

**Comprehensive  
Annual Financial Report  
of the**

**SAN ANGELO  
INDEPENDENT SCHOOL DISTRICT  
San Angelo, Texas**

**For The Year Ended August 31, 2007**

**Prepared by  
FINANCE DEPARTMENT**

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SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED AUGUST, 31, 2007

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CERTIFICATE OF BOARD

San Angelo Independent School District      Tom Green      226903  
Name of School District      County      Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2007 at a meeting of the Board of Trustees of such school district on the 22nd day of January, 2008.

signed certificate on file with district

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

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

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

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# **INTRODUCTORY SECTION**

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San Angelo Independent School District  
Business Services  
1621 University  
San Angelo, Texas 76904  
(325)947-3766 PHONE  
(325)949-1415 FAX

December 7, 2007

Members of the Board of Trustees and Citizens of  
San Angelo Independent School District

We are submitting this comprehensive annual financial report of the San Angelo Independent School District (the District) for the fiscal year ended August 31, 2007.

This report is presented in four sections as described below.

1. **Introductory Section** – This section includes this transmittal letter, a list of principal District officials, the District’s organization chart, and the ASBO Certificate of Excellence in Financial Reporting for the prior fiscal year comprehensive annual financial report.
2. **Financial Section** – This section includes the independent auditor’s report on the audit of the financial statements, management’s discussion and analysis of the District’s financial performance for the year, the District’s financial statements, notes to the financial statements, and supplementary statements and schedules.
3. **Statistical Section** – This section is not audited. It includes selected financial and demographic information, primarily in table form for multiple years.
4. **Single Audit Section** – This section includes the independent auditor’s reports on internal control and compliance with laws, regulations, and grant provisions. Related schedules and documents required by laws and regulations are also included as listed in the table of contents.

Management is fully responsible for the completeness and reliability of all the information included in this report. As a basis for making these representations, management of the District has established an internal control framework designed both to protect the District’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District’s financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the benefits of internal control should be more than their cost, the District’s internal control framework has been designed to provide reasonable rather than absolute assurance that the financial statements will not contain material misstatements. In our capacity as management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Texas Education Code requires an annual audit of the District’s financial statements. The Board of Trustees selected Webb & Webb, a firm of licensed certified public accountants to audit this year’s financial statements. The goal of an independent audit is to provide reasonable assurance that the financial statements of the District for fiscal year ended August 31, 2007, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used

and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended August 31, 2007, are fairly stated in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the District's financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are in the fourth section, the single audit section.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement MD&A and should be read in conjunction with it. The District's MD&A is in the financial section immediately following the independent auditor's report.

## **PROFILE OF THE DISTRICT**

The District is located 210 miles west northwest of Austin, Texas in Tom Green County in the City of San Angelo, Texas. The District is empowered to levy property taxes on all real and personal property within its boundaries.

The District is governed by a seven member Board of Trustees (the Board) elected by the registered voters of the District. The Board is responsible, among other things, for adopting and amending the annual budget and hiring the District's superintendent. The superintendent is responsible for carrying out the policies of the Board and for overseeing the day-to-day operations of the District.

The District offers a standards-based curriculum to all of its students. The San Angelo Independent School District standards are locally derived and focused on the high levels of student performance. Through the District's pre-kindergarten through twelfth grade program, students receive instruction in over seventy different areas; from reading and language arts in the lower grades to advanced calculus and physics in the District's high schools. In addition to regular education programs, the District offers special programs such as special education, bilingual, gifted and talented, head start, early head start, and community education programs.

The annual budget is the foundation of the District's financial planning and control. After public hearings, the budget is legally enacted by Board resolution each year prior to September 1. Once it is approved, the budget can only be changed at the function and fund level by amendments approved by a majority of the members of the Board. Budget-to-actual comparisons are provided in this report for the General Fund, the Food Service special revenue fund, and the Debt Service Fund. The comparison for the General Fund is presented in Exhibit G-1, and for the Food

Service and Debt Service funds in Exhibits J-4 and J-5, respectively. Most of the other special revenue funds are controlled by project-length budgets approved by State and Federal grantor agencies, for which budget-to-actual comparisons are not included in this report. A project-length spending plan, as outlined in the ordinances, which authorized the bond issues, is used for the Capital Project Fund.

## **FACTORS AFFECTING FINANCIAL CONDITION**

The financial statement information can be better understood when it is considered from the broad perspective of the specific environment within which the District operates.

**Local economy** – West Texas cities tend to be widely dispersed. San Angelo is one of the largest cities in West Central Texas and serves as the center of commerce, government, medicine, and religion for an expansive area. Three U. S. highways and one State highway serve San Angelo. The San Angelo Regional Airport (Mathis Field) also provides flights that link up with national and international airlines.

San Angelo continues to have a well-diversified economic base with major sectors that include manufacturing, medical care, education, trade, business services, and military. San Angelo is a regional service center for business and agriculture over a fourteen county area. The Ethicon division of Johnson and Johnson, Hirschfeld Steel, San Angelo Community Medical Center, Shannon Medical Center, Goodfellow Air Force Base, and many other local businesses provide the economic potential of San Angelo.

There are three institutions of higher education in San Angelo. Angelo State University (ASU) offers baccalaureate programs in numerous arts, science, business, education, and medical fields. ASU offers Graduate degrees in seven fields of science, education, arts, and business. Howard Junior College has an extension campus in San Angelo, which concentrates predominately in the technical and occupational fields of study. American Commercial College is a private college serving career education through associated programs.

**Long-term financial planning** – The District began extensive facilities improvements with the issuance of \$47.9 million School Building Bonds in 1996 and 1997. Numerous facilities upgrades as well as new school buildings were completed. The capital projects fund was exhausted in fiscal 2005. The District continues to evaluate and pursue a long range facility plan. Such a plan, when developed, could involve long-term debt issuance at some time in the future.

**Cash management policies and practices** – Texas' Public Funds Investment Act contains specific provisions regarding investment practices, management reports, and establishment of appropriate policies. It requires the District to adopt, implement, and publicize an investment policy. The policy must address the areas of safety and liquidity of investment principal, portfolio diversification, allowable investments, acceptable risk levels, rate of return, maximum allowable maturity of portfolio investments, and investment staff quality and capabilities. State statute authorizes a variety of allowable investments.

During the year, the District temporarily invested idle cash in state managed investment pools. The average investment yield was 5.23%, up from the average yield of 3.4% the prior year. The District also invested in U.S. Government Agency Securities with a maximum maturity of two years, earning interest rates ranging from 4.2% to 5.26%.

**Risk management** – The District purchases commercial insurance to cover its exposure to loss from theft, property damage, errors and omissions, and natural disasters. To provide health benefits to the employees and their families, the District has established a modified self-insurance plan. The District deposits employee and employer paid premiums into the Health Insurance internal service fund to cover claim payments. The District has contracted with a third party consultant to administer and process claims. A commercial excess claims insurance policy limits exposure to \$100,000 per individual per year with a lifetime maximum of \$1,000,000, and annual aggregate limit to \$9,385,567.

The District met its statutory workers compensation obligation in fiscal year 2007 with participation through an inter-local agreement with other school districts in the Texas Workers' Compensation Solutions Program (TWCS or Program), which is accounted for in the Workers' Compensation Insurance internal service fund. The District contributed its share of fixed program costs based on a pro-rata share of covered payroll costs, and placed on deposit with the TWCS 10% of the District's maximum loss amount. Deposits with TWCS must be maintained at a level equal to at least 5% of the maximum loss projection. The Program purchases specific and aggregate re-insurance to protect the program in the event of claims in excess of member districts' maximum loss funds.

Additional information on the District's health insurance and workers compensation insurance plans is in Note IV.J. of the notes to the financial statements.

**Pension benefits** – The District provides pension benefits for its employees through the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer-defined benefit pension plan. The eligible employees contribute 6.4% of their compensation to the plan. The state matches the employee contributions with 6% of compensation up to the state minimum. Beginning in fiscal 2008 the state match will be 6.58%. The District makes matching contributions for salaries above the state minimum, and federal programs provide the matching contributions for employees working in the program. Legislation passed in 2003 requires school districts to contribute 0.55% of each member employee's salary each month to fund the system's medical insurance plan for retired members. Beginning in fiscal 2008 districts will be subject to a surcharge of .1298 of salary paid to TRS retirees who return to the workforce. Additional information is found in Note IV.I. of the notes to the financial statements.

## **AWARDS AND ACKNOWLEDGMENTS**

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to San Angelo ISD for its comprehensive annual financial report for the fiscal year ended August 31, 2006. To be awarded a Certificate of Excellence, a school district must publish an easily readable and efficiently organized comprehensive annual

Board of Trustees and Citizens  
December 7, 2007

financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Excellence is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Excellence Program's requirements and we are submitting it to the ASBO to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administrative departments. We express our appreciation to all of the staff members who assisted and contributed to the preparation of this report. Credit must also be given to the members of the Board of Trustees for their support and leadership.

Respectfully submitted,

*Denise Huffman*

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Denise Huffman, Comptroller

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
DISTRICT OFFICIALS, STAFF AND CONSULTANTS  
FOR THE YEAR ENDED AUGUST 31, 2007

**Elected Officials – Board of Trustees**

<u>Name and Title</u>	<u>Term Expires</u>	<u>Occupation</u>
Lanny Layman, President	May 2008	Manager, A-B Distributing
Max Parker, Secretary	May 2008	Attorney
Tim Archer, Treasurer	May 2010	Owner / Manager, Archer Floor Company
Terry Bader, Trustee (through May 2007)	May 2007	Owner, Bryant Electric
Daniel Baker, Vice President	May 2009	Owner / Operator, Regal Oil Inc. / Star Stop Food Mart
Art Hernandez, Trustee	May 2009	Funeral and Cemetery Family Service Counselor
Gerard Gallegos, Trustee	May 2008	Access Billing Rep. / Verizon, Inc.
Cookie Roberts	May 2010	Property Manager

**Selected Administrative Staff**

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>	<u>Total School District Service</u>
Dr. Carol Ann Bonds	Superintendent of Schools (beginning January 2007)	8 Months	28 Years
Joanne Rice	Interim Superintendent (through December 2006)	23 Years	35 Years
Jeff Bright	Assistant Superintendent, Business & Support Services	4 Years	20 Years
Denise Huffman	Comptroller	5 Years	11 Years
Hope Flores	Director of Financial Services	9 Years	9 Years

**Consultants and Advisors**

Auditors.....	Webb and Webb Certified Public Accountants San Angelo, Texas
Bond Counsel.....	Fulbright & Jaworski, L.L.P. Dallas, Texas
Financial Advisor.....	First Southwest Company Dallas, Texas



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**SAN ANGELO INDEPENDENT SCHOOL DISTRICT**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended August 31, 2006

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

## **FINANCIAL SECTION**

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

Independent Auditor's Report

Board of Trustees  
San Angelo Independent School District  
1621 University Avenue  
San Angelo, Texas 76904

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of San Angelo Independent School District (the District) as of and for the year ended August 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administrators. Our responsibility is to express 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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of San Angelo Independent School District as of August 31, 2007, 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.

Management's discussion and analysis (MD&A) and budgetary comparison information immediately following this report and immediately following the notes to the financial statements, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information (RSI). However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise San Angelo Independent School District's basic financial statements.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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 accompanying introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. Except for Exhibit J-3 (Cash Flow and the Optimum Fund Balance Calculation Schedule) which is marked **UNAUDITED** and on which we express no opinion, these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Webb & Webb*

December 7, 2007

## Management's Discussion and Analysis San Angelo Independent School District

In this section of the Annual Financial and Compliance Report, we, the managers of San Angelo Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2007. Please read it in conjunction with, the independent auditors' report on pages 19 and 20, and the District's Basic Financial Statements which begin on page 33.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 33 and 34-35). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 36) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 45) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining and other statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled Compliance Schedules (Required by Texas Education Agency) and Single Audit Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

### **REPORTING THE DISTRICT AS A WHOLE**

#### ***The Statement of Net Assets and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 33. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is

received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district, food service revenues, rents, and curriculum sales (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net assets and changes in them. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Assets and the Statement of Activities, we divide the District into two kinds of activities:

- **Governmental activities**– Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- **Business-type activities**– The District charges a fee to “customers” to help it cover all or most of the cost of services it provides in the concessions activity. The District has transferred the rights to sell advertising on a jumbo-tron scoreboard at the District’s athletic stadium as payment for installation of the jumbo-tron.

## **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

### ***Fund Financial Statements***

The fund financial statements begin on page 36 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Elementary and Secondary Education Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities) The District's two kinds of funds, governmental and proprietary, use different accounting approaches.

- **Governmental funds** – Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

- Proprietary funds – The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Assets and the Statement of Activities. The District's enterprise funds, one category of proprietary funds, are the business-type activities reported in the government-wide statements but contain more detail and additional information, such as cash flows. The internal service fund (the other category of proprietary funds) reports activities that provide services for the District's other programs and activities through the District's self-insurance program.

## THE DISTRICT AS TRUSTEE

### *Reporting the District's Fiduciary Responsibilities*

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 43 and 44. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## GOVERNMENT WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District's governmental and business-type activities.

**Table I**  
**San Angelo Independent School District**  
**Net Assets**  
(in thousands)

	Governmental Activities		Business- type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and Other Assets	\$44,289	\$44,126	\$143	\$158	\$44,432	\$44,284
Capital Assets	86,131	80,144	424	477	86,555	80,621
Total Assets	130,420	124,270	567	635	130,987	124,905
Liabilities:						
Current Liabilities	8,202	7,390	106	140	8,308	7,530
Long Term Liabilities	26,420	28,303	366	384	26,786	28,687
Total Liabilities	34,622	35,693	472	524	35,094	36,217
Net Assets:						
Invested in capital assets, net of related debt	56,028	51,639	57	93	56,085	51,732
Restricted	5,411	5,909			5,411	5,909
Unrestricted	34,359	31,029	38	18	34,397	31,047
Total Net Assets	\$95,798	\$88,577	\$95	\$111	\$95,893	\$88,688

*Net Assets.* The District's governmental activities net asset position improved \$7.2 million to \$95.8 million as revenues exceeded expenditures in the governmental activities by \$7 million. The District improved its investment in capital assets to \$56 million with additions or major renovations at one high school, two middle schools, and six elementary campuses. Projects completed in conjunction with long range planning efforts included classroom and science lab renovations, major roofing and kitchen renovations and an athletic training facility. The District maintained its replacement schedule for school buses and air conditioning equipment and completed 3 campuses in a multi-year project to improve ventilation and safety systems in campus food service facilities. Restricted funds from the Texas Schools and Libraries Division E-Rate funds invested \$0.4 million for local area networks at 8 campuses. Restricted funds gained under the state's school wealth equalization plan added \$0.8 million in instructional technology equipment across the districts campuses. At year-end \$2.4 million remains restricted for long-term debt, \$0.4 million is restricted for food service operations, and \$2.6 million is contractually restricted for instructional technology. \$34 million is unrestricted and available for appropriation.

In the business-type activities, current operations of the concessions fund were profitable. In the third year of a projected ten year payout in the enterprise fund established to satisfy the cost of installation of a jumbo-tron, current charges for interest and depreciation exceeded current advertising revenues generated. Net assets of the business type activities are unrestricted.

The results of the governmental and business-type activities compared to the results from the prior year are summarized in Table II.

