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

SONORA 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 - Continued

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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 type:

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

D. 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.

E. 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.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. 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 | 10-40 |
| Vehicles | 5-10 |
| Furniture and Equipment | 5-10 |

G. 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.

H. 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

I. Compensated Absences

The District pays auxiliary 12-month employees for their unused vacation leave upon termination of employment. The accumulated vacation leave cannot exceed 20 days.

A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. 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.

The reserved fund balances represent amounts which are not available for appropriation or which have been legally separated for a specific purpose.

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

K. 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.

Taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. 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.

L. 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.

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.

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - Continued

A. Budget - Continued

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service 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.

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.

SONORA 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

Interest Rate Risk: The District's investment policy limits its investment portfolio to maturities of one year or less as a means of limiting its exposure to fair value losses arising from fluctuating interest rates.

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 | \$ | 1,618,158 |
| TexPool | | <u>9,381,179</u> |
| Total Cash and Temporary Investments | | <u>\$ 10,999,337</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:

| | <u>State Entitlements</u> | <u>Federal Grants</u> | <u>Total</u> |
|-----------------------|-------------------------------|---------------------------|---------------------|
| General Fund | \$ 2,209,235 | \$ 0 | \$ 2,209,235 |
| Special Revenue Funds | <u>3,278</u> | <u>61,886</u> | <u>65,164</u> |
| Totals | <u>\$ 2,212,513</u> | <u>\$ 61,886</u> | <u>\$ 2,274,399</u> |

C. Interfund Balances and Transfers

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

| | <u>Due From</u> | <u>Due To</u> | <u>Purpose</u> |
|-----------------------------|------------------|------------------|--------------------|
| General Fund | | | |
| Nonmajor Governmental Funds | \$ 43,129 | \$ 4,653 | Current Operations |
| Nonmajor Governmental Funds | | | |
| General Fund | <u>4,653</u> | <u>43,129</u> | Current Operations |
| Totals | <u>\$ 47,782</u> | <u>\$ 47,782</u> | |

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

SONORA 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 | <u>\$ 90,766</u> | Supplemental Fund Resources |

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 | \$ 176,444 | \$ 0 | \$ 0 | \$ 176,444 |
| Buildings and Improvements | 27,145,517 | 418,136 | 0 | 27,563,653 |
| Furniture and Equipment | 2,342,658 | 411,422 | 26,071 | 2,728,009 |
| Construction in Progress | <u>1,038,410</u> | <u>3,779,247</u> | <u>0</u> | <u>4,817,657</u> |
| Total Capital Assets | <u>\$ 30,703,029</u> | <u>\$ 4,608,805</u> | <u>\$ 26,071</u> | <u>\$ 35,285,763</u> |
| Less Accumulated Depreciation | | | | |
| Buildings and Improvements | \$ (13,241,600) | \$ (821,760) | \$ 0 | \$ (14,063,360) |
| Furniture and Equipment | <u>(1,248,739)</u> | <u>(230,952)</u> | <u>(23,925)</u> | <u>(1,455,766)</u> |
| Total Accumulated Depreciation | <u>\$ (14,490,339)</u> | <u>\$ (1,052,712)</u> | <u>\$ (23,925)</u> | <u>\$ (15,519,126)</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 16,212,690</u> | <u>\$ 3,556,093</u> | <u>\$ 2,146</u> | <u>\$ 19,766,637</u> |

SONORA 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 | \$ 692,445 |
| Instructional Resources and Media Services | 12,136 |
| Curriculum and Instructional Staff Development | 6,882 |
| Instructional Leadership | 14,476 |
| School Leadership | 73,818 |
| Guidance, Counseling, and Evaluation Services | 35,816 |
| Health Services | 8,756 |
| Student (Pupil) Transportation | 27,262 |
| Cocurricular/Extracurricular Activities | 38,193 |
| General Administration | 48,082 |
| Plant Maintenance and Operations | 69,482 |
| Data Processing Services | <u>25,364</u> |
| Total | <u>\$ 1,052,712</u> |

E. Deferred Revenues

Deferred revenues at year end consisted of the following:

| | General Fund | Debt Service Fund | Total |
|---------------------------------|-------------------|-------------------------|-------------------|
| Net Delinquent Taxes Receivable | <u>\$ 144,783</u> | <u>\$ 8,427</u> | <u>\$ 153,210</u> |

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:

| Year Ending August 31, | |
|---------------------------|-------------------|
| 2011 | \$ 79,256 |
| 2012 | 79,256 |
| 2013 | 75,411 |
| 2014 | 72,666 |
| 2015 | <u>9,097</u> |
| Total Minimum Rentals | <u>\$ 315,686</u> |

Rental expenditures during the year ended August 31, 2010, were \$68,009.

