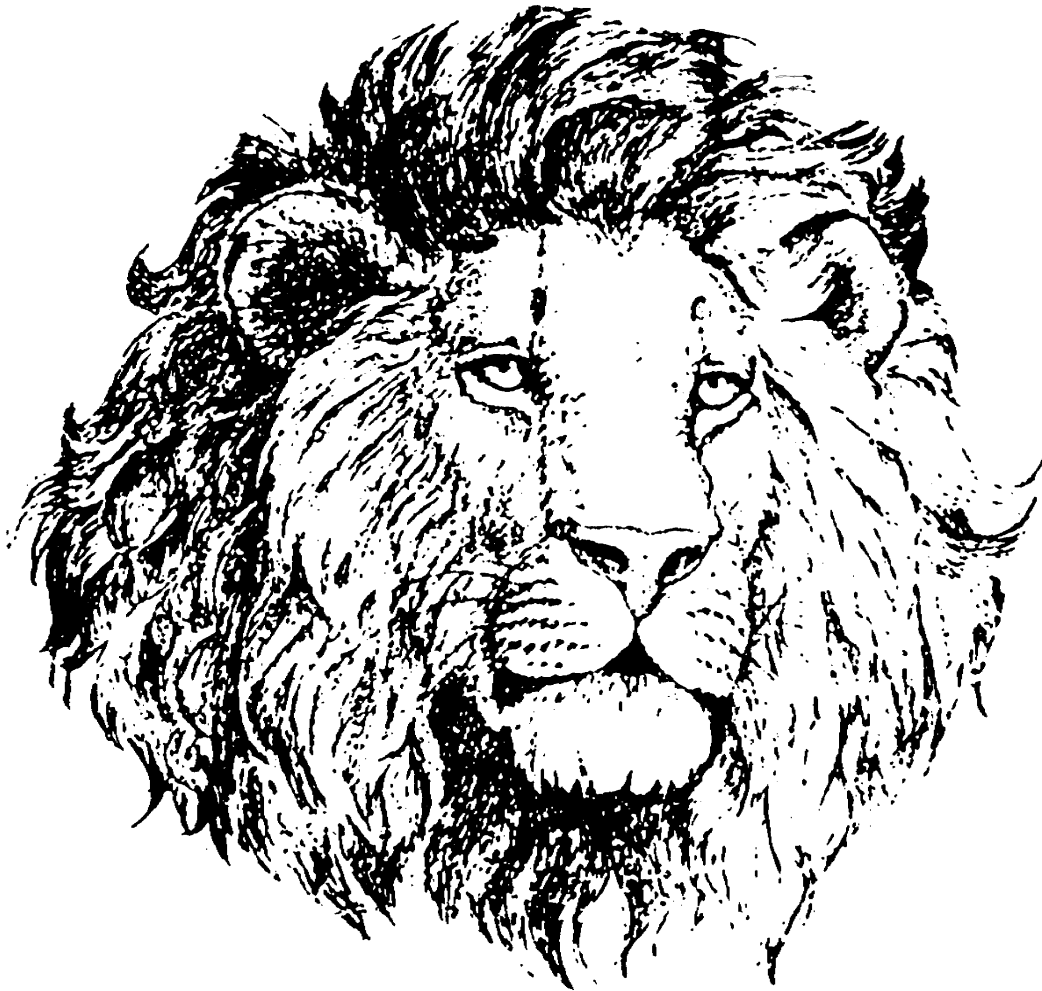


Comprehensive Annual Financial Report

New Deal Independent School District
401 South Auburn Avenue
Post Office Box 280
New Deal, Texas 79350-0280



Prepared by Department of Finance

Steven L. Jerden, CPA
Chief Financial Officer

For the Fiscal Year Ended August 31, 2009

ND

New Deal Independent School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended August 31, 2009

Principal Officials and Advisors

Board of Trustees

Sandra K. Gowens.....President
Postal Worker, United States Post Office

Karl R. Rieken.....Vice-President
Self-employed Electrician

Patricia L. Freeman.....Secretary
Assistant Controller, Lubbock Avalanche-Journal

Mark DurhamMember
Self-employed Global Pumps & Equipment

Perry LooneyMember
Self-employed Farmer

Peggy Mayo.....Member
Secretary, BFI Waste Management

Eddie RamirezMember
Work Order Specialist, Texas Tech University

Administrative Staff

James E. Noland.....Superintendent

Steven W. McCray.....Assistant Superintendent

Jerry W. Adams, Ed.DPrincipal, New Deal High School

Kristi R. MayoPrincipal, New Deal Elementary School

Matthew J. Reed.....Principal, New Deal High School

Steven L. Jerden, CPAChief Financial Officer

Accountants and Advisors

Terry & King.....Independent Auditors
Certified Public Accountants, Lubbock, Texas

Underwood, Wilson, Berry, Stein, & Johnson, P.C. Legal Counsel
Attorneys at Law, Amarillo, Texas

NEW DEAL INDEPENDENT SCHOOL DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED AUGUST 31, 2009

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Introductory Section

New Deal Independent School District

401 South Auburn Avenue
Post Office Box 280
New Deal, Texas 79350-0280

Steven L. Jerden, CPA, Chief Financial Officer

December 11, 2009

The Board of Trustees
New Deal Independent School District
401 South Auburn Avenue
Post Office Box 280
New Deal, Texas 79350

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the New Deal Independent School District (the "District") for the fiscal year ended August 31, 2009 is presented herein. The CAFR is management's report of the financial operations of the District for the Board of Trustees (the Board), taxpayers, grantor agencies, employees, the Texas Education Agency (the Agency), and other interested parties. The government-wide financial statements illustrate an overview of the District's governmental activities. Likewise, the fund financial statements detail specific activities of each fund group used in accounting for the District's financial transactions. The District's finance department has prepared this report, with responsibility for the accuracy and completeness of the report resting with the District. The financial data appearing in this report has been prepared in accordance with generally accepted accounting principles (GAAP) and the official rules established by the Agency.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A is located immediately following the independent auditors' report.

Management is responsible for the preparation of the District's basic financial statements and related information appearing in this report. Additionally, Management believes that the basic financial statements fairly reflect the form and substance of transactions and that the basic financial statements reasonably present the District's financial position and results of operations in conformity with generally accepted accounting principles. In addition, independent certified public accountants audit the District's basic financial statements in accordance with generally accepted auditing standards and provide an objective, independent review of the fairness of reported operating results and financial position.

The Texas Education Code Section 44.008 requires an annual audit of the District's basic financial statements by independent certified public accountants selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was designated to also meet the requirements of the federal Single Audit Act of 1984 and

related OMB Circular A-128. The independent auditors' report on the basic financial statements is presented as the first item in the financial section of this report.

DISTRICT PROFILE

The school district, located nine miles north of downtown Lubbock, Texas in northern Lubbock County, encompasses the City of New Deal and includes unincorporated areas for a total of 119 square miles, an estimated population of 4,750, and student enrollment of 732. The District and the City of New Deal are governed independently of one another with individual taxing authority. The District is an independent entity and has no component units.

The Board is composed of seven members elected by the citizens of the District. Each member is elected to a three-year term with elections staggered so that each year only two or three positions are elected. The Board has final control over local school matters limited only by the federal government, the state legislature, the courts, and the will of the people as expressed in school board elections. Board decisions are based on a majority vote of a quorum of the Board. In general, the Board adopts policies, sets direction for curriculum, employs the superintendent and oversees the operations of the District and its schools. Besides general Board business, trustees are charged with numerous statutory regulations, including appointing the tax assessor/collector, calling trustee and other school elections and canvassing the results, organizing the Board and electing its officers. The Board is also responsible for setting the tax rate, setting salary schedules, and acting as a board of appeals in personnel and student matters, confirming recommendations for textbook adoptions, and adopting and amending the annual budget.

The Board has responsibilities and control over all activities related to the public school education within its geographic boundaries. Although there is considerable association between such entities as the City of New Deal, the County of Lubbock and all school districts within the region, this report is restricted only to the actual activities of New Deal Independent School District.

New Deal Independent School District provides an outstanding, comprehensive program of public education from pre-kindergarten through grade twelve. Our students excel in athletic competition as well as academic competition. The District provides a learning environment that ensures quality education. In addition, the District's balanced, dynamic curriculum and cooperative partnership with parents and community prepares students for the demanding challenges and changes of the future and empowers each student to pursue productive and fulfilling lives.

Schools in the District are fully accredited and have achieved a rating of "Recognized" by the Agency for the eleventh consecutive year. The curriculum includes regular education, advanced placement, accelerated instruction, special education, career and technology education, gifted and talented education, and English as a second language instructional program. Special programs in drug awareness, reference and research skills, as well as many other curriculums related courses are included. The District also offers a broad range of elective courses and extracurricular activities, including athletics, theater arts, and special interest activities.

ECONOMIC CONDITION AND OUTLOOK

Local Economy

The District is located in the north central portion of Lubbock County, transected by Interstate Highway 27. The District's economy is based on agricultural, manufacturing, and mineral production. The majority of agricultural, manufacturing, and mineral production income is derived from cotton, fire suppression systems, and oil. In fact, the area is one of only two in the world that manufactures sprinkler heads for fire suppression systems.

The local economy surrounding the District remains strong, despite the recent downturn in the national markets. The District is strategically located within an area of major industrial development. The Lubbock Economic Development Alliance (LEDA) is developing an industrial site on a 223 acre tract known as Lubbock Rail Port. Lubbock Rail Port is strategically located within the District. Tyco International (Tyco), a nationally known conglomerate, with annual sales of \$34 billion, recently constructed a \$49 million dollar fire-suppression, manufacturing facility. This facility is one of two in the world. Molinos Anahuac Inc., is currently constructing a \$4 million, 23,000 square foot white corn flour mill. In addition, LEDA is investing significant financial resources to provide infrastructure. Currently, water and sewer lines are extending into Lubbock Rail Port increasing the value and providing future growth.

Based on the quality of the District's educational programs, the proximity of Interstate Highway 27, and the growth and development of Lubbock Rail Port, the District is located in an area where several major master-planned residential communities are in the beginning stages of development.

FINANCIAL INFORMATION

Accounting Systems

The Board maintains a system of accounting controls designed to assist administration in meeting the responsibility for accurately reporting the financial condition of the District. The system is designed to provide a reasonable assurance that assets are safeguarded against loss, theft, or misuse so activities can be recorded and transacted by administration for the preparation of financial statements in conformity with GAAP. Due to the cost benefit factor, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The cost of operating the District's schools and the revenues to finance these costs has been accounted for in the general fund. However, food service operations and special programs funded by the state or federal government grants designed to accomplish a particular purpose are accounted for in special revenue funds.

The District has established internal service funds to account for transactions of its self-insurance workers' compensation and group dental insurance plans. Income in the workers' compensation plan is derived primarily from charges to governmental funds

based on employee salaries. Accordingly, income in the group dental insurance plan is derived primarily from employee user charges.

Agency funds are financial schedules of student activity funds. Accounting for these funds is decentralized at the campus level. Therefore, each campus is charged with providing accurate general ledger information to administration annually based on the same uniform accounting procedures and guidelines as the general fund.

The District's accounting records are maintained on a modified accrual basis of accounting for governmental fund types as prescribed by Agency's Financial Accountability System Resource Guide (Resource Guide). In addition, the District has prepared the government-wide financial statements on the full accrual basis of accounting as required by Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Financial data submitted by the District to the Agency through the Public Education Information Management System (PEIMS). Subsequently, the Agency reviews, analyzes, and presents the data in aggregate form to the State Board of Education.

Budgetary Process

State law requires that every local education agency in Texas prepare and file a budget of anticipated revenues and expenditures with the Agency. The budget itself is prepared utilizing a detailed line item approach for governmental fund types and is prepared in accordance with the budgeting requirements as outlined in the Resource Guide. It is the intent of the District that the budgetary process results in the most effective mix of the educational and financial resources available while attaining the goals and objectives of the District. This includes the identification and prioritization of as many separate educational and educational support components as reasonably possible. These components are initially identified and prioritized by the organizational manager directly responsible and are later reviewed by principals, department heads, central administrators, and finally, the Board.

This priority budgeting approach allows the District to establish layers of expenditures that can be readily matched with anticipated revenues and desired levels of fund balances and property tax rates. The ultimate decision of the level of funding and components to be funded is the responsibility of the Board. After careful consideration of all factors, the Board sets the property tax rate that will generate sufficient revenues to support the budget and maintain desired levels of fund balances.

The budget may be amended during the year to address unanticipated or changing needs of the District. Changes to functional expenditure categories, revenue objects, or other sources and uses accounts require Board approval.

Significant Financial Activities

The District's adopted maintenance and operations tax rate for FY 2009-10 of \$1.17 per \$100 valuation is the maximum allowed by state law established by House Bill 1 of the

79th Texas Legislature, Third Called Session. The District's total tax base grew from \$165.0 million to \$184.2 million in 2008-09, an increase of over 11.6%. A one-cent increase to the tax rate generates approximately \$18,420. As a result, the District's financial ability to provide an adequate education is strained as costs continue to skyrocket. Therefore, the allocation of revenues and expenditures to support educational programs and services defined by the District's mission and goals articulated through financial and operating policies continues to be more challenging each year. Unfortunately, there continues to be a delicate balance of policy choices; however, to date, no programs have had to be discontinued.

The tax rate per \$100 of assessed value at 100% market value for the past five years is illustrated below:

	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>
General Fund	\$1.17	\$1.17	\$1.37	\$1.50	\$1.50
Debt Service	0.00	0.00	0.00	0.00	0.00
Total	<u>\$1.17</u>	<u>\$1.17</u>	<u>\$1.37</u>	<u>\$1.50</u>	<u>\$1.50</u>

For the seventh consecutive year, the District scored the highest possible rating of "Superior Achievement" for the Schools FIRST (Financial Accountability Rating System of Texas), a financial accountability system for Texas School Districts developed by the Agency in response to Senate Bill 875 of the 76th Texas Legislature in 1999. The primary goal of Schools FIRST is to ensure quality performance in the management of school districts' financial resources, a goal made more significant due to the complexity of accounting associated with Texas' school finance system.

Long-Term Financial Planning

The District's long-term financial planning has focused on upgrading existing buildings. Due to the instability of the US economy, the District will continue to remain debt-free and thus continue to finance major facility renovations through current operations.

CASH MANAGEMENT POLICIES AND PRACTICES

It is the practice of the District to pursue an active cash management program that stresses safety of principal and interest while generating favorable rates of return. This program is maintained in such a fashion so as to provide a sufficient level of liquidity to support anticipated expenditures without subjecting the District to material, unfavorable fluctuations of market and interest rate risk.

In addition, the District expedites the receipt of revenues via electronic transfer and defers expenditures, when appropriate, to maintain maximum use of funds. The total amount of investment income earned in the governmental fund types for the fiscal year ended August 31, 2009 was \$40,312.

RISK MANAGEMENT

The objectives of the risk management program are to safeguard the assets of the District, minimize the adverse financial effect of potential losses, and to provide a reasonable level of employee benefits at an affordable funding level.

The District's property and casualty insurance is provided by national commercial carriers. Additionally, the workers' compensation risks are self-funded and include the purchase of an excess workers' compensation policy for coverage related to excessive workers' compensation claims.

Various types of insurance coverages are made available to the employees. The District is a member of the Texas Teacher Retirement System's (TRS) group health plan. TRS is the plan administrator, while Blue Cross Blue Shield of Texas and Medco Health are the third party administrators for health and prescription drug claims, respectively. Similar to the workers' compensation, the District's dental program is self-funded. Other available benefits offered to employees on a voluntary basis include vision, supplemental cancer, disability insurance, Section 125 flexible spending accounts for medical and child care, and group term life as well as dependent and supplemental life policies.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to New Deal Independent School District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2008. **This was the fourteenth consecutive year that the District has achieved this prestigious award.**

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We appreciate the support of the Board of Trustees, the citizens of the District, and the business community, all who work cooperatively to ensure the best education for its students and the prudent development of the District. This cooperative is indicative of the strong support for the attainment of excellence in the District's educational programs. Also, we would like to express an appreciation to all employees of the District's schools for their interest and support in planning and conducting the financial affairs of the District in a responsible and progressive manner.

Steven L. Jerden, CPA
Chief Financial Officer

NEW DEAL INDEPENDENT SCHOOL DISTRICT

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to New Deal Independent School District, Texas for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2008.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

Receiving the award is recognition that a school system has met the highest standards of excellence in government accounting and financial reporting.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

New Deal Independent
School District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

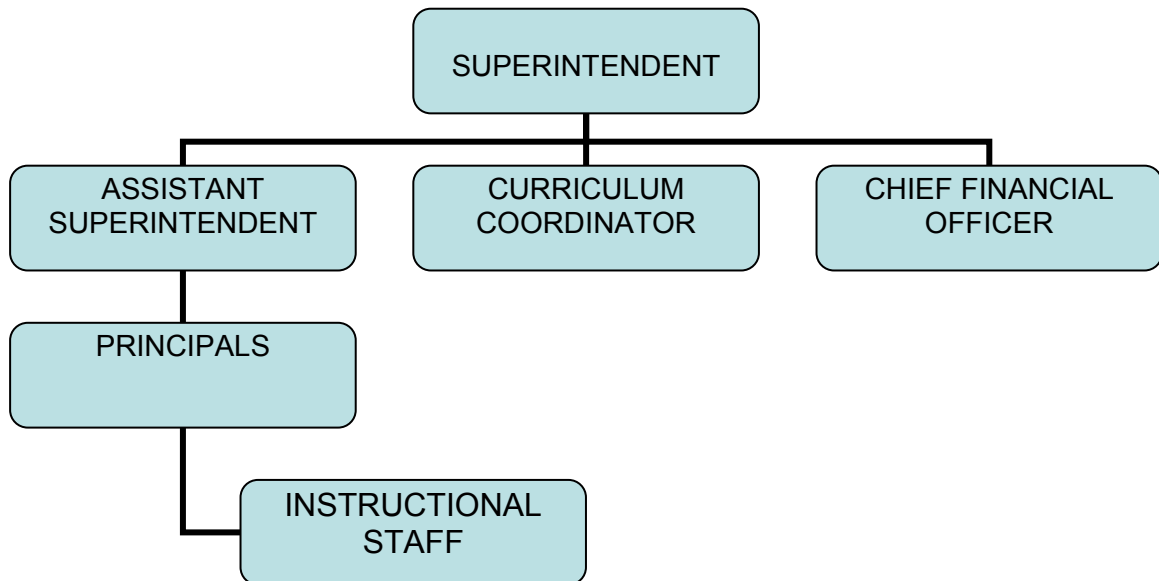


President

Executive Director

New Deal Independent School District

Administrative Organization Chart



Certificate of Board

New Deal Independent School District

Lubbock County
152-902

We, the undersigned, certify that the attached comprehensive annual financial report of the New Deal Independent School District were reviewed and approved for the fiscal year ended August 31, 2009 at a meeting of the Board of Trustees of the District on the 16th day of December 2009.