**Table II**  
**San Angelo Independent School District**  
**Changes in Net Assets**  
(in thousands)

	Governmental Activities		Business- type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	\$3,042	\$2,812	\$162	\$188	\$3,204	\$3,000
Operating Grants & Contributions	21,460	21,744			21,460	21,744
General Revenues:						
Maint & Oper Taxes	34,983	34,703			34,983	34,703
Debt Service Taxes	1,787	1,666			1,787	1,666
State Aid Formula Grants	52,935	43,436			52,935	43,436
Grants, Contrib not restricted						
To specific functions	973	645			973	645
Investment Earnings	2,420	2,390			2,420	2,390
Miscellaneous	621	2,562			621	2,562
Total Revenues	118,221	109,958	162	188	118,221	110,146

Expenses:						
Instruction, Curriculum, Media	\$66,593	\$63,828	\$0	\$0	\$66,593	\$63,828
Instructional/School Leadership	7,010	6,873			7,010	6,873
Guidance, Social Work, Health, &Transportation	8,314	8,106			6,253	8,106
Child Nutrition	5,637	5,572			2,061	5,572
Co-curricular Activities	3,569	3,522			9,206	3,522
General Administration	3,056	2,864			3,056	2,864
Plant Maint, Security, Data Proc	15,274	14,766			15,274	14,766
Community Services	367	314			367	314
Debt Service	1,180	1,281			1,180	1,281
Other Business-type Activities			178	188	178	188
Total Expenses	<u>111,000</u>	<u>107,126</u>	<u>178</u>	<u>188</u>	<u>111,178</u>	<u>107,314</u>
Change in Net Assets Before						
Special Items and Transfers	7,221	2,832	(16)	0	7,205	2,832
Special Item-Impairment Loss		(470)				(470)
Transfers In / (Out)		68		(68)		
Change in Net Assets	<u>7,221</u>	<u>2,430</u>	<u>(16)</u>	<u>(68)</u>	<u>7,205</u>	<u>2,362</u>
Prior Period adjustment		479				479
Net Assets at September 1	<u>88,577</u>	<u>85,668</u>	<u>111</u>	<u>179</u>	<u>88,688</u>	<u>85,847</u>
Net Assets at August 31	<u>\$95,798</u>	<u>\$88,577</u>	<u>\$95</u>	<u>\$111</u>	<u>\$95,893</u>	<u>\$88,688</u>

*Changes in Net Assets.* Revenues increased \$8 million over fiscal 2006 while expenses increased only \$3.8 million. The increase in revenues resulted from Texas state legislation imposed to shift the tax burden for public education from local property taxpayers to state level taxes. In the first year of mandated local tax compression, gains in state formula funding exceeded reductions in local tax revenues. Increased property valuation brought a slight gain in tax revenues in spite of the mandated tax rate reduction. The District's operations tax rate was decreased from \$1.50 to \$1.37 and the debt tax rate decreased by less than one cent to \$.07 Significant expenditure increases over the prior year were in salary, training, and evaluation costs for the instructional and curriculum function, and in the student support areas of guidance, nutrition and transportation. Plant maintenance costs increased significantly due to increased fuel and utility costs.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

*Governmental Funds.* The District's governmental funds reported an increase in fund balance of \$2.6 million in the general fund and \$0.7 million in the other governmental funds. General fund revenues increased \$8.5 million over fiscal 2006 and general fund expenditures increased \$6.7 million over fiscal 2006. In the other funds which include special revenue grant funds and the debt service fund, revenues decreased \$0.4 million and expenditures decreased \$1.8 million compared to fiscal 2006. The general fund is the maintenance and operations fund of the district. Local revenues in the general fund reflected a decline. Under the new legislation, wealth equalization through sales of weighted average daily attendance was no longer financially advantageous. The district did not participate in the wealth equalization program, thus reporting \$1.6 million less in local revenues compared to fiscal 2006. Property taxes were lowered under a state mandated property tax reduction but collections showed a slight increase due to growth in property valuation. State revenues in the general fund increased due to the legislation and formula funding changes described in "Changes in Net Assets" above. The district saw a gain in

general fund Federal revenues due to improved tracking and reporting of student service costs that are shared by the federal Medicare program. Sales of obsolete property such as vehicles and a residential structure on real property needed for campus expansion contributed as Other Resources in the general fund. \$2.7 million of the general fund increase in expenditures relative to the prior year can be attributed to capital improvements in district facilities. Major improvements were highlighted in the previous discussion of “*Net Assets*”. \$2.6 million of the overall expenditure increase was in the instruction and curriculum function primarily in increased salary costs. Plant maintenance costs increased significantly due to increased fuel and utility costs rising \$0.4 million over fiscal 2006. Viewing increases in all functions at the expenditure type or object level, salaries which make up over 77% of the district budget have the greatest impact on the cost of operations, contributing \$ 4 million or 60% of the increase in costs. Capital costs included in various functions contributed \$2.4 million or 36% of the cost increase in the general fund as the district completed projects to meet facility needs identified in a recent facility study and long range planning effort. The largest factor in the remaining percentage of increase was the cost of fuel, which affected both electricity costs and travel costs with increases of 17% in those specific categories being offset somewhat by lower supply and contract services costs.

At the end of the 2007 fiscal year, the general fund reported fund balances legally or contractually reserved for specific use of \$8.6 million. The Board of Trustees has designated \$2.5 million for future construction as the District continues efforts to establish a long range facilities plan and \$1 million for currently needed high school renovations. The Board has also designated \$2 million to be used for other purposes such as property insurance deductibles and for implementation of technology upgrades planned as part of an E-Rate funded technology project. The remaining \$20.1 million fund balance is unreserved and available for financing District operations.

The other funds saw a decrease in revenues from several state support areas. State support for employee healthcare premiums was shifted to the general fund with corresponding formula funding changes. That \$0.9 million decrease in state revenues of the other governmental funds was offset by a \$1.1 million increase in state support in a new allotment fund specifically targeted for high school programs to encourage and prepare students for post secondary education. Federal revenues in the other funds saw significant decreases in the “Title” funds as the federal government reduced spending in many educational initiatives to fund other priorities such as responding to major hurricanes. The district did benefit from one time federal assistance in 2007 to meet the needs of students displaced by the hurricanes. The general fund also took over salary costs for campus counselors that had previously been funded by a temporary federal grant. In the other governmental funds, \$1.2 million is reserved for debt service, \$0.4 million is reserved for nutrition programs. The remaining \$0.8 million is un-reserved and is available for use within the programs that generated the revenues.

*Proprietary Funds.* The District’s risk management strategy uses internal service funds to report the accumulation of reserves for self-insurance of employee health benefits and workers’ compensation benefits. The reserves are accumulated through payroll charges to the governmental funds based on actuarial estimates of the relevant claims liabilities. The internal service funds are consolidated into the governmental activities in the government-wide financial statements. In the health insurance fund, revenues from charges to the other funds and from employee contributions increased slightly and claims and administrative costs increased significantly from the prior year resulting in an operating loss. Health fund ending net assets of \$1.9 million are reserves for future claims liabilities or claims run-off should the District change

its risk management strategy. In the workers' compensation fund, reserves accumulated from the initial three years of fund operations were reclassified in fiscal 2006 from claims liabilities to net assets based on an actuarial projection of claims incurred. Those assets are being used to reduce current fringe benefit charges to the other funds (operating revenue to the proprietary fund) to pay claims and fixed administrative costs of the workers comp program. Both internal service funds had investment earnings that mitigated the operating losses but still showed decrease in net assets for the fiscal period. Additional information about the internal service funds is found in note IV.J. of this report.

The funds reported in the government wide financial statements as business-type activities are the District's enterprise funds. The business-type activities are relatively insignificant to the overall operations of the District. The concession fund reported net revenue on concession services. In fiscal 2005, the District negotiated an agreement to finance installation of a jumbotron scoreboard at the District's athletic stadium by transferring the rights to sell advertising on the board. The transaction is reported as a capital lease asset acquisition in an enterprise fund. Advertising revenue sold will satisfy repayment of the cost of the board with expected payout in approximately ten years. Current charges for interest and depreciation exceeded current advertising revenues in the fund to reduce the net assets of the fund and of the overall business activities for the year.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's Board of Trustees adopts the general fund, debt service, and food service fund budgets annually. Over the course of the year, the Board of Trustees revised the District's general fund budget several times. These budget amendments fall into three categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect actual beginning balances (versus the amounts estimated in August 2006). The second category includes changes that the Board made during the year. The third category involved amendments that moved funds from programs that did not need all the resources originally appropriated to programs with resource needs.

Local revenues were amended for tax collections and state formula revenues. The principal expenditure amendments were for construction projects funded from fund balance and instructional technology purchases funded by reserved funds from WADA sale gains and E-Rate grants. In the general fund, actual revenues reported were 101% of the amended budget and actual expenditures were 96.8 % of the amended budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2007 the District had \$81.3 million (net of accumulated depreciation) invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents an increase of \$2.4 million from the prior year. Additional information regarding capital assets is presented in note IV.F. to the financial statements.

The increases and decreases to investment in capital assets are shown below (**in thousands**):

Increases:

Land			\$ 31
Furniture and Equipment			1,716
Vehicles			617
Buildings & Site Improvements			3,103
Construction Work in Progress			
Project Costs incurred	\$4,811		
Vent Hoods-3 campuses	(402)		
Bonham Roof and HVAC	(607)		
Lake View Training Room	(596)		
Fannin Fire Alarm	(86)		
Glenn Roof	(250)		
Day Head Start Kitchen	(371)		
Glenn and Lee Classrooms	(1,005)		
Phone Systems 3 campuses	(126)		
School Planner Technology	(9)		
Technology Education Paint Booth	(47)		
Local Area Networks 8 campuses	(278)		
WADA projects	(155)		
Item costs below \$5,000 capitalization limit	(707)	172	\$5,639

Decreases:

Buildings Sold	\$490,636		
Less accumulated depreciation	(490,636)		
Equipment disposed	11,869		
Less accumulated depreciation	(11,869)		
Vehicles Sold	329		
Less accumulated Depreciation	(329)		
Current year depreciation	3,212	3,212	
Net increase to capital assets			<u>\$2,427</u>

**Debt**

At year- end, the District’s debt service fund had a \$1.2 million fund balance. Bonds payable totaling \$25.3 million have maturities scheduled into 2021 with fixed interest rates ranging from 2.5% to 6.7%. The 2004 and 2005 series bonds are rated Aaa by Moodys and AAA by Standard and Poors. The District’s general obligation bond rating since 1996 on the 1996 and 1997 series bonds has been A1 by Moodys and A+ by Standard and Poors. Other obligations of the district include accrued benefits for unused vested sick leave. Detailed information about the District’s long-term liabilities is presented in Note IV.H to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS**

As the District prepared its 2008 budget, the Texas legislative changes for funding public schools required that the local maintenance and operating property tax rate be reduced to \$1.04 per \$100 property valuation. Projections based on the new legislation indicated an increase in state support for the District and a similar loss in local revenues from the property tax reduction. The

enrollment decline has slowed but continues and is still a major factor in determining funding for the district as funding formulas are driven by average daily student attendance. Budgeted revenues available for appropriation in the general fund budget are \$94.5 million a reduction of 1% of the actual 2007 revenues of \$94.6 million. The fiscal 2008 budget included a 3% to 4% salary increase under the TASB salary model. Total budgeted 2008 general fund costs were 2% higher than actual fiscal 2007 expenditures in the general fund.

## **CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at San Angelo Independent School District, 1621 University, San Angelo, Texas 76904.

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## **BASIC FINANCIAL STATEMENTS**

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SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2007

Data Control Codes	1	2 Primary Government	3
	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 27,665,930	\$ 138,781	\$ 27,804,711
1120 Current Investments	2,001,560	-	2,001,560
1220 Property Taxes Receivable (Delinquent)	1,527,503	-	1,527,503
1230 Allowance for Uncollectible Taxes	(62,628)	-	(62,628)
1240 Due from Other Governments	11,112,057	-	11,112,057
1250 Accrued Interest	40,966	-	40,966
1290 Other Receivables, net	657,176	4,681	661,857
1300 Inventories	815,434	-	815,434
1410 Deferred Expenses	303,015	-	303,015
1420 Capitalized Bond and Other Debt Issuance Costs	228,433	-	228,433
Capital Assets:			
1510 Land	5,385,580	-	5,385,580
1520 Buildings, Net	67,965,549	-	67,965,549
1530 Furniture and Equipment, Net	6,903,426	-	6,903,426
1540 Held for Sale and Idle Facilities, Net	853,775	-	853,775
1550 Leased Property Under Capital Leases, Net	-	423,542	423,542
1580 Construction in Progress	272,433	-	272,433
1800 Restricted Assets	240,945	-	240,945
1910 Long Term Investments	4,509,080	-	4,509,080
1000 Total Assets	<u>130,420,234</u>	<u>567,004</u>	<u>130,987,238</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	2,326,095	8,212	2,334,307
2120 Other Liabilities - Current	4,545	-	4,545
2140 Interest Payable	45,804	-	45,804
2150 Payroll Deductions & Withholdings	3,131	-	3,131
2160 Accrued Wages Payable	3,497,901	-	3,497,901
2180 Due to Other Governments	8,232	-	8,232
2190 Due to Student Groups	502	-	502
2200 Accrued Expenses	1,194,312	-	1,194,312
2300 Unearned Revenues	1,121,178	97,453	1,218,631
Noncurrent Liabilities			
2501 Due Within One Year	2,165,000	34,355	2,199,355
2502 Due in More Than One Year	24,255,174	332,463	24,587,637
2000 Total Liabilities	<u>34,621,874</u>	<u>472,483</u>	<u>35,094,357</u>
<b>NET ASSETS</b>			
3200 Invested in Capital Assets, Net of Related Debt	56,027,686	56,724	56,084,410
Restricted for:			
3850 Restricted for Debt Service	2,351,136	-	2,351,136
3890 Restricted for Other Purposes	3,060,302	-	3,060,302
3900 Unrestricted Net Assets	34,359,236	37,797	34,397,033
3000 Total Net Assets	<u>\$ 95,798,360</u>	<u>\$ 94,521</u>	<u>\$ 95,892,881</u>

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
11 Instruction	\$ 62,891,886	\$ 499,170	\$ 12,664,638
12 Instructional Resources and Media Services	1,731,854	-	91,597
13 Curriculum and Instructional Staff Development	1,968,999	83,735	684,217
21 Instructional Leadership	1,503,316	9,362	465,415
23 School Leadership	5,506,764	168,519	575,050
31 Guidance, Counseling and Evaluation Services	4,728,389	-	1,474,722
32 Social Work Services	881,673	-	202,514
33 Health Services	642,670	-	178,864
34 Student (Pupil) Transportation	2,061,204	-	94,956
35 Food Services	5,637,225	1,727,874	3,825,272
36 Cocurricular/Extracurricular Activities	3,568,880	191,127	76,217
41 General Administration	3,055,881	-	75,095
51 Plant Maintenance and Operations	12,063,215	361,988	725,086
52 Security and Monitoring Services	300,352	-	14,982
53 Data Processing Services	2,910,624	-	72,020
61 Community Services	367,276	-	239,095
72 Debt Service - Interest on Long Term Debt	1,130,684	-	-
73 Debt Service - Bond Issuance Cost and Fees	49,188	-	-
[TG] Total Governmental Activities:	<u>111,000,080</u>	<u>3,041,775</u>	<u>21,459,740</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
01 Concession Fund	93,721	99,106	-
02 Jumbo Tron	84,249	62,551	-
[TB] Total Business-Type Activities:	<u>177,970</u>	<u>161,657</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 111,178,050</u>	<u>\$ 3,203,432</u>	<u>\$ 21,459,740</u>
Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		
DT	Property Taxes, Levied for Debt Service		
SF	State Aid - Formula Grants not Restricted		
GC	Grants and Contributions not Restricted		
IE	Investment Earnings		
MI	Miscellaneous Local and Intermediate Revenue		
TR	Total General Revenues		
CN	Change in Net Assets		
NB	Net Assets--Beginning		
NE	Net Assets--Ending		

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

Net (Expense) Revenue and Changes in Net Assets		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (49,728,078)	\$ -	\$ (49,728,078)
(1,640,257)	-	(1,640,257)
(1,201,047)	-	(1,201,047)
(1,028,539)	-	(1,028,539)
(4,763,195)	-	(4,763,195)
(3,253,667)	-	(3,253,667)
(679,159)	-	(679,159)
(463,806)	-	(463,806)
(1,966,248)	-	(1,966,248)
(84,079)	-	(84,079)
(3,301,536)	-	(3,301,536)
(2,980,786)	-	(2,980,786)
(10,976,141)	-	(10,976,141)
(285,370)	-	(285,370)
(2,838,604)	-	(2,838,604)
(128,181)	-	(128,181)
(1,130,684)	-	(1,130,684)
(49,188)	-	(49,188)
<u>(86,498,565)</u>	<u>-</u>	<u>(86,498,565)</u>
-	5,385	5,385
-	(21,698)	(21,698)
-	(16,313)	(16,313)
<u>(86,498,565)</u>	<u>(16,313)</u>	<u>(86,514,878)</u>
34,982,630	-	34,982,630
1,787,416	-	1,787,416
52,935,269	-	52,935,269
972,650	-	972,650
2,420,467	-	2,420,467
621,516	-	621,516
<u>93,719,948</u>	<u>-</u>	<u>93,719,948</u>
7,221,383	(16,313)	7,205,070
88,576,977	110,834	88,687,811
<u>\$ 95,798,360</u>	<u>\$ 94,521</u>	<u>\$ 95,892,881</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2007