SONORA 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

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|--------------------------|------------------------------|--------------------|--------------------------|----------------------------|--------------------------------|
| General Obligation Bonds | \$ 3,050,000 | \$ 0 | \$ 725,000 | \$ 2,325,000 | \$ 750,000 |
| Bond Premium | 1,350 | 0 | 396 | 954 | 0 |
| Totals | <u>\$ 3,051,350</u> | <u>\$ 0</u> | <u>\$ 725,396</u> | <u>\$ 2,325,954</u> | <u>\$ 750,000</u> |

The District's outstanding bond issue is as follows:

Sonora Independent School District School Building Unlimited Tax Bonds, Series 2002. Issued for school building construction and improvements in the original amount of \$7,500,000. Due in variable installments through February 2013, with interest rates of 2.75% to 3.8%.

\$ 2,325,000

The annual debt service requirements are as follows:

| <u>Year Ending August 31,</u> | <u>General Obligation Bonds</u> | | <u>Total</u> |
|-----------------------------------|---------------------------------|--------------------------|----------------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2011 | \$ 750,000 | \$ 71,994 | \$ 821,994 |
| 2012 | 775,000 | 44,446 | 819,446 |
| 2013 | <u>800,000</u> | <u>15,200</u> | <u>815,200</u> |
| Totals | <u>\$ 2,325,000</u> | <u>\$ 131,640</u> | <u>\$ 2,456,640</u> |

H. Outstanding Encumbrances

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

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

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

I. Revenues from Local and Intermediate Sources

Local and intermediate source revenues consists of the following:

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Debt Service Fund</u> | <u>Total</u> |
|---|-------------------------|--------------------------------------|----------------------------------|----------------------|
| Property Taxes | \$ 13,896,635 | \$ 0 | \$ 854,697 | \$ 14,751,332 |
| Tuition and Fees | 3,850 | 0 | 0 | 3,850 |
| Other Local Sources | 190,315 | 480 | 11,030 | 201,825 |
| Cocurricular, Enterprising Services, or Activities | <u>31,436</u> | <u>295,049</u> | <u>0</u> | <u>326,485</u> |
| Totals | <u>\$ 14,122,236</u> | <u>\$ 295,529</u> | <u>\$ 865,727</u> | <u>\$ 15,283,492</u> |

J. General Fund Federal Source Revenues

| <u>Program or Source</u> | <u>CFDA Number</u> | <u>Amount</u> |
|-----------------------------------|------------------------|------------------|
| E Rate-School and Library Program | N/A | <u>\$ 21,086</u> |

K. On-Behalf Payments

The District has recognized as revenues and as expenditures the \$438,041 in retirement plan contributions for its employees that the State of Texas paid directly to the Teacher Retirement System of Texas.

IV. OTHER INFORMATION

A. Pension Plan Obligations

Plan Description - The Sonora 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, under the TRS Publications heading.

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

IV. OTHER INFORMATION - Continued

A. Pension Plan Obligations - Continued

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 Sonora Independent School District's employees for the years ended August 31, 2010, 2009, and 2008, were \$438,041, \$417,763, and \$374,646, respectively. The District paid additional state contributions for the years ended August 31, 2010, 2009, and 2008, in the amount of \$74,320, \$71,072, and \$63,566, 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 \$16,827, \$14,887, and \$13,345 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 \$454,868, \$432,650, and \$387,991 for the years ended August 31, 2010, 2009, and 2008, respectively.

B. Retiree Health Plan

Plan Description - The Sonora 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 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, 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 \$68,111, \$65,008, and \$59,074, respectively, the active member contributions were \$44,272, \$42,255, and \$38,398, respectively, and the District's contributions were \$37,461, \$35,755, and \$32,491, respectively, which equaled the required contributions each year.

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

IV. OTHER INFORMATION - Continued

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 \$164 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 participated in the Texas Association of Public Schools Property and Liability Fund's (the Fund's) Property Casualty Program with coverage in general liability, property, automobile liability, and school professional legal liability.

The Fund was created and is operated under the provisions 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.