Sandra K. Gowens
President

Patty Freeman
Secretary

Financial Section

Basic Financial Statements

Terry & King, CPAs, P.C.

4216 102nd

P.O. Box 93550

Lubbock, TX 79493-3550

Telephone - (806) 698-8858 – Fax – (806) 698-8047

Randel J. Terry, CPA

Ryan R. King, CPA

Independent Auditors' Report on Financial Statements

Board of Trustees

New Deal Independent School District

P.O. Box 280

New Deal, Texas 79350

Members of the Board of Trustees:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of New Deal Independent School District as of August 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Independent Auditors' Report
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009, on our consideration of New Deal 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 important for assessing the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the New Deal Independent School District's basic financial statements. The Combining and Individual Fund Statements and Schedules; Capital Assets Used in the Operation of Governmental Funds and Compliance Schedules; and the information identified as Other Supplemental Information, which are also the responsibility of the management of the District, listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Introductory and Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,

Terry & King, CPAs, P.C.
December 4, 2009

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

The management's discussion and analysis of financial position and results of operations presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2009. This section provides additional insight into the District and should be read in conjunction with the transmittal letter on page i, the independent auditors' report on page 1, and the basic financial statements that begin on page 16.

FINANCIAL HIGHLIGHTS

On the District's August 31, 2009 Government-wide Financial Statements:

- The District's net assets increased \$32,067 as a result of current year operations.
- The District's total net assets increased to \$6,937,163; however, only unrestricted net assets of \$2,657,020 are available for the District to meet ongoing obligations.
- During the year, the District's expenses were \$32,067 less than the \$7,275,317 generated in tax and other revenues for governmental programs.
- The total cost of the District's programs remained substantially unchanged, while no new programs were added and no existing programs were canceled this year.

On the District's August 31, 2009 Governmental Fund Financial Statements:

- Fund balance for the general fund totaled \$1,739,821 or 25% of general fund expenditures.
- Unreserved, undesignated general fund, fund balance totaled \$1,739,821.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the comprehensive annual financial report consists of the following: independent auditors' report, management's discussion and analysis, basic financial statements, required supplementary information, other supplementary information, combining statements for nonmajor governmental funds and internal service funds, and capital assets used in the operation of governmental funds.

The basic financial statements include government-wide and fund financial statements. These financial statements present separate aspects of the financial condition and results of operations of the District.

Government-wide Financial Statements

The government-wide financial statements are designed to provide an overview of the District's finances as a whole and present a long-term view of all financial matters, in a

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

manner similar to a private-sector business. The government-wide financial statements include the:

Statement of Net Assets

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference reported as net assets. The objective is to track net assets as this amount changes over time to evaluate whether the District's financial position is improving or deteriorating.

Statement of Activities

The *statement of activities* presents information on how the District's net assets changed during the fiscal year. All changes in net assets are reported as soon as the transaction-giving rise to the change in net assets occurs, regardless of the timing of the related cash flows. Therefore, accruals of certain revenues and expenses are reported in this statement for some transactions that will only result in cash flow in future fiscal years.

The government-wide financial statements distinguish functions of the District that are primarily supported by taxes and intergovernmental revenues, which are governmental activities, from other functions that are intended to recover all or a significant portion of their costs through user fees and charges, which are business-type activities. All activities pertaining to the District are governmental activities. The District does not operate any business-type activities for the fiscal year ended August 31, 2009.

The government-wide financial statements include only the financial position and results of operations of the District. The District has no business-type activities and no component units for which it is financially accountable for the fiscal year ended August 31, 2009. The government-wide financial statements begin on page 16.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

end of the fiscal year. This information is useful in evaluating the District's near-term financial position and result of operations.

The District maintains 14 individual governmental funds. 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 and food service fund, which are considered to be major funds. Data on the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the comprehensive annual financial report. The governmental fund financial statements begin on page 18.

Proprietary Funds

Proprietary funds are used to accumulate and allocate costs to internal functions of the District. Specifically, the District uses internal service funds to account for its operations with regard to the group health and workers' compensation plans. These services benefit governmental activities. Therefore, they have been included within governmental activities in the government-wide financial statements.

The group health and workers' compensation internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for these internal service funds is provided in the form of combining statements section of this report. The proprietary fund financial statements begin on page 22.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements due to resources of those funds are not available to support District programs. The District acts solely as a trustee or agent for the benefit of those outside of the District. The statement of fiduciary net assets begins on page 25. Additionally, individual fund data is provided in the form of combining statements section of this report.

Notes to the Financial Statements

The notes to the financial statements provide narrative explanations and or additional data that are essential to full disclosure of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26.

Required Supplementary Information

Required supplementary information presents budgetary comparison statements for all major funds that have a legally adopted annual budget. A budgetary comparison

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

statement has been provided for the general fund, and food service fund to demonstrate compliance with the budget. Required supplementary information begins on page 52.

Notes to Required Supplementary Information

The notes to required supplementary information provide narrative explanations and or additional data that are essential to full disclosure of the data provided in the general fund, and food service fund schedule of revenues, expenditures, and changes in fund balances. These notes begin on page 54.

Combining Statements for Nonmajor Governmental Funds

The combining statements for nonmajor governmental funds contain additional information regarding the District's individual funds. These statements are not required by the Agency. Combining statements for nonmajor governmental funds begin on page 56.

Combining Statements for Internal Service Funds

The combining statements for the internal service funds contain additional information regarding the District's individual funds. These statements are not required by the Agency. Combining statements for proprietary funds begin on page 72.

Combining Statements for Fiduciary Funds

The combining statement for fiduciary funds contains additional information regarding the District's individual funds. These statements are not required by the Agency. Combining statements for fiduciary funds begin on page 75.

Capital Assets Used in the Operation of Governmental Funds

Capital assets used in the operation of governmental funds provide additional information regarding the changes in the capital assets for the current year. These schedules begin on page 77.

Other Supplemental Information

The section labeled other supplemental information includes information used by monitoring or regulatory agencies for assurance that the District is utilizing funds in compliance with their terms and conditions. These schedules are required by the Agency. Other supplemental information begins on page 80.

The remainder of this overview section of the MD&A explains the structure and contents of each of the financial statements. Figure A-1 illustrates the major features associated with the District's Government-wide and Fund Financial Statements.

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

Figure A-1. Major Features of the District's Government-wide and fund Financial Statement

Statement Type	Government-wide	Funds Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District's government (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private business	Instances in which the District is the trustee or agent for someone else's resources
Required financial statements	Statement of net assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures, & changes in fund balances	Statement of revenues, expenses, & changes in fund net assets	Statement of changes in fiduciary net assets
			Statement of cash flows	
Accounting basis and measurement focus	Accrual accounting & economic resources focus	Modified accrual accounting & current financial resources focus	Accrual accounting & economic resources focus	Accrual accounting & economic resources focus
Type of asset/liability information	All assets & liabilities, both financial & capital, short & long-term	Only assets expected to be used & liabilities that come due during the year or soon thereafter; no capital assets included	All assets & liabilities, both financial & capital, short & long-term	All assets & liabilities both short & long-term; the District's funds do not currently contain capital assets
Type of inflow/outflow information	All revenues & expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received & payment is due during the year or soon thereafter	All revenues & expenses during the year, regardless of when cash is received or paid	All revenues & expenses during the year, regardless of when cash is received or paid

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Government-wide Financial Analysis

Statement of Net Assets. Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District's governmental activities.

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. The District's net assets were approximately \$6.9 million at August 31, 2009.

Table I
Net Assets Summary

Description	Governmental Activities		
	2009	2008	Change
Current and other assets	\$3,392,725	\$3,692,533	(\$299,808)
Capital assets	4,280,143	4,040,296	239,847
Total assets	7,672,868	7,732,829	(59,961)
Other liabilities	735,705	827,733	92,028
Total liabilities	735,705	827,733	92,028
 Total Net Assets	 <u>\$6,937,163</u>	 <u>\$6,905,096</u>	 <u>\$32,067</u>
Net Assets Components:			
Invested in capital assets	\$4,280,143	\$4,040,296	\$239,847
Unrestricted	2,657,020	2,864,800	(207,780)
Total Net Assets	<u>\$6,937,163</u>	<u>\$6,905,096</u>	<u>\$32,067</u>

As noted above, Table I illustrates that total net assets increased \$32,067 or 0.5% to \$6,937,163. Total assets decreased \$59,961 or 0.7% to \$7,672,868 while total liabilities decreased \$92,028 or 11.1% to \$735,705 for the current year.

As state above, total assets decreased 0.7% primarily due to:

- Cash decreased \$309,714 due to capital outlay expenditures in the current year;
- Capital assets increased \$239,847 (net of depreciation) due to building renovations at the Elementary/Middle School and the acquisition of two activity buses, three route buses, two maintenance vehicles, and one driver's education vehicle.

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

Additionally, total liabilities decreased 11.1% primarily due to:

- Accounts payable decreased \$99,209 due to the timing of invoices received;
- Deferred revenues increase \$16,127 due to lower than anticipated student enrollment.

Total net assets have two components. The first component is invested in capital assets. The other component is unrestricted net assets. Invested in capital assets is the portion of net assets that reflects the District's investment in capital assets. The District utilizes these assets to provide its services; consequently, they are not available to provide for day-to-day operations. This amount totals \$4,280,143 or 62% of total net assets for the fiscal year ended August 31, 2009. Therefore, unrestricted net assets, the portion of net assets used by the District to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements totaled \$2,657,020 or 38% of total net assets as of August 31, 2009.

Statement of Activities. As noted below, Table II illustrates that net assets of the District's governmental activities increased from \$6,905,096 to \$6,937,163. The District's total revenues decreased \$67,754 or 0.9% to \$7,275,317. Grants and contributions not restricted (state aid) total \$3,962,691 or 54.5% of total revenues. Twenty-nine percent of District revenues or \$2,079,030 was generated by property taxes. Additionally, operating grants and contributions generated 14.1% of total revenues. The remaining 2.4% includes charges for services, investment earnings, and miscellaneous local revenues.

Major changes within total revenues are highlighted below:

- Property taxes increased \$205,604 due to increased property tax valuations;
- Grants and contributions not restricted (state aid) decreased \$157,476 due to increased property tax collections. State funding formulas are "geared" to decrease state funding as local property tax collections increase.
- Investment earnings decreased \$61,618 due to interest rate reductions as a result of the "sputtering" US economy.

The total cost of all programs and services was \$7,243,250. This is a \$158,624 increase over last year. This was primarily due to:

- \$171,238 increase in instruction due to computer hardware, software and fiber optic wiring upgrade purchases; and,
- \$49,144 increase in curriculum and instructional staff development costs due to increased staff training.

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

Table II
Change in Net Assets

Description	Governmental Activities		
	2009	2008	Change
Revenues:			
Program revenues:			
Charges for services	\$133,445	\$156,196	(\$22,751)
Operating grants & contributions	1,022,415	1,048,647	(26,232)
General revenues:			
Property taxes - general purposes	2,079,030	1,873,426	205,604
Grants & contributions not restricted	3,962,691	4,120,167	(157,476)
Investment earnings	40,312	101,930	(61,618)
Miscellaneous local & intermediate	37,424	42,705	(5,281)
Total revenues	7,275,317	7,343,071	(67,754)
Expenses:			
Instruction	4,339,556	4,168,318	(171,238)
Instructional resources & media	49,370	71,863	22,493
Curriculum & staff development	204,338	155,194	(49,144)
School leadership	357,726	367,322	9,596
Guidance & counseling services	56,903	66,005	9,102
Health services	52,026	40,717	(11,309)
Student (pupil) transportation	318,191	334,282	16,091
Food services	287,285	303,584	16,299
Cocurricular/extracurricular activities	380,557	403,322	22,765
General administration	309,864	163,236	(146,628)
Plant maintenance & operations	513,515	628,491	114,976
Data processing services	151,031	146,735	(4,296)
Payments to agent/member district	222,888	235,557	12,669
Total Expenses	7,243,250	7,084,626	(158,624)
Change in net assets	32,067	258,445	(226,378)
Net assets, September 1	6,905,096	6,646,651	258,445
Net assets, August 31	\$6,937,163	\$6,905,096	\$32,067

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

Figure A-2
Revenues by Source – Governmental Activities

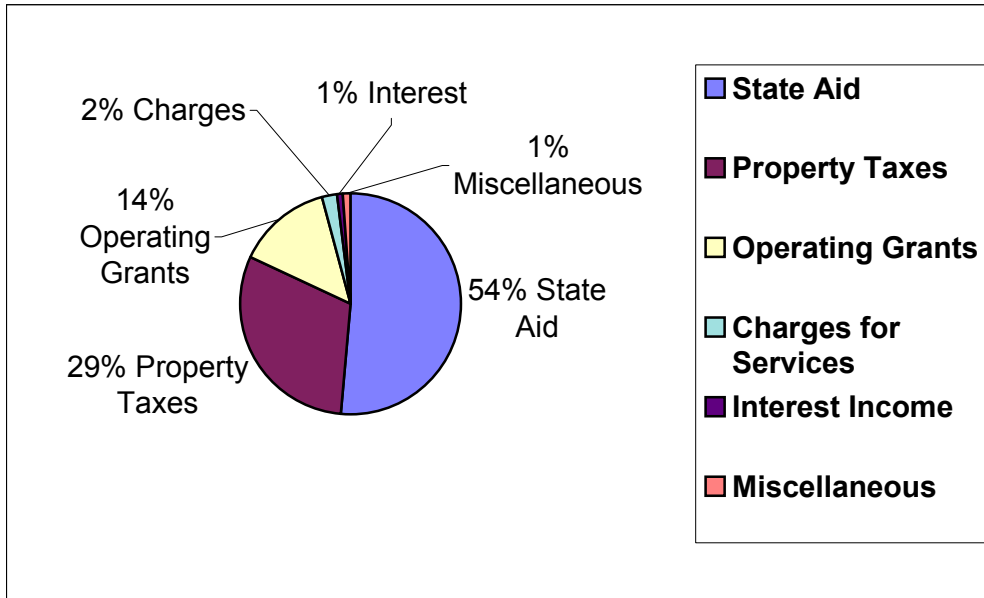
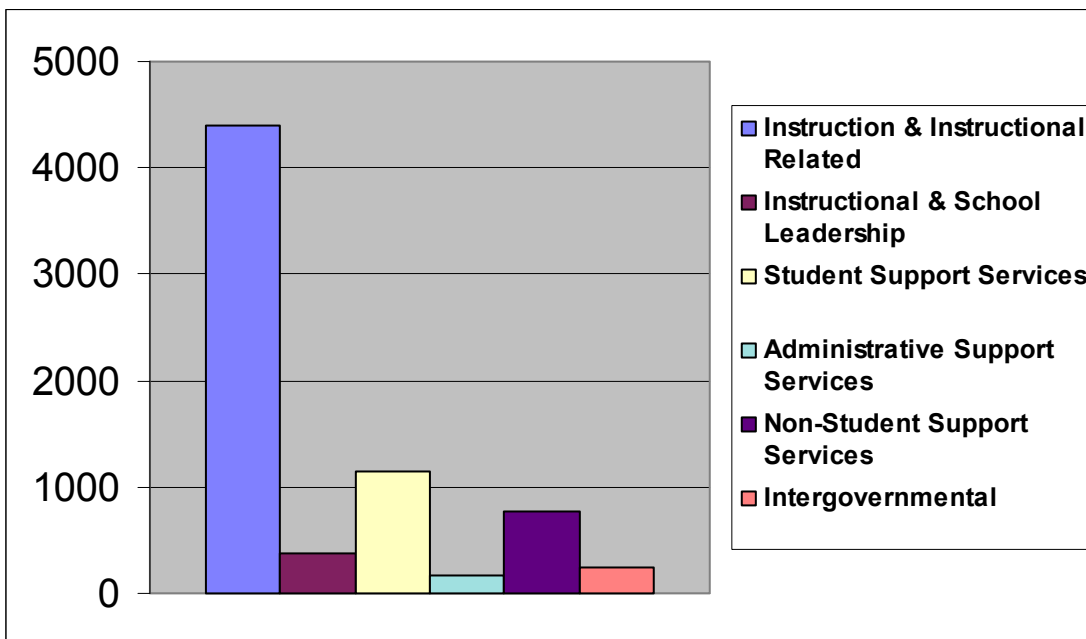


Figure A-3
Program Expenses by Major Function – Governmental Activities
In Thousands



New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

The total cost of all programs and services increased \$158,624 or 2.2% to \$7,243,250 for the year. The total cost of all governmental activities for the year was approximately \$7,243,250; however, as illustrated in the statement of activities on page 13, the amount that our taxpayers ultimately financed for these activities was only \$2,079,030 or 28.7% of the cost of education. This was due to some costs that were financed by those who directly benefit from the programs that totaled approximately \$133,445 or 1.8%, or by other governments that subsidize certain programs with grants and contributions that totaled approximately \$1,022,415 or 14.1%, or by state funding that totaled \$3,962,691 or 54.7% of the cost of education at the District. Additional funding that offset the cost of education to the taxpayers includes investment earnings and miscellaneous revenues. For the fiscal year ended August 31, investment earnings and miscellaneous revenues totaled \$40,312 and \$37,424, respectively.

FUND FINANCIAL ANALYSIS

Governmental Funds. The District's accounting records for general governmental operations are maintained on a modified accrual basis of accounting as prescribed by the *Financial Accountability System Resource Guide* published by the Texas Education Agency. Expenditures are recorded when services or goods are received and the fund liabilities are incurred. The general governmental operations include the following major funds: General and Food Service Fund.

As the District completed the fiscal year ended August 31, 2009 its governmental funds, as presented in the balance sheet on page 18, reported a general fund, fund balance of \$1,739,821 which is \$282,992 lower than last years total of \$2,022,813. The decrease was primarily due building renovations at the elementary/middle school and vehicle acquisitions cost approximately \$452,772.

The food service fund, fund balance decreased \$7,545 to \$71,101.

General fund revenues totaled \$6,519,634 for the fiscal year ended August 31, 2009 a decrease of \$16,167 from the preceding year. State revenues decreased \$133,470 or 3.0% to \$4,315,134 due to decreased state funding as a result of a increased property tax revenues. State revenues remain the largest single source of funding received by the District at 66% of total revenues.

Local revenues increased \$117,306 or 5.6% primarily due to increased property taxes. Property taxes increased \$205,604 due to increase property tax valuations; however, this was partially offset by a reduction in investment earnings of \$61,618 due to interest rate reductions as a result of the "sputtering" US economy.