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 22,432,833	\$ 2,247,041	\$ 24,679,874
1120 Investments - Current	2,001,560	-	2,001,560
1220 Property Taxes - Delinquent	1,432,222	95,281	1,527,503
1230 Allowance for Uncollectible Taxes (Credit)	(58,721)	(3,907)	(62,628)
1240 Due from Other Governments	9,819,655	1,292,402	11,112,057
1250 Accrued Interest	40,966	-	40,966
1260 Due from Other Funds	770,475	436,749	1,207,224
1290 Other Receivables	277,741	63,270	341,011
1300 Inventories	-	815,434	815,434
1410 Deferred Expenditures	52,276	250,739	303,015
1900 Investments - Long Term	4,509,080	-	4,509,080
1000 Total Assets	<u>\$ 41,278,087</u>	<u>\$ 5,197,009</u>	<u>\$ 46,475,096</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
2110 Accounts Payable	\$ 1,898,984	\$ 410,255	\$ 2,309,239
2120 Bonds, Loans & Other Liabilities Payable -	4,545	-	4,545
2150 Payroll Deductions and Withholdings Payable	3,131	-	3,131
2160 Accrued Wages Payable	3,112,812	385,089	3,497,901
2170 Due to Other Funds	433,326	772,440	1,205,766
2180 Due to Other Governments	-	8,232	8,232
2190 Due to Student Groups	-	502	502
2300 Deferred Revenues	1,545,184	720,392	2,265,576
2000 Total Liabilities	<u>\$ 6,997,982</u>	<u>\$ 2,296,910</u>	<u>\$ 9,294,892</u>
Fund Balances:			
Reserved For:			
3410 Investments in Inventory	\$ -	\$ 408,909	\$ 408,909
3420 Retirement of Long Term Debt	1,112,901	1,238,235	2,351,136
3430 Prepaid Items	52,276	-	52,276
3440 Outstanding Encumbrances	303,724	-	303,724
3450 Food Service	-	448,114	448,114
3490 Other Purposes	7,121,268	-	7,121,268
Unreserved Designated For:			
3510 Construction	2,500,000	-	2,500,000
3590 Other Purposes	3,056,492	-	3,056,492
Unreserved and Undesignated:			
3600 Reported in the General Fund	20,133,444	-	20,133,444
3610 Reported in Special Revenue Funds	-	804,841	804,841
3000 Total Fund Balances	<u>\$ 34,280,105</u>	<u>\$ 2,900,099</u>	<u>\$ 37,180,204</u>
4000 Total Liabilities and Fund Balances	<u>\$ 41,278,087</u>	<u>\$ 5,197,009</u>	<u>\$ 46,475,096</u>

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2007

<b>Total Fund Balances - Governmental Funds</b>	\$	37,180,204
<b>1</b> 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.		2,179,063
<b>2</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. Beginning of year balances: Capital assets - \$124,872,118 Accumulated depreciation - \$(45,914,914) Long term debt - \$(28,302,845) Accrued interest payable on long term debt - \$(47,402) Capitalized debt issuance costs - \$268,680 The net effect of including these beginning balances in the governmental activities is to increase net assets.		50,875,637
<b>3</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they are shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Capital outlay - \$6,343,731 Debt principal payments- \$1,858,283 The net effect of including the 2007 capital outlays and debt principal payments is to increase net assets.		8,202,014
<b>4</b> The 2007 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(3,212,729)
<b>5</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting, as follows: Write off construction in progress noncapital items - \$(706,695) Write off capital assets sold - \$(748) Record increase in compensated absences liability - \$(138,713) Amortize CAB interest accretion, bond premium & refunding difference - \$163,101 Record decrease in accrued interest payable on debt - \$1,598 Amortize bond issue costs - \$(40,247) Convert property taxes to full accrual basis - \$1,295,875 The net effect of these reclassifications and recognitions is to increase net assets.		574,171
<b>19 Net Assets of Governmental Activities</b>	\$	95,798,360

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 38,385,170	\$ 4,294,464	\$ 42,679,634
5800 State Program Revenues	55,320,187	3,921,964	59,242,151
5900 Federal Program Revenues	923,240	15,139,916	16,063,156
5020 Total Revenues	<u>94,628,597</u>	<u>23,356,344</u>	<u>117,984,941</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	52,052,311	9,746,613	61,798,924
0012 Instructional Resources and Media Services	1,691,627	28,247	1,719,874
0013 Curriculum and Instructional Staff Development	1,289,619	651,482	1,941,101
0021 Instructional Leadership	1,036,392	436,702	1,473,094
0023 School Leadership	4,784,137	537,499	5,321,636
0031 Guidance, Counseling and Evaluation Services	3,368,735	1,310,471	4,679,206
0032 Social Work Services	690,875	164,694	855,569
0033 Health Services	479,881	157,930	637,811
0034 Student (Pupil) Transportation	2,202,806	7,766	2,210,572
0035 Food Services	-	5,472,914	5,472,914
0036 Cocurricular/Extracurricular Activities	3,440,628	-	3,440,628
0041 General Administration	2,993,568	1,383	2,994,951
0051 Facilities Maintenance and Operations	11,279,522	466,295	11,745,817
0052 Security and Monitoring Services	242,311	14,982	257,293
0053 Data Processing Services	2,463,784	2,840	2,466,624
0061 Community Services	95,153	267,518	362,671
<b>Debt Service:</b>			
0071 Debt Service - Principal on Long Term Debt	10,202	1,848,081	1,858,283
0072 Debt Service - Interest on Long Term Debt	-	1,295,383	1,295,383
0073 Debt Service - Bond Issuance Cost and Fees	-	8,941	8,941
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	3,816,785	211,637	4,028,422
6030 Total Expenditures	<u>91,938,336</u>	<u>22,631,378</u>	<u>114,569,714</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,690,261</u>	<u>724,966</u>	<u>3,415,227</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7912 Sale of Real and Personal Property	42,577	-	42,577
7915 Transfers In	-	49,712	49,712
8911 Transfers Out (Use)	(49,712)	-	(49,712)
7080 Total Other Financing Sources (Uses)	<u>(7,135)</u>	<u>49,712</u>	<u>42,577</u>
1200 Net Change in Fund Balances	2,683,126	774,678	3,457,804
0100 Fund Balance - September 1 (Beginning)	<u>31,596,979</u>	<u>2,125,421</u>	<u>33,722,400</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 34,280,105</u>	<u>\$ 2,900,099</u>	<u>\$ 37,180,204</u>

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2007

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	3,457,804
The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to decrease net assets.		(518,451)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they are shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements, as follows: Capital outlay - \$6,343,731 Debt principal payments - \$1,858,283 The net effect of removing the 2007 capital outlays and debt principal payments is to increase net assets.		8,202,014
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(3,212,729)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting, as follows: Write off construction in progress noncapital items - \$(706,695) Write off capital assets sold - \$(748) Record increase in compensated absences liability - \$(138,713) Amortize CAB interest accretion, bond premiums & refunding difference - \$163,101 Record decrease in accrued interest payable on bebt - \$1,598 Amortize bond issue costs - \$(40,247) Convert property taxes to full accrual basis - \$14,449 The net effect of these reclassifications and recognitions is to decrease net assets.		(707,255)
<b>Change in Net Assets of Governmental Activities</b>	<u>\$</u>	<u>7,221,383</u>

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2007

EXHIBIT D-1

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 138,781	\$ 2,986,056
Other Receivables	4,681	316,165
Total Current Assets	143,462	3,302,221
Noncurrent Assets:		
Capital Assets:		
Leased Property Under Capital Leases	535,000	-
Depreciation on Capital Leases	(111,458)	-
Restricted Assets	-	240,945
Total Noncurrent Assets	423,542	240,945
Total Assets	567,004	3,543,166
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	8,212	16,856
Due to Other Funds	-	1,458
Accrued Expenses	-	1,194,312
Deferred Revenues	97,453	151,477
Total Current Liabilities	105,665	1,364,103
Noncurrent Liabilities:		
Capital Leases Payable - Due Within One Year	34,355	-
Capital Leases Payable - Due in More than One Year	332,463	-
Total Noncurrent Liabilities	366,818	-
Total Liabilities	472,483	1,364,103
<b>NET ASSETS</b>		
Investments in Capital Assets, Net of Debt	56,724	-
Unrestricted Net Assets	37,797	2,179,063
Total Net Assets	\$ 94,521	\$ 2,179,063

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2007

	Business-Type Activities -	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 161,657	\$ 9,767,797
Total Operating Revenues	<u>161,657</u>	<u>9,767,797</u>
OPERATING EXPENSES:		
Payroll Costs	44,141	-
Professional and Contracted Services	409	1,885,389
Supplies and Materials	49,171	-
Other Operating Costs	53,500	8,595,411
Total Operating Expenses	<u>147,221</u>	<u>10,480,800</u>
Operating Income (Loss)	<u>14,436</u>	<u>(713,003)</u>
NONOPERATING REVENUES (EXPENSES):		
Earnings from Temporary Deposits & Investments	-	194,552
Interest on Capital Lease	(30,749)	-
Total Nonoperating Revenues (Expenses)	<u>(30,749)</u>	<u>194,552</u>
Change in Net Assets	(16,313)	(518,451)
Total Net Assets - September 1 (Beginning)	<u>110,834</u>	<u>2,697,514</u>
Total Net Assets - August 31 (Ending)	<u>\$ 94,521</u>	<u>\$ 2,179,063</u>

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2007

EXHIBIT D-3

	Business-Type Activities	Governmental Activities -
	Total Enterprise Funds	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 143,014	\$ 2,450,543
Cash Received from Assessments - Other Funds	-	6,998,921
Cash Payments to Employees for Services	(44,141)	-
Cash Payments for Insurance Claims	-	(8,546,149)
Cash Payments for Suppliers	(69,641)	(1,885,389)
Cash Payments (to) from Claims Loss Fund	-	(53,350)
Net Cash Provided by (Used for) Operating Activities	<u>29,232</u>	<u>(1,035,424)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Increase(decrease) in Short-term Loans	<u>886</u>	<u>(352,946)</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>		
Retirement of Long Term Debt	(17,551)	-
Interest Paid on Long Term Debt	(30,749)	-
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(48,300)</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>		
Interest and Dividends on Investments	-	194,552
Net Decrease in Cash and Cash Equivalents	(18,182)	(1,193,818)
Cash and Cash Equivalents at Beginning of the Year:	<u>156,963</u>	<u>4,179,874</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 138,781</u>	<u>\$ 2,986,056</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>		
Operating Income (Loss):	\$ 14,436	\$ (713,003)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:		
Depreciation	53,500	-
Effect of Increases and Decreases in Current Assets and Liabilities:		
Decrease (increase) in Receivables	(4,392)	(316,165)
Decrease (increase) in Restricted Assets	-	(53,350)
Increase (decrease) in Accounts Payable	(20,061)	1,675
Increase (decrease) in Deferred Revenues	(14,251)	(2,168)
Increase (decrease) in Accrued Expenses	-	47,587
Net Cash Provided by (Used for) Operating Activities	<u>\$ 29,232</u>	<u>\$ (1,035,424)</u>

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2007

	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 65,623	\$ 412,811
Other Receivables	-	3,323
Total Assets	<u>65,623</u>	<u>\$ 416,134</u>
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 183
Due to Student Groups	-	415,951
Total Liabilities	<u>-</u>	<u>\$ 416,134</u>
<b>NET ASSETS</b>		
Restricted for Scholarships	<u>65,623</u>	
Total Net Assets	<u>\$ 65,623</u>	

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2007

	Private Purpose Trust Fund
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 9,817
Total Additions	<u>9,817</u>
DEDUCTIONS:	
Other Operating Costs	<u>3,700</u>
Total Deductions	<u>3,700</u>
Change in Net Assets	6,117
Total Net Assets - September 1 (Beginning)	<u>59,506</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 65,623</u></u>

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

San Angelo Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with U. S. generally accepted accounting principles 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 it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**I.A. Reporting Entity**

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

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

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the San Angelo Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds and between governmental funds and proprietary funds that represent lending/borrowing arrangements outstanding at year-end appear as due to/due from other funds on the Governmental Fund Balance Sheet, the Proprietary Fund Statement of Net Assets, and the Statement of Fiduciary Net Assets. For the government-wide financial statements, all interfund activities between governmental funds and between governmental funds and internal service funds, except interfund services provided and used, are eliminated. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide Statement of Net Assets as internal balances. Interfund activities between governmental funds and fiduciary funds remain as due to/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. Since the resources in the fiduciary funds

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007

cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental and enterprise funds major and reports their financial position and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

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

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

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

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

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

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

The Proprietary Fund Types and Fiduciary Funds, except Agency Funds, are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. Agency Funds also utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. For Enterprise Funds the District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007

before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

**I.D. Fund Accounting**

The District reports the following major governmental funds:

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

Additionally, the District reports the following fund types:

**Governmental Funds:**

1. Special Revenue Funds – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most federal and some state financial assistance are accounted for in special revenue funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

2. The Capital Project Fund – The capital project fund is used to account for acquisition and construction of capital assets from the proceeds of general obligation bonds. The District's capital project fund is the San Angelo Stadium Paving project.

3. Debt Service Fund – The District accounts for resources accumulated and payments made for principal and interest on general obligation long-term debt of governmental funds in a debt service fund.

4. Permanent Funds – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

**Proprietary Funds:**

5. Enterprise Funds – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has two non-major enterprise funds. The concessions fund reports sales of concessions at athletic events. The Jumbo-Tron fund reports advertising revenues being collected by Daktronics, Inc. as payments on a "capital lease" for a jumbo-tron electronic scoreboard installed at San Angelo Stadium

6. Internal Service Funds – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's two internal service funds are the health insurance fund and the workers compensation fund.

**Fiduciary Funds:**

1. Private Purpose Trust Funds – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District in a private purpose trust fund. The District's private purpose trust fund is the scholarship fund.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2007

2. Pension (and Other Employee Benefit) Trust Funds – These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District has no pension trust funds.

3. Investment Trust Fund - This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the district. The District has no investment trust funds.

4. Agency Funds – The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency fund is student activity.

**I.E. Other Accounting Policies**

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

2. Investments are carried at fair value and temporary investments are reported in cash and cash equivalents in the financial statements. U. S. Treasury and State of Texas obligations are valued at the last reported sales price on a national exchange. State managed local government investment pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, and use amortized cost instead of fair value to report net assets to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of the shares. The State Comptroller of Public Accounts exercises oversight responsibility over the pools. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both pool participants and other persons who do not have a business relationship with the pools. The advisory board members review the investment policy and management fee structure. Year to year changes in the fair value of investments, if any, are shown as an adjustment to investment income. Additional investment information is presented in Note IV.A.

3. The District reports inventories of cafeteria food products and supplies at weighted average cost. Food products and supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. 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. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.

4. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, issuance costs, and difference on advance refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and difference on advance refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The District issued refunding bonds in the fiscal year ended 8/31/2004 of which the 2006 and 2007 maturities were issued at a discount (Capital Appreciation Bonds). Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For the governmental activities debt, the accreted value is recognized as it accrues by fiscal year.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2007

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

5. It is the District's policy to permit some employees to accumulate earned but unused sick pay benefits. The liability for unpaid accumulated sick leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Additional information is disclosed in Note IV.H.

6. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the statements of net assets of proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The District does not have any significant infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction period interest is not capitalized.

Buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Site Improvements	20
Vehicles	10
Equipment	10
Computer Equipment	3

7. The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Liability and vehicle damage risks are covered by participation in the Property and Casualty Alliance of Texas (PCAT). The District has established a modified self-insurance plan to provide health benefits to the employees and their dependents. The plan is accounted for in an internal service fund. Risks from employee injuries on the job are provided through participation in Texas Workers Compensation Solutions. The District's reserves for workers compensation are accounted for in an internal service fund. Unemployment compensation risk is provided for by participation in the Texas Association of School Boards (TASB) Risk Management Funds. Additional disclosures are in Notes IV.J and IV.K.

8. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are adjusted for their prorata share of the Internal Service Funds' operating income or loss to avoid "grossing up" the revenues and expenses of the District as a whole.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED AUGUST 31, 2007

9. 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.

Exhibit C-1 reports amounts reserved and / or designated for “Other Purposes”. The details of these amounts at the current year-end are as follows:

Reserved for Other Purposes:	
Long-Term Investments	\$ 4,509,080
Instructional Technology - Under terms of the agreement with the purchasing district, the gain on the sale of weighted average daily attendance (WADA) can only be expended for instructional technology. The unexpended balance at year-end is reserved.	2,612,188
Total Reserved for Other Purposes	\$ 7,121,268

Designated for Other Purposes:	
Insurance Deductible	\$ 200,000
Central High School Revitalization Project	1,000,000
Equipment Acquisition	285,000
E-Rate Funding Project	1,571,492
Total Designated for Other Purposes	\$ 3,056,492

10. In the government-wide statement of net assets, Exhibit A-1, net assets restricted for “Other Purposes” is composed of the following:

Food Service	\$ 448,114
Instructional Technology	2,612,188
	\$ 3,060,302

11. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.

12. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

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

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
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**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

Exhibit C-2 provides the reconciliation between the fund balances for total governmental funds on the governmental fund balance sheet (Exhibit C-1) and the net assets for governmental activities as reported in the government-wide statement of net assets (Exhibit A-1). The details of the elements are presented in Exhibit C-2 and need no further explanation.

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

Exhibit C-4 provides details of the reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances (Exhibit C-3) and the changes in net assets of governmental activities as reported on the government-wide statement of activities (Exhibit B-1). No further explanations are needed.

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**III.A Deficit Fund Equity**

The following fund had deficit fund equity:

Jumbo-Tron enterprise fund	\$ (40,729)
----------------------------	-------------

The enterprise fund's deficit net assets will be covered by future operating revenues.

**IV. DETAILED NOTES ON ALL FUNDS**

**IV.A. Deposits and Investments**

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

The District's cash deposits at August 31, 2007 and during the year ended August 31, 2007, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: San Angelo National Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$7,642,004.