Based on information we have available as of today, for the year ended August 31, 2010, the District will have 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 TAPS' 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.

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

IV. OTHER INFORMATION - Continued

F. Unemployment Compensation 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 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

During the year ended August 31, 2010, the District met its statutory workers' compensation obligations through participation in the Deep East Texas Self Insurance Fund (the Fund), a public entity risk pool, which is self-sustained through member premiums. 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 Workers' Compensation Program is authorized by Chapter 504, of the Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claim costs through the purchase of stop-loss coverage for any claims in excess of the Fund's self-insured retention of \$750,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2010, the Fund carries a discounted reserve of \$7,470,547 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2010, the Fund anticipates no additional liability to members beyond their 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 June 30. 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 June 30, 2009, are available at the Fund's offices.

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. Prior Period Adjustments

The fund balance of the General Fund was decreased a net of \$62,908 as follows:

- A decrease of \$57,498 to record additional amounts owed related to Chapter 41 agreements.
- A decrease of \$10,420 to record prior period adjustments for final state entitlement adjustments made by the State.
- An increase of \$5,010 to record various other miscellaneous adjustments.

The fund balance of the Campus Activity Funds was increased \$14,042 to record the addition of funds formerly categorized as Student Activity Funds.

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

IV. OTHER INFORMATION - Continued

J. Litigation

The District is the defendant in a lawsuit involving an alleged breach of contract claim by a structural steel contractor (Plaintiff) who claims that the District owes it a portion of the contract cost and also for additional work it performed. The District denies these claims and asserts that the contractor did not fully perform under the contract, failed to maintain the required insurance, and did not get proper approval for any alleged additional work. Furthermore, the District had to pay another contractor to finish the Plaintiff's work. A formal demand has been sent to the Plaintiff's surety based on the Plaintiff's various breaches. This lawsuit is still pending, and the District's liability, if any, cannot be determined at this time.

K. Subsequent Events

The Sonora Independent School District entered into an agreement with the state enabling it to reduce its wealth per weighted student by purchasing attendance credits for the 2010-2011 school year.

Required Supplementary Information

SONORA 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 | | | |
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 13,579,524 | \$ 13,630,090 | \$ 14,122,236 | \$ 492,146 |
| 5800 | State Program Revenues | 5,387,168 | 5,387,168 | 5,033,809 | (353,359) |
| 5900 | Federal Program Revenues | 26,500 | 26,500 | 21,086 | (5,414) |
| 5020 | Total Revenues | 18,993,192 | 19,043,758 | 19,177,131 | 133,373 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| 0011 | Instruction | 6,161,991 | 6,261,991 | 5,631,704 | 630,287 |
| 0012 | Instructional Resources and Media Services | 136,461 | 136,461 | 131,125 | 5,336 |
| 0013 | Curriculum and Instructional Staff Development | 107,835 | 107,835 | 72,808 | 35,027 |
| 0021 | Instructional Leadership | 113,966 | 113,966 | 113,695 | 271 |
| 0023 | School Leadership | 563,351 | 563,351 | 534,786 | 28,565 |
| 0031 | Guidance, Counseling, and Evaluation Services | 393,780 | 393,780 | 303,830 | 89,950 |
| 0033 | Health Services | 62,370 | 69,370 | 68,408 | 962 |
| 0034 | Student (Pupil) Transportation | 666,474 | 666,474 | 610,143 | 56,331 |
| 0035 | Food Services | 14,158 | 16,158 | 14,971 | 1,187 |
| 0036 | Extracurricular Activities | 794,506 | 900,072 | 881,031 | 19,041 |
| 0041 | General Administration | 475,483 | 475,483 | 456,084 | 19,399 |
| 0051 | Facilities Maintenance and Operations | 1,883,523 | 1,883,523 | 1,554,368 | 329,155 |
| 0052 | Security and Monitoring Services | 9,500 | 11,500 | 11,500 | - |
| 0053 | Data Processing Services | 256,395 | 286,395 | 274,817 | 11,578 |
| Capital Outlay: | | | | | |
| 0081 | Facilities Acquisition and Construction | 3,500,000 | 5,290,234 | 4,008,251 | 1,281,983 |
| Intergovernmental: | | | | | |
| 0091 | Contracted Instructional Services Between Schools | 8,016,674 | 9,834,339 | 7,766,540 | 2,067,799 |
| 0099 | Other Intergovernmental Charges | 250,000 | 250,000 | 189,572 | 60,428 |
| 6030 | Total Expenditures | 23,406,467 | 27,260,932 | 22,623,633 | 4,637,299 |
| 1100 | Excess (Deficiency) of Revenues Over Expenditures | (4,413,275) | (8,217,174) | (3,446,502) | 4,770,672 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| 7912 | Sale of Real and Personal Property | - | - | 2,200 | 2,200 |
| 8911 | Transfers Out (Use) | (131,899) | (131,899) | (90,766) | 41,133 |
| 7080 | Total Other Financing Sources (Uses) | (131,899) | (131,899) | (88,566) | 43,333 |
| 1200 | Net Change in Fund Balances | (4,545,174) | (8,349,073) | (3,535,068) | 4,814,005 |
| 0100 | Fund Balance - September 1 (Beginning) | 15,138,543 | 15,138,543 | 15,138,543 | - |
| 1300 | Increase (Decrease) in Fund Balance | - | - | (62,908) | (62,908) |
| 3000 | Fund Balance - August 31 (Ending) | \$ 10,593,369 | \$ 6,789,470 | \$ 11,540,567 | \$ 4,751,097 |