Food service revenues decreased \$21,156 or 6.1% to \$326,641 from last year. Federal revenues were the greatest source of revenues received by the District as they decreased \$11,637 or 4.6% to \$236,601.

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

Proprietary Funds. The District maintains internal service funds to account for its group health and workers' compensation programs.

As noted on page 22, net assets increased \$84,825 to \$664,617, a 14.6% increase over last year. This increase was primarily due to lower than anticipated claims expense. Unrestricted net assets are used for the administration and claims of health benefits and workers' compensation programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

For the General Fund, the final budgeted amount for revenues totaled \$7,094,798. This was \$4,828 greater than the original budget estimate of \$7,089,970. The \$4,828 difference was primarily due to increases in state and federal grant program revenues finalized at mid-year.

Over the course of the fiscal year, the District recommended and the Board of Trustees approved several revisions to budgeted revenues and appropriations. These amendments fall into the following categories:

- Amendments approved shortly after the beginning of the new fiscal year for amounts reserved and designated in the prior year;
- Amendments in early and late spring to revise estimates for local and state revenue based on the latest information on student attendance numbers and tax collections;
- Amendments throughout the year for transfers to and from other funds; and,
- Amendments throughout the year for unexpected occurrences.

These amendments resulted in actual expenditures \$547,172 below final budgeted amounts. The most significant positive variance resulted from instruction, student transportation, and plant maintenance and operations.

Instruction resulted in \$80,071 positive variance between actual expenditures and final budgeted amounts, which was primarily due to lower than anticipated computer hardware, software, and fiber optic wiring costs.

Student (pupil) transportation resulted in \$27,626 positive variance between actual expenditures and final budgeted amounts, which was primarily due to lower than anticipated fuel costs.

Plant maintenance and operations resulted in \$68,053 positive variance between actual expenditures and final budgeted amounts. The positive variance was primarily due to lower than anticipated maintenance and repairs costs.

Facilities acquisition and construction resulted in \$168,558 positive variance between actual expenditures and final budgeted amounts. The positive variance was primarily due to lower than anticipated construction costs.

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

CAPITAL ASSETS

As of the fiscal year ended August 31, 2009 the District had approximately \$10,653,747 invested in a broad range of capital assets, including land, facilities, and equipment for instruction, transportation, food service, data processing, and maintenance. This amount represents a net increase of approximately \$452,772 or 4.4% greater than last year. This year's capital asset changes are as follows:

Description	2009
Building renovations at Middle/Elementary School	\$231,442
Vehicles	221,330
Total capital assets acquired for 2008	452,772

See note 14 of the notes to the financial statements for additional information.

ECONOMIC FACTORS and NEXT YEAR'S BUDGETS

The District's elected and appointed officials considered many factors when setting the fiscal year 2009-10 budget and tax rates. One of those factors is the economy. The District is located in the north central portion of Lubbock County. The District's economy is based on agricultural, manufacturing and mineral production.

Agricultural income is derived from cattle, swine, sheep, poultry, cotton and sunflowers. Lubbock County is the second-largest producer of cotton in the state for 2007. Minerals produced include oil, stone, sand and gravel.

The 2009 estimated population of 261,227 is 18,599 or 7.7% higher than the 2000 census. Sixty-nine percent of Lubbock County households had effective buying incomes in excess of \$20,000. The median income per household within the county was \$31,357 as compared with the State median of \$38,804. Additionally, the Texas Employment Commission reports 121,890 persons employed earning \$938.1 million for the third quarter of 2006.

Texas Tech University, Texas Tech University Health Sciences Center and Lubbock Christian University campuses had a combined 2009 fall enrollment of approximately 33,049.

There are several reasons to view the District's future with optimism. First, there is development within the area, including the construction of residential and retail developments including the successful operation of several start-up businesses. Tyco, International, a Bermuda based, Fortune 50 conglomerate, has completed construction of a \$49 million dollar manufacturing facility within the District. Tyco International has become the District's largest taxpayer. Second, the Lubbock Economic Development Alliance (LEDA) is developing an industrial site on a 223 acre tract called Lubbock Rail Port. Molinos Anahuac, Inc., is constructing a 23,000 square foot white corn flour mill.

New Deal Independent School District

Management Discussion and Analysis of Financial Condition and Results of Operations

This project is projected to add approximately \$3 million to the District's tax base. Finally, the population of both the District and its student body continues to increase, indicating that population shifts within north Lubbock County are working to the economic advantage of the District. All indicators point to steady growth in the District's tax base.

These indicators were taken into account when adopting the general fund budget for 2009-10. Amounts available for appropriation in the general fund budget are \$7.8 million, an increase of 0.6% over the final 2008-09 budget of \$7.75million.

FINANCIAL MANAGEMENT

This financial report is designed to provide our taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If you have questions regarding this report or need additional information, contact the District's Chief Financial Officer, at New Deal Independent School District, 401 South Auburn Avenue, New Deal, Texas, 79350, or call (806) 746-5833.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Statement of Net Assets August 31, 2009

Data Control Codes		<u>Primary Government</u>
	ASSETS:	
1110	Cash and Cash Equivalents (Fair Value)	\$3,162,338
1220	Property Taxes Receivable (Delinquent)	248,438
1230	Allowance for Uncollectible Taxes	(66,957)
1240	Due from Other Governments	48,906
	Capital Assets: (Note 14)	
1510	Land	100,770
1520	Buildings, net	3,921,816
1530	Equipment, net	<u>257,557</u>
1000	Total Assets	<u>7,672,868</u>
	LIABILITIES:	
2110	Accounts Payable	98,915
2160	Accrued Wages Payable	276,096
2300	Deferred Revenues	<u>360,694</u>
2000	Total Liabilities	<u>735,705</u>
	NET ASSETS:	
3200	Invested in Capital Assets	4,280,143
3900	Unrestricted	<u>2,657,020</u>
3000	Total Net Assets	<u><u>\$6,937,163</u></u>

The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Statement of Activities
For the Fiscal Year Ended August 31, 2009

Data Control Codes	Functions/Programs	Expenses	Program Revenues		Total Governmental Activities
			Charges for Services	Operating Grants and Contributions	
	<u>Governmental Activities:</u>				
11	Instruction	\$4,339,556	\$25,504	\$637,896	(\$3,676,156)
12	Instructional Resources and Media Services	49,370			(49,370)
13	Curriculum and Staff Development	204,338		40,358	(163,980)
23	School Leadership	357,726		1,847	(355,879)
31	Guidance and Counseling Services	56,903		381	(56,522)
33	Health Services	52,026		6,281	(45,745)
34	Student (Pupil) Transportation	318,191			(318,191)
35	Food Services	287,285	86,413	287,285	86,413
36	Cocurricular/Extracurricular Activities	380,557	9,087		(371,470)
41	General Administration	309,864			(309,864)
51	Plant Maintenance and Operations	513,515	12,441	46,901	(454,173)
53	Data Processing Services	151,031		1,466	(149,565)
93	Payments to Fiscal Agent of a Shared Service	222,888			(222,888)
	Total Primary Government	<u>\$7,243,250</u>	<u>\$133,445</u>	<u>\$1,022,415</u>	(\$6,087,390)
	<u>General Revenues:</u>				
	Taxes:				
MT	Property Taxes, Levied for General Purposes				2,079,030
GC	Grants and Contributions Not Restricted to Specific Programs				3,962,691
IE	Investment Earnings				40,312
MI	Miscellaneous Local and Intermediate				37,424
TG	Total General Revenues				<u>6,119,457</u>
CN	Change in Net Assets				32,067
NB	Net Assets, September 1				<u>6,905,096</u>
NE	Net Assets, August 31				<u>\$6,937,163</u>

The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Balance Sheet
Governmental Funds
August 31, 2009

Data Control Codes		General Fund	Food Service Fund	Other Funds	Total Governmental Funds
	<u>Assets:</u>				
	<u>Current Assets:</u>				
1110	Cash and Cash Equivalents at Fair Value (Note 4)	\$2,384,078	\$71,101	\$478	\$2,455,657
	<u>Other Assets:</u>				
	<u>Receivables:</u>				
1220	Property Taxes: Delinquent	248,434			248,434
1230	Less: Allowance for Uncollectible Taxes	(66,957)			(66,957)
1240	Due from Other Governments (Note 7)			\$48,906	48,906
1260	Due from Other Funds (Note 8)	37,927			37,927
	Total Assets	<u>\$2,603,482</u>	<u>\$71,101</u>	<u>\$49,384</u>	<u>\$2,723,967</u>
2000	<u>Liabilities:</u>				
	<u>Current Liabilities:</u>				
2110	Accounts Payable	\$56,847			\$56,847
2160	Accrued Wages Payable	265,117		\$10,979	276,096
2170	Due to Other Funds (Note 8)			37,927	37,927
	<u>Other Liabilities:</u>				
2300	Deferred Revenues (Note 6)	541,697		478	542,175
	Total Liabilities	<u>863,661</u>	<u>0</u>	<u>49,384</u>	<u>913,045</u>
3000	<u>Fund Balances:</u>				
	<u>Unreserved and Undesignated:</u>				
3600	General Fund	1,739,821			1,739,821
3600	Special Revenue Funds		71,101		71,101
	Total Fund Balances	<u>1,739,821</u>	<u>71,101</u>	<u>0</u>	<u>1,810,922</u>
	Total Liabilities and Fund Balances	<u>\$2,603,482</u>	<u>\$71,101</u>	<u>\$49,384</u>	<u>\$2,723,967</u>

The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

Total fund balances - governmental funds	\$1,810,922
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Amounts reported for governmental activities in the statement of net assets are different due to:

The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.	664,617
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Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$10,200,975 and the accumulated depreciation was \$6,160,679. The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net assets.	4,040,296
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Current year capital outlays are expenditures in the fund financial statements; however, they are recorded as increases in capital assets in the government wide financial statements. The net effect of including the fiscal year 2007-08 capital spending is to increase net assets.	452,772
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Fiscal year 2008-09 depreciation expense increases accumulated depreciations The net effect of the current year's depreciation is to decrease net assets.	(212,925)
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Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These transactions include recognizing deferred revenue, and eliminating interfund transactions. The net effect of these reclassifications is to increase net assets.	181,481
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Total net assets - governmental activities	\$6,937,163
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The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2009

Data Control Codes		General Fund	Food Service Fund	Other Funds	Total Governmental Funds
Revenues:					
5700	Local and Intermediate (Note 9)	\$2,204,500	\$87,779		\$2,292,279
5800	State Program	4,315,134	2,261	\$184,153	4,501,548
5900	Federal Program		236,601	246,957	483,558
5020	Total Revenues	6,519,634	326,641	431,110	7,277,385
Expenditures:					
Current:					
11	Instruction	3,843,743		380,777	4,224,520
12	Instructional Resources & Media Services	50,218			50,218
13	Curriculum & Instructional Staff Development	166,525		40,358	206,883
23	School Leadership	360,120		1,847	361,967
31	Guidance, Counseling & Evaluation Services	57,370		381	57,751
33	Health Services	46,593		6,281	52,874
34	Student (Pupil) Transportation	499,313			499,313
35	Food Services		287,285		287,285
36	Cocurricular/Extracurricular Activities	385,647			385,647
41	General Administration	314,105			314,105
51	Plant Maintenance & Operations	473,400	46,901		520,301
53	Data Processing Services	151,262		1,466	152,728
80	Capital Outlay:				
81	Facilities Acquisition and Construction	231,442			231,442
90	Intergovernmental Charges:				
93	Payments to Fiscal Agent of a Shared Service Arrangement	222,888			222,888
6030	Total Expenditures	6,802,626	334,186	431,110	7,567,922
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(282,992)	(7,545)	0	(290,537)
Other Financing Sources (Uses):					
	Transfers In (Out)	0	0	0	0
Net Change in Fund Balances					
1200	Fund Balances, September 1	2,022,813	78,646	0	2,101,459
3000	Fund Balances, August 31	\$1,739,821	\$71,101	\$0	\$1,810,922

The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Total net change in fund balances - governmental funds	(\$290,537)
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Amounts reported for governmental activities in the statement of activities are different due to:

The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.	84,825
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Current year capital outlays are expenditures in the fund financial statements; however, they are recorded as increases in capital assets in the government wide financial statements. The net effect including fiscal year 2008-09 capital spending is to increase net assets.	452,772
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Fiscal year 2008-09 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(212,925)
---	-----------

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These transactions include recognizing deferred revenue as earned revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to decrease net assets.	(2,068)
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Change in net assets - governmental activities	
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	\$32,067
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The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds
August 31, 2009

Data Control Codes		Internal Service Funds
	ASSETS:	
	<u>Current Assets:</u>	
1110	Cash and Cash Equivalents (Fair Value)	\$706,681
	Total Current Assets	<u>706,681</u>
	Total Assets	<u>706,681</u>
	LIABILITIES:	
	<u>Current Liabilities:</u>	
2110	Accounts Payable	42,064
	Total Current Liabilities	<u>42,064</u>
	Total Liabilities	<u>42,064</u>
	NET ASSETS:	
3900	Unrestricted Net Assets	<u>664,617</u>
	Total Net Assets	<u><u>\$664,617</u></u>

The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended August 31, 2009

Data Control Codes		Internal Service Funds
	OPERATING REVENUES:	
	Charges for Services:	
5754	Charges to Other Funds	\$127,687
	Total Operating Revenues	127,687
	OPERATING EXPENSES:	
6217	Administration and Premium Fees	20,790
6219	Claims Expenses	30,588
	Total Operating Expenses	51,378
	Operating Income (Loss)	76,309
	NONOPERATING REVENUES (EXPENSES):	
5742	Interest Income	8,516
	Total Nonoperating Revenues (Expenses)	8,516
	Change in Net Assets	84,825
1110	Total Net Assets, September 1	579,792
1110	Total Net Assets, August 31	\$664,617

The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Statement of Cash Flows Proprietary Funds For the Fiscal Year Ended August 31, 2009

Data Control Codes		Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
5754	Cash receipts from interfund services provided	\$108,033
5749	Cash receipts from other operating activities	19,654
6219	Cash payments for services and benefits	(54,394)
	Net cash provided by (used for) operating activities	<u>73,293</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
5742	Interest received	<u>8,516</u>
	Total cash provided by investing activities	<u>8,516</u>
	Net increase in cash and cash equivalents	81,809
1110	Cash and cash equivalents, September 1	<u>624,872</u>
1110	Cash and cash equivalents, August 31	<u><u>\$706,681</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
	Operating Income (Loss)	\$76,309
	Adjustments to reconcile income (loss) to net cash provided by operating activities:	
2110	Increase (Decrease) in accounts payable	(3,016)
	Net cash provided by operating activities	<u><u>\$73,293</u></u>

The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Comparative Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
August 31, 2009

<u>Data Control Codes</u>		<u>Agency Fund</u>	
		<u>2009</u>	<u>2008</u>
	ASSETS:		
1110	Cash and Cash Equivalents (Fair Value)	<u>\$87,646</u>	<u>\$73,419</u>
	Total Assets	<u><u>\$87,646</u></u>	<u><u>\$73,419</u></u>
	LIABILITIES:		
2190	Due to Student Groups	<u>\$87,646</u>	<u>\$73,419</u>
	Total Liabilities	<u><u>\$87,646</u></u>	<u><u>\$73,419</u></u>

The accompanying notes are an integral part of the financial statements.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New Deal Independent School District ("the District") was formed in June 1935 by a special election of the registered voters of the New Deal Rural High School No. 3. Prior to the successful election, Center Common School District No. 2 and No. 4, Grovesville Independent School District No. 4, and Monroe Independent School District consolidated to create New Deal Rural High School District No. 3.

The New Deal Independent School District's Board of Trustees ("the Board"), a publicly elected seven-member group, is the level of government that has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District.

The District prepares its basic financial statements in conformity with generally accepted accounting principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in **Statement on Auditing Standards No. 69** of the American Institute of Certified Public Accountants; and the District complies with the requirements of the appropriate version of the Texas Education Agency's (the Agency) **Financial Accountability System Resource Guide** (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds. Additionally, the District receives funding from local, state and federal government sources and fully complies with the joint requirements of these funding source entities.

In 2002, the District implemented GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments" (GASB Statement No. 34), GASB Statement No. 37, "Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments: Omnibus" which provides additional guidance for the implementation of GASB Statement No. 34, and GASB Statement No. 38 "Certain Financial Statement Disclosures" which changes note disclosure requirements for governmental entities.

GASB Statement No. 34 establishes a new financial reporting model for state and local governments that included the addition of Management's Discussion and Analysis, Government-wide Financial Statements, Required Supplemental Information, and the elimination of the effects of internal service activities and the use of account groups to the already required Fund Financial Statements and notes.

The GASB determined that fund accounting has and will continue to be essential in assisting state and local governments to achieve fiscal accountability and should, therefore, be retained as a component of the basic financial statements. Additionally, the GASB determined that government-wide financial statements are needed to allow users of financial reports to assess a government's operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complimentary components of a single comprehensive financial reporting model.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following is a summary of the significant accounting policies followed by the District:

Reporting Entity

The District is considered an independent entity for financial reporting purposes and is considered a primary government. As required by GAAP, the basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the District's financial reporting entity. Based on these considerations, the District's basic financial statements do not include any other entities. In addition, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District's financial reporting entity are based on criteria prescribed by GAAP. These same criteria are evaluated in considering whether the District is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District's financial reporting entity status is that of a primary government are:

- That it has a separately elected governing body;
- It is legally separate; and,
- It is fiscally independent of other state and local governments.

Additionally prescribed criteria under GAAP include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The public elects the Board to staggered three-year terms and is primarily accountable for fiscal matters. Therefore, the District is a financial reporting entity as defined by GASB Statement No. 14, "The Financial Reporting Entity." The District has also implemented GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units." The District receives support from various booster club organizations; however, none of these organizations meet the criteria specified by GASB Statement No. 39 to be included in the District's financial statements. Therefore, there are no component units included within the reporting entity.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements

Government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all non-fiduciary activities of the district and are supported by tax revenues and intergovernmental revenues. For the most part, interfund activity has been eliminated from the government-wide statement of net assets and statement of activities.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no business-type activities.