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- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$4,064,642 and occurred during the month of January 2007.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$200,000.

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

Additional policies governing deposits and investments for San Angelo Independent School District are specified below.

Credit Risk

As of August 31, 2007, the districts investments were diversified in U.S. Treasury securities, governmental agency securities and local government investment pools rated no lower than AAA or AAA-m by at least one nationally recognized rating service as required by the District's investment policy, which follows the Public Funds Investment Act Sec. 2256.016. Ratings of Investments held at 8/31/07 were:

TexPool	Standard & Poor's AAAM
Lone Star Investment Pool Liquidity Plus Fund	Standard & Poor's AAA
MBIA Texas CLASS	Moody's AAA
Texas TERM Texas Daily Fund	Standard & Poor's AAAM

Interest Rate Risk

District investment policy is designed to manage interest rate risk by limiting stated maturity for individual investments to two years unless specifically authorized by the board. The maximum maturity of investments held is 2 years. The investment portfolio is structured to have sufficient liquidity to meet anticipated cash flow requirements.

Custodial Credit Risk

All securities purchased are held in the District's name by the District or its agent. District policy requires clearly marked receipts providing proof of the District's ownership. Policy allows investment pools to hold legal title as custodian of investments purchased by the investment pool with District funds.

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Concentration of Credit Risk

Investments are diversified as required by District policy in terms of maturity scheduling, class of investment, and specific issuer.

The District's investments on August 31, 2007, are shown below. The carrying value is the same as fair value.

Governmental Activities

	Fair Value	Investment Maturities	
		Under 1 yr	1 - 5 yrs
Investments:			
Investment Pools	\$ 25,711,690	\$ 25,711,690	\$ -
U.S. Agency Bonds	5,007,820	2,001,560	3,006,260
U.S. Agency Notes	1,502,820	-	1,502,820
Total Investments	<u>\$ 32,222,330</u>	<u>\$ 27,713,250</u>	<u>\$ 4,509,080</u>
Presented on Balance Sheet / Statement of Net Assets:			
Included in Cash and Cash Equivalents	\$ 25,711,690	\$ 25,711,690	\$ -
Current Investments	2,001,560	2,001,560	-
Long-Term Investments	4,509,080	-	4,509,080
Total Investments	<u>\$ 32,222,330</u>	<u>\$ 27,713,250</u>	<u>\$ 4,509,080</u>

Proprietary and Fiduciary Funds

The district's proprietary and fiduciary funds had investments in local government investment pools, which are included in cash and cash equivalents. Carrying value is the same as fair value.

At August 31, 2007 those funds' investments were:

Internal Service Funds	\$ 3,405,873
Fiduciary Funds	\$ 325,298

**IV.B. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

**IV.C. Delinquent Taxes Receivable**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

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**IV.D. Due from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita programs. Due from other governments at year end were as follows:

	General Fund	Special Revenue Funds	Debt Service Fund	Total
Federal Grants	\$ -	\$ 322,465	\$ -	\$ 322,465
State Entitlements	9,819,655	500,867	3,194	10,323,716
Concho Valley Council of Governments	-	465,876	-	465,876
	<u>\$9,819,655</u>	<u>\$1,289,208</u>	<u>\$ 3,194</u>	<u>\$11,112,057</u>

**IV.E. Interfund Receivables and Payables / Transfers**

1. Interfund balances at August 31, 2007 consisted of the following:

	Due from Other Funds	Due to Other Funds
General Fund:		
Nonmajor Governmental funds	\$ 769,017	\$ 433,326
Internal Service Funds	1,458	-
	<u>770,475</u>	<u>433,326</u>
Nonmajor Governmental funds:		
General Fund	433,326	769,017
Nonmajor Governmental funds	3,423	3,423
	<u>436,749</u>	<u>772,440</u>
Total Governmental funds	<u>1,207,224</u>	<u>1,205,766</u>
Internal Service funds:		
General Fund	-	1,458
Total Internal Service funds	-	1,458
Total All Funds	<u>\$ 1,207,224</u>	<u>\$ 1,207,224</u>

Purposes of the inter-fund balances:

\$769,017 due to General Fund from nonmajor governmental funds is for: \$8,487 parking decals from Campus Activity Fund; and \$760,530 cash overdrafts in the pooled cash account pending receipt of reimbursements from granting agencies.

\$1,458 due to General Fund from internal service funds is for refunded health insurance premiums.

\$433,326 due to nonmajor special revenue funds from the General Fund is for High School Allotment state revenue.

\$3,423 due to nonmajor special revenue funds from nonmajor special revenue funds is for dual credit tuition from Campus Activity Fund to High School Allotment Fund.

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2. Interfund transfers for the current fiscal year: \$49,712 from the General Fund: \$19,075 to San Jacinto Health Clinic special revenue fund to cover deficit fund balance; and, \$30,637 to the San Angelo Stadium Parking Lot capital project fund for cost of drainage study.

**IV.F. Capital Asset Activity**

Governmental Activities

	Beginning Balance	Additions	Reclassifi- cations	Dispositions	Ending Balance
<u>Assets Not Being Depreciated</u>					
Land	\$ 5,354,025	\$ 31,555	\$ -	\$ -	\$ 5,385,580
Held for Sale - Travis Elem	141,618	-	-	-	141,618
Idle facility - Old Lincoln JH	712,157	-	-	-	712,157
Construction in Progress	103,449	4,811,405	(4,642,421)	-	272,433
Total Not Being Depreciated	6,311,249	4,842,960	(4,642,421)	-	6,511,788
<u>Assets Being Depreciated</u>					
Buildings & Improvements	105,056,179	254,991	2,847,805	(490,636)	107,668,339
Furniture and Equipment	13,504,690	1,245,780	1,087,921	(341,848)	15,496,543
	118,560,869	1,500,771	3,935,726	(832,484)	123,164,882
<u>Accumulated Depreciation</u>					
Buildings & Improvements	(38,198,687)	(1,994,739)	-	490,636	(39,702,790)
Furniture and Equipment	(7,716,227)	(1,217,990)	-	341,100	(8,593,117)
	(45,914,914)	(3,212,729)	-	831,736	(48,295,907)
Total Being Depreciated, Net	72,645,955	(1,711,958)	3,935,726	(748)	74,868,975
Total Capital Assets, Net	\$78,957,204	\$ 3,131,002	\$ (706,695)	\$ (748)	\$81,380,763

The "reclassifications" column above is to reclassify completed construction in progress projects. The \$706,695 is the total of items not meeting the capitalization policy, and which has been charged to appropriate functional expenses in the government-wide statement of activities.

The \$748 is the adjusted basis of capital assets sold, and is offset against sale proceeds of \$25,269 for a gain on the sales of \$24,521. This amount is included in Exhibit B-1 miscellaneous local and intermediate revenue.

The ending construction in progress consists of the following:

San Jacinto Clinic	\$ 19,075
Telephone Systems	29,208
San Angelo Stadium Parking Lot	30,637
E-Rate Funded LANs	190,261
WADA Gain Funded project	3,252
	<u>\$ 272,433</u>

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Business-Type Activities

	Beginning Balance	Additions	Dispositions	Ending Balance
<u>Assets Being Depreciated</u>				
Furniture and Equipment acquired by capital lease	\$ 535,000	\$ -	\$ -	\$535,000
<u>Accumulated Depreciation</u>				
Furniture and Equipment acquired by capital lease	(57,958)	(53,500)	-	(111,458)
Total Capital Assets, Net	<u>\$ 477,042</u>	<u>\$ (53,500)</u>	<u>\$ -</u>	<u>\$423,542</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

Instruction	\$ 1,732,978
Instructional Resources	45,592
Curriculum Development & Staff Development	20,202
Instructional Leadership	20,202
School Leadership	161,145
Guidance Counseling & Evaluation	43,379
Social Work Services	29,905
Student Transportation	337,205
Food Service	92,022
Cocurricular/Extracurricular	197,052
General Administration	24,979
Plant Maintenance & Operations	225,132
Security & Monitoring Services	36,782
Data Processing Services	244,475
Community Services	1,679
Total Depreciation Expense - Governmental Activities	<u>\$ 3,212,729</u>

**IV.G. Deferred / Unearned Revenue**

Deferred / Unearned Revenue at year-end consisted of the following:

	General Fund	Special Rev Funds	Debt Svce Fund	Total
Net Property Taxes	\$ 1,213,501	\$ -	\$ 82,374	\$ 1,295,875
Season Ticket Sales	25,433	-	-	25,433
Rent, Fees, Bid Bond	306,250	17,494	-	323,744
State Revenues	-	213,999	-	213,999
USDA Donated Commodities on Hand	-	406,525	-	406,525
Total Exhibit C-1 - Deferred Revenue	<u>\$ 1,545,184</u>	<u>\$ 638,018</u>	<u>\$ 82,374</u>	2,265,576
Internal Service Funds: Employee Medical Insurance Premiums				151,477
Enterprise Funds: Advertising Revenue for Subsequent Fiscal Year Athletic Events				97,453
Net Property Taxes Recognized				(1,295,875)
Total Exhibit A-1 - Unearned Revenue				<u>\$ 1,218,631</u>

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**IV.H. Long-Term Debt**

Long-term debt includes par bonds, capital appreciation bonds (CAB), interest free loans from EPA, vested sick leave benefits, and capital lease obligations.

The District has entered into a continuing disclosure undertaking whereby its financial advisor, First Southwest Company in Dallas, Texas provides the District's annual financial reports and material events notices to DisclosureUSA, an online repository. The disclosures can be accessed on the websites of DisclosureUSA, Texas Municipal Advisory Council, and First Southwest Company. This information is required under SEC Rule No. 240.15c2-12 to enable investors to analyze the financial conditions and operations of the District.

Following is a summary of changes in general long-term debt for the current fiscal year:

Governmental Activities

Description	Beginning	New Debt	Debt Retired	Ending	Due Within One Year
Par Bonds Payable - Face	\$25,915,000	\$ -	\$ (720,000)	\$25,195,000	\$2,060,000
CAB - Original Proceeds	1,128,081	-	(1,128,081)	-	-
Total Bond Principal	27,043,081	-	(1,848,081)	25,195,000	2,060,000
Accretion of Interest on CAB	148,495	-	(148,495)	-	-
Bond Premiums	1,023,355	-	(169,695)	853,660	-
Difference on Refunding	(896,476)	-	155,089	(741,387)	-
Net Bonds Payable	27,318,455	-	(2,011,182)	25,307,273	2,060,000
Loans Payable	10,202	-	(10,202)	-	-
Vested Sick Leave	974,188	238,961	(100,248)	1,112,901	105,000
Totals	\$28,302,845	\$ 238,961	\$ (2,121,632)	\$26,420,174	\$2,165,000

Business-Type Activities

Description	Beginning	New Debt	Debt Retired	Ending	Due Within One Year
Capital Lease Payable	\$ 384,369	\$ -	\$ (17,551)	\$ 366,818	\$ 34,355

1. Bonds Payable

Bonded indebtedness of the District is accounted for internally in its General Long-Term Debt fund. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Outstanding bonds payable at year-end are as follows (**amounts are in \$1,000's**):

Issue	Original Principal	Final Maturity	Interest Rate	Interest Curr. Yr.	Outstanding at Year-End				
					Face	Int. Accr.	Prem.	Ref. Diff.	Net
Par Bonds:									
1997 Sch Bldg Bonds	9,700	02/15/17	4.2-6.7%	\$ 256	\$ 4,835	\$ -	\$ -	\$ -	\$ 4,835
2004 Refunding Bonds	14,315	02/15/16	2.5-5.0%	596	14,170	-	738	(741)	14,167
2005 Refunding Bonds	6,970	02/15/21	3.6-4.5%	249	6,190	-	115	-	6,305
Total Par Bonds				1,101	25,195	-	853	(741)	25,307
2004 Ref Bonds - CAB	1,260	02/15/07	None	28,424	-	-	-	-	-
Total Bonds Payable				\$29,525	\$25,195	\$ -	\$ 853	\$ (741)	\$25,307

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Debt service requirements for the three bond issues are as follows:

Fiscal Year	Principal	Interest	Total
2008	\$ 2,060,000	\$ 1,059,049	\$ 3,119,049
2009	2,125,000	977,126	3,102,126
2010	2,195,000	888,606	3,083,606
2011	2,270,000	793,114	3,063,114
2012	2,355,000	686,179	3,041,179
2013-2017	11,575,000	1,748,497	13,323,497
2018-2021	2,615,000	212,248	2,827,248
	<u>\$ 25,195,000</u>	<u>\$ 6,364,819</u>	<u>\$ 31,559,819</u>

\$1,238,235 is available in the Debt Service Fund for bonded debt service.

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2007.

#### 2. Loans Payable

The District had one outstanding long-term interest free loan from the Environmental Protection Agency for Asbestos Abatement in Schools as authorized by Section 20.49 of the Texas Education Code. The loan is accounted for internally in the District's General Long-term Debt fund and the principal payments are reported in the General Fund. The \$10,202 balance of the loan was paid off December 31, 2006.

#### 3. Vested Sick Leave

Upon retirement or death of certain employees, the District pays for a portion of accrued sick leave earned while employed by the District in a lump sum cash payment to such employee or his/her estate. Payments for and usage of vested sick leave has been typically accounted for in the General Fund.

Any additions for new entrants and salary increments and the deductions for payments to and use of prior accumulations are shown in the "New Debt" and "Debt Retired" columns, respectively, of the above summary of changes in general long-term debt. The District estimates that the amount of compensated absences due within one year is \$105,000, based on the payoffs budgeted in the next fiscal year.

#### 4. Capital Leases

The District entered into an agreement with Daktronics, Inc. (Daktronics) whereby the District received a jumbo-tron electronic scoreboard in exchange for granting exclusive rights to advertising revenues sufficient to pay for the scoreboard to Daktronics over a period of ten years. The transaction is being reported in an enterprise fund as a capital lease.

Debt service requirements for the capital lease are as follows:

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Fiscal Year	Principal	Interest	Total
2008	\$ 34,355	\$ 29,345	\$ 63,700
2009	31,103	26,597	57,700
2010	104,846	24,109	128,955
2011	41,979	15,721	57,700
2012	45,337	12,363	57,700
2013-14	109,198	14,143	123,341
	<u>\$ 366,818</u>	<u>\$ 122,278</u>	<u>\$ 489,096</u>

**IV.I. Defined Benefit Pension Plan**

**Plan Description.** San Angelo Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Art. XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively.

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

**Funding Policy.** State law provides for fiscal years 2005, 2006, and 2007 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.0% contribution. 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 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. The District recognizes a revenue and an expenditure for the amount of contributions made to TRS by the State on behalf of the District's employees. State contributions to TRS made on behalf of San Angelo Independent School District's employees for the years ended August 31, 2005, 2006 and 2007 were \$3,562,724, \$3,546,673, and \$3,808,964 respectively. San Angelo Independent School District paid additional state contributions for the years ended August 31, 2005, 2006, and 2007 in the amount of \$1,117,703, \$1,343,172, and \$1,372,491 respectively, of federally funded contributions, on the portion of the employees' salaries that exceeded the statutory minimum, state contribution for new members in their first 90 days of employment, and an additional entity contribution of 0.55% on all TRS subject wages.

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**IV.J. Self-Insurance Plans**

1. Health Care Coverage

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Health Insurance Fund (the "Fund"), an internal service fund of the District. Partial staff member contributions are required for personal coverage and total staff member contributions are required for coverage of dependents. The District obtained excess loss insurance which limited annual claims paid from the Fund for the year ended August 31, 2007, to \$100,000 (no change from the prior year) with a lifetime maximum of \$1,000,000 for any individual participant; and an annual aggregate deductible of \$9,385,567 (changed from a minimum aggregate deductible of the greater of a) \$7,617,683 or b) 90% of the monthly aggregate deductible for the first month of the policy year, then multiplied by 12 for the prior year). Stop loss reimbursements for claims in excess of the limits amounted to \$70,733, \$154,900, and \$698,440 during fiscal years ended August 31, 2005, 2006, and 2007, respectively.

2. Workers Compensation Coverage

Beginning with fiscal year 2004, the District's statutory workers compensation obligation was met with participation through inter-local agreement in the Texas Workers Compensation Solutions Program (TWCS or the Program). Transactions of this plan are accounted for in the Workers Compensation Fund, an internal service fund of the District. TWCS provides a non-profit contractual mechanism by which each Program member provides self-insurance to extend workers compensation benefits to its employees through an inter-local agreement with other Districts. The District must contribute to the Program its share of fixed program costs based on a pro-rata share of its covered payroll costs. The District places on deposit with the TWCS an amount equal to 10% of the District's maximum loss fund. The District must maintain at least a 5% balance in its claims fund at all times. The District's maximum possible loss and claims incurred are actuarially determined for each program year. Additionally, member districts would share proportionately in excess claims should any member exceed its maximum loss fund of the Program. The TWCS program purchases specific and aggregate re-insurance to protect the program if claims exceed the member districts' maximum loss funds. TWCS contracts annually for an independent audit of its financial statements and an actuarial study to provide estimates necessary for its financial statements and program operations. Then reports are presented and approved by the TWCS Board in January after its fiscal year end of August 31 and are available at the TWCS office located at 1002 Marble Heights Drive, Marble Falls Texas.