Supplementary Information

| File Name | File Size | File Type | File Description |
|-----------|-----------|-----------|--------------------------|
| Supp_1 | 1.2 MB | PDF | Supplementary Figure 1 |
| Supp_2 | 2.5 MB | PDF | Supplementary Figure 2 |
| Supp_3 | 3.8 MB | PDF | Supplementary Figure 3 |
| Supp_4 | 4.1 MB | PDF | Supplementary Figure 4 |
| Supp_5 | 5.3 MB | PDF | Supplementary Figure 5 |
| Supp_6 | 6.7 MB | PDF | Supplementary Figure 6 |
| Supp_7 | 7.9 MB | PDF | Supplementary Figure 7 |
| Supp_8 | 8.2 MB | PDF | Supplementary Figure 8 |
| Supp_9 | 9.5 MB | PDF | Supplementary Figure 9 |
| Supp_10 | 10.1 MB | PDF | Supplementary Figure 10 |
| Supp_11 | 11.4 MB | PDF | Supplementary Figure 11 |
| Supp_12 | 12.8 MB | PDF | Supplementary Figure 12 |
| Supp_13 | 13.5 MB | PDF | Supplementary Figure 13 |
| Supp_14 | 14.2 MB | PDF | Supplementary Figure 14 |
| Supp_15 | 15.1 MB | PDF | Supplementary Figure 15 |
| Supp_16 | 16.3 MB | PDF | Supplementary Figure 16 |
| Supp_17 | 17.6 MB | PDF | Supplementary Figure 17 |
| Supp_18 | 18.9 MB | PDF | Supplementary Figure 18 |
| Supp_19 | 20.2 MB | PDF | Supplementary Figure 19 |
| Supp_20 | 21.5 MB | PDF | Supplementary Figure 20 |
| Supp_21 | 22.8 MB | PDF | Supplementary Figure 21 |
| Supp_22 | 24.1 MB | PDF | Supplementary Figure 22 |
| Supp_23 | 25.4 MB | PDF | Supplementary Figure 23 |
| Supp_24 | 26.7 MB | PDF | Supplementary Figure 24 |
| Supp_25 | 28.0 MB | PDF | Supplementary Figure 25 |
| Supp_26 | 29.3 MB | PDF | Supplementary Figure 26 |
| Supp_27 | 30.6 MB | PDF | Supplementary Figure 27 |
| Supp_28 | 31.9 MB | PDF | Supplementary Figure 28 |
| Supp_29 | 33.2 MB | PDF | Supplementary Figure 29 |
| Supp_30 | 34.5 MB | PDF | Supplementary Figure 30 |
| Supp_31 | 35.8 MB | PDF | Supplementary Figure 31 |
| Supp_32 | 37.1 MB | PDF | Supplementary Figure 32 |
| Supp_33 | 38.4 MB | PDF | Supplementary Figure 33 |
| Supp_34 | 39.7 MB | PDF | Supplementary Figure 34 |
| Supp_35 | 41.0 MB | PDF | Supplementary Figure 35 |
| Supp_36 | 42.3 MB | PDF | Supplementary Figure 36 |
| Supp_37 | 43.6 MB | PDF | Supplementary Figure 37 |
| Supp_38 | 44.9 MB | PDF | Supplementary Figure 38 |
| Supp_39 | 46.2 MB | PDF | Supplementary Figure 39 |
| Supp_40 | 47.5 MB | PDF | Supplementary Figure 40 |
| Supp_41 | 48.8 MB | PDF | Supplementary Figure 41 |
| Supp_42 | 50.1 MB | PDF | Supplementary Figure 42 |
| Supp_43 | 51.4 MB | PDF | Supplementary Figure 43 |
| Supp_44 | 52.7 MB | PDF | Supplementary Figure 44 |
| Supp_45 | 54.0 MB | PDF | Supplementary Figure 45 |
| Supp_46 | 55.3 MB | PDF | Supplementary Figure 46 |
| Supp_47 | 56.6 MB | PDF | Supplementary Figure 47 |
| Supp_48 | 57.9 MB | PDF | Supplementary Figure 48 |
| Supp_49 | 59.2 MB | PDF | Supplementary Figure 49 |