The Statement of Activities illustrates the amount that program revenues offset direct expenses of functional categories. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a function of the District. For example, charges for services include tuition paid for driver's education, school lunch charges, athletic gate receipts, rental on facility use, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to assist in the operational requirements of a given function. For example, grants and contributions include federal funding under the Elementary and Secondary Educational Act, and National School Breakfast and Lunch Program. If a revenue is not classified a program revenue, it is a general revenue used to support all of the District's functions. Property taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds are presented as due to and due from on the Governmental Fund Balance Sheet and the Proprietary Fund Statement of Net Assets. In addition, interfund activities are presented as other financing sources and uses on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and on the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Assets. All interfund transactions between governmental funds and between governmental funds and proprietary funds are not eliminated on the government-wide financial statements. In addition, interfund activities between governmental funds remain on the Government-wide Statements and appear on the Government-wide Statement of Net Assets as internal balances and on the Statement of Activities as interfund transfers. Also, interfund activities between governmental funds and fiduciary funds remain as due to/due from on the Government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories: Governmental, Proprietary, and Fiduciary. Resources accounted for in the Fiduciary Funds cannot be used for District operations, and as a result are not included in the government-wide financial statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating. Operating revenues and expenses result from providing services and producing and delivering goods and services in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

Basis of Presentation

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar revenue sources are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met by the District.

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

Proprietary Fund Types (Internal Service Fund) are accounted for on a flow of economic resources measurement focus. Therefore, all assets and liabilities associated with the operation of proprietary funds are included in the balance sheet. Fund equity (i.e., total net assets) is segregated into invested in capital assets, net of related debt, restricted net assets, and unrestricted net assets. Additionally, operating statements of proprietary funds present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

The Agency requires the, "Data Control Codes," included in the Basic Financial Statements. This requirement is mandated by the Agency to provide consistent data entry into a statewide database on revenues and expenditures pertaining to Texas educational governmental entities.

Basis of Accounting

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. In addition, the modified accrual basis of accounting recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year-end.

Substantially all revenues are considered to be "susceptible to accrual," including property taxes, earnings on investments, State program revenues, and certain intergovernmental revenues. This concept provides that revenues are recognized when they become both measurable and available to finance expenditures. However, miscellaneous revenues are recorded on the cash basis of accounting because they are generally not measurable until received.

Revenues from state and federal grants are recognized when related expenditures are incurred. Any excess of revenues or expenditures at fiscal year-end is recorded as deferred revenue or due from the granting agencies, respectively.

The accounts of the Proprietary Fund Types (Internal Service Fund) are maintained on the accrual basis of accounting. Accordingly, revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recorded in the accounting period in which they are incurred and become measurable.

Fund Accounting

The District reports its financial activities through the use of "fund accounting." The activities of the District are organized on the basis of funds. The operations of each fund are accounted for within a separate set of self-balancing accounts to reflect results of activities. Fund accounting segregates funds according to their intended purpose and is used to assist management in demonstrating compliance with finance-related legal and contractual provisions. As required by the Agency, the following fund types are included in the financial statements of the District:

Governmental Funds

- *General Fund* – A budgeted major fund, the General Fund is the general operating fund of the District and accounts for all revenues and expenditures not accounted for within any other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenses and capital improvement expenditures not paid through other funds are paid from the general fund.
- *Food Service Fund* – A budgeted major fund, the Food Service Fund is used to account for all revenues and expenditures for operations and improvements of child nutrition programs.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Governmental Funds (continued)

- *Special Revenue Funds* – The Special Revenue Funds are used to account for specific revenue sources, which are legally restricted to expenditures for specified purposes.

Proprietary Funds

Proprietary Funds are used to account operations that are financed in a manner similar to those found in the private sector, where the determination of net income is appropriate for sound financial administration.

- *Internal Service Funds* - The two Internal Service Funds of the District are used to account for the financing of services provided by one department to other departments of the District on a cost reimbursement basis. The workers' compensation and group health programs of the District are accounted for in these funds. Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount that will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on District experience since the inception of the programs.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other funds.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Fiduciary Funds (continued)

- *Agency Funds* - Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds account for the receipt and disbursement of monies from student activity organizations and other types of activities requiring clearing accounts. The student activity organizations exist with the explicit approval of and are subject to revocation by the District's Board of Trustees. This accounting reflects the District's agency relationship with the student activity organizations.

Cash and Cash Equivalents

For purposes of the statement of cash flows for the proprietary fund type, the District considers highly liquid investments to be cash equivalents if they have maturity of three months or less when purchased.

Investments

Investments are recorded at cost, which approximates fair value.

Restricted Assets

The District uses restricted assets first unless unrestricted assets will have to be returned because they were not used when the District incurs an expense.

Inventory

Inventories of supplies are stated at weighted average cost, while inventories of food commodities are recorded at market values provided by the Texas Department of Human Services. Inventory items are recorded as expenditures in the period they are consumed. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. Once requisitioned, inventories and deferred revenues are reversed, expenditures are charged, and revenues are recognized for equal amounts.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, including land, buildings, and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The District defines capital assets, as assets with an initial, individual cost greater 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, but instead expensed in the period incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The District uses the straight-line method of depreciation. Buildings are depreciated over an estimated useful life of 40 years. In addition, office equipment and vehicles are depreciated over seven years, while computer equipment is depreciated over an estimated useful life of three years.

When assets are retired or otherwise disposed of, the related costs or other recorded amounts are removed.

Accumulated Vacation Pay and Sick Leave

The District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits; however, there is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service. All vacation pay is accrued when incurred in the government-wide, and proprietary fund financial statements. A liability is reported in the governmental funds only if it has matured, for example, as a result of employee resignations or retirements.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Transactions

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable account.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions Between Funds

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the District are accounted for as revenues, expenditures, or expenses in the funds involved.

Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly attributable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expenses in the fund that is reimbursed.

Other legally authorized transfers are treated as operating transfers and are included in the results of operations of governmental funds.

Comparative Data

Comparative data has been excluded in the financial statements, since there inclusion would make the financial statements unduly complex and difficult to read.

GASB Statement No. 44

The District implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section – an amendment of NCGA Statement 1," as of July 1, 2005. This Statement amends the portions of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information to assess the economic condition of a government.

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

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

The reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore, not reported in governmental funds. The details of capital assets at the beginning of the year were as follows:

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

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

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets (continued)

Capital Assets at September 1	Historical Cost	Accumulated Depreciation	Net Value at September 1	Adjustments to Net Assets
Land	\$100,770		\$100,700	
Buildings	7,264,908	\$3,407,755	3,857,153	
Equipment	2,835,297	2,752,924	82,373	
Change in Net Assets				<u>\$4,040,296</u>

Another element of the reconciliation explains that current year capital outlays are expenditures in the fund financial statements, but should be shown as increases in capital assets in the government-wide financial statements. The details of current year capital outlay are as follows:

Current Year Capital Outlay	Amount	Adjustment to Net Assets
Buildings	\$231,442	\$231,442
Equipment	221,330	221,330
Total - Capital Outlay	<u>\$452,772</u>	<u>\$452,772</u>

Another element of the reconciliation is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. The details of adjustments to revenues and deferred revenues are as follows:

Description	Amount	Adjustments to Net Assets
Adjustments to Revenues and Deferred Revenues:		
Uncollected taxes (assumed collectible)		
from current year levy	\$62,670	\$62,670
Uncollected taxes (assumed collectible)		
from prior year levy	118,811	118,811
Total		<u>\$181,481</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

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

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

The reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays are expenditures in the fund financial statements, but should be shown as increases in capital assets in the government-wide financial statements. The details of current year capital outlay are as follows:

Current Year Capital Outlay	Amount	Adjustment to Change in Net Assets
Buildings	\$231,442	\$231,442
Equipment	221,330	221,330
Total - Capital Outlay	<u>\$452,772</u>	<u>\$452,772</u>

Another element of the reconciliation is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. The details of adjustments to revenues and deferred revenues are as follows:

Description	Amount	Adjustments to Change in Net Assets
Adjustments to Revenues and Deferred Revenues:		
Taxes collected from prior years levies	(\$61,886)	(\$61,886)
Uncollected taxes (assumed collectible)		
from current year levy	63,954	63,954
Total		<u>\$2,068</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Each school district in Texas is required by law to annually prepare a budget of anticipated revenues and expenditures for all Governmental Fund Types for the fiscal year beginning September 1. The official budgets were prepared for adoption for all Governmental Fund Types by August 20, 2008. The Board adopts an “appropriated budget” for the General Fund and Food Service Fund. The annual budget, which is prepared on the modified accrual basis of accounting, must be adopted by the Board at a scheduled meeting after giving public notice of the meeting.

Final priorities and funding of projects are determined by the Board, which subsequently establishes a tax rate sufficient to support the adopted budget. The administration performs budget reviews by which budget requirements are reevaluated and revisions are recommended to the Board.

The Board is required to approve amendments to the budget that change any of the functional expenditure categories (the legal level of compliance) or revenue object accounts, as defined by the Financial Accountability System Resource Guide for each individual fund type.

Budgeted Appropriations

During the fiscal year, the operating budget must be amended by the Board for changes to major functional appropriation amounts. All supplemental appropriations must be within limits of available revenues and fund equity. Due to careful budgetary control, several amendments were necessary during the fiscal year. As defined by State Law, unexpended appropriations lapse at year-end. Additionally, state law prohibits deficit fund balances.

The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund and Food Service Budget reports are presented in the Required Supplementary Information section.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

Cash Deposits

The District's cash deposits at August 31, 2009 and during the fiscal year ended August 31, 2009 were entirely covered by FDIC insurance or by pledged collateral held by the District's third party bank in the District's name. The deposits were deemed collateralized under state law, and the Agency maintained copies of all safekeeping receipts in the name of the District. Deposits were properly secured at all times.

At August 31, total carrying value of District deposits were \$3,162,338 as compared to the bank balance of \$3,269,611. In accordance with the provisions of the depository contract, pledged securities exceeded cash deposits by \$1,342,739 at year-end.

As required by The Agency, the District's highest balance on deposit with City Bank and related collateral are as follows:

<u>Bank</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Securities Pledged and Letter of Credit</u>	<u>FDIC Coverage</u>	<u>Date</u>
City Bank	\$4,657,461	\$4,657,461	\$4,500,000	\$200,000	February 12, 2009

Investments

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas:

- Safety of principal and liquidity;
- Portfolio diversification
- Allowable investments;
- Acceptable risk levels;
- Expected rates of return;
- Maximum allowable stated maturity of portfolio investments;
- Maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio;
- Investment staff quality and capabilities; and,
- Bid solicitation preferences for certificates of deposit.

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

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

Statutes authorize the District to invest in the following investment instruments:

- Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
- Certificates of deposit and share certificates as permitted by Government code 2256.010;
- Fully collateralized repurchase agreements permitted by Government code 2256.011;
- A securities lending program as permitted by Government code 2256.0115;
- Banker's acceptances as permitted by Government code 2256.012;
- Commercial paper as permitted by Government code 2256.013;
- No-load money market mutual funds and no-load mutual funds as permitted by Government code 2256.014
- Guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government code 2256.015; and
- Public funds investment pools permitted by Government code 2256.016.

The District's temporary investments, listed at fair value, total \$100,027. These investments consist of cash deposits on demand backed by depository insurance and securities pledged to the District in accordance with provisions of the depository contract.

Analysis of Specific Deposit and Investment Risks

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

Custodial Credit Risk: Deposits and Investments

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the District's deposits may not be returned. 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 State of Texas requires that a financial institution secure deposits made by state or local governments by pledging securities in excess of the highest cash balance of the government. Therefore, the District is not exposed to custodial credit risk because all deposits and investments are covered by depository insurance and pledged securities

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

Analysis of Specific Deposit and Investment Risks (continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. The District invests only in U.S. Treasury backed securities. Therefore, the District is not exposed to credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of minimizing risk of loss due to interest rate fluctuations, the District's policy requires that investments use final and weighted-average-maturity limits and diversification. In addition, policy states that the District shall monitor interest rate risk using weighted average maturity and specific identification. As of August 31, all of the District's investments included cash demand deposits fully collateralized by depository insurance and pledged collateral. Therefore, the District is not exposed to interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that exchange rates will adversely affect the fair value of an investment. This District is not exposed to foreign currency risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer (i.e. lack of diversification). Concentration risk is defined as positions of five percent or more in securities of a single issuer. Investments issued by the U.S. Government are excluded from the five percent disclosure requirement. As of August 31, all of the District's investments included cash demand deposits fully collateralized by depository insurance and pledged collateral. Therefore, the District is not exposed to concentration of credit risk.

Investment Accounting Policy

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

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 5 - LOCAL TAX REVENUE AND RECEIVABLES

The current assessment ratio of the District is 100% of market valuation for all property within the District's boundaries. The local maintenance and debt service tax rates for the 2008-09 school year were \$1.17 and \$0.00, respectively, per \$100 of assessed valuation. The 2008-09 assessed valuation was \$184,191,958 that resulted in a tax levy of \$2,111,168 after exemptions.

Local taxes assessed on valuations made as of January 1 each year are recorded in the District's financial statements as receivables and deferred revenues, net of the related allowance for uncollectible taxes. The resulting stated amount estimated to be collectible is based upon the District's historical collection experience. Uncollectible property taxes are periodically reviewed and written off by the District, as provided by specific statutory authority from the State Legislature. General Fund taxes receivable, net of estimated uncollectible taxes, totaled \$181,481 at August 31.

Delinquent taxes collected subsequent to year-end are not material and, therefore, are recognized as revenue when collected. Property taxes for the current calendar year are levied on October 1 and in conformity with Subtitle E, Texas Property Tax Code, taxes are due upon receipt of the tax statement and are payable by January 31 of the following calendar year. Unpaid taxes become delinquent on February 1, at which time they become an enforceable lien on real and certain personal property. Property tax revenues are considered available when they become due or past due and receivable within the current period and those expected to be collected during a 60 day period after the close of the school fiscal year.

The District's legally authorized tax rate limit is \$1.17 per \$100 assessed valuation with the Debt Service rate being limited to \$0.50 per \$100 assessed valuation.

Appraisal District

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code that established a countywide appraisal district and an appraisal review board in each county in the State of Texas. Lubbock County Appraisal District (LCAD) is responsible for the appraisal of property for all taxing units in Lubbock County, including the District; and, the District utilizes the LCAD in an additional capacity of collecting current and prior year property tax levies throughout the year. Under the terms of a contract for appraisal and collection services, the District paid LCAD \$24,088 and \$9,922 in fiscal year 2008-09 for the appraisal of property and the collection of taxes, respectively.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 6 - DEFERRED REVENUES

Deferred revenues represent assets that are not available for use by the District to liquidate current year liabilities. The following is a summary of deferred revenues at August 31, 2009:

Description	General Fund
Local Revenues: Taxes, Net	\$181,481
State Revenues: Foundation School Program	360,694
Total	<u>\$542,175</u>

NOTE 7 - DUE FROM OTHER GOVERNMENTS

The District participates in several federal and state programs from which it receives grants to partially or fully finance certain activities. All federal grants are passed through the Agency and are reported on the financial statements as "Due From Other Governments."

Due from other governments in the special revenue funds represent reimbursements due from the State for cumulative state and federal grant expenditures that exceeded cumulative state and federal grant cash receipts as of August 31, 2009 and are summarized below:

Description	Grants		Total
	State	Federal	
Special Revenue Funds:			
ESEA Title I Part A		\$10,979	\$10,979
ARRA Title I Part A: Stimulus		16,779	16,779
Student Success Initiative	\$2,098		2,098
T*STEM Academies	12,644		12,644
Texas Educator Excellence Grant	4,000		4,000
District Awards for Teacher Excellence Grant	2,406		2,406
Total	<u>\$21,148</u>	<u>\$27,758</u>	<u>\$48,906</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances for governmental funds are listed below:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental Funds:		
Major Funds:		
General Fund	\$37,927	
Other Governmental Funds:		
ARRA Title I Part A: Stimulus		\$16,779
Student Success Initiative		2,098
T*STEM Academies		12,644
Texas Educator Excellence Grant		4,000
District Awards for Teacher Excellence Grant		2,406
Total - Governmental Funds	<u>\$37,927</u>	<u>\$37,927</u>

The District had not cleared the interfund payables and receivables at year-end. All amounts represent short-term borrowings between the funds for operating expense payments from federal and state sources. All amounts will be repaid within three months.

NOTE 9 – LOCAL REVENUE SOURCES

Governmental revenues from local sources consisted of the following:

<u>Description</u>	<u>General</u>	<u>Food Service</u>	<u>Total</u>
Property taxes	\$2,040,404		\$2,040,404
Delinquent taxes	86,489		86,489
Penalties, interest & other	2,920		2,920
Interest	38,946	\$1,366	40,312
Food service		86,413	86,413
Athletic events	9,087		9,087
Sick Leave Reimbursement	2,518		2,518
Tuition	12,765		12,765
Rental	1,150		1,150
Other	10,221		10,221
Total	<u>\$2,204,500</u>	<u>\$87,779</u>	<u>\$2,292,279</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 10 - EMPLOYEE RETIREMENT PLAN

Plan Description

The Teacher Retirement System of Texas (the System) is a cost-sharing multiple-employer defined benefit public employee retirement system (PERS); however, all risks and costs are not shared by the District but are liabilities of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during the fiscal year.

For members of the System entitled to the state's minimum salary for certain school personnel under Section 16.056 of the Texas Education Code, the District reimburses the state for its contribution on the portion of the member's salary that exceeds the statutory minimum.

Types of Employees Covered

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C, Section 822.002, are covered by the System.

Benefit Provisions

The Teacher Retirement System of Texas administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. The System operates primarily under the provisions of the Texas Constitution Article XVI, Section 67, and the Texas Government Code, Title 8, Subtitle C. Additionally, the System administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803, and 805, respectively.

Service Retirement

Members are fully vested after five years of creditable service and entitled to any benefit for which eligibility requirements have been met.

Service retirement is as follows:

Normal

- any combination of age plus years of service which equal 80
- age 65 with 5 years of service
- age 60 with 20 years of service

Reduced

- age 55 with at least 5 years of service
- Any age below 55 with 30 years of service

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 10 - EMPLOYEE RETIREMENT PLAN (continued)

Funding Policy

Under provisions in state law, plan members are required to contribute 6.4% of their annual covered salary, while the State of Texas contributes 6.58%, except for employees subject to statutory minimum requirements and employees participating in federally funded programs. Additionally, statutory minimum requirements are based on the State of Texas teacher salary schedule and subsequently adjusted based on the District's cost of education index. The System requires federally funded programs to contribute the state's portion for District employees funded by federal grants.

Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than six percent of the member's annual compensation and a state contribution rate of not less than six percent and not more than ten percent of the aggregate annual compensation of all members of the system during that fiscal year; (2) State statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize the System'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.

Contributions Required and Made

Employees are required by state statute to pay 6.4% of their eligible gross earnings to the System.

The District's employees' contributions to the System for the preceding three fiscal years ended August 31, 2007, 2008, and 2009 were \$224,411, \$231,781, and \$250,085, respectively, which equaled the required contribution rate for each year. Other contributions, including contributions made from federal and private grants, and from the District for salaries above statutory minimum for the preceding three fiscal years ended August 31, 2007, 2008, and 2009 were \$40,400, \$39,152, and \$33,114, respectively, which equaled to the required contribution rates for each year.