3. Changes in Claims Liabilities

Estimates of claims payable and of claims incurred, but not reported at August 31, 2007, are reflected as accounts and claims payable of the plans funds. The plans are funded to discharge liabilities of the funds as they become due.

Changes in the balances of claims liabilities during the past two years are as follows:

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	Health Insurance	Workers Compensation	Total
August 31, 2005	\$1,290,245	\$ 735,830	\$2,026,075
FY 2006:			
Incurred Claims - Including IBNR	7,395,481	292,135	7,687,616
Claim Payments - Net of Stop Loss Reimbursements	(8,133,879)	(433,087)	(8,566,966)
August 31, 2006	551,847	594,878	1,146,725
FY 2007:			
Incurred Claims - Including IBNR	8,194,713	400,699	8,595,412
Claim Payments - Net of Stop Loss Reimbursements	(8,272,143)	(275,682)	(8,547,825)
August 31, 2007	<u>\$ 474,417</u>	<u>\$ 719,895</u>	<u>\$1,194,312</u>

**IV.K. Participation in Risk Management Pools**

1. Unemployment Compensation

During the year ended August 31, 2007, the District provided unemployment compensation coverage to its employees through participation in the Texas Association of School Boards (TASB) Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for Unemployment Compensation pool members. There were no significant changes in coverages from the prior year. No claims exceeded the coverages in the past three years.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2006, are available at the TASB offices and have been filed with the Texas State Board of Insurance in Austin, Texas.

**IV.L. Revenue from Local and Intermediate Sources**

During the current year, revenues from local and intermediate sources for governmental funds consisted of the following:

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	General Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	\$34,941,067	\$ -	\$1,785,310	\$36,726,377
Penalty, Interest and Other				
Tax-Related Revenue	432,984	-	18,273	451,257
Gain From Sale of WADA	33,459	-	-	33,459
Tuition and Fees	89,547	33,917	-	123,464
Investment Earnings	2,134,719	62,352	91,195	2,288,266
Rental Revenues	94,967	-	-	94,967
Gifts and Bequests	-	42,054	-	42,054
Food Sales	-	1,727,874	-	1,727,874
Sale of Surplus Items	9,833	-	-	9,833
Co-curricular and Enterprising				
Activities	191,127	468,109	-	659,236
Former CED Collections	934	-	-	934
E-Rate reimbursements	257,123	-	-	257,123
Sale of Curriculum	82,390	-	-	82,390
Other Local Revenues	117,020	38,629	26,751	182,400
Totals	<u>\$38,385,170</u>	<u>\$2,372,935</u>	<u>\$1,921,529</u>	<u>\$42,679,634</u>

**V. CONTINGENCIES**

**V.A. Federal Assistance Programs**

Amounts received or receivable from grantor agencies are subject to adjustments by the grantor agencies, principally the federal government, upon review of audit reports on those programs. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantors, cannot be determined at this time.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 36,895,000	\$ 37,120,000	\$ 38,385,170	\$ 1,265,170
5800	State Program Revenues	53,430,000	55,040,000	55,320,187	280,187
5900	Federal Program Revenues	645,000	935,000	923,240	(11,760)
5020	Total Revenues	90,970,000	93,095,000	94,628,597	1,533,597
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	52,915,271	53,905,507	52,052,311	1,853,196
0012	Instructional Resources and Media Services	1,760,290	1,782,100	1,691,627	90,473
0013	Curriculum and Instructional Staff Development	1,277,027	1,333,333	1,289,619	43,714
0021	Instructional Leadership	1,086,699	1,063,780	1,036,392	27,388
0023	School Leadership	4,893,860	4,888,769	4,784,137	104,632
0031	Guidance, Counseling and Evaluation Services	3,406,420	3,414,815	3,368,735	46,080
0032	Social Work Services	678,442	720,293	690,875	29,418
0033	Health Services	444,168	491,060	479,881	11,179
0034	Student (Pupil) Transportation	2,410,942	2,324,842	2,202,806	122,036
0036	Cocurricular/Extracurricular Activities	3,248,507	3,445,556	3,440,628	4,928
0041	General Administration	3,062,711	3,137,999	2,993,568	144,431
0051	Facilities Maintenance and Operations	11,203,262	11,335,992	11,279,522	56,470
0052	Security and Monitoring Services	242,000	252,000	242,311	9,689
0053	Data Processing Services	1,967,103	2,642,554	2,463,784	178,770
0061	Community Services	82,298	100,798	95,153	5,645
<b>Debt Service:</b>					
0071	Debt Service - Principal on Long Term Debt	10,203	10,203	10,202	1
0073	Debt Service - Bond Issuance Cost and Fees	797	797	-	797
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	2,280,000	4,029,761	3,816,785	212,976
6030	Total Expenditures	90,970,000	94,880,159	91,938,336	2,941,823
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,785,159)	2,690,261	4,475,420
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	-	42,577	42,577
8911	Transfers Out (Use)	-	-	(49,712)	(49,712)
7080	Total Other Financing Sources (Uses)	-	-	(7,135)	(7,135)
1200	Net Change in Fund Balances	-	(1,785,159)	2,683,126	4,468,285
0100	Fund Balance - September 1 (Beginning)	-	31,596,979	31,596,979	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ 29,811,820	\$ 34,280,105	\$ 4,468,285

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED AUGUST 31, 2007

The Board of Trustees adopts an "appropriated budget" on the GAAP basis for the General Fund, the Debt Service Fund and the Child Nutrition Program Fund (a nonmajor Special Revenue Fund). The District is required to present the original adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund budget report appears in this section as Exhibit G-1 and the other two reports are in the T.E.A. Required Schedules as Exhibits J-4 and J-5.

**BUDGETARY PROCESS**

Prior to August 20, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.

Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. All budget appropriations lapse at year end. The budgets were amended shortly after the beginning of the year to adjust the beginning fund balances to actual after prior year end adjustments. The General Fund budget was also amended during the year to reflect revised revenue estimates and provide for supplemental appropriations and reallocations between functions (net increase in expenditures of \$3,910,159).

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The General Fund had excess of expenditure over appropriation of \$49,712 for Transfers Out.

**RECONCILIATION OF SPECIAL REVENUE FUND BALANCES**

Nonappropriated Budget Funds:	
Summer Feeding Program	\$ 48,868
Child and Adult Care Feeding Program	4,469
Texas Successful Schools Program	49
Advanced Placement Incentives	4,213
High School Allotment Fund	453,091
AP / Read to Succeed	1,613
Campus Activity Funds	205,484
Fieldhouse Contribution Fund	87,054
	<hr/>
	804,841
Appropriated Budget Fund – Child Nutrition Program	857,023
Total Special Revenue Fund Balances	<hr/> <u>\$ 1,661,864</u>

## **COMBINING AND OTHER STATEMENTS**

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ 519	\$ -	\$ -
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240 Due from Other Governments	5,598	331,983	74,420	6,335
1260 Due from Other Funds	-	-	-	-
1290 Other Receivables	-	-	-	-
1300 Inventories	-	-	-	-
1410 Deferred Expenditures	-	-	-	-
1000 Total Assets	<u>\$ 5,598</u>	<u>\$ 332,502</u>	<u>\$ 74,420</u>	<u>\$ 6,335</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110 Accounts Payable	\$ -	\$ 24,230	\$ 426	\$ -
2160 Accrued Wages Payable	-	-	-	-
2170 Due to Other Funds	5,598	307,753	73,994	6,335
2180 Due to Other Governments	-	-	-	-
2190 Due to Student Groups	-	-	-	-
2300 Deferred Revenues	-	519	-	-
2000 Total Liabilities	<u>5,598</u>	<u>332,502</u>	<u>74,420</u>	<u>6,335</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	-	-	-	-
3420 Retirement of Long Term Debt	-	-	-	-
3450 Food Service	-	-	-	-
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 5,598</u>	<u>\$ 332,502</u>	<u>\$ 74,420</u>	<u>\$ 6,335</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	242 Summer Feeding Program	243 Vocational Ed Technical Preparation	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting
\$ 5,182	\$ 292	\$ -	\$ 412,153	\$ 48,868	\$ 5	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
86,856	-	1,466	76,470	-	-	41,867	13,328
-	-	-	-	-	-	-	-
-	-	-	2,730	-	-	-	-
-	-	-	815,434	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 92,038</u>	<u>\$ 292</u>	<u>\$ 1,466</u>	<u>\$ 1,306,787</u>	<u>\$ 48,868</u>	<u>\$ 5</u>	<u>\$ 41,867</u>	<u>\$ 13,328</u>
\$ 4,799	\$ -	\$ -	\$ 43,239	\$ -	\$ -	\$ 1,947	\$ -
-	-	-	-	-	-	-	-
82,057	-	1,466	-	-	-	39,920	13,328
5,182	292	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	406,525	-	5	-	-
<u>92,038</u>	<u>292</u>	<u>1,466</u>	<u>449,764</u>	<u>-</u>	<u>5</u>	<u>41,867</u>	<u>13,328</u>
-	-	-	408,909	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	448,114	-	-	-	-
-	-	-	-	48,868	-	-	-
-	-	-	857,023	48,868	-	-	-
<u>\$ 92,038</u>	<u>\$ 292</u>	<u>\$ 1,466</u>	<u>\$ 1,306,787</u>	<u>\$ 48,868</u>	<u>\$ 5</u>	<u>\$ 41,867</u>	<u>\$ 13,328</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

Data Control Codes	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs	289 Other Federal Special Revenue Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 5,619
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Due from Other Governments	1,581	-	-	148,437
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1410	Deferred Expenditures	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 1,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,056</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 923
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	1,581	-	-	148,664
2180	Due to Other Governments	-	-	-	-
2190	Due to Student Groups	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>1,581</u>	<u>-</u>	<u>-</u>	<u>149,587</u>
Fund Balances:					
Reserved For:					
3410	Investments in Inventory	-	-	-	-
3420	Retirement of Long Term Debt	-	-	-	-
3450	Food Service	-	-	-	-
Unreserved and Undesignated:					
3610	Reported in Special Revenue Funds	-	-	-	4,469
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,469</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,581</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,056</u>

392 Non-Ed. Community Based Support	393 Texas Successful Schools Prog.	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	409 Basic Skills Program High School	411 Technology Allotment
\$ -	\$ 66	\$ 12,220	\$ 4,213	\$ -	\$ -	\$ -	\$ 204,396
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,787	81,562	-	-
-	-	-	-	-	-	-	-
150	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	250,739
<u>\$ 150</u>	<u>\$ 66</u>	<u>\$ 12,220</u>	<u>\$ 4,213</u>	<u>\$ 2,787</u>	<u>\$ 81,562</u>	<u>\$ -</u>	<u>\$ 455,135</u>
\$ -	\$ 17	\$ -	\$ -	\$ -	\$ 67,391	\$ -	\$ 251,228
-	-	-	-	-	-	-	-
150	-	-	-	2,787	14,171	-	-
-	-	-	-	-	-	-	2,652
-	-	-	-	-	-	-	-
-	-	12,220	-	-	-	-	201,255
<u>150</u>	<u>17</u>	<u>12,220</u>	<u>-</u>	<u>2,787</u>	<u>81,562</u>	<u>-</u>	<u>455,135</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	49	-	4,213	-	-	-	-
<u>-</u>	<u>49</u>	<u>-</u>	<u>4,213</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 150</u>	<u>\$ 66</u>	<u>\$ 12,220</u>	<u>\$ 4,213</u>	<u>\$ 2,787</u>	<u>\$ 81,562</u>	<u>\$ -</u>	<u>\$ 455,135</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2007

Data Control Codes	419 Head Start Ready To Read	427 Texas Educ. Excellence Award Prog.	428 High School Allotment	429 AP / Read to Succeed
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 1,613
1220 Property Taxes - Delinquent	-	-	-	-
1230 Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240 Due from Other Governments	-	385,089	31,429	-
1260 Due from Other Funds	-	-	436,749	-
1290 Other Receivables	55,485	-	-	-
1300 Inventories	-	-	-	-
1410 Deferred Expenditures	-	-	-	-
1000 Total Assets	<u>\$ 55,485</u>	<u>\$ 385,089</u>	<u>\$ 468,178</u>	<u>\$ 1,613</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110 Accounts Payable	\$ -	\$ -	\$ 7,740	\$ -
2160 Accrued Wages Payable	-	385,089	-	-
2170 Due to Other Funds	55,379	-	7,347	-
2180 Due to Other Governments	106	-	-	-
2190 Due to Student Groups	-	-	-	-
2300 Deferred Revenues	-	-	-	-
2000 Total Liabilities	<u>55,485</u>	<u>385,089</u>	<u>15,087</u>	<u>-</u>
Fund Balances:				
Reserved For:				
3410 Investments in Inventory	-	-	-	-
3420 Retirement of Long Term Debt	-	-	-	-
3450 Food Service	-	-	-	-
Unreserved and Undesignated:				
3610 Reported in Special Revenue Funds	-	-	453,091	1,613
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>453,091</u>	<u>1,613</u>
4000 Total Liabilities and Fund Balances	<u>\$ 55,485</u>	<u>\$ 385,089</u>	<u>\$ 468,178</u>	<u>\$ 1,613</u>

461 Campus Activity Funds	497 Fieldhouse Fund	498 San Jacinto Clinic	Total Nonmajor Special Revenue Funds	511 Debt Service Fund	619 S. A. Stadium Paving Capital Proj	Total Nonmajor Governmental Funds
\$ 243,705	\$ 87,054	\$ -	\$ 1,025,905	\$ 1,221,136	\$ -	\$ 2,247,041
-	-	-	-	95,281	-	95,281
-	-	-	-	(3,907)	-	(3,907)
-	-	-	1,289,208	3,194	-	1,292,402
-	-	-	436,749	-	-	436,749
-	-	-	58,365	4,905	-	63,270
-	-	-	815,434	-	-	815,434
-	-	-	250,739	-	-	250,739
<u>\$ 243,705</u>	<u>\$ 87,054</u>	<u>\$ -</u>	<u>\$ 3,876,400</u>	<u>\$ 1,320,609</u>	<u>\$ -</u>	<u>\$ 5,197,009</u>
\$ 8,315	\$ -	\$ -	\$ 410,255	\$ -	\$ -	\$ 410,255
-	-	-	385,089	-	-	385,089
11,910	-	-	772,440	-	-	772,440
-	-	-	8,232	-	-	8,232
502	-	-	502	-	-	502
17,494	-	-	638,018	82,374	-	720,392
<u>38,221</u>	<u>-</u>	<u>-</u>	<u>2,214,536</u>	<u>82,374</u>	<u>-</u>	<u>2,296,910</u>
-	-	-	408,909	-	-	408,909
-	-	-	-	1,238,235	-	1,238,235
-	-	-	448,114	-	-	448,114
205,484	87,054	-	804,841	-	-	804,841
<u>205,484</u>	<u>87,054</u>	<u>-</u>	<u>1,661,864</u>	<u>1,238,235</u>	<u>-</u>	<u>2,900,099</u>
<u>\$ 243,705</u>	<u>\$ 87,054</u>	<u>\$ -</u>	<u>\$ 3,876,400</u>	<u>\$ 1,320,609</u>	<u>\$ -</u>	<u>\$ 5,197,009</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	205 Head Start	211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ 21	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	59,834	2,380,350	3,732,081	78,033
5020 Total Revenues	<u>59,834</u>	<u>2,380,371</u>	<u>3,732,081</u>	<u>78,033</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	19,445	1,086,595	3,157,494	3,969
0012 Instructional Resources and Media Services	-	-	28,123	-
0013 Curriculum and Instructional Staff Development	13,492	100,971	96,347	-
0021 Instructional Leadership	-	-	207,763	73,985
0023 School Leadership	-	334,246	-	-
0031 Guidance, Counseling and Evaluation Services	14,711	43,515	160,873	-
0032 Social Work Services	-	121,507	-	-
0033 Health Services	-	114,669	8,345	-
0034 Student (Pupil) Transportation	-	3,241	-	-
0035 Food Services	-	74,651	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	267,043	-	-
0052 Security and Monitoring Services	12,186	2,796	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	50,137	73,136	79
<b>Debt Service:</b>				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	181,000	-	-
6030 Total Expenditures	<u>59,834</u>	<u>2,380,371</u>	<u>3,732,081</u>	<u>78,033</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	242 Summer Feeding Program	243 Vocational Ed Technical Preparation	244 Vocational Ed Basic Grant	255 ESEA II,A Training and Recruiting
\$ -	\$ -	\$ 809	\$ 1,774,075	\$ 4,781	\$ -	\$ -	\$ -
-	-	-	119,847	-	-	-	-
2,819,820	113,269	2,052	3,257,701	124,295	2,970	213,831	929,090
<u>2,819,820</u>	<u>113,269</u>	<u>2,861</u>	<u>5,151,623</u>	<u>129,076</u>	<u>2,970</u>	<u>213,831</u>	<u>929,090</u>
1,784,086	113,269	-	-	-	2,970	108,234	831,191
-	-	-	-	-	-	-	-
73,341	-	-	-	-	-	51,317	39,797
88,074	-	2,861	-	-	-	3,265	46,649
-	-	-	-	-	-	-	-
813,928	-	-	-	-	-	51,015	-
-	-	-	-	-	-	-	-
26,722	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	4,946,995	111,570	-	-	-
-	-	-	-	-	-	-	-
3,621	-	-	190,418	3,497	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
30,048	-	-	-	-	-	-	11,453
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,819,820</u>	<u>113,269</u>	<u>2,861</u>	<u>5,137,413</u>	<u>115,067</u>	<u>2,970</u>	<u>213,831</u>	<u>929,090</u>
-	-	-	14,210	14,009	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	14,210	14,009	-	-	-
-	-	-	842,813	34,859	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 857,023</u>	<u>\$ 48,868</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	262 Title II, D Education Technology	263 Title III, A English Lang. Acquisition	269 Title V, Pt.A Innovative Programs	289 Other Federal Special Revenue Funds
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	44,470	103,119	23,781	1,255,220
5020 Total Revenues	<u>44,470</u>	<u>103,119</u>	<u>23,781</u>	<u>1,255,220</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	7,798	71,049	15,873	841,744
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	33,195	30,783	7,405	23,099
0021 Instructional Leadership	-	1,287	-	-
0023 School Leadership	-	-	-	22,042
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0032 Social Work Services	-	-	-	43,187
0033 Health Services	-	-	-	8,194
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	338,887
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	600
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	2,840	-	-	-
0061 Community Services	637	-	503	586
<b>Debt Service:</b>				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>44,470</u>	<u>103,119</u>	<u>23,781</u>	<u>1,278,339</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,119)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	-	(23,119)
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,588</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,469</u>