| Supp_50 | 60.5 MB | PDF | Supplementary Figure 50 |
| Supp_51 | 61.8 MB | PDF | Supplementary Figure 51 |
| Supp_52 | 63.1 MB | PDF | Supplementary Figure 52 |
| Supp_53 | 64.4 MB | PDF | Supplementary Figure 53 |
| Supp_54 | 65.7 MB | PDF | Supplementary Figure 54 |
| Supp_55 | 67.0 MB | PDF | Supplementary Figure 55 |
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| Supp_58 | 70.9 MB | PDF | Supplementary Figure 58 |
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| Supp_60 | 73.5 MB | PDF | Supplementary Figure 60 |
| Supp_61 | 74.8 MB | PDF | Supplementary Figure 61 |
| Supp_62 | 76.1 MB | PDF | Supplementary Figure 62 |
| Supp_63 | 77.4 MB | PDF | Supplementary Figure 63 |
| Supp_64 | 78.7 MB | PDF | Supplementary Figure 64 |
| Supp_65 | 80.0 MB | PDF | Supplementary Figure 65 |
| Supp_66 | 81.3 MB | PDF | Supplementary Figure 66 |
| Supp_67 | 82.6 MB | PDF | Supplementary Figure 67 |
| Supp_68 | 83.9 MB | PDF | Supplementary Figure 68 |
| Supp_69 | 85.2 MB | PDF | Supplementary Figure 69 |
| Supp_70 | 86.5 MB | PDF | Supplementary Figure 70 |
| Supp_71 | 87.8 MB | PDF | Supplementary Figure 71 |
| Supp_72 | 89.1 MB | PDF | Supplementary Figure 72 |
| Supp_73 | 90.4 MB | PDF | Supplementary Figure 73 |
| Supp_74 | 91.7 MB | PDF | Supplementary Figure 74 |
| Supp_75 | 93.0 MB | PDF | Supplementary Figure 75 |
| Supp_76 | 94.3 MB | PDF | Supplementary Figure 76 |
| Supp_77 | 95.6 MB | PDF | Supplementary Figure 77 |
| Supp_78 | 96.9 MB | PDF | Supplementary Figure 78 |
| Supp_79 | 98.2 MB | PDF | Supplementary Figure 79 |
| Supp_80 | 99.5 MB | PDF | Supplementary Figure 80 |
| Supp_81 | 100.8 MB | PDF | Supplementary Figure 81 |
| Supp_82 | 102.1 MB | PDF | Supplementary Figure 82 |
| Supp_83 | 103.4 MB | PDF | Supplementary Figure 83 |
| Supp_84 | 104.7 MB | PDF | Supplementary Figure 84 |
| Supp_85 | 106.0 MB | PDF | Supplementary Figure 85 |
| Supp_86 | 107.3 MB | PDF | Supplementary Figure 86 |
| Supp_87 | 108.6 MB | PDF | Supplementary Figure 87 |
| Supp_88 | 109.9 MB | PDF | Supplementary Figure 88 |
| Supp_89 | 111.2 MB | PDF | Supplementary Figure 89 |
| Supp_90 | 112.5 MB | PDF | Supplementary Figure 90 |
| Supp_91 | 113.8 MB | PDF | Supplementary Figure 91 |
| Supp_92 | 115.1 MB | PDF | Supplementary Figure 92 |
| Supp_93 | 116.4 MB | PDF | Supplementary Figure 93 |
| Supp_94 | 117.7 MB | PDF | Supplementary Figure 94 |
| Supp_95 | 119.0 MB | PDF | Supplementary Figure 95 |
| Supp_96 | 120.3 MB | PDF | Supplementary Figure 96 |
| Supp_97 | 121.6 MB | PDF | Supplementary Figure 97 |
| Supp_98 | 122.9 MB | PDF | Supplementary Figure 98 |
| Supp_99 | 124.2 MB | PDF | Supplementary Figure 99 |
| Supp_100 | 125.5 MB | PDF | Supplementary Figure 100 |