Contributions to the System by the State on behalf of the District for the proceeding three fiscal years ended August 31, 2007, 2008, and 2009 totaled \$210,385, \$238,300, and \$257,119, respectively, which equaled the required contribution rate for each year. The District recognized these contributions as revenues and expenditures in the government-wide financial statements and in the fund financial statement of the General Fund. These contributions are the legal responsibility of the State of Texas.

The System's annual financial report and other required disclosure information is available by calling 800.223.8778 or at www.trs.state.tx.us.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks related to torts: theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's risk management program encompasses various means of protecting the District against loss by obtaining property, casualty and liability coverage through commercial insurance carriers, and participation in public entity risk pools. Except for workers' compensation, the District continues to carry commercial insurance for all risks of loss. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The District accounts for the Workers' Compensation Fund and Group Health Insurance Fund as Internal Service Funds. The Workers' Compensation Fund charges the General Fund and Special Revenue Funds on the basis of payroll incurred by each fund in order to provide for workers' compensation claims of District employees. The Group Health Insurance Fund charges the General Fund and Special Revenue Funds at set rates, in order to provide for group health insurance premiums of District employees and their dependents.

The District is accumulating net assets in the group health plan and the workers' compensation plans to provide additional benefits to employees and to accumulate reserves for future losses that may or may not occur.

Workers' Compensation

The District established a limited risk management program for Workers' Compensation in 1993 by setting up the Workers' Compensation Fund, an Internal Service Fund to account for its insured and self-insured risk of loss. The District is a member of the West Texas Educational Insurance Association, a public entity risk pool. Claims Administrative Services, Inc., has been contracted as the entities third party administrator. The risk pool is fully funded through annual premiums and excess loss policies are purchased by the pool as considered necessary. As of August 31, stop-loss coverage was in effect for individual claims exceeding \$225,000 provided by Safety National Casualty Corporation, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Additionally, financial statements for Safety National Casualty Corporation are available and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public record.

For the fiscal year ended August 31, 2009 the District was one of 149 school districts within the State of Texas participating in the risk pool. The District is required to maintain reserves in excess of the loss fund maximum. For the fiscal year ended August 31, the premium, loss fund maximum, and unrestricted net assets totaled \$15,312, \$39,794, and \$333,679, respectively. Settled claims have not exceeded insurance coverage's in any of the proceeding four fiscal years ended August 31. In addition, there has not been any significant reduction in insurance coverage from that of the previous year.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 11 - RISK MANAGEMENT (continued)

Workers' Compensation (continued)

Worker's compensation claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Changes in the balances of claims liabilities during the preceding year are as follows:

Description	2009	2008
Unpaid claims, September 1	\$40,291	\$38,985
Current year claims & changes in estimates (included incurred but not report claims)	18,497	11,939
Claim payments	(17,538)	(10,633)
Unpaid claims, August 31	<u>\$41,250</u>	<u>\$40,291</u>

As of August 31, 2009 the District had \$374,929 in cash available for payment of workers' compensation claims, which exceed the potential liability for unpaid claims, including incurred but not reported claims of \$41,250.

Group Health

During the fiscal year ended August 31, 2009 employees of the New Deal Independent School District were covered by a health insurance plan (the Plan). The 77th Texas Legislature enacted the Texas School Employees Uniform Group Health Coverage Act, establishing a new statewide health coverage program for public school employees and their dependents. The new program, TRS-ActiveCare, became effective September 1, 2003 and is administered by the Teacher Retirement System (TRS) of Texas. The program was designed initially to provide access to health care with regard to availability and affordability to smaller school districts; however, it will broaden to include larger districts over a period of time.

A school district may elect to participate in this program, and participation by an employee of a participating school district is optional. The risk associated with this program is retained by the plan and the participating district's risk is limited to the current year's premiums.

This fund provides health care benefits to eligible employees and their dependents. The State of Texas and the District contributes \$75 and \$150 per month per employee, respectively, to the Plan. Employees, at their option, authorized payroll deductions to cover the remainder of their premiums and premiums for dependents. All premiums were paid to TRS from which all benefits and administrative services were funded.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

The System's annual financial report and other required disclosure information is available by calling 800/223-8778 or at www.trs.state.tx.us.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation

From time to time, the District is a defendant in legal proceedings relating to its operations. In the opinion of the administration, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying basic financial statements, and accordingly, no provision for losses has been recorded.

Grant Programs

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. 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 contingency provision has been recorded in the accompanying basic financial statements.

Operating Leases

The District is a party to an operating lease for the rental of copier equipment. The lease expires August 31, 2010. Lease payments for fiscal year 2010 totals \$20,160.

NOTE 13 - SHARED SERVICE ARRANGEMENT

Honda Shared Service Arrangement

The District participates in an ongoing intergovernmental shared service arrangement ("SSA") that provides services for the District's special education programs. The SSA known as "HONDA SSA" consists of the following independent school districts: New Deal, Hale Center, Olton, Abernathy and Shallowater. HONDA's board is comprised of one member from each participating district.

The District is obligated to fund a minimum of 20% of the basis services provided by the SSA and is not entitled to residual equity. The fiscal agent is neither accumulating significant financial resources nor exigencies that would give rise to a future benefit or burden to the District. The District does not account for revenues and expenditures of this program and, therefore, the District does not disclose them within these financial statements. The District's participation in the SSA for fiscal year ended August 31 totaled \$200,888. Shallowater, the fiscal agent manager, is responsible for all financial activities of the SSA and financial statements are can be obtained by calling 806.832.4531.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 13 - SHARED SERVICE ARRANGEMENT (continued)

Mid-Plains Shared Service Arrangement

The District participates in an ongoing intergovernmental shared service arrangement that provides services for the District's technology programs. The SSA known as "MID-PLAINS SSA" consists of the following districts: New Deal and Nazareth. The board consists of one member from each participating district.

The District is obligated to fund a minimum of 50% of the basis services provided by the SSA and is not entitled to residual equity. The fiscal agent is neither accumulating significant financial resources nor exigencies that would give rise to a future benefit or burden to the District. The District does not account for revenues and expenditures of this program and, therefore, the District does not disclose them within these financial statements. The District's participation in the SSA for fiscal year ended August 31 totaled \$22,000. Nazareth, the fiscal agent manager, is responsible for all financial activities of the SSA and financial statements are can be obtained by calling 806.945.2231.

NOTE 14 – CAPITAL ASSETS

Depreciation

Depreciation expense was charged to governmental functions as follows:

Function	Amount
Instruction	\$166,779
Student (Pupil) Transportation	46,146
Total	<u>\$212,925</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 14 – CAPITAL ASSETS (continued)

Capital Asset Activity

Prior to GASB Statement No. 34, the District was not required to compute depreciate expense on capital assets. However, in accordance with implementation of GASB Statement No. 34, capital assets have been adjusted to reflect historical cost for purposes of computing depreciation expense.

Below is the District capital asset activity for the governmental activities for the fiscal year ended August 31, 2009:

	Primary Government			
	Beginning		Retire/	Ending
	Balance	Additions	Transfers	Balance
Governmental Activities:				
Capital assets, not depreciated:				
Land	\$100,770	\$0	\$0	\$100,770
Capital assets, not depreciated	100,770	0	0	100,770
Capital assets: Buildings				
Historical Cost	7,264,908	231,442	0	7,496,350
Accumulated Depreciation	(3,407,755)	(166,779)	0	(3,574,534)
Net capital assets: Buildings	3,857,153	64,663	0	3,921,816
Capital assets: Equipment				
Historical Cost	2,835,297	221,330	0	3,056,627
Accumulated Depreciation	(2,752,924)	(46,146)	0	(2,799,070)
Net capital assets: Equipment	82,373	175,184	0	257,557
Governmental capital assets, net	\$4,040,296	\$239,847	\$0	\$4,280,143

NOTE 15 – DISTRICT RETIREE HEALTH PLAN

Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care). TRS-Care is a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the Teacher Retirement System of Texas (TRS). In accordance with Texas Insurance Code, Section 1575.052 grants the TRS Board of Trustees the authority to establish basic and optional group insurance coverage for participants. TRS-Care program is currently funded on a pay-as-you-go basis and is subject to change based on available funding. The Texas Legislature determines the funding of benefits and has no continuing obligation to provide benefits beyond each fiscal year.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Financial Statements

NOTE 15 – DISTRICT RETIREE HEALTH PLAN (continued)

Plan Description (continued)

Currently benefits are financed through a combination of retiree premiums and percentage of payroll contributions from active employees, school districts, and the State of Texas. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. The report is available by calling 800.223.8778 or at www.trs.state.tx.us.

Benefit Provisions

Retirees can receive a free basic level of coverage and optional coverage is available. Additionally, all dependent coverage is optional. Basic coverage is a comprehensive major medical group health insurance plan.

Service Requirement

In general, TRS public school retirees with more than 10 years of service are eligible for TRS-Care insurance coverage. In addition, the 10 year service requirement includes optional dependent coverage.

Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. All active public school employees are required by state statutes to pay a portion of their annual compensation. Additionally, the District is required to pay a portion of covered payroll.

Contributions Required and Made

Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. These rates are:

- 1.0% State of Texas;
- 0.65% Employee; and,
- 0.55% District.

Additionally, state statutes require public schools contribution of not less than 0.25% or greater than 0.75% of salary of each active employee of the public school.

For the fiscal years ended August 31, 2007, 2008, and 2009, the State's contributions to TRS-Care totaled \$35,064, \$36,216, and \$39,076, respectively, the active employee contributions totaled \$22,792, \$23,541, and \$25,399, respectively, and the District's contributions totaled \$19,285, \$19,918, and \$21,492, respectively, which equaled the required contributions each fiscal year.

Required Supplementary Information

This section presents budgetary comparison statements for all major governmental funds that have a legally adopted annual budget.

Major Funds

General Fund

The General Fund is used to account for all revenues and expenditures, not accounted for in other funds, relating to general operations of the District.

Special Revenue Funds

Special Revenue Funds are used to account for specific revenue sources, which are legally restricted to expenditures for specified purposes.

Nutrition School Breakfast and Lunch Program Fund-Fund is used to account for allowable expenditures for operations and improvements of child nutrition programs.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts			Variance with Final Budget Positive (Negative)
		Original	Final	Actual	
Revenues:					
5700	Local and Intermediate	\$2,542,332	\$2,542,332	\$2,204,500	(\$337,832)
5800	State Program	4,547,638	4,552,466	4,315,134	(237,332)
5020	Total Revenues	7,089,970	7,094,798	6,519,634	(575,164)
Expenditures:					
Current:					
11	Instruction	3,909,045	3,923,814	3,843,743	80,071
12	Instructional Resources & Media Services	56,860	60,860	50,218	10,642
13	Curriculum & Instructional Staff Development	72,578	200,078	166,525	33,553
23	School Leadership	362,727	384,227	360,120	24,107
31	Guidance, Counseling & Evaluation Services	62,861	57,611	57,370	241
33	Health Services	52,212	51,712	46,593	5,119
34	Student (Pupil) Transportation	333,439	526,939	499,313	27,626
36	Cocurricular/Extracurricular Activities	402,859	440,409	385,647	54,762
41	General Administration	483,473	366,623	314,105	52,518
51	Plant Maintenance & Operations	652,344	541,453	473,400	68,053
53	Data Processing Services	77,684	172,184	151,262	20,922
80	Capital Outlay:				
81	Facilities Acquisition & Construction	400,000	400,000	231,442	168,558
90	Intergovernmental Charges:				
93	Payments to Fiscal Agent of a Shared Service Arrangement	223,888	223,888	222,888	1,000
6030	Total Expenditures	7,089,970	7,349,798	6,802,626	547,172
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(255,000)	(282,992)	(27,992)
Other Financing Sources (Uses):					
8911	Transfers Out	0	0	0	0
1200	Net Change in Fund Balances	0	(255,000)	(282,992)	(27,992)
100	Fund Balance, September 1	2,022,813	2,022,813	2,022,813	0
3000	Fund Balance, August 31	\$2,022,813	\$1,767,813	\$1,739,821	(\$27,992)

NEW DEAL INDEPENDENT SCHOOL DISTRICT

National School Breakfast and Lunch Program Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues:				
5700	Local and Intermediate	\$102,000	\$102,000	\$87,779	(\$14,221)
5800	State Program	3,000	3,000	2,261	(739)
5900	Federal Program	260,000	260,000	236,601	(23,399)
5020	Total Revenues	365,000	365,000	326,641	(38,359)
	Expenditures:				
	Current:				
35	Food Service	305,000	305,000	287,285	17,715
51	Plant Maintenance and Operations	60,000	60,000	46,901	13,099
6030	Total Expenditures	365,000	365,000	334,186	30,814
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(7,545)	(7,545)
	Other Financing Sources (Uses):				
7915	Transfers In	0	0	0	0
1200	Net Change in Fund Balances	0	0	(7,545)	(7,545)
100	Fund Balance, September 1	78,646	78,646	78,646	0
3000	Fund Balance, August 31	\$78,646	\$78,646	\$71,101	(\$7,545)

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Required Supplementary Information

NOTE 1 – BUDGETARY INFORMATION

The District is required by state law to adopt an annual budget for the General Fund and Food Service Fund, presented on the modified accrual basis of accounting, which is consistent with Generally Accepted Accounting Principles (GAAP). There is no difference between GAAP and the budgetary basis of accounting. Project accounting is employed to maintain the integrity of the various sources of funds.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

1. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The General Fund and Food Service Fund operating budgets includes proposed expenditures and the revenues to finance them.
2. A meeting of the Board of Trustees is then called for the purpose of a public hearing on the proposed General Fund and Food Service Fund budgets after ten days' public notice of the meeting has been given.
3. Subsequently, another meeting of the Board of Trustees is called for the purpose of adopting the proposed General Fund and Food Service Fund budgets after three days' public notice of the meeting has been given.
4. Prior to September 1, the Board of Trustees legally enacts the General Fund and Food Service Fund budgets through passage of a resolution.
5. The approved budget must be filed with the Texas Education Agency no later than the date specified in its annual instructions.

Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, and are reflected in the official minutes of the Board and are not made after fiscal year-end, as dictated by law.

The budget manager at the expenditure function/object/organization level controls each budget. All budget appropriations lapse at year-end. Encumbrances outstanding at that time are cancelled or appropriately provided for in the subsequent year's budget.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to Required Supplementary Information

NOTE 2 – SIGNIFICANT ITEMS

Budget Amendments

During the year, the Board approves numerous budget amendments in order to redistribute the budget to align specific amounts to meet projected actual expenditures.

Significant changes between the original and final budgets in the General Fund include the following:

Type of Expenditure	Budget		Variance
	Original	Final	
Student (Pupil) Transportation	333,439	526,939	193,500
Plant Maintenance & Operations	652,344	541,453	(110,891)

Amendments were made to Student (Pupil) Transportation to fund the purchase of two activity buses and three school buses. Additionally, amendments were made to Plant Maintenance and Operations during the year to budget for lower than anticipated hourly labor and utility costs.

ND

Nonmajor Governmental Funds

Special Revenue Funds are used to account for specific revenue sources, which are legally restricted to expenditures for specified purposes.

Elementary and Secondary Education Act (ESEA) Title I Part A: Improving Basic Programs-Fund is used to supplement state and local funds expended to educate educationally disadvantaged and handicapped students.

Elementary and Secondary Education Act (ESEA) Title II Part A: Teacher and Principal Training and Recruiting-Fund is used to increase student academic achievement through improving teacher and principal quality.

Elementary and Secondary Education Act (ESEA) Title II Part D: Enhancing Education through Technology-Fund is used for enabling students to utilize technology to improve student academic achievement.

Elementary and Secondary Education Act (ESEA) Title III Part A: English Language Acquisition and Language Enhancement-Fund is used to improve students with limited English proficiency by assisting the students to learn English thereby improving student academic achievement.

Elementary and Secondary Education Act (ESEA) Title I Part A: American Recovery and Reinvestment Act-Stimulus-Fund is used to supplement state and local funds expended to educate educationally disadvantaged and handicapped students. This grant is a “one-time” grant provided to the District to “stimulate” the “sluggish” United States economy.

State Funded Advanced Placement Incentive Program-Fund is used to account for funds awarded under the Texas Advanced Placement Award Incentive Program.

State Funded Student Success Initiative-Fund is used to enhance reading development for students identified as unlikely to achieve the third grade TAKS reading standard by the end of the third grade.

State Funded Texas Science, Technology, Engineering, and Math (T*STEM) Academies Implementation Grant-Fund is used to account for revenues restricted to implement the T*STEM grant.

State Funded Technology Allotment-Fund is used to purchase technological software or equipment that contributes to student learning.

State Funded Texas Educator Excellence Grant Program-Fund is used to account for revenues restricted to the Texas Educator Excellence Grant Program.

State Funded High School Allotment-Fund is used to account for foundation school program revenues restricted to the high school.