392 Non-Ed. Community Based Support	393 Texas Successful Schools Prog.	394 Pregnancy, Education and Parenting	397 Advanced Placement Incentives	401 Optional Extended Year Program	404 Student Success Initiative	409 Basic Skills Program High School	411 Technology Allotment
\$ -	\$ -	\$ 37,139	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	63,800	3,400	52,294	277,045	8,337	341,370
-	-	-	-	-	-	-	-
-	-	100,939	3,400	52,294	277,045	8,337	341,370
-	62	-	-	36,468	198,658	7,156	341,370
-	-	-	-	-	-	-	-
-	-	-	144	-	74,696	-	-
-	-	-	-	-	3,691	-	-
-	-	-	-	11,301	-	-	-
-	-	-	-	-	-	1,181	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,525	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	100,939	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	62	100,939	144	52,294	277,045	8,337	341,370
-	(62)	-	3,256	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(62)	-	3,256	-	-	-	-
-	111	-	957	-	-	-	-
\$ -	\$ 49	\$ -	\$ 4,213	\$ -	\$ -	\$ -	\$ -

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	419 Head Start Ready To Read	427 Texas Educ. Excellence Award Prog.	428 High School Allotment	429 AP / Read to Succeed
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ 33,917	\$ -
5800 State Program Revenues	55,485	385,089	1,141,687	154
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>55,485</u>	<u>385,089</u>	<u>1,175,604</u>	<u>154</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	-	385,089	446,363	-
0012 Instructional Resources and Media Services	-	-	-	124
0013 Curriculum and Instructional Staff Development	55,485	-	50,902	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	225,248	-
0032 Social Work Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
<b>Debt Service:</b>				
0071 Debt Service - Principal on Long Term Debt	-	-	-	-
0072 Debt Service - Interest on Long Term Debt	-	-	-	-
0073 Debt Service - Bond Issuance Cost and Fees	-	-	-	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>55,485</u>	<u>385,089</u>	<u>722,513</u>	<u>124</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	453,091	30
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	-	453,091	30
0100 Fund Balance - September 1 (Beginning)	-	-	-	1,583
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 453,091</u>	<u>\$ 1,613</u>

461 Campus Activity Funds	497 Fieldhouse Fund	498 San Jacinto Clinic	Total Nonmajor Special Revenue Funds	511 Debt Service Fund	619 S. A. Stadium Paving Capital Proj	Total Nonmajor Governmental Funds
\$ 480,139	\$ 42,054	\$ -	\$ 2,372,935	\$ 1,921,529	\$ -	\$ 4,294,464
-	-	-	2,448,508	1,473,456	-	3,921,964
-	-	-	15,139,916	-	-	15,139,916
<u>480,139</u>	<u>42,054</u>	<u>-</u>	<u>19,961,359</u>	<u>3,394,985</u>	<u>-</u>	<u>23,356,344</u>
287,730	-	-	9,746,613	-	-	9,746,613
-	-	-	28,247	-	-	28,247
508	-	-	651,482	-	-	651,482
9,127	-	-	436,702	-	-	436,702
169,910	-	-	537,499	-	-	537,499
-	-	-	1,310,471	-	-	1,310,471
-	-	-	164,694	-	-	164,694
-	-	-	157,930	-	-	157,930
-	-	-	7,766	-	-	7,766
811	-	-	5,472,914	-	-	5,472,914
1,383	-	-	1,383	-	-	1,383
1,116	-	-	466,295	-	-	466,295
-	-	-	14,982	-	-	14,982
-	-	-	2,840	-	-	2,840
-	-	-	267,518	-	-	267,518
-	-	-	-	1,848,081	-	1,848,081
-	-	-	-	1,295,383	-	1,295,383
-	-	-	-	8,941	-	8,941
-	-	-	181,000	-	30,637	211,637
<u>470,585</u>	<u>-</u>	<u>-</u>	<u>19,448,336</u>	<u>3,152,405</u>	<u>30,637</u>	<u>22,631,378</u>
<u>9,554</u>	<u>42,054</u>	<u>-</u>	<u>513,023</u>	<u>242,580</u>	<u>(30,637)</u>	<u>724,966</u>
-	-	19,075	19,075	-	30,637	49,712
-	-	19,075	19,075	-	30,637	49,712
9,554	42,054	19,075	532,098	242,580	-	774,678
195,930	45,000	(19,075)	1,129,766	995,655	-	2,125,421
<u>\$ 205,484</u>	<u>\$ 87,054</u>	<u>\$ -</u>	<u>\$ 1,661,864</u>	<u>\$ 1,238,235</u>	<u>\$ -</u>	<u>\$ 2,900,099</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2007

	753	770	
	Insurance	Workers Compensation	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,254,579	\$ 731,477	\$ 2,986,056
Other Receivables	316,165	-	316,165
Total Current Assets	<u>2,570,744</u>	<u>731,477</u>	<u>3,302,221</u>
Noncurrent Assets:			
Restricted Assets	-	240,945	240,945
Total Noncurrent Assets	<u>-</u>	<u>240,945</u>	<u>240,945</u>
Total Assets	<u>2,570,744</u>	<u>972,422</u>	<u>3,543,166</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	16,856	16,856
Due to Other Funds	1,458	-	1,458
Accrued Expenses	474,417	719,895	1,194,312
Deferred Revenues	151,477	-	151,477
Total Liabilities	<u>627,352</u>	<u>736,751</u>	<u>1,364,103</u>
<b>NET ASSETS</b>			
Unrestricted Net Assets	<u>1,943,392</u>	<u>235,671</u>	<u>2,179,063</u>
Total Net Assets	<u>\$ 1,943,392</u>	<u>\$ 235,671</u>	<u>\$ 2,179,063</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

	753 Insurance	770 Workers Compensation	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 9,392,620	\$ 375,177	\$ 9,767,797
Total Operating Revenues	<u>9,392,620</u>	<u>375,177</u>	<u>9,767,797</u>
<b>OPERATING EXPENSES:</b>			
Professional and Contracted Services	1,584,636	300,753	1,885,389
Other Operating Costs	8,194,713	400,698	8,595,411
Total Operating Expenses	<u>9,779,349</u>	<u>701,451</u>	<u>10,480,800</u>
Operating Income (Loss)	<u>(386,729)</u>	<u>(326,274)</u>	<u>(713,003)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Earnings from Temporary Deposits & Investments	148,665	45,887	194,552
Total Nonoperating Revenues (Expenses)	<u>148,665</u>	<u>45,887</u>	<u>194,552</u>
Change in Net Assets	(238,064)	(280,387)	(518,451)
Total Net Assets - September 1 (Beginning)	<u>2,181,456</u>	<u>516,058</u>	<u>2,697,514</u>
Total Net Assets - August 31 (Ending)	<u>\$ 1,943,392</u>	<u>\$ 235,671</u>	<u>\$ 2,179,063</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

	753	770	
	Insurance	Workers Compensation	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 2,450,543	\$ -	\$ 2,450,543
Cash Received from Assessments - Other Funds	6,623,744	375,177	6,998,921
Cash Payments for Insurance Claims	(8,272,143)	(274,006)	(8,546,149)
Cash Payments for Suppliers	(1,584,636)	(300,753)	(1,885,389)
Cash Payments (to) from Claims Loss Fund	-	(53,350)	(53,350)
Net Cash Used For Operating Activities	<u>(782,492)</u>	<u>(252,932)</u>	<u>(1,035,424)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase(decrease) in Short-term Loans	<u>1,458</u>	<u>(354,404)</u>	<u>(352,946)</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	<u>148,665</u>	<u>45,887</u>	<u>194,552</u>
Net Decrease in Cash and Cash Equivalents	(632,369)	(561,449)	(1,193,818)
Cash and Cash Equivalents at Beginning of the Year:	<u>2,886,948</u>	<u>1,292,926</u>	<u>4,179,874</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 2,254,579</u>	<u>\$ 731,477</u>	<u>\$ 2,986,056</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss):	\$ (386,729)	\$ (326,274)	\$ (713,003)
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	(316,165)	-	(316,165)
Decrease (increase) in Restricted Assets	-	(53,350)	(53,350)
Increase (decrease) in Accounts Payable	-	1,675	1,675
Increase (decrease) in Deferred Revenues	(2,168)	-	(2,168)
Increase (decrease) in Accrued Expenses	<u>(77,430)</u>	<u>125,017</u>	<u>47,587</u>
Net Cash Used for Operating Activities	<u>\$ (782,492)</u>	<u>\$ (252,932)</u>	<u>\$ (1,035,424)</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 AUGUST 31, 2007

	711 Concession Fund	712 Jumbo Tron	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 138,781	\$ -	\$ 138,781
Other Receivables	4,681	-	4,681
Total Current Assets	<u>143,462</u>	<u>-</u>	<u>143,462</u>
Noncurrent Assets:			
Capital Assets:			
Leased Property Under Capital Leases	-	535,000	535,000
Depreciation on Capital Leases	-	(111,458)	(111,458)
Total Noncurrent Assets	<u>-</u>	<u>423,542</u>	<u>423,542</u>
Total Assets	<u>143,462</u>	<u>423,542</u>	<u>567,004</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	8,212	-	8,212
Deferred Revenues	-	97,453	97,453
Total Current Liabilities	<u>8,212</u>	<u>97,453</u>	<u>105,665</u>
NonCurrent Liabilities:			
Capital Leases Payable - Due Within One Year	-	34,355	34,355
Capital Leases Payable - Due in More than One Year	-	332,463	332,463
Total Noncurrent Liabilities	<u>-</u>	<u>366,818</u>	<u>366,818</u>
Total Liabilities	<u>8,212</u>	<u>464,271</u>	<u>472,483</u>
<b>NET ASSETS</b>			
Investments in Capital Assets, Net of Debt	-	56,724	56,724
Unrestricted Net Assets	135,250	(97,453)	37,797
Total Net Assets	<u>\$ 135,250</u>	<u>\$ (40,729)</u>	<u>\$ 94,521</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

	711 Concession Fund	712 Jumbo Tron	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 99,106	\$ 62,551	\$ 161,657
Total Operating Revenues	<u>99,106</u>	<u>62,551</u>	<u>161,657</u>
<b>OPERATING EXPENSES:</b>			
Payroll Costs	44,141	-	44,141
Professional and Contracted Services	409	-	409
Supplies and Materials	49,171	-	49,171
Other Operating Costs	-	53,500	53,500
Total Operating Expenses	<u>93,721</u>	<u>53,500</u>	<u>147,221</u>
Operating Income	<u>5,385</u>	<u>9,051</u>	<u>14,436</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Interest on Capital Lease	-	(30,749)	(30,749)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(30,749)</u>	<u>(30,749)</u>
Change in Net Assets	5,385	(21,698)	(16,313)
Total Net Assets - September 1 (Beginning)	<u>129,865</u>	<u>(19,031)</u>	<u>110,834</u>
Total Net Assets - August 31 (Ending)	<u>\$ 135,250</u>	<u>\$ (40,729)</u>	<u>\$ 94,521</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

	711 Concession Fund	712 Jumbo Tron	Total Nonmajor Enterprise Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 94,714	\$ 48,300	\$ 143,014
Cash Payments to Employees for Services	(44,141)	-	(44,141)
Cash Payments for Suppliers	(69,641)	-	(69,641)
Net Cash Provided by (Used for) Operating Activities	<u>(19,068)</u>	<u>48,300</u>	<u>29,232</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Increase(decrease) in Short-term Loans	<u>886</u>	<u>-</u>	<u>886</u>
<u>Cash Flows from Capital &amp; Related Financing Activities:</u>			
Retirement of Long Term Debt	-	(17,551)	(17,551)
Interest Paid on Long Term Debt	-	(30,749)	(30,749)
Net Cash Used For Capital and Related Financing Activities	<u>-</u>	<u>(48,300)</u>	<u>(48,300)</u>
Net Decrease in Cash and Cash Equivalents	(18,182)	-	(18,182)
Cash and Cash Equivalents at Beginning of the Year:	<u>156,963</u>	<u>-</u>	<u>156,963</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 138,781</u>	<u>\$ -</u>	<u>\$ 138,781</u>
<u>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income:	\$ 5,385	\$ 9,051	\$ 14,436
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used For) Operating Activities:			
Depreciation	-	53,500	53,500
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	(4,392)	-	(4,392)
Increase (decrease) in Accounts Payable	(20,061)	-	(20,061)
Increase (decrease) in Deferred Revenues	-	(14,251)	(14,251)
Net Cash Provided by (Used for) Operating Activities	<u>\$ (19,068)</u>	<u>\$ 48,300</u>	<u>\$ 29,232</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED AUGUST 31, 2007

	BALANCE SEPTEMBER 1 2006	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2007
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 364,343	\$ 461,755	\$ 413,287	\$ 412,811
Other Receivables	1,650	6,014	4,341	3,323
Total Assets	<u>\$ 365,993</u>	<u>\$ 467,769</u>	<u>\$ 417,628</u>	<u>\$ 416,134</u>
Liabilities:				
Accounts Payable	\$ -	\$ 36,477	\$ 36,294	\$ 183
Due to Student Groups	365,993	326,547	276,589	415,951
Total Liabilities	<u>\$ 365,993</u>	<u>\$ 363,024</u>	<u>\$ 312,883</u>	<u>\$ 416,134</u>
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 364,343	\$ 461,755	\$ 413,287	\$ 412,811
Other Receivables	1,650	6,014	4,341	3,323
Total Assets	<u>\$ 365,993</u>	<u>\$ 467,769</u>	<u>\$ 417,628</u>	<u>\$ 416,134</u>
Liabilities:				
Accounts Payable	\$ -	\$ 36,477	\$ 36,294	\$ 183
Due to Student Groups	365,993	326,547	276,589	415,951
Total Liabilities	<u>\$ 365,993</u>	<u>\$ 363,024</u>	<u>\$ 312,883</u>	<u>\$ 416,134</u>

**COMPLIANCE SCHEDULES**  
(Required by Texas Education Agency)

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FISCAL YEAR ENDED AUGUST 31, 2007

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
1998 and prior years	Various	Various	\$ 12,215,840,828
1999	1.350000	0.169000	1,867,989,531
2000	1.423800	0.095200	1,873,990,563
2001	1.421000	0.085540	1,924,809,623
2002	1.451540	0.055000	1,943,303,385
2003	1.500000	0.069130	1,990,448,037
2004	1.500000	0.067500	2,082,581,041
2005	1.500000	0.075250	2,179,369,700
2006	1.500000	0.072000	2,318,913,431
2007 (School year under audit)	1.370000	0.070000	2,567,976,619
1000 TOTALS			