Other Supplementary Information

SONORA 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 | 1.410460 | 0.000000 | 471,230,073 |
| 2003 | 1.407180 | 0.154100 | 552,177,481 |
| 2004 | 1.500000 | 0.151703 | 539,815,034 |
| 2005 | 1.500000 | 0.096200 | 859,821,301 |
| 2006 | 1.500000 | 0.080000 | 1,008,358,103 |
| 2007 | 1.370000 | 0.080000 | 1,436,729,520 |
| 2008 | 1.040000 | 0.080000 | 1,394,245,653 |
| 2009 | 1.040000 | 0.055000 | 1,706,518,959 |
| 2010 (School year under audit) | 1.040000 | 0.064000 | 1,328,940,181 |
| 100 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 |
|--|---|------------------------------------|-------------------------------------|---|--|
| \$ 13,890 | \$ - | \$ 1,895 | \$ - | \$ (1,387) | \$ 10,608 |
| 1,112 | - | 129 | - | - | 983 |
| 2,419 | - | 618 | 68 | - | 1,733 |
| 3,769 | - | 1,261 | 128 | - | 2,380 |
| 6,089 | - | 1,610 | 103 | - | 4,376 |
| 9,376 | - | 2,032 | 108 | 1 | 7,237 |
| 13,799 | - | 4,248 | 248 | - | 9,303 |
| 28,168 | - | 7,603 | 585 | 1 | 19,981 |
| 79,772 | - | 44,233 | 2,339 | 109 | 33,309 |
| - | 14,732,609 | 13,773,947 | 847,623 | - | 111,039 |
| <u>\$ 158,394</u> | <u>\$ 14,732,609</u> | <u>\$ 13,837,576</u> | <u>\$ 851,202</u> | <u>\$ (1,276)</u> | <u>\$ 200,949</u> |

SONORA 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 | \$ - | \$ - | \$ 191,992 | \$ 126,455 | \$ - | \$ - | \$ 318,447 |
| 6149 | Leave for Separating Employees in Fn 41 & 53 | - | - | - | - | - | - | - |
| 6149 | Leave - Separating Employees not in 41 & 53 | - | - | - | - | - | - | - |
| 6211 | Legal Services | 12,708 | - | - | - | - | - | 12,708 |
| 6212 | Audit Services | - | - | - | 22,327 | - | - | 22,327 |
| 6213 | Tax Appraisal/Collection - Appraisal in Fn 99 | - | 211,202 | - | - | - | - | 211,202 |
| 621X | Other Professional Services | - | - | - | - | - | - | - |
| 6220 | Tuition and Transfer Payments | - | - | - | - | - | - | - |
| 6230 | Education Service Centers | - | - | - | - | - | - | - |
| 6240 | Contr. Maint. and Repair | - | - | - | - | 18,500 | - | 18,500 |
| 6250 | Utilities | - | - | - | - | - | - | - |
| 6260 | Rentals | - | - | - | - | - | - | - |
| 6290 | Miscellaneous Contr. | - | - | - | 90 | - | - | 90 |
| 6320 | Textbooks and Reading | - | - | - | - | - | - | - |
| 6330 | Testing Materials | - | - | - | - | - | - | - |
| 63XX | Other Supplies Materials | - | - | - | 26,787 | - | - | 26,787 |
| 6410 | Travel, Subsistence, Stipends | 8,083 | - | 5,227 | 332 | - | - | 13,642 |
| 6420 | Ins. and Bonding Costs | 3,810 | - | - | - | - | - | 3,810 |
| 6430 | Election Costs | 5,838 | - | - | - | - | - | 5,838 |
| 6490 | Miscellaneous Operating | - | - | 1,374 | 10,931 | - | - | 12,305 |
| 6500 | Debt Service | - | - | - | - | - | - | - |
| 6600 | Capital Outlay | - | - | - | - | - | - | - |
| 6000 | TOTAL | \$ 30,439 | \$ 211,202 | \$ 198,593 | \$ 186,922 | \$ 18,500 | \$ - | \$ 645,656 |