State Funded District Awards Teacher Excellence Grant Program, AED Reimbursement Program, and PASA Reimbursement Program-Fund is used to account for revenues restricted to the Texas District Awards Teacher Excellence Grant Program, the Automated External Defibrillator Reimbursement Program and the PASA Reimbursement Program.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
August 31, 2009

		211	285
		ESEA Title I Part A	ESEA Title I Part A ARRA Stimulus
<u>Data Control Codes</u>			
	<u>Assets:</u>		
	<u>Current Assets:</u>		
	Cash and Cash Equivalents at Fair Value		
	<u>Other Assets:</u>		
	Receivables:		
1240	Due From Other Governments	\$10,979	\$16,779
1000	Total Assets	<u>\$10,979</u>	<u>\$16,779</u>
	<u>Liabilities:</u>		
	<u>Current Liabilities:</u>		
2160	Accrued Wages Payable	\$10,979	
2170	Due To Other Funds		\$16,779
	<u>Other Liabilities:</u>		
2300	Deferred Revenues		
2000	Total Liabilities	<u>10,979</u>	<u>16,779</u>
	<u>Fund Balances:</u>		
3600	Undesignated Fund Balance		
3000	Total Fund Balances	<u>0</u>	<u>0</u>
4000	Total Liabilities and Fund Balances	<u>\$10,979</u>	<u>\$16,779</u>

404	409	411	426	429	Total Nonmajor Governmental
Student Success Initiative	T*STEM Academies	Technology Allotment	Texas Educator Excellence Grant	District Awards Teacher Excellence	Special Revenue Funds
		\$478			\$478
\$2,098	\$12,644		\$4,000	\$2,406	48,906
\$2,098	\$12,644	\$478	\$4,000	\$2,406	\$49,384
					\$10,979
\$2,098	\$12,644		\$4,000	\$2,406	37,927
		\$478			478
2,098	12,644	478	4,000	2,406	49,384
0	0	0	0	0	0
\$2,098	\$12,644	\$478	\$4,000	\$2,406	\$49,384

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended August 31, 2009

		211	255	262	263	285
Data Control Codes		ESEA Title I Part A	ESEA Title II Part A	ESEA Title II Part D	ESEA Title III Part A	ESEA Title I Part A ARRA: Stimulus
	Revenues:					
5800	State Program Revenues					
5900	Federal Program Revenues	\$189,991	\$38,043	\$1,744	\$400	\$16,779
5020	Total Revenues	189,991	38,043	1,744	400	16,779
	Expenditures:					
	Current:					
11	Instruction	\$189,991		\$1,277	\$400	\$16,779
13	Curriculum & Instructional Staff Development		\$38,043	467		
23	School Leadership					
31	Guidance & Counseling Services					
33	Health Services					
53	Data Processing Services					
6030	Total Expenditures	189,991	38,043	1,744	400	16,779
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0	0
	Other Financing Sources (Uses):					
7915	Transfers In	0	0	0	0	0
	Net Change in Fund Balances	0	0	0	0	0
1200	Fund Balances, September 1	0	0	0	0	0
3000	Fund Balances, August 31	\$0	\$0	\$0	\$0	\$0

397	404	409	411	426	428	429	Total Nonmajor Governmental
Advanced Placement Incentives	Student Success Initiative	T*STEM Academies	Technology Allotment	Texas Educator Excellence Grant	High School Allotment	District Awards for Teacher Excellence, AED Reimb. & PASA Reimb.	Special Revenue Funds
\$1,800	\$20,981	\$40,244	\$19,981	\$40,000	\$52,291	\$8,856	\$184,153 246,957
1,800	20,981	40,244	19,981	40,000	52,291	8,856	431,110
\$1,800	\$20,981	\$40,244	\$19,981	\$36,483 1,046 1,045 381 381 664	\$52,291	\$550 802 802 5,900 802	\$380,777 40,358 1,847 381 6,281 1,466
1,800	20,981	40,244	19,981	40,000	52,291	8,856	431,110
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Elementary and Secondary Education Act (ESEA) Title I Part A: Improving Basic Programs
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
	Revenues:				
5900	Federal Program Revenues	\$0	\$200,529	\$189,991	(\$10,538)
5020	Total Revenues	0	200,529	189,991	(10,538)
	Expenditures:				
11	Instruction	0	200,529	189,991	10,538
6030	Total Expenditures	0	200,529	189,991	10,538
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Elementary and Secondary Education Act (ESEA) Title II Part A: Teacher and Principal Training and Recruiting
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	
	<u>Revenues:</u>				
5900	Federal Program Revenues	\$0	\$38,043	\$38,043	\$0
5020	Total Revenues	0	38,043	38,043	0
	<u>Expenditures:</u>				
13	Curriculum & Instructional Staff Development	0	38,043	38,043	0
6030	Total Expenditures	0	38,043	38,043	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Elementary and Secondary Education Act (ESEA) Title II Part D: Enhancing Education Through Technology
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	
	<u>Revenues:</u>				
5900	Federal Program Revenues	\$0	\$1,744	\$1,744	\$0
5020	Total Revenues	\$0	\$1,744	\$1,744	\$0
	<u>Expenditures:</u>				
11	Instruction	0	1,277	1,277	0
13	Curriculum & Instructional Staff Development	0	467	467	0
6030	Total Expenditures	0	1,744	1,744	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Elementary and Secondary Education Act (ESEA) Title III Part A: English Language Acquisition and Language Enhancement
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
	<u>Revenues:</u>				
5900	Federal Program Revenues	\$0	\$400	\$400	\$0
5020	Total Revenues	0	400	400	0
	<u>Expenditures:</u>				
11	Instruction	0	400	400	0
6030	Total Expenditures	0	400	400	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Elementary and Secondary Education Act (ESEA) Title I Part A: American Recovery & Reinvestment Act
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	
	Revenues:				
5900	Federal Program Revenues	\$0	\$16,779	\$16,779	\$0
5020	Total Revenues	0	16,779	16,779	0
	Expenditures:				
11	Instruction	0	16,779	16,779	0
6030	Total Expenditures	0	16,779	16,779	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

State Funded Advanced Placement Incentives Grant Program Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts			Variance with Final Budget
		Original	Final	Actual	
	<u>Revenues:</u>				
5800	State Program Revenues	\$0	\$1,800	\$1,800	\$0
5020	Total Revenues	0	1,800	1,800	0
	<u>Expenditures:</u>				
11	Instruction	0	1,800	1,800	0
6030	Total Expenditures	0	1,800	1,800	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

State Funded Student Success Initiative Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
	<u>Revenues:</u>				
5800	State Program Revenues	\$0	\$20,981	\$20,981	\$0
5020	Total Revenues	0	20,981	20,981	0
	<u>Expenditures:</u>				
11	Instruction	0	20,981	20,981	0
6030	Total Expenditures	0	20,981	20,981	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

State Funded High School T*STEM Academies Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
	Revenues:				
5800	State Program Revenues	\$0	\$106,763	\$40,244	(\$66,519)
5020	Total Revenues	0	106,763	40,244	(66,519)
	Expenditures:				
11	Instruction	0	106,763	40,244	66,519
6030	Total Expenditures	0	106,763	40,244	66,519
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

State Funded Technology Allotment
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
	Revenues:				
5800	State Program Revenues	\$0	\$19,981	\$19,981	\$0
5020	Total Revenues	0	19,981	19,981	0
	Expenditures:				
11	Instruction	0	19,981	19,981	0
6030	Total Expenditures	0	19,981	19,981	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

State Funded Texas Educator Excellence Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
	<u>Revenues:</u>				
5800	State Program Revenues	\$0	\$40,000	\$40,000	\$0
	Total Revenues	0	40,000	40,000	0
	<u>Expenditures:</u>				
	<u>Current:</u>				
11	Instruction	0	36,483	36,483	0
13	Curriculum & Instructional Staff Development	0	1,046	1,046	0
23	School Leadership	0	1,045	1,045	0
31	Guidance, Counseling & Evaluation Services	0	381	381	0
33	Health Services	0	381	381	0
53	Data Processing Services	0	664	664	0
6030	Total Expenditures	0	40,000	40,000	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

State Funded High School Allotment Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
	Revenues:				
5800	State Program Revenues	\$0	\$52,291	\$52,291	\$0
5020	Total Revenues	0	52,291	52,291	0
	Expenditures:				
11	Instruction	0	52,291	52,291	0
6030	Total Expenditures	0	52,291	52,291	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

State Funded District Awards for Teacher Excellence, AED Reimbursement Grant, and PASA Conference Reimbursement Grant
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended August 31, 2009

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final		
	Revenues:				
5800	State Program Revenues				
	District Awards for Teacher Excellence	\$0	\$56,259	\$2,406	(\$53,853)
	Automatic External Defibulator Reimbursement Program	0	5,900	5,900	0
	PASA Conference Reimbursement Program	0	550	550	0
	Total Revenues	0	62,709	8,856	(53,853)
	Expenditures:				
	Current:				
11	Instruction	0	54,403	550	53,853
13	Curriculum & Instructional Staff Development	0	802	802	0
23	School Leadership	0	802	802	0
33	Health Services	0	5,900	5,900	0
53	Data Processing Services	0	802	802	0
6030	Total Expenditures	0	62,709	8,856	0
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
1200	Fund Balance, September 1	0	0	0	0
3000	Fund Balance, August 31	\$0	\$0	\$0	\$0

Internal Service Funds

Internal Service Funds are used to account for benefit services to all governmental units within the District on a cost reimbursement basis.

Group Health Fund-Fund is used to account for costs related to the group health plan.

Workers' Compensation Fund-Fund is used to account for costs related to the workers' compensation plan.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Combining Statement of Net Assets Internal Service Funds August 31, 2009

Data Control Codes		Employee Insurance	Workers' Compensation	Total
1000	ASSETS:			
	<u>Current Assets:</u>			
1110	Cash and Cash Equivalents (Fair Value)	\$331,752	\$374,929	\$706,681
	Total Current Assets	<u>331,752</u>	<u>374,929</u>	<u>706,681</u>
	Total Assets	331,752	374,929	706,681
2000	LIABILITIES:			
	<u>Current Liabilities:</u>			
2110	Accounts Payable	814	41,250	42,064
	Total Current Liabilities	<u>814</u>	<u>41,250</u>	<u>42,064</u>
	Total Liabilities	814	41,250	42,064
3000	NET ASSETS:			
3900	Unrestricted Net Assets	<u>330,938</u>	<u>333,679</u>	<u>664,617</u>
	Total Net Assets	<u>\$330,938</u>	<u>\$333,679</u>	<u>\$664,617</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Funds For the Fiscal Year Ended August 31, 2009

Data Control Codes		Employee Insurance	Workers' Compensation	Total
5700	OPERATING REVENUES:			
	Charges for Services:			
5754	Charges to Other Funds	\$67,206	\$60,481	\$127,687
	Total Operating Revenues	67,206	60,481	127,687
6200	OPERATING EXPENSES:			
6217	Administrative and Premiums Fees	1,612	19,178	20,790
6219	Claims Expense	15,000	15,588	30,588
	Total Operating Expenses	16,612	34,766	51,378
	Operating Income (Loss)	50,594	25,715	76,309
5700	NONOPERATING REVENUES (EXPENSES):			
5742	Interest	3,918	4,598	8,516
	Total Non-Operating Revenues (Expenses)	3,918	4,598	8,516
	Change in Net Assets	54,512	30,313	84,825
1110	Total Net Assets, September 1	276,426	303,366	579,792
1110	Total Net Assets, August 31	<u>\$330,938</u>	<u>\$333,679</u>	<u>\$664,617</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended August 31, 2009

Data Control Codes		Employee Insurance	Workers' Compensation	Total
	CASH FLOWS FROM OPERATING ACTIVITIES:			
5754	Cash receipts from interfund services provided	\$47,552	\$60,481	\$108,033
5749	Cash receipts from other operating activities	19,654	0	19,654
6219	Cash payments for services and benefits	(20,587)	(33,807)	(54,394)
	Net cash provided by (used for) operating activities	46,619	26,674	73,293
	CASH FLOWS FROM INVESTING ACTIVITIES:			
5742	Interest Income	3,918	4,598	8,516
	Total cash provided by investing activities	3,918	4,598	8,516
	Net increase in cash and cash equivalents	50,537	31,272	81,809
1110	Cash and cash equivalents, September 1	281,215	343,657	624,872
1110	Cash and cash equivalents, August 31	<u>\$331,752</u>	<u>\$374,929</u>	<u>\$706,681</u>
	RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
	Operating Income (Loss)	\$50,594	\$25,715	\$76,309
	Adjustments to reconcile operating Income (loss) to net cash provided by operating activities:			
2110	Increase (Decrease) in accounts payable	(3,975)	959	(3,016)
	Net cash provided by operating activities	<u>\$46,619</u>	<u>\$26,674</u>	<u>\$73,293</u>

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other funds.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Statement of Changes in Fiduciary Assets and Liabilities Agency Fund For the Fiscal Year Ended August 31, 2009

	Balance September 1, 2008	Additions	Deductions	Balance August 31, 2009
ASSETS:				
Cash	\$73,419	\$200,900	\$186,673	\$87,646
Total Assets	<u>\$73,419</u>	<u>\$200,900</u>	<u>\$186,673</u>	<u>\$87,646</u>
DEDUCTIONS:				
Due to Student Groups	\$73,419	\$200,900	\$186,673	\$87,646
Total Liabilities	<u>\$73,419</u>	<u>\$200,900</u>	<u>\$186,673</u>	<u>\$87,646</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Schedule of Changes in Due to Student Groups
Agency Fund
For the Fiscal Year Ended August 31, 2009

	Balance September 1, 2008	Additions	Deductions	Balance August 31, 2009
<u>Student Activities:</u>				
Due to Student Groups:				
New Deal Senior High School	\$45,361	\$118,748	\$111,716	\$52,393
New Deal Senior High School: FFA	1,585	35,249	33,982	2,852
New Deal Senior High School: FCCLA	2,611	3,472	3,178	2,905
New Deal Middle School	15,858	28,526	25,898	18,486
New Deal Elementary School	8,004	14,905	11,899	11,010
Total Due to Student Groups	<u>\$73,419</u>	<u>\$200,900</u>	<u>\$186,673</u>	<u>\$87,646</u>

Capital Assets Used in the Operation of Governmental Funds

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Capital Assets Used in the Operation of Governmental Funds Comparative Schedule by Source (A) August 31, 2009 and 2008

Description	2009	2008
<u>Governmental funds capital assets:</u>		
Land	\$100,770	\$100,770
Buildings	7,496,350	7,264,908
Equipment	<u>3,056,627</u>	<u>2,835,297</u>
Total Governmental funds capital assets	<u>\$10,653,747</u>	<u>\$10,200,975</u>
<u>Investments in governmental funds capital assets by source:</u>		
Capital projects fund	\$768,842	\$768,842
General fund	9,713,389	9,260,617
Telecommunications infrastructure fund	<u>171,516</u>	<u>171,516</u>
Total governmental funds capital assets	<u>\$10,653,747</u>	<u>\$10,200,975</u>

Note A:

This schedule presents only capital asset balances related to governmental funds.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Capital Assets Used in the Operation of Governmental Funds Schedule by Function and Activity (A) August 31, 2009

Function and Activity	Land & Improvements	Buildings & Improvements	Furniture & Equipment	Total
High School Building	\$0	\$2,160,453	\$969,531	\$3,129,984
Middle / Elementary School Building	0	1,868,456	835,448	2,703,904
Pre-K / Kindergarten Building	0	9,610	15,402	25,012
Administration Building	0	115,014	243,637	358,651
Bus Maintenance Facility	0	9,750	669,841	679,591
Maintenance Facility	0	0	21,579	21,579
Grounds	0	5,641	49,895	55,536
Band Hall	0	20,858	16,058	36,916
Portable Buildings - South	0	65,461	26,422	91,883
Portable Buildings - North	0	65,460	16,313	81,773
Football Stadium	0	254,920	88,195	343,115
Tennis Courts	0	41,957	0	41,957
Baseball Stadium	0	118,270	5,000	123,270
Weight Room	0	0	18,582	18,582
Ag Shop	0	110,472	78,924	189,396
Ag Farm	16,750	3,500	1,800	22,050
Elementary Playground	0	152,827	0	152,827
All Campuses	84,020	2,493,701	0	2,577,721
Total governmental funds capital assets	<u>\$100,770</u>	<u>\$7,496,350</u>	<u>\$3,056,627</u>	<u>\$10,653,747</u>

Note A: This schedule presents only capital asset balances related to governmental funds.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Capital Assets Used in the Operation of Governmental Funds Schedule of Changes by Function and Activity (A) For the Fiscal Year Ended August 31, 2009

	Governmental Funds Capital Assets			Governmental Funds Capital Assets
Function and Activity	September 1, 2008	Additions	Deductions	August 31, 2009
High School Building	\$3,129,984	\$0	\$0	\$3,129,984
Middle / Elementary School Building	2,472,462	231,442	0	2,703,904
Pre-K / Kindergarten Building	25,012	0	0	25,012
Administration Building	358,651	0	0	358,651
Bus Maintenance Facility	458,261	221,330	0	679,591
Maintenance Facility	21,579	0	0	21,579
Grounds	55,536	0	0	55,536
Band Hall	36,916	0	0	36,916
Portable Buildings - South	91,883	0	0	91,883
Portable Buildings - North	81,773	0	0	81,773
Football Stadium	343,115	0	0	343,115
Tennis Courts	41,957	0	0	41,957
Baseball Stadium	123,270	0	0	123,270
Weight Room	18,582	0	0	18,582
Ag Shop	189,396	0	0	189,396
Ag Farm	22,050	0	0	22,050
Elementary Playground Equipment	152,827	0	0	152,827
All Campuses	2,577,721	0	0	2,577,721
Total governmental funds capital assets	\$10,200,975	\$452,772	\$0	\$10,653,747

Note A: This schedule presents only capital asset balances related to governmental funds.

Other Supplemental Information

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Schedule of Delinquent Taxes Receivable For the Fiscal Year Ended August 31, 2009

	1	2	3	10
	Tax Rates			
Last Ten Years Ended August 31,	Maintenance and Operations	Debt Service	Assessed / Appraised Value for School Tax Purposes	Beginning Balance September 1,
2000 and Prior				
Years	Various	Various	--	\$69,991
2001	1.500000	0.000000	81,782,693	9,527
2002	1.500000	0.000000	84,092,988	10,157
2003	1.500000	0.000000	88,848,015	11,630
2004	1.500000	0.000000	98,701,288	17,658
2005	1.500000	0.000000	124,772,162	21,715
2006	1.500000	0.000000	132,833,803	22,758
2007	1.370000	0.000000	144,159,178	34,013
2008	1.170000	0.000000	165,096,797	54,172
2009 (School Year Under Audit)	1.170000	0.000000	184,191,958	--
1000	Totals			<u>\$251,621</u>
9000	Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			<u>\$0</u>

Column 10 plus Column 20 minus Column 30 minus Column 30a plus Column 40 equals Column 50

Column 3 - Assessed / Appraised Value for School Tax Purposes: This is the net appraised value, after deductions of all exemptions, tax freeze amounts and reductions provided by law and those granted by the District, based on maintenance requirements.

Column 20 - Current Year's Tax Levy: This amount is computed by multiplying tax rate(s) times the applicable Assessed / Appraised Value(s) in Column 3.

20

30

30a

40

50

Current Year's Tax Levy	Collections		Total Adjustments	Ending Balance August 31,
	Maintenance & Operations	Debt Service		
--	\$4,409	\$0	(\$3,764)	\$61,818
--	1,051	0	0	8,476
--	1,502	0	0	8,655
--	2,778	0	0	8,852
--	4,025	0	0	13,633
--	4,631	0	(91)	16,993
--	6,427	0	0	16,331
--	12,521	0	565	22,057
--	24,542	0	(677)	28,953
<u>2,111,168</u>	<u>2,019,212</u>	<u>0</u>	<u>(29,286)</u>	<u>62,670</u>
<u><u>\$2,111,168</u></u>	<u><u>\$2,081,098</u></u>	<u><u>\$0</u></u>	<u><u>(\$33,253)</u></u>	<u><u>\$248,438</u></u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Column 30 and 30a- Total Collections: These are total collections net of adjustments described in Column 40, according to each year of tax levy, and do NOT include penalties and interest.

Column 40 - Total Adjustments: Total adjustments include corrections for errors in taxes assessed, taxes lost due to tax freeze and discounts allowed for early payment of taxes.