(10) Beginning Balance 9/1/2006	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2007
\$ 243,784	\$ -	\$ 3,108	\$ 464	\$ (19,319)	\$ 220,893
39,395	-	1,401	176	(453)	37,365
44,801	-	3,408	228	(1,263)	39,902
36,214	-	6,180	372	(1,654)	28,008
51,472	-	16,875	639	(1,006)	32,952
94,452	-	30,155	1,390	(1,164)	61,743
151,946	-	57,396	2,583	(2,216)	89,751
271,078	-	113,150	5,676	(5,228)	147,024
616,311	-	310,887	14,923	(22,489)	268,012
-	36,978,864	34,433,509	1,759,359	(184,143)	601,853
<u>\$ 1,549,453</u>	<u>\$ 36,978,864</u>	<u>\$ 34,976,069</u>	<u>\$ 1,785,810</u>	<u>\$ (238,935)</u>	<u>\$ 1,527,503</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2008-2009  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2007

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION**

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ 44,700	\$ -	\$ 183,389	\$ 1,392,368	\$ 61,741	\$ -	\$ 1,682,198
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	6,116	-	-	6,116
6211	Legal Services	99,242	-	-	-	-	-	99,242
6212	Audit Services	-	-	-	44,827	-	-	44,827
6213	Tax Appraisal and Collection	-	749,415	-	-	-	-	749,415
621X	Other Professional Services	27,635	-	4,140	38,387	-	-	70,162
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	9,212	-	9,212
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	47,794	1,909	-	49,703
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	2,061	557	2,004	-	4,622
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	2	-	11,267	93,949	23,894	-	129,112
6410	Travel, Subsistence, Stipends	6,892	-	1,785	31,975	1,791	-	42,443
6420	Ins. and Bonding Costs	-	-	-	-	50,000	-	50,000
6430	Election Costs	11,390	-	-	-	-	-	11,390
6490	Miscellaneous Operating	38,332	-	46,080	13,844	13,168	-	111,424
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	<b>TOTAL</b>	<u>\$ 228,193</u>	<u>\$ 749,415</u>	<u>\$ 248,722</u>	<u>\$ 1,669,817</u>	<u>\$ 163,719</u>	<u>\$ -</u>	<u>\$ 3,059,866</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 111,386,675

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 6,518,578
Total Debt & Lease(6500)	(11)	10,202
Plant Maintenance (Function 51, 6100-6400)	(12)	11,435,673
Food (Function 35, 6341 and 6499)	(13)	1,788,509
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		<u>1,669,817</u>

SubTotal: 21,422,779

Net Allowed Direct Cost \$ 89,963,896

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 100,779,444
Historical Cost of Building over 50 years old	(16)	\$ 13,110,973
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 137,018
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 16,031,543
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 424,116
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 1,577,254

(8) NOTE A: \$58,798 in Function 53 expenditures are included in this report on administrative costs.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET  
 GENERAL FUND AS OF AUGUST 31, 2007

**UNAUDITED**

1	Total General Fund Balance as of 8/31/07 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 34,280,105
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 8,590,169	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	5,556,492	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-	
5	Estimate of one month's average cash disbursements during the regular school session (9/1/07-5/31/08).	7,875,000	
6	Estimate of delayed payments from state sources (58xx) including August payment delays	6,574,792	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
8	Estimate of delayed payments from federal sources (59xx)	1,037,492	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)		<u>29,633,945</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ 4,646,160</u>

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

The excess undesignated unreserved General Fund fund balance may be used for implementation of the District's long range facility plan or to meet operational needs. District Board policy CE(local) states that in order for the District to maintain a strong financial position, it is the goal of the Board to maintain an undesignated unreserved fund balance between 20% and 25% of the current budget (2.5 to 3 months operating expenditures). That amount should be adequate to cover net cash outflows, protect against potential revenue shortfalls, and provide supplemental interest revenue for the general operating funds.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,923,787	\$ 1,923,787	\$ 1,774,075	\$ (149,712)
5800 State Program Revenues	46,000	46,000	119,847	73,847
5900 Federal Program Revenues	3,344,500	3,344,500	3,257,701	(86,799)
5020 Total Revenues	5,314,287	5,314,287	5,151,623	(162,664)
<b>EXPENDITURES:</b>				
0035 Food Services	5,118,787	5,118,787	4,946,995	171,792
0051 Facilities Maintenance and Operations	195,500	195,500	190,418	5,082
6030 Total Expenditures	5,314,287	5,314,287	5,137,413	176,874
1200 Net Change in Fund Balances	-	-	14,210	14,210
0100 Fund Balance - September 1 (Beginning)	-	842,813	842,813	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 842,813	\$ 857,023	\$ 14,210

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 1,792,000	\$ 1,792,000	\$ 1,921,529	\$ 129,529
5800 State Program Revenues	1,450,000	1,450,000	1,473,456	23,456
5020 Total Revenues	3,242,000	3,242,000	3,394,985	152,985
<b>EXPENDITURES:</b>				
Debt Service:				
0071 Debt Service - Principal on Long Term Debt	1,848,082	1,848,082	1,848,081	1
0072 Debt Service - Interest on Long Term Debt	1,295,384	1,295,384	1,295,383	1
0073 Debt Service - Bond Issuance Cost and Fees	98,534	98,534	8,941	89,593
6030 Total Expenditures	3,242,000	3,242,000	3,152,405	89,595
1200 Net Change in Fund Balances	-	-	242,580	242,580
0100 Fund Balance - September 1 (Beginning)	-	995,655	995,655	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 995,655	\$ 1,238,235	\$ 242,580

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## STATISTICAL SECTION

### (UNAUDITED - for Analytical Purposes Only)

This part of San Angelo Independent School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

#### TABLE

#### CONTENTS

##### Financial Trends

*These tables contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.*

Entity-wide information:

- 1 Net assets by component, last six fiscal years
- 2 Changes in net assets, last six fiscal years

Governmental Funds Information:

- 3 Fund balances, last ten fiscal years
- 4 Changes in fund balances, last ten fiscal years

##### Revenue Capacity

*These tables contain information to help the reader assess the District's most significant local revenue source, the property tax.*

- 5 Assessed value and actual value of taxable property, and Comptroller's valuation of standardized base, last ten fiscal years; and tax base distribution, last two tax years
- 6 Allocation of property tax rates and tax levies, last ten fiscal years
- 7 Direct and overlapping property tax rates, last ten fiscal years
- 8 Property use categories at gross appraised market value, tax year 2006
- 9 Principal property taxpayers, current year and nine years ago
- 10 Property tax levies and collections, last ten fiscal years

##### Debt Capacity

*These tables present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.*

- 11 Ratios of outstanding debt by type, last ten fiscal years
- 12 Ratios of net general bonded debt outstanding, last ten fiscal years; and statement of legal debt margin
- 13 Direct and overlapping governmental activities debt as of August 31, 2007
- 14 Pledged revenue coverage, last two fiscal years

##### Demographic and Economic Information

*These tables offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.*

- 15 Demographic and economic statistics, last ten calendar years
- 16 Principal employers, current year and nine years ago

##### Operating Information

*These tables contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and activities it performs.*

- 17 Staff information, last ten fiscal years
- 18 Student information, last ten fiscal years
- 19 Operating statistics, last ten fiscal years
- 20 Capital assets information, last ten fiscal years

**Sources:** Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in fiscal year 2001-02; tables presenting entity wide information include information beginning in that year.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
NET ASSETS BY COMPONENT,  
LAST SIX FISCAL YEARS  
*(UNAUDITED - accrual basis of accounting)*

	Fiscal Year			
	2006-07	2005-06	2004-05	2003-04
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 56,027,686	\$ 51,638,749	\$ 49,308,846	\$ 47,946,035
Restricted	5,411,438	5,908,971	6,366,179	3,179,815
Unrestricted	34,359,236	31,029,257	29,993,404	28,436,998
Total Governmental Activities Net Assets	<u>\$ 95,798,360</u>	<u>\$ 88,576,977</u>	<u>\$ 85,668,429</u>	<u>\$ 79,562,848</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	\$ 56,724	\$ 92,673	\$ 120,955	\$ -
Unrestricted	37,797	18,161	58,267	181,702
Total Business-Type Activities Net Assets	<u>\$ 94,521</u>	<u>\$ 110,834</u>	<u>\$ 179,222</u>	<u>\$ 181,702</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 56,084,410	\$ 51,731,422	\$ 49,429,801	\$ 47,946,035
Restricted	5,411,438	5,908,971	6,366,179	3,179,815
Unrestricted	34,397,033	31,047,418	30,051,671	28,618,700
Total Primary Government Net Assets	<u>\$ 95,892,881</u>	<u>\$ 88,687,811</u>	<u>\$ 85,847,651</u>	<u>\$ 79,744,550</u>

**NOTE:** The District began to report accrual basis information when it implemented GASB Statement 34 in fiscal year 2001-02. This table will ultimately contain information for ten fiscal years.

TABLE 1

<u>2002-03</u>	<u>2001-02</u>
\$ 46,587,772	\$ 31,658,338
3,277,146	14,238,262
25,440,099	20,125,211
<u>\$ 75,305,017</u>	<u>\$ 66,021,811</u>

\$ -	\$ -
162,564	151,950
<u>\$ 162,564</u>	<u>\$ 151,950</u>

\$ 46,587,772	\$ 31,658,338
3,277,146	14,238,262
25,602,663	20,277,161
<u>\$ 75,467,581</u>	<u>\$ 66,173,761</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
CHANGES IN NET ASSETS,  
LAST SIX FISCAL YEARS  
*(UNAUDITED - accrual basis of accounting)*

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>Fiscal Year</u> <u>2003-04</u>
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$ 62,891,886	\$ 59,995,560	\$ 59,150,115	\$ 57,911,223
Instructional resources and media services	1,731,854	1,686,587	1,849,016	2,158,872
Curriculum and instructional staff development	1,968,999	2,145,896	2,055,694	2,033,225
Instructional leadership	1,503,316	1,516,922	1,552,335	1,580,468
School leadership	5,506,764	5,356,399	5,108,608	4,855,298
Guidance, counseling and evaluation services	4,728,389	4,687,291	4,294,429	4,091,444
Social work services	881,673	853,070	802,268	596,056
Health services	642,670	530,031	510,326	444,322
Student (pupil) transportation	2,061,204	2,035,353	1,696,127	1,623,991
Food Services	5,637,225	5,571,653	5,059,659	5,042,455
Cocurricular / extracurricular activities	3,568,880	3,521,852	3,369,334	3,114,868
General Administration	3,055,881	2,864,428	2,760,640	2,605,754
Plant maintenance and operation	12,063,215	12,631,582	11,731,458	10,506,827
Security and monitoring services	300,352	258,479	222,473	218,134
Data processing services	2,910,624	1,875,665	1,930,522	1,941,230
Community services	367,276	314,665	372,672	293,493
Interest and fees on long-term debt	1,179,872	1,280,628	1,288,614	1,262,707
Total Governmental Activities Expenses	<u>111,000,080</u>	<u>107,126,061</u>	<u>103,754,290</u>	<u>100,280,367</u>
Business-Type Activities:				
Concessions	93,721	97,059	82,253	78,478
Jumbo-tron (FY 2005-06 first year of operations)	84,249	91,082	-	-
Total Business-Type Activities Expenses	<u>177,970</u>	<u>188,141</u>	<u>82,253</u>	<u>78,478</u>
Total Primary Government Expenses	<u>\$ 111,178,050</u>	<u>\$ 107,314,202</u>	<u>\$ 103,836,543</u>	<u>\$ 100,358,845</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for services:				
Instruction	\$ 499,170	\$ 418,821	\$ 455,478	\$ 554,156
Curriculum and staff development	83,735	11,614	-	-
Instructional leadership	9,362	9,237	9,760	16,311
School leadership	168,519	161,650	180,557	217,477
Food Services	1,727,874	1,615,911	1,549,197	1,636,474
Cocurricular / extracurricular activities	191,127	171,161	138,324	183,384
General administration	-	-	-	-
Plant maintenance and operations	361,988	423,981	199,975	104,927
Community services	-	-	-	-
Operating grants and contributions	21,459,740	21,744,178	21,846,735	18,368,090
Total Governmental Activities Program Revenues	<u>24,501,515</u>	<u>24,556,553</u>	<u>24,380,026</u>	<u>21,080,819</u>
Business-Type Activities:				
Concessions	99,106	116,260	79,773	97,616
Jumbo-tron (FY 2005-06 first year of operations)	62,551	72,051	-	-
Total Business-Type Activities Program Revenues	<u>161,657</u>	<u>188,311</u>	<u>79,773</u>	<u>97,616</u>
Total Primary Government Program Revenues	<u>\$ 24,663,172</u>	<u>\$ 24,744,864</u>	<u>\$ 24,459,799</u>	<u>\$ 21,178,435</u>
<b>Net (Expense) / Revenue</b>				
Governmental Activities	\$ (86,498,565)	\$ (82,569,508)	\$ (79,374,264)	\$ (79,199,548)
Business-Type Activities	(16,313)	170	(2,480)	19,138
Total Primary Government Net Expense	<u>\$ (86,514,878)</u>	<u>\$ (82,569,338)</u>	<u>\$ (79,376,744)</u>	<u>\$ (79,180,410)</u>

TABLE 2

<u>2002-03</u>	<u>2001-02</u>
\$ 57,746,439	\$ 51,511,740
2,070,998	1,509,845
1,276,159	1,274,026
1,661,642	1,696,299
4,763,121	4,246,548
3,714,610	3,294,037
571,872	575,679
460,857	409,965
1,436,954	1,374,561
5,102,336	4,556,596
2,873,534	3,029,371
2,927,360	2,723,219
9,900,130	8,156,059
215,199	190,601
1,576,951	2,009,418
267,935	260,469
1,587,145	1,777,781
98,153,242	88,596,214
58,483	57,363
-	-
58,483	57,363
\$ 98,211,725	\$ 88,653,577
\$ 660,754	\$ 696,848
6,436	-
25,743	-
109,408	64,036
1,518,449	1,459,764
232,405	815,757
44,855	-
173,175	274,955
19,624	-
18,386,588	14,806,598
21,177,437	18,117,958
69,097	79,958
-	-
69,097	79,958
\$ 21,246,534	\$ 18,197,916
\$ (76,975,805)	\$ (70,478,256)
10,614	22,595
\$ (76,965,191)	\$ (70,455,661)

(Continued)

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 CHANGES IN NET ASSETS,  
 LAST SIX FISCAL YEARS  
*(UNAUDITED - accrual basis of accounting)*

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>Fiscal Year</u> <u>2003-04</u>
(Continued)				
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Property taxes	\$ 36,770,046	\$ 36,368,433	\$ 34,156,856	\$ 32,411,887
State aid - formula grants not restricted	52,935,269	43,436,664	44,742,927	47,831,742
Grants and contributions not restricted	972,650	644,935	1,270,569	936,377
Investment earnings	2,420,467	2,390,069	1,263,371	495,185
Miscellaneous	621,516	2,560,992	2,826,062	1,783,748
Special items	-	(470,639)	1,220,060	-
Transfers	-	68,558	-	-
Total Governmental Activities	<u>93,719,948</u>	<u>84,999,012</u>	<u>85,479,845</u>	<u>83,458,939</u>
Business-Type Activities:				
Transfers	-	(68,558)	-	-
Total Primary Government	<u>\$ 93,719,948</u>	<u>\$ 84,930,454</u>	<u>\$ 85,479,845</u>	<u>\$ 83,458,939</u>
<b>Change in Net Assets</b>				
Governmental Activities	7,221,383	2,429,504	6,105,581	4,259,391
Business-Type Activities	(16,313)	(68,388)	(2,480)	19,138
Total Primary Government	<u>\$ 7,205,070</u>	<u>\$ 2,361,116</u>	<u>\$ 6,103,101</u>	<u>\$ 4,278,529</u>

**NOTE:** The District began to report accrual basis information when it implemented GASB Statement 34 in fiscal year 2001-02. This table will ultimately contain information for ten fiscal years.