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 24,418,488

LESS: Deductions of Unallowable Costs

FISCAL YEAR

| | | |
|--|------|--------------|
| Total Capital Outlay (6600) | (10) | \$ 4,607,058 |
| Total Debt & Lease(6500) | (11) | - |
| Plant Maintenance (Function 51, 6100-6400) | (12) | 1,526,337 |
| Food (Function 35, 6341 and 6499) | (13) | 207,098 |
| Stipends (6413) | (14) | - |
| Column 4 (above) - Total Indirect Cost | | 186,922 |

SubTotal:

6,527,415

Net Allowed Direct Cost

\$ 17,891,072

CUMULATIVE

| | | |
|---|------|---------------|
| Total Cost of Buildings before Depreciation (1520) | (15) | \$ 27,563,653 |
| Historical Cost of Building over 50 years old | (16) | \$ 974,155 |
| Amount of Federal Money in Building Cost (Net of #16) | (17) | \$ 79,804 |
| Total Cost of Furniture & Equipment before Depreciation (1530 & 1540) | (18) | \$ 2,728,008 |
| Historical Cost of Furniture & Equipment over 16 years old | (19) | \$ 257,295 |
| Amount of Federal Money in Furniture & Equipment (Net of #19) | (20) | \$ 49,592 |

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
 \$189,572 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

SONORA 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) | | \$ 11,540,567 |
| 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) | 6,000,000 | |
| 4 | Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.) | - | |
| 5 | Estimate of two month's average cash disbursements during the fiscal year. | 1,700,000 | |
| 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 | | <u>7,700,000</u> |
| 12 | Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 11) | | <u>\$ 3,840,567</u> |

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

The District is concerned about the future of state funding and is attempting to maintain an adequate fund balance. In addition, this amount is needed to fund capital improvements to existing capital assets and future projects as deemed necessary.

SONORA 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 | | |
| REVENUES: | | | | |
| 5700 Total Local and Intermediate Sources | \$ 150,200 | \$ 150,200 | \$ 117,472 | \$ (32,728) |
| 5800 State Program Revenues | 2,500 | 2,500 | 2,877 | 377 |
| 5900 Federal Program Revenues | 255,000 | 255,000 | 300,485 | 45,485 |
| 5020 Total Revenues | 407,700 | 407,700 | 420,834 | 13,134 |
| EXPENDITURES: | | | | |
| 0035 Food Services | 539,599 | 539,599 | 511,600 | 27,999 |
| 6030 Total Expenditures | 539,599 | 539,599 | 511,600 | 27,999 |
| 1100 Excess (Deficiency) of Revenues Over Expenditures | (131,899) | (131,899) | (90,766) | 41,133 |
| OTHER FINANCING SOURCES (USES): | | | | |
| 7915 Transfers In | 131,899 | 131,899 | 90,766 | (41,133) |
| 7080 Total Other Financing Sources (Uses) | 131,899 | 131,899 | 90,766 | (41,133) |
| 1200 Net Change in Fund Balances | - | - | - | - |
| 0100 Fund Balance - September 1 (Beginning) | - | - | - | - |
| 3000 Fund Balance - August 31 (Ending) | \$ - | \$ - | \$ - | \$ - |

SONORA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE 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 | | | |
| REVENUES: | | | | | |
| 5700 | Total Local and Intermediate Sources | \$ 827,578 | \$ 827,578 | \$ 865,727 | \$ 38,149 |
| 5020 | Total Revenues | 827,578 | 827,578 | 865,727 | 38,149 |
| EXPENDITURES: | | | | | |
| Debt Service: | | | | | |
| 0071 | Debt Service - Principal on Long-Term Debt | 725,000 | 725,000 | 725,000 | - |
| 0072 | Debt Service - Interest on Long-Term Debt | 100,000 | 100,000 | 97,819 | 2,181 |
| 0073 | Debt Service - Bond Issuance Cost and Fees | 2,578 | 2,578 | 460 | 2,118 |
| 6030 | Total Expenditures | 827,578 | 827,578 | 823,279 | 4,299 |
| 1200 | Net Change in Fund Balances | - | - | 42,448 | 42,448 |
| 0100 | Fund Balance - September 1 (Beginning) | 860,848 | 960,848 | 960,848 | - |
| 3000 | Fund Balance - August 31 (Ending) | \$ 860,848 | \$ 960,848 | \$ 1,003,296 | \$ 42,448 |

COMPLIANCE AND INTERNAL CONTROLS SECTION

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

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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
Sonora Independent School District
807 South Concho
Sonora, TX 76950-3999

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sonora 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 October 12, 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 Sonora 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 Sonora Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sonora 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sonora 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*.