Column 50 - Ending Balance August 31, 2008: This total should agree with the Balance Sheet Memorandum totals for the current year for Asset Code 1220 - Property Taxes Delinquent.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Mandated Programs Schedule
General Fund
For the Fiscal Year Ended August 31, 2009

Data Control Codes		11	21	22	23
		Basic Education	Gifted & Talented Education	Career & Technology Education	Special Education
	Expenditures:				
11	<u>Instruction:</u>				
6100	Payroll Costs	\$2,584,927	\$37,800	\$122,022	\$253,448
6200	Purchased and Contracted Services	100,132	2,037		2,000
6300	Supplies and Materials	210,289		57,744	7,204
6400	Other Operating Expenditures	93,331		20,234	460
6600	Capital Outlay	0			
	Total Instruction	<u>2,988,679</u>	<u>39,837</u>	<u>200,000</u>	<u>263,112</u>
12-93	<u>All Other Functions:</u>				
6100	Payroll Costs	\$348,858			
6200	Purchased and Contracted Services	0			
6300	Supplies and Materials	6,808			
6400	Other Operating Expenditures	9,251			200,888
6600	Capital Outlay				
	Total Other Functions	<u>364,917</u>	<u>0</u>	<u>0</u>	<u>200,888</u>
6030	Grand Total Expenditures	<u><u>\$3,353,596</u></u>	<u><u>\$39,837</u></u>	<u><u>\$200,000</u></u>	<u><u>\$464,000</u></u>

24	25	28	30	91	99	
Accelerated Education	Bilingual Education	Disciplinary Alternative Education	Basic Skills: Regular	Co / Extra Curricular Expenditures	Other Expenditures	Totals August 31, 2009
\$67,930	\$6,521 500 94	\$7,929	\$269,141			\$3,341,789 112,598 275,331 114,025 0
67,930	7,115	7,929	269,141	0	0	3,843,743
				\$167,310 42,487 97,715 78,135	\$948,939 366,191 177,699 61,829 452,772	1,465,107 408,678 282,222 350,103 452,772
0	0	0	0	385,647	2,007,430	2,958,882
\$67,930	\$7,115	\$7,929	\$269,141	\$385,647	\$2,007,430	\$6,802,625

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Schedule of Expenditures for Computations of Indirect Cost for Fiscal Year 2008-09
For the Fiscal Year Ended August 31, 2009
General and Special Revenue Funds

Function 41 and Related Function 53 - General Administration

Account Number	Account Description	1 702 School Board	2 703 Tax Coll.	3 701 Supt's Office	4 750 Indirect Cost	5 720 Direct Cost	6 Misc	7 Total (A)
611X - 6146	PAYROLL COSTS			\$242,210	\$137,634			\$379,844
6149	Leave for Separating Employees in Functions 41 & 53							0
6149	Leave for Separating Employees in All Other Functions							0
6211	Legal Services	\$5,131						5,131
6212	Audit Services				8,750			8,750
6213	Tax Appraisal and Collections		\$34,010					34,010
621X	Other Professional Services			3,296				3,296
6220	Tuition & Transfer Payments							0
6230	Education Services Centers							0
6240	Contr. Maint. and Repair							0
6250	Utilities							0
6260	Rentals							0
6290	Miscellaneous Contr.				4,033			4,033
6320	Textbooks and Reading							0
6330	Testing Materials							0
63XX	Other Supplies and Materials			2,413	1,361			3,774
6410	Travel	3,025		4,726	3,193			10,944
6420	Insurance and Bonding Costs							0
6430	Election Costs							0
6490	Miscellaneous Operating			10,543	5,041			15,584
6500	Debt Service							0
6600	Capital Outlay							0
6000	TOTAL	<u>\$8,156</u>	<u>\$34,010</u>	<u>\$263,188</u>	<u>\$160,012</u>	<u>\$0</u>	<u>\$0</u>	<u>\$465,366</u>

Total Expenditures/Expenses for General and Special Revenue Funds

9 \$7,567,922

LESS: Deductions for Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600) for General and Special Revenue Funds

10 \$452,772

Total Debt Services (6500) for General and Special Revenue Funds

11 0

Plant Maintenance (Function 51, 6100-6400)

12 520,301

Nutrition and Food Service (Function 35, 6341 and 6499)

13 1,327

Stipends (6413)

14 0

Total Indirect Costs (Column 4 above)

160,012

Total - Unallowable Expenditures

1,134,412

Net Allowable Direct Cost

\$6,433,510

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)

15 \$7,496,350

Historical Cost of Buildings Over 50 Years Old

16 \$500,000

Amount of Federal Money in Building Cost (Net of Above)

17 \$0

Total Cost of Furniture and Equipment before Depreciation (1530)

18 \$3,056,627

Historical Cost of Furniture and Equipment Over 16 Years Old

19 \$187,000

Amount of Federal Money in Furniture and Equipment (Net of Above)

20 \$57,015

Note A: Included in this report on administrative costs is \$151,262 in Function 53, Data Processing expenditures.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Fund Balance and Cash Flow Calculation General Fund For the Fiscal Year Ended August 31, 2009 (Unaudited)

1.	Total General Fund Balance as of August 31, 2009	\$1,739,821
2.	Estimated amount needed to cover Fall (9/1/08 - 1/31/09) cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues)	\$1,614,583
3.	Estimated Average Monthly Cash Disbursements of General Fund for the Period 9/1/08 - 5/31/09	645,833
4.	General Fund Optimum Fund Balance (Lines 2+3)	<u>2,260,416</u>
5.	Excess (Deficit) Net Undesignated Unreserved General Fund Fund Balance (Line 1 - Line 4)	<u><u>(\$520,595)</u></u>

Explanation for Net Undesignated Unreserved General Fund Balance:

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Computation of Administrative Cost Ratio
For the Fiscal Year Ended August 31, 2009
(Unaudited)

Data Control Codes	Description	Amount*	Grand Total
	General Fund Administrative Expenditures:		
41	General Administration	\$314,105	
	Total - General Fund Expenditures for Administration		\$314,105
	General Fund Instructional Related Expenditures:		
11	Instruction	3,586,624	
12	Instructional Resources and Media Services	50,218	
13	Curriculum and Instructional Staff Development	166,525	
31	Guidance and Counseling Services	57,370	
	Total - General Fund Instructional Related Expenditures		\$3,860,737
	Administrative Cost Ratio		8.14%

* Amounts exclude Capital Outlay (6600) and TRS On-Behalf (6144) Benefit expenditures.

Federal Financial Assistance Section

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4216 102nd

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Randel J. Terry, CPA

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Independent Auditors' Report

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
New Deal Independent School District
P.O. Box 280
New Deal, TX 79350

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Deal Independent School District as of and for the year ended August 31, 2009, which collectively comprise the New Deal Independent School District's basic financial statements and have issued our report thereon dated December 4, 2009. 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 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 New Deal Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the New Deal Independent School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.



Independent Auditors' Report
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

Compliance and Other Matters

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

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

Respectfully submitted,

Terry & King, CPAs, P.C.
December 4, 2009

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended August 31, 2009

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	NOGA Project Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed Through State Department of Education:			
ESEA Title I, Part A: Improving Basic Programs	84.010A	09610101152902	\$179,012
ESEA Title I, Part A: Improving Basic Programs	84.010A	10610101152902	10,979
Total - ESEA Title 1, Part A: Improving Basic Programs			<u>189,991</u>
 ESEA Title II, Part A: Teacher & Principal Training & Recruiting	84.367A	09694501152902	38,043
ESEA Title II, Part D: Enhancing Education Through Technology	84.318X	09630001152902	1,744
ESEA Title III, Part A: English Language Acquisition	84.365	152902	400
ESEA Title I, Part A, ARRA: Stimulus	84.389A	10551001152902	<u>16,779</u>
 Total - U.S. Department of Education			<u>\$246,957</u>
<u>U.S. Department of Agriculture:</u>			
Passed Through State Department of Education:			
School Breakfast Program (Note A)	10.553	152902	\$74,378
National School Lunch Program (Note A)	10.555	152902	148,377
Commodity Supplemental Food Program	10.550	152902	13,846
Total - U.S. Department of Agriculture			<u>\$236,601</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$483,558</u></u>

Note A: Clustered programs under OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards

The New Deal Independent School District (the District) utilizes the fund types specified in the Texas Education Agency (the Agency) Resource Guide.

Special Revenue Funds: are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.

Disbursements of funds received under the various federal and state grant programs require compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies and the Agency. Any disallowed claims resulting from such audits would become a liability of the general fund. However, in the opinion of management any potential disallowed claims, if any would not have a material effect on the financial statements or on the overall financial position of the District at August 31, 2009.

ND

Statistical Section

Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information discloses regarding the District's overall financial condition.

Financial Trends-Schedules that contain trend information to assist the reader to understand how the District's financial performance and condition have changed over a period of time.

Revenue Capacity-Schedules that contain information to help the reader assess the District's greatest local revenue source: property taxes.

Debt Capacity-Schedules that present information regarding the District's ability to issue debt.

Demographic and Economic Information-Schedules that present information regarding the environment within which the District's financial activities take place.

Operating Information-Schedules that contain service and infrastructure data to help the reader understand how the information in the District's financial report pertains to the services the District provides and the activities it performs.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Governmental Activities Net Assets Last Eight Fiscal Years (1) (Accrual Basis of Accounting) (Unaudited)

	2009	2008	2007
<u>Governmental Activities</u>			
Invested in Capital Assets, Net of Related Debt	\$4,280,143	\$4,040,296	\$3,682,875
Unrestricted Net Assets	<u>2,657,020</u>	<u>2,864,800</u>	<u>2,963,776</u>
Total	<u><u>\$6,937,163</u></u>	<u><u>\$6,905,096</u></u>	<u><u>\$6,646,651</u></u>

Notes:

Sources of Information: New Deal Independent School District's Financial Statements

- (1) Government-wide data available only for last eight years due to implementation of GASB Statement No. 34 on August 31, 2002.

2006	2005	2004	2003	2002
\$3,478,759	\$3,597,702	\$3,294,743	\$3,380,923	\$3,465,810
<u>2,929,730</u>	<u>2,732,110</u>	<u>2,814,787</u>	<u>2,164,422</u>	<u>2,088,831</u>
<u><u>\$6,408,489</u></u>	<u><u>\$6,329,812</u></u>	<u><u>\$6,109,530</u></u>	<u><u>\$5,545,345</u></u>	<u><u>\$5,554,641</u></u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Changes in Net Assets Last Eight Fiscal Years (1) (Accrual Basis of Accounting) (Unaudited)

	2009	2008	2007
Expenses:			
Governmental Activities:			
Instruction	\$4,339,556	\$4,168,318	\$3,801,791
Instructional Resources and Media Services	49,370	71,863	73,805
Curriculum and Staff Development	204,338	155,194	193,095
Instructional Leadership	0	0	0
School Leadership	357,726	367,322	348,951
Guidance and Counseling Services	56,903	66,005	67,274
Health Services	52,026	40,717	34,679
Student (Pupil) Transportation	318,191	334,282	315,131
Food Services	287,285	303,584	244,879
Cocurricular/Extracurricular Activities	380,557	403,322	283,204
General Administration	309,864	163,236	179,547
Plant Maintenance and Operations	513,515	628,491	714,784
Data Processing Services	151,031	146,735	107,119
Payments to Fiscal Agent/Member District	222,888	235,557	214,617
Total Primary Government Expenses	\$7,243,250	\$7,084,626	\$6,578,876
Program Revenues			
Governmental Activities:			
Charges for Services			
Instruction	\$25,504	\$24,096	\$14,790
Food Services	86,413	94,768	87,586
Cocurricular/Extracurricular Activities	9,087	24,851	34,589
Plant Maintenance and Operations	12,441	12,481	12,366
Operating Grants and Contributions	1,022,415	1,048,647	959,862
Total Primary Government Program Revenues	\$1,155,860	\$1,204,843	\$1,109,193
Net (Expense)/Revenue			
Total Primary Government Net Expense	(\$6,087,390)	(\$5,879,783)	(\$5,469,683)
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Property Taxes Levied for General Purposes	\$2,079,030	\$1,873,426	\$1,917,771
Grants and Contributions not Restricted	3,962,691	4,120,167	3,618,601
Investment Earnings	40,312	101,930	133,025
Miscellaneous Local and Intermediate Revenues	37,424	42,705	38,448
Total Primary Government	\$6,119,457	\$6,138,228	\$5,707,845
Change in Net Assets: Total Primary Government	\$32,067	\$258,445	\$238,162

Notes:

Sources of Information: New Deal Independent School District's Financial Statements

(1) Government-wide data available only for last eight years due to implementation of GASB Statement No. 34 on August 31, 2002.

2006	2005	2004	2003	2002
\$3,752,209	\$3,498,609	\$3,158,822	\$3,377,016	\$2,799,384
73,143	70,616	74,032	65,032	56,350
96,538	113,240	129,064	63,225	6,999
168,925	177,628	142,457	126,884	0
379,228	371,748	307,093	319,549	314,517
34,441	60,068	59,514	53,418	95,560
38,166	33,059	45,910	24,870	41,949
324,208	285,471	239,669	274,925	282,498
296,663	244,369	264,069	262,914	240,602
194,268	188,829	159,542	169,426	292,371
77,168	95,349	80,726	89,683	170,080
579,669	674,083	633,526	703,811	677,596
126,146	109,205	73,862	138,928	141,332
176,849	168,118	145,209	158,718	161,518
<u>\$6,317,621</u>	<u>\$6,090,392</u>	<u>\$5,513,495</u>	<u>\$5,828,399</u>	<u>\$5,280,756</u>
\$25,567	\$7,010	\$8,170	\$9,330	\$6,353
84,955	74,376	75,848	68,568	64,684
8,365	18,899	14,963	15,857	14,992
3,275	13,074	2,544	15,133	1,925
925,837	740,293	697,477	727,788	602,773
<u>\$1,047,999</u>	<u>\$853,652</u>	<u>\$799,002</u>	<u>\$836,676</u>	<u>\$690,727</u>
<u>(\$5,269,622)</u>	<u>(\$5,236,740)</u>	<u>(\$4,714,493)</u>	<u>(\$4,991,723)</u>	<u>(\$4,590,029)</u>
\$1,927,859	\$1,817,526	\$1,493,365	\$1,293,554	\$1,244,365
3,285,779	3,516,192	3,688,659	3,564,609	3,348,143
87,414	77,505	70,843	69,626	61,648
47,247	45,799	25,811	54,638	201,793
<u>\$5,348,299</u>	<u>\$5,457,022</u>	<u>\$5,278,678</u>	<u>\$4,982,427</u>	<u>\$4,855,949</u>
<u>\$78,677</u>	<u>\$220,282</u>	<u>\$564,185</u>	<u>(\$9,296)</u>	<u>\$265,920</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Unaudited)

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Fund:					
Reserved					
Unreserved	<u>\$1,739,821</u>	<u>\$2,022,813</u>	<u>\$2,215,539</u>	<u>\$2,305,641</u>	<u>\$2,170,439</u>
Total General Fund	<u><u>\$1,739,821</u></u>	<u><u>\$2,022,813</u></u>	<u><u>\$2,215,539</u></u>	<u><u>\$2,305,641</u></u>	<u><u>\$2,170,439</u></u>
 Food Service Fund:					
Unreserved, Designated		\$60,000			
Unreserved, Undesignated	<u>71,101</u>	<u>18,646</u>	<u>\$71,536</u>	<u>\$47,091</u>	<u>\$51,199</u>
Total Food Service Fund	<u><u>\$71,101</u></u>	<u><u>\$78,646</u></u>	<u><u>\$71,536</u></u>	<u><u>\$47,091</u></u>	<u><u>\$51,199</u></u>
 Total Governmental Funds	<u><u>\$1,810,922</u></u>	<u><u>\$2,101,459</u></u>	<u><u>\$2,287,075</u></u>	<u><u>\$2,352,732</u></u>	<u><u>\$2,221,638</u></u>

2004	2003	2002	2001	2000
	\$450,000	\$450,000	\$450,000	\$450,000
\$2,378,737	1,861,260	1,400,096	1,169,470	1,362,791
<u>\$2,378,737</u>	<u>\$2,311,260</u>	<u>\$1,850,096</u>	<u>\$1,619,470</u>	<u>\$1,812,791</u>
\$15,339	\$14,304	\$1,207	\$3,348	\$1,875
<u>\$15,339</u>	<u>\$14,304</u>	<u>\$1,207</u>	<u>\$3,348</u>	<u>\$1,875</u>
<u>\$2,394,076</u>	<u>\$2,325,564</u>	<u>\$1,851,303</u>	<u>\$1,622,818</u>	<u>\$1,814,666</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Changes in Fund Balances of Governmental Fund Last Ten Fiscal Years (Modified Accrual Basis of Accounting) (Unaudited)

	2009	2008	2007	2006
Revenues:				
Total Local and Intermediate Sources	\$2,292,279	\$2,184,444	\$2,246,862	\$2,191,050
State Program Revenues	4,501,548	4,684,714	4,110,709	3,701,660
Federal Program Revenues	483,558	484,100	467,754	509,956
Total Revenues	<u>7,277,385</u>	<u>7,353,258</u>	<u>6,825,325</u>	<u>6,402,666</u>
Expenditures:				
Current:				
Instruction	4,224,520	4,066,390	3,716,960	3,662,598
Instructional Resources and Media Services	50,218	72,831	74,885	73,872
Curriculum & Instructional Staff Development	206,883	158,099	196,335	97,996
Instructional Leadership	0	0	0	171,112
School Leadership	361,967	373,132	355,430	384,331
Guidance & Counseling Services	57,751	66,973	68,354	35,170
Health Services	52,874	41,685	35,759	38,895
Student Transportation	499,313	323,239	293,127	305,564
Food Services	287,285	303,584	244,879	296,663
Co-curricular/Extracurricular Activities	385,647	408,163	288,604	196,455
General Administration	314,105	166,141	182,787	77,897
Plant Maintenance and Operations	520,301	640,110	727,743	586,958
Data Processing Services	152,728	148,672	109,279	127,604
Capital Outlay:				
Facilities Acquisition and Construction	231,442	534,298	382,223	39,608
Intergovernmental Charges:				
Payments to Fiscal Agent of SSA	222,888	235,557	214,617	176,849
Total Expenditures	<u>\$7,567,922</u>	<u>\$7,538,874</u>	<u>\$6,890,982</u>	<u>\$6,271,572</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(\$290,537)	(\$185,616)	(\$65,657)	\$131,094
Other Financing Sources (Uses):				
Transfer In	0	0	0	515
Transfer Out (Use)	0	0	0	(515)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>(\$290,537)</u>	<u>(\$185,616)</u>	<u>(\$65,657)</u>	<u>\$131,094</u>

Note (1) Differences in classifications among the years is primarily due to changes in classification or new expenditure functions which are prescribed by the Texas Education Agency or by State Law.

2005	2004	2003	2002	2001	2000
\$2,049,341	\$1,615,024	\$1,533,577	\$1,605,365	\$1,405,667	\$1,724,934
3,789,793	3,948,175	3,907,394	3,640,207	3,635,563	3,570,962
466,692	437,373	382,502	310,709	238,802	221,653
<u>6,305,826</u>	<u>6,000,572</u>	<u>5,823,473</u>	<u>5,556,281</u>	<u>5,280,032</u>	<u>5,517,549</u>
3,433,716	3,139,509	3,363,536	2,783,105	2,806,018	2,913,914
71,465	74,579	65,589	57,056	65,899	69,412
114,938	93,199	63,782	6,999	7,878	8,755
180,175	144,099	127,998	0	0	0
377,692	310,378	322,891	318,755	269,304	344,413
60,917	60,061	53,975	96,973	102,801	86,957
33,908	46,457	24,870	42,655	42,295	41,538
268,002	222,401	175,143	322,888	227,727	211,412
244,369	264,069	262,914	240,602	186,687	178,273
191,376	161,184	171,097	296,609	258,262	203,867
97,047	81,821	90,797	170,950	143,595	172,152
683,423	640,643	710,052	687,484	624,579	467,169
110,903	74,409	141,599	142,202	160,406	171,779
442,215	24,042	66,251	0	420,360	581,785
<u>168,118</u>	<u>145,209</u>	<u>158,718</u>	<u>161,518</u>	<u>156,069</u>	<u>120,619</u>
<u>\$6,478,264</u>	<u>\$5,482,060</u>	<u>\$5,799,212</u>	<u>\$5,327,796</u>	<u>\$5,471,880</u>	<u>\$5,572,045</u>
(\$172,438)	\$518,512	\$24,261	\$228,485	(\$191,848)	(\$54,496)
714	12,588	27,502	34,936	38,400	25,431
<u>(714)</u>	<u>(12,588)</u>	<u>(27,502)</u>	<u>(34,936)</u>	<u>(38,400)</u>	<u>(25,431)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(\$172,438)</u>	<u>\$518,512</u>	<u>\$24,261</u>	<u>\$228,485</u>	<u>(\$191,848)</u>	<u>(\$54,496)</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Assessed Value - Real and Personal Property
Last Ten Fiscal Years
(Unaudited)

Tax Roll for Fiscal Year	Real Property			Personal Property
	Residential	Comercial	Total	
2009	\$46,580,219	\$81,552,924	\$128,133,143	\$49,638,144
2008	41,690,254	93,210,994	134,901,248	28,756,592
2007	37,534,538	81,678,614	119,213,152	23,022,702
2006	31,842,260	67,862,288	99,704,548	29,536,477
2005	29,417,514	63,878,819	93,296,333	27,159,450
2004	26,970,289	62,759,917	89,730,206	8,790,336
2003	25,330,263	52,462,648	77,792,911	10,243,705
2002	23,341,584	50,470,391	73,811,975	7,998,284
2001	20,647,473	51,062,151	71,709,624	8,499,140
2000	19,988,032	57,186,414	77,174,446	7,201,521

Source: Lubbock County Appraisal District

(1) Estimated actual value is appraised value provided by the Lubbock Central Appraisal District.

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value (1)	Assessed Value to Total Estimated Actual Value
\$177,771,287	\$1.17000	\$184,191,958	96.51%
163,657,840	1.17000	165,096,797	99.13%
142,235,854	1.37000	144,159,178	98.67%
129,241,025	1.50000	132,833,803	97.30%
120,455,783	1.50000	124,772,162	96.54%
98,520,542	1.50000	98,701,288	99.82%
88,036,616	1.50000	88,848,015	99.09%
81,810,259	1.50000	84,092,988	97.29%
80,208,764	1.50000	81,782,693	98.08%
84,375,967	1.50000	85,866,363	98.26%

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Property Tax Rates - Direct and Overlapping Governments Last Ten Fiscal Years (Unaudited)

Taxing Entity	2009	2008	2007	2006
New Deal Independent School District	\$1.17000	\$1.17000	\$1.37000	\$1.50000
Lubbock County (1)	0.45824	0.43070	0.43070	0.40826
New Deal, City of	0.76876	0.76144	0.74471	0.67369
Lubbock, City of (2)	0.44640	0.44640	0.45505	0.46199

Source: Lubbock County Appraisal District.

Tax rates shown are per \$100 assessed valuation.

(1) Lubbock County includes the Lubbock County Hospital District, and the High Plains Water District.

(2) The City of Lubbock is not completely overlapping.

2005	2004	2003	2002	2001	2000
\$1.50000	\$1.50000	\$1.50000	\$1.50000	\$1.50000	\$1.50000
0.38026	0.37159	0.37680	0.30385	0.29808	0.29810
0.69530	0.69530	0.70570	0.61585	0.64000	0.64000
0.44720	0.45970	0.54570	0.57000	0.57000	0.58000

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

August 31,	Calculated Tax Levy	Adjustments to Tax Levy	Adjusted Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Taxes Collected
2009	\$2,111,168	(\$29,286)	\$2,081,882	\$2,019,212	96.99%	\$61,886
2008	1,891,234	(12,589)	1,878,645	1,824,473	97.12%	59,140
2007	1,937,609	(12,735)	1,924,874	1,862,653	96.77%	63,405
2006	1,947,588	(10,403)	1,937,185	1,858,056	95.92%	76,171
2005	1,829,459	(13,426)	1,816,033	1,725,100	94.99%	87,578
2004	1,482,164	8,267	1,490,431	1,377,201	92.40%	39,056
2003	1,320,300	(8,311)	1,311,989	1,245,679	94.95%	52,244
2002	1,244,365	5,499	1,249,864	1,180,095	94.42%	50,900
2001	1,208,003	(8,455)	1,199,548	1,139,736	95.01%	46,946
2000	1,267,290	(6,653)	1,260,637	1,199,207	95.13%	49,127

Source: Lubbock County Appraisal District

Total Taxes Collected	Total Collected as Percentage of Current Tax Levy	Interest & Penalty	Total Taxes Collected Plus Interest & Penalty	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Tax Levy
\$2,081,098	99.96%	\$14,400	\$2,095,498	\$62,670	3.01%
1,883,613	100.26%	12,976	1,896,589	54,172	2.88%
1,926,058	100.06%	12,963	1,939,021	62,221	3.23%
1,934,227	99.85%	17,496	1,951,723	79,129	4.08%
1,812,678	99.82%	18,590	1,831,268	90,933	5.01%
1,416,257	95.02%	10,138	1,426,395	113,230	7.60%
1,297,923	98.93%	12,946	1,310,869	66,310	5.05%
1,230,995	98.49%	29,771	1,260,766	69,769	5.58%
1,186,682	98.93%	38,803	1,225,485	59,812	4.99%
1,248,334	99.02%	9,343	1,257,677	61,430	4.87%

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Principal Property Taxpayers
August 31, 2009
(Unaudited)

Principal Taxpayers	Type of Property	2009			2000		
		Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value (1)	Rank	Percentage of Total Taxable Assessed Value
Tyco Fire Products LP	Manufacturing	\$29,471,236	1	16.58%			
H L Brown LLC	Real Estate	14,661,810	2	8.25%	\$5,166,140	1	6.02%
Texland Petroleum LP	Oil & Gas	5,638,680	3	3.17%			
BNSF Railway Company	Transportation	2,783,590	4	1.57%	1,373,410	5	1.60%
Molinos Anahuac	Agriculture	2,479,264	5				
Centurion Pipeline LP	Oil & Gas	2,396,680	6	1.35%	2,055,340	4	2.39%
Allied Waste North America, Inc.	Sanitation	1,822,174	7	1.03%			
Southwestern Bell Telephone LP	Utility	1,611,867	8	0.91%	2,495,466	3	2.91%
Deran Gear, Inc.	Manufacturing	2,304,100	9	1.30%	1,065,652	9	1.24%
South Plains Electric Coop, Inc.	Utility	1,226,420	10	0.69%	1,081,230	8	1.26%
Novartis Seeds, Inc.	Agriculture				3,249,050	2	3.78%
Southwestern Public Service	Utility				1,340,460	6	1.56%
Dekalb Genetics	Agriculture				1,108,963	7	1.29%
Medlock/MacMillan	Commercial Properties				868,612	10	1.01%
		<u>\$64,395,821</u>		<u>34.83%</u>	<u>\$19,804,323</u>		<u>23.06%</u>

(1) Based on Certified Tax Roll from Lubbock Central Appraisal District

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Computation of Estimated Direct and Overlapping Debt August 31, 2009 (Unaudited)

Taxing Body	Net Debt		Percent Overlapping	Amount Overlapping Net Debt
	Amount	As Of		
Lubbock, County of	\$83,038,020	01-31-09	13.24%	\$10,994,234
Lubbock, City of	452,830,000	03-31-09	3.36%	15,215,088
New Deal, City of	129,000	03-31-09	100.00%	129,000
Total Overlapping Net Debt				26,338,322
New Deal ISD	NONE	N/A	N/A	0
Total Direct and Overlapping Net Debt				<u>\$26,338,322</u>
Ratio of Total Direct and Overlapping Net Debt to 2009 Taxable Assessed Valuation				<u>56.54%</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Legal Debt Margin Information Last Ten Fiscal Years (Unaudited)

	2009	2008	2007	2006	2005
Maximum Debt Limit	\$18,419,196	\$16,509,680	\$14,415,918	\$13,283,380	\$12,477,216
Total Net Debt Applicable to Limit	0	0	0	0	0
Legal Debt Margin	\$18,419,196	\$16,509,680	\$14,415,918	\$13,283,380	\$12,477,216
Computation of Legal Debt Margin					
Estimated Actual Assessed/Appraised Value	\$184,191,958	\$165,096,797	\$144,159,178	\$132,833,803	\$124,772,162
Debt Limit (10% of assessed value)	10.00%	10.00%	10.00%	10.00%	10.00%
Maximum Legal Debt	18,419,196	16,509,680	14,415,918	13,283,380	12,477,216
Amount of Debt Applicable:					
Total Bonded Debt	0	0	0	0	0
Total Amount of Debt Applicable to Debt Limit	0	0	0	0	0
Legal Debt Margin	\$18,419,196	\$16,509,680	\$14,415,918	\$13,283,380	\$12,477,216

2004	2003	2002	2001	2000
\$9,870,129 0	\$8,884,802 0	\$8,409,299 0	\$8,178,269 0	\$8,586,636 0
<u>\$9,870,129</u>	<u>\$8,884,802</u>	<u>\$8,409,299</u>	<u>\$8,178,269</u>	<u>\$8,586,636</u>
\$98,701,288 10.00%	\$88,848,015 10.00%	\$84,092,988 10.00%	\$81,782,693 10.00%	\$85,866,363 10.00%
<u>9,870,129</u>	<u>8,884,802</u>	<u>8,409,299</u>	<u>8,178,269</u>	<u>8,586,636</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$9,870,129</u>	<u>\$8,884,802</u>	<u>\$8,409,299</u>	<u>\$8,178,269</u>	<u>\$8,586,636</u>

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Demographic and Economic Statistics Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population (1)	Total Personal Income (1)	Per Capita Personal Income	Student Enrollment (2)	Average Daily Attendance (2)	Unemployment Rate (3)
2009	261,227	\$6,925,846,000	\$26,513	730	677	5.48%
2008	261,227	6,925,846,000	26,513	718	678	3.60%
2007	261,227	6,925,846,000	26,513	722	679	3.50%
2006	252,284	6,712,873,000	26,608	743	700	3.80%
2005	251,182	6,270,776,000	24,965	734	686	3.90%
2004	250,113	6,105,247,000	24,410	695	664	4.30%
2003	247,336	5,922,590,000	23,946	726	679	4.70%
2002	245,677	5,903,070,000	24,028	702	669	4.10%
2001	242,628	5,468,372,000	22,538	697	671	3.30%
2000	240,776	5,317,718,000	22,086	690	664	3.50%

(1) Source of Information: Texas Municipal Report for Lubbock County

(2) Source of Information: New Deal Independent School District Financial Statements

(3) Source of Information: Texas Workforce Commission for Lubbock County

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

Principal Employer	Description of Business	2009		2000	
		Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
Tyco Fire Products	Manufacturing	452	54.002%		
New Deal ISD	Education	96	11.470%	86	25.904%
Deran Gear	Manufacturing	24	2.867%	24	7.229%
Sorghum Partners	Agriculture	21	2.509%	21	6.325%
Timbo's	Restaurant	7	0.836%		
New Deal Fina	Retail	5	0.597%		
City of New Deal	Government	8	0.956%	4	1.205%
Dekalb Genetics	Agriculture			47	14.157%
Markham's Grocery	Retail			5	1.506%
Estimated District-wide Employment		<u>837</u>		<u>332</u>	

Sources of Information: New Deal Independent School District Business Office, unless otherwise noted.

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Full Time Equivalent Employees by Function Last Ten Fiscal Years (Unaudited)

	2009	2008	2007	2006	2005
Instruction	76.0	76.5	74.0	72.5	68.0
Instructional Resources & Media Services	2.0	2.0	2.0	2.0	2.0
Curriculum & Instructional Staff Development	2.0	2.0	2.0	1.0	1.0
Instructional Leadership	0.0	0.0	0.0	1.0	0.5
School Leadership	6.0	6.0	6.0	6.0	6.0
Guidance, Counseling & Evaluation Services	1.0	1.0	1.0	1.0	1.0
Health Services	1.0	1.0	1.0	1.0	1.0
Student (Pupil) Transportation	1.0	1.5	1.5	1.5	1.5
Food Service (1)					
Cocurricular/Extracurricular Activities	1.0	1.0	1.0	1.0	1.0
General Administration	3.0	3.0	1.0	1.5	2.0
Plant Maintenance & Operations	2.0	3.0	3.5	4.0	4.0
Data Processing Services	1.0	1.0	1.0	1.0	2.0
Totals	<u>96.0</u>	<u>98.0</u>	<u>94.0</u>	<u>93.5</u>	<u>90.0</u>

Source of Information: New Deal Independent School District Business Office, unless otherwise noted.

FTEs calculated August 31

(1) Food Service is contracted with ARAMARK.

2004	2003	2002	2001	2000
67.5	68.5	68.5	68.0	67.0
2.0	2.0	2.0	2.0	2.0
1.0				
0.5	0.5	0.5	0.5	0.5
6.0	6.0	6.0	6.0	6.0
1.0	2.0	1.0	2.0	1.0
1.0	1.0	1.0	1.0	1.0
1.5	1.5	1.5	1.5	1.5
1.0	1.0	1.0	1.0	1.0
2.0	2.0	2.0	2.0	2.0
2.5	2.5	2.5	3.0	3.0
2.0	2.0	2.0	2.0	2.0
88.0	89.0	88.0	89.0	87.0

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Operating Statistics Last Ten Fiscal Years (Unaudited)

Fiscal Year	Enrollment	Average Daily Attendance	Percentage Average Daily Attendance to Enrollment	Governmental Operating Expenditures (1)	Cost Per ADA	Percentage Change
2009	730	677	92.74%	\$7,115,150	\$10,510	1.73%
2008	718	678	94.43%	7,004,576	10,331	7.78%
2007	722	679	94.04%	6,508,759	9,586	7.67%
2006	743	700	94.21%	6,231,964	8,903	1.18%
2005	734	686	93.46%	6,036,049	8,799	9.97%
2004	695	664	95.54%	5,312,809	8,001	-2.54%
2003	726	679	93.53%	5,574,243	8,209	6.31%
2002	702	669	95.30%	5,166,278	7,722	5.85%
2001	697	671	96.27%	4,895,451	7,296	8.76%
2000	690	664	96.23%	4,454,192	6,708	-1.73%

Source of Information: New Deal Independent School District Business Office, unless otherwise noted.

(1) Governmental operating expenditures are total expenditures less capital outlay (to the extent capitalized for the government-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditures categories. For years 1999-2001, all function 81 was removed. For years 2002-2008, only capital outlay was removed.

(2) Government-wide data is only available for the last six fiscal years due to implementation of GASB Statement No. 34 on August 31, 2002.

Government Wide Expenses (2)	Cost Per ADA	Percentage Change	Number of Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
\$7,243,250	\$10,699	2.39%	76.0	8.91	59.75%
7,084,626	10,449	7.85%	76.5	8.86	62.79%
6,578,876	9,689	7.36%	74.0	9.18	64.10%
6,317,621	9,025	1.66%	72.5	9.66	60.59%
6,090,392	8,878	6.92%	68.0	10.09	51.98%
5,513,495	8,303	-3.27%	67.5	9.84	59.64%
5,828,399	8,584	8.74%	68.5	9.91	51.63%
5,280,756	7,894	N/A	68.5	9.77	51.61%
N/A	N/A	N/A	68.0	9.87	51.98%
N/A	N/A	N/A	67.0	9.91	58.74%

NEW DEAL INDEPENDENT SCHOOL DISTRICT

School Building Information Last Ten Fiscal Years (Unaudited)

Building	2009	2008	2007	2006	2005
New Deal Senior High School (1966)					
Square Footage	81,315	81,315	81,315	81,315	81,315
Capacity	350	350	350	350	350
Enrollment	185	185	185	180	197
New Deal Middle/Elementary School (1935)					
Square Footage	62,834	62,834	62,834	62,834	62,834
Capacity	878	878	878	878	878
Enrollment	558	558	558	554	498

Source of Information: New Deal Independent School District Business Office, unless otherwise noted.

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
81,315	81,315	81,315	77,565	77,565
350	350	350	240	240
197	199	219	222	227
62,834	62,834	62,834	60,334	60,334
878	878	878	778	778
529	503	478	468	453

NEW DEAL INDEPENDENT SCHOOL DISTRICT

Teacher Base Salaries Last Ten Fiscal Years (Unaudited)

Fiscal Year	Minimum Salary (1)	Maximum Salary (1)	New Deal Average Salary (2)	Region XVII Average Salary (2)	Statewide Average Salary (2)
2009	\$29,820	\$46,770	\$39,716	\$42,312	\$47,159
2008	29,670	46,620	38,535	42,044	46,179
2007	28,670	45,620	38,535	41,444	44,897
2006	25,670	42,620	35,998	38,580	41,744
2005	24,590	41,150	35,318	38,053	41,011
2004	24,590	41,150	34,223	37,635	40,478
2003	24,590	41,150	33,959	37,319	39,974
2002	24,590	41,150	29,987	37,117	39,232
2001	24,590	41,150	30,789	36,633	38,361
2000	24,590	41,150	31,366	36,258	37,567

Source of Information:

- (1) District records
- (2) Academic Excellence Indicator System of Texas (AEIS)