Board of Trustees
Page 2

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.

Eckert & Company, LLP

October 12, 2010

Eckert & Company

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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
Sonora Independent School District
807 South Concho
Sonora, TX 76950-3999

Compliance

We have audited the Sonora 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 Sonora Independent School District's major federal programs for the year ended August 31, 2010. The Sonora 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 Sonora Independent School District's administration. Our responsibility is to express an opinion on the Sonora 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 Sonora 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 Sonora Independent School District's compliance with those requirements.

In our opinion, the Sonora 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 Sonora 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 Sonora 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.

Eckert & Company, LLP

October 12, 2010

SONORA 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 Sonora 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 Sonora 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 Sonora 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 Sonora 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 84.173 | IDEA - Part B, Preschool |
| CFDA Number 84.391 | IDEA - Part B, Formula - 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 Sonora 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

SONORA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2010

| (1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE | (2) Federal CFDA Number | (3) Pass-Through Entity Identifying Number | (4) Federal Expenditures |
|--|----------------------------------|---|--------------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | |
| <u>Passed Through Concho Valley Partnership</u> | | | |
| Career and Technical - Technical Preparation | 84.243A | 10-218901 | \$ 2,307 |
| Career and Technical - Technical Preparation | 84.243A | 10-218901 | 436 |
| Total CFDA Number 84.243A | | | 2,743 |
| Total Passed Through Concho Valley Partnership | | | \$ 2,743 |
| <u>Passed Through State Department of Education</u> | | | |
| ESEA, Title I, Part A - Improving Basic Programs* | 84.010A | 10610101218901 | \$ 231,176 |
| ESEA, Title I, Part A - Improving Basic Programs* | 84.010A | 11610101218901 | 11,151 |
| Total CFDA Number 84.010A | | | 242,327 |
| IDEA - Part B, Formula* | 84.027 | 106600012189016600 | 227,358 |
| IDEA - Part B, Formula* | 84.027 | 116600012189016600 | 9,437 |
| Total CFDA Number 84.027 | | | 236,795 |
| IDEA - Part B, Preschool* | 84.173 | 106600012189016610 | 5,324 |
| IDEA - Part B, Preschool* | 84.173 | 116610012189016610 | 374 |
| Total CFDA Number 84.173 | | | 5,698 |
| Reading First | 84.357 | 096455017110057 | 101,973 |
| ESEA, Title I, A-ARRA-Improving Basic Programs* | 84.389 | 10551001218901 | 77,092 |
| IDEA, Part B, Formula - ARRA* | 84.391 | 10554001218901 | 42,325 |
| Title XIV, State Fiscal Stabilization Fund - ARRA | 84.394 | 10557001218901 | 319,461 |
| Title XIV, State Fiscal Stabilization Fund - ARRA | 84.394 | 11557001218901 | 11,061 |
| Total CFDA Number 84.394 | | | 330,522 |
| Total Passed Through State Department of Education | | | \$ 1,036,732 |
| TOTAL DEPARTMENT OF EDUCATION | | | \$ 1,039,475 |
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <u>Passed Through the State Department of Agriculture</u> | | | |
| School Breakfast Program* | 10.553 | 10-218901 | \$ 102,647 |
| National School Lunch Program - Cash Assistance* | 10.555 | 10-218901 | 179,172 |
| National School Lunch Prog. - Non-Cash Assistance* | 10.555 | 10-218901 | 18,666 |
| Total CFDA Number 10.555 | | | 197,838 |
| Summer Feeding Program - Cash Assistance* | 10.559 | 10-218901 | 6,924 |
| Total Passed Through the State Department of Agriculture | | | \$ 307,409 |
| TOTAL DEPARTMENT OF AGRICULTURE | | | \$ 307,409 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 1,346,884 |

*Clustered Programs as required by Compliance Supplement March, 2010

E Rate-School and Library Program expenditures of \$21,086 are not included in the above figures.

SONORA 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 Sonora 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.