TABLE 2

	<u>2002-03</u>	<u>2001-02</u>
\$	31,202,186	\$ 29,243,724
	51,380,282	46,023,679
	810,070	452,337
	615,976	980,196
	1,680,750	513,519
	-	-
	-	-
	85,689,264	77,213,455
	-	-
\$	85,689,264	\$ 77,213,455
	8,713,459	6,735,199
	10,614	22,595
\$	8,724,073	\$ 6,757,794

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
*(UNAUDITED - modified accrual basis of accounting)*

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
General Fund:				
Reserved	\$ 8,590,169	\$ 5,817,841	\$ 5,901,721	\$ 1,894,039
Unreserved	25,689,936	25,779,138	24,821,132	25,297,851
Total General Fund	<u>\$ 34,280,105</u>	<u>\$ 31,596,979</u>	<u>\$ 30,722,853</u>	<u>\$ 27,191,890</u>
All Other Governmental Funds:				
Reserved	\$ 2,095,258	\$ 1,838,468	\$ 2,574,615	\$ 2,740,547
Unreserved, reported in:				
Special revenue funds	804,841	286,953	209,128	221,609
Capital projects fund	-	-	-	949,331
Total All Other Governmental Funds	<u>\$ 2,900,099</u>	<u>\$ 2,125,421</u>	<u>\$ 2,783,743</u>	<u>\$ 3,911,487</u>
All Governmental Funds:				
Reserved	\$ 10,685,427	\$ 7,656,309	\$ 8,476,336	\$ 4,634,586
Unreserved, reported in:				
General Fund	25,689,936	25,779,138	24,821,132	25,297,851
Special revenue funds	804,841	286,953	209,128	221,609
Capital projects fund	-	-	-	949,331
Total All Governmental Funds	<u>\$ 37,180,204</u>	<u>\$ 33,722,400</u>	<u>\$ 33,506,596</u>	<u>\$ 31,103,377</u>

TABLE 3

Fiscal Year					
2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98
\$ 973,562	\$ 1,515,809	\$ 517,899	\$ 526,484	\$ 1,533,844	\$ 1,887,913
23,026,439	17,662,004	14,335,443	13,874,401	21,355,256	21,334,386
<u>\$ 24,000,001</u>	<u>\$ 19,177,813</u>	<u>\$ 14,853,342</u>	<u>\$ 14,400,885</u>	<u>\$ 22,889,100</u>	<u>\$ 23,222,299</u>
\$ 3,627,926	\$ 3,734,169	\$ 4,329,636	\$ 4,328,370	\$ 3,281,350	\$ 3,104,710
219,906	293,207	260,831	336,972	-	-
7,727,091	10,942,546	15,199,305	21,635,339	33,553,929	36,524,710
<u>\$ 11,574,923</u>	<u>\$ 14,969,922</u>	<u>\$ 19,789,772</u>	<u>\$ 26,300,681</u>	<u>\$ 36,835,279</u>	<u>\$ 39,629,420</u>
\$ 4,601,488	\$ 5,249,978	\$ 4,847,535	\$ 4,854,854	\$ 4,815,194	\$ 4,992,623
23,026,439	17,662,004	14,335,443	13,874,401	21,355,256	21,334,386
219,906	293,207	260,831	336,972	-	-
7,727,091	10,942,546	15,199,305	21,635,339	33,553,929	36,524,710
<u>\$ 35,574,924</u>	<u>\$ 34,147,735</u>	<u>\$ 34,643,114</u>	<u>\$ 40,701,566</u>	<u>\$ 59,724,379</u>	<u>\$ 62,851,719</u>

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,  
 LAST TEN FISCAL YEARS  
*(UNAUDITED - modified accrual basis of accounting)*

	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>
<b>Revenues</b>				
Local and intermediate sources:				
Property taxes, penalty and interest	\$ 37,177,634	\$ 36,887,479	\$ 34,620,491	\$ 32,620,665
Gain from sale of WADA	33,459	1,968,604	2,329,201	1,046,261
Tuition and fees	123,464	39,555	20,103	18,764
Food services	1,727,874	1,615,911	1,549,537	1,634,260
Co-curricular and enterprising activities	659,236	633,019	659,379	743,418
Investment earnings	2,288,266	2,306,078	1,225,378	503,833
Insurance proceeds - property damage	-	-	-	384,012
Other revenues	669,701	632,371	326,503	339,321
Total local and intermediate sources	<u>42,679,634</u>	<u>44,083,017</u>	<u>40,730,592</u>	<u>37,290,534</u>
State program revenues	59,242,151	48,857,731	50,395,136	53,168,315
Federal program revenues	16,063,156	16,872,658	17,406,281	13,944,878
Total revenues	<u>117,984,941</u>	<u>109,813,406</u>	<u>108,532,009</u>	<u>104,403,727</u>
<b>Expenditures</b>				
Instruction	61,798,924	59,719,554	58,690,291	56,701,417
Instructional resources and media services	1,719,874	1,651,153	1,823,826	2,121,707
Curriculum and instructional staff development	1,941,101	2,121,540	2,042,944	2,012,229
Instructional leadership	1,473,094	1,510,357	1,554,282	1,574,801
School leadership	5,321,636	5,184,746	5,052,874	4,739,594
Guidance, counseling and evaluation services	4,679,206	4,639,941	4,298,333	4,071,798
Social work services	855,569	833,283	792,523	575,029
Health services	637,811	528,333	517,805	444,941
Student (pupil) transportation	2,210,572	2,245,154	1,786,965	1,683,514
Food Services	5,472,914	5,832,777	5,107,263	5,011,487
Cocurricular / extracurricular activities	3,440,628	3,382,414	3,171,834	2,957,846
General Administration	2,994,951	2,754,779	2,660,038	2,591,623
Plant maintenance and operation	11,745,817	11,264,709	10,512,294	9,740,957
Security and monitoring services	257,293	423,028	363,180	216,279
Data processing services	2,466,624	2,401,726	1,981,681	1,931,672
Community services	362,671	313,337	378,586	294,238
Debt service:				
Principal	1,858,283	2,005,199	2,741,175	2,308,250
Interest and fees	1,304,324	1,229,926	1,297,443	1,699,651
Capital outlay	4,028,422	1,663,032	2,748,845	8,503,745
Total expenditures	<u>114,569,714</u>	<u>109,704,988</u>	<u>107,522,182</u>	<u>109,180,778</u>
Excess revenues over (under) expenditures	<u>3,415,227</u>	<u>108,418</u>	<u>1,009,827</u>	<u>(4,777,051)</u>
<b>Other financing sources (uses)</b>				
Proceeds of debt issued	-	-	6,970,000	15,574,991
Sale of real and personal property	42,577	38,828	1,230,020	79,322
Premium or (discount) on issuance of bonds	-	-	148,267	1,280,304
Prepaid interest	-	-	29,978	-
Transfers in	49,712	68,558	-	-
Transfers out	(49,712)	-	-	-
Payment to bond refunding escrow agent	-	-	(6,984,873)	(16,627,553)
Total other financing sources (uses)	<u>42,577</u>	<u>107,386</u>	<u>1,393,392</u>	<u>307,064</u>
Restatement of beginning fund balance	-	-	-	(1,560)
Net change in fund balances	<u>\$ 3,457,804</u>	<u>\$ 215,804</u>	<u>\$ 2,403,219</u>	<u>\$ (4,471,547)</u>
Debt service as a percentage of noncapital expenditures	2.9%	3.0%	3.9%	4.0%

TABLE 4

Fiscal Year					
2002-03	2001-02	2000-01	1999-2000	1998-99	1997-98
\$ 31,618,052	\$ 29,593,999	\$ 29,030,664	\$ 28,634,159	\$ 28,111,191	\$ 25,436,422
66,041	11,844	355,762	217,689	-	-
77,058	92,153	174,171	190,205	329,881	460,335
1,515,646	1,428,943	1,509,512	1,363,612	1,385,577	1,477,519
768,624	1,253,335	1,205,969	1,257,016	1,397,650	1,725,930
607,723	1,037,698	2,498,611	3,581,375	3,884,485	3,938,349
1,137,179	-	82,436	949,963	10,562,082	3,206,000
518,405	575,022	478,322	460,868	1,057,868	579,774
36,308,728	33,992,994	35,335,447	36,654,887	46,728,734	36,824,329
58,584,344	50,889,298	55,814,874	54,320,188	49,079,808	51,466,342
11,965,781	10,353,119	9,746,640	9,533,709	8,486,814	7,339,529
106,858,853	95,235,411	100,896,961	100,508,784	104,295,356	95,630,200
57,048,400	50,166,170	53,513,105	57,225,678	51,437,231	49,161,952
2,112,076	1,472,691	1,698,612	1,768,834	2,088,896	1,952,987
1,254,967	1,239,497	1,632,524	1,297,704	976,677	275,304
1,644,730	1,667,726	2,580,825	2,662,908	2,734,969	2,919,666
4,670,007	4,139,620	5,374,251	5,203,591	4,611,741	4,754,814
3,686,001	3,272,979	3,593,671	3,367,608	3,196,257	3,067,706
556,662	553,838	814,472	774,619	571,262	385,723
463,204	404,786	503,791	470,095	272,480	261,478
2,072,185	1,122,138	1,655,836	1,824,386	1,825,913	928,022
5,114,645	4,447,439	4,975,202	4,551,437	4,657,220	4,171,853
3,259,476	2,915,017	3,033,578	4,181,643	3,350,181	3,090,158
2,903,725	2,704,829	3,563,617	3,619,498	3,331,287	3,104,890
9,824,102	7,886,369	9,540,486	9,322,634	8,914,822	9,026,120
212,869	190,601	180,798	396,543	163,789	186,398
1,457,043	1,825,402	1,781,870	3,631,048	1,356,741	743,402
256,527	257,805	278,699	232,213	247,370	68,170
3,347,875	3,376,194	2,822,290	2,711,175	3,421,175	1,416,175
1,591,635	1,801,794	2,072,321	2,232,698	1,835,447	2,842,313
3,926,011	4,640,259	7,634,336	13,994,382	16,050,091	12,013,796
105,402,140	94,085,154	107,250,284	119,468,694	111,043,549	100,370,927
1,456,713	1,150,257	(6,353,323)	(18,959,910)	(6,748,193)	(4,740,727)
-	-	479,907	-	5,000,000	-
50,615	33,516	286,185	-	-	-
-	-	-	-	-	-
-	-	-	-	18,996	-
-	-	-	-	-	-
-	(1,679,153)	-	-	-	-
-	-	-	-	-	-
50,615	(1,645,637)	766,092	-	5,018,996	-
(80,138)	-	(471,221)	(62,903)	(1,398,143)	-
\$ 1,427,190	\$ (495,380)	\$ (6,058,452)	\$ (19,022,813)	\$ (3,127,340)	\$ (4,740,727)

5.0%

5.8%

5.0%

5.0%

5.7%

5.0%

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,  
 AND COMPTROLLER'S VALUATION OF STANDARDIZED BASE,  
 LAST TEN FISCAL YEARS;  
 AND TAX BASE DISTRIBUTION, LAST TWO TAX YEARS  
 (UNAUDITED)

Fiscal Year	Tax Year	Actual Value				Less: Exemptions	Net Assessed Taxable Value	Standardized Local Tax Base (Comptroller's Valuation)
		Real Property	Personal Property	Minerals	Total			
1997-98	1997	\$ 1,957,915,531	\$ 499,737,241	\$ 1,960,910	\$ 2,459,613,682	\$ 689,840,761	\$ 1,769,772,921	\$ 2,003,515,611
1998-99	1998	2,031,923,603	509,266,156	2,633,900	2,543,823,659	675,834,559	1,867,989,100	2,006,007,437
1999-00	1999	2,090,709,534	521,091,661	1,289,720	2,613,090,915	721,998,240	1,891,092,675	1,936,076,311
2000-01	2000	2,158,528,689	517,794,988	1,555,080	2,677,878,757	753,069,430	1,924,809,327	2,089,262,850
2001-02	2001	2,241,074,309	511,970,926	1,735,310	2,754,780,545	790,489,899	1,964,290,646	2,136,941,007
2002-03	2002	2,310,453,328	498,609,524	1,924,880	2,810,987,732	806,820,789	2,004,166,943	2,193,984,904
2003-04	2003	2,396,539,852	506,370,811	2,089,620	2,905,000,283	822,419,242	2,082,581,041	2,281,593,847
2004-05	2004	2,509,274,792	526,091,286	2,442,540	3,037,808,618	858,438,918	2,179,369,700	2,379,969,402
2005-06	2005	2,686,291,947	528,366,266	1,088,730	3,215,746,943	896,833,512	2,318,913,431	2,531,683,952
2006-07	2006	2,953,804,520	559,553,004	1,162,270	3,514,519,794	946,543,175	2,567,976,619	2,793,904,510

**Tax Base Distribution**

	2006 Tax Roll	2005 Tax Roll
Property Type:		
Real Property	\$ 2,953,804,520	\$ 2,686,291,947
Personal Property	559,553,004	528,366,266
Minerals	1,162,270	1,088,730
Total Gross Values	<u>3,514,519,794</u>	<u>3,215,746,943</u>
Less Exemptions:		
Agricultural Productivity	50,994,260	48,634,810
Freeport	17,529,341	23,344,501
Pollution Control	9,476,796	9,525,310
Mandatory Homestead	324,537,050	320,707,350
Mandatory Over 65	62,640,460	61,899,040
Mandatory Disabled	7,279,450	6,609,450
Mandatory Disabled Veteran	12,867,150	12,508,550
Optional 20% Homestead	332,705,060	303,400,121
Optional \$25,000 Disability	10,450,260	8,655,200
Over 65 Freeze Credit	82,607,353	72,929,584
Disabled Freeze Credit	1,712,220	645,221
Cap Credit (on Appraisals of Real Estate)	33,743,775	27,974,375
Total Exemptions	<u>946,543,175</u>	<u>896,833,512</u>
Total Net Valuation	<u>\$ 2,567,976,619</u>	<u>\$ 2,318,913,431</u>

**Sources:** Actual Value, Exemptions and Net Assessed Value - Tom Green County Appraisal District.  
 Standardized Local Tax Base - TEA Academic Excellence Indicator System - PEIMS Data.

**Notes:** Property is assessed at full market value.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
ALLOCATION OF PROPERTY TAX RATES AND TAX LEVIES,  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	District's Direct Tax Rates (Per \$100 of Assessed Value)			District's Tax Levies		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Original Levy Total
1997-98	\$ 1.26100	\$ 0.16900	\$ 1.43000	\$ 22,316,850	\$ 2,990,918	\$ 25,307,768
1998-99	1.35000	0.16900	1.51900	25,217,854	3,156,902	28,374,761
1999-00	1.42380	0.09520	1.51900	26,925,386	1,800,321	28,725,707
2000-01	1.42100	0.08554	1.50654	27,351,519	1,646,508	28,998,027
2001-02	1.45154	0.05500	1.50654	28,512,395	1,080,434	29,592,829
2002-03	1.50000 *	0.06913	1.56913	30,062,512	1,385,472	31,447,984
2003-04	1.50000 *	0.06750	1.56750	31,238,723	1,405,770	32,644,493
2004-05	1.50000 *	0.07525	1.57525	32,690,550	1,639,975	34,330,525
2005-06	1.50000 *	0.07200	1.57200	34,783,702	1,669,617	36,453,319
2006-07	1.37000	0.07000	1.44000	35,181,280	1,797,584	36,978,864

\* \$1.50 per \$100 of assessed value is the maximum rate allowed for maintenance and operations.

**Source:** Tom Green County Appraisal District.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES,  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Tax Year	District's Total Direct Rates	Overlapping Rates*	
			Tom Green County	City of San Angelo
1997-98	1997	\$ 1.43000	\$ 0.41000	\$ 0.82830
1998-99	1998	1.51900	0.46500	0.82830
1999-00	1999	1.51900	0.46500	0.86830
2000-01	2000	1.50654	0.47611	0.86830
2001-02	2001	1.50654	0.51360	0.86830
2002-03	2002	1.56913	0.52360	0.86830
2003-04	2003	1.56750	0.52285	0.86830
2004-05	2004	1.57525	0.52285	0.86830
2005-06	2005	1.57200	0.52285	0.85500
2006-07	2006	1.44000	0.52285	0.85000

\* Includes rates for maintenance & operations and debt service.

**Tax Due Dates and Penalties:**

Tax statements are mailed in October and are considered delinquent on February 1. Penalties and interest begin to accrue on that date.

**Source:** Tom Green County Appraisal District.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
PROPERTY USE CATEGORIES AT GROSS APPRAISED MARKET VALUE  
TAX YEAR 2006  
(UNAUDITED)

Property Code	Property Use Category	Items		Gross Appraised Market Value
		Description	Number	
A	Single family residence	No. of properties	28,582	\$ 2,050,367,636
B	Multi-family residence	No. of properties	471	150,368,750
C	Vacant lots/tracts	No. of properties	4,271	57,262,235
D-1	Qualified Ag land	No. of acres	72,397	57,368,950
D-2	Non-qualified land	No. of acres	3,508	12,789,210
E	Farm and ranch improvements	No. of parcels	202	8,083,100
F-1	Real: Commercial	No. of properties	2,397	559,363,577
F-2	Real: Industrial	No. of properties	75	33,639,300
G-1	Minerals: Oil and gas	No. of leases	9	1,162,270
J	Real and personal: utilities	No. of companies	24	144,257,589
L-1	Personal: Commercial	No. of properties	3,533	308,021,080
L-2	Personal: Industrial	No. of properties	40	94,464,437
M-1	Mobile homes	No. of homes	656	7,658,398
O	Real property: Inventory	No. of properties	936	6,702,464
S	Special inventory	No. of accounts	64	23,010,798
Totals				\$ 3,514,519,794
			Total parcels in category D	955

Source: Tom Green County Appraisal District.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE YEARS AGO  
*(UNAUDITED)*

Taxpayer	Type of Business	Fiscal Year 2006-07			Fiscal Year 1997-98		
		Assessed Value	Rank	Percent of Total Assessed Value	Assessed Value	Rank	Percent of Total Assessed Value
AEP Texas North	Utility	\$ 58,976,140	1	2.30%	\$ 43,008,500	3	2.43%
Ethicon, Inc	Manufacturer	48,378,294	2	1.88%	57,224,578	2	3.23%
Verizon Communications	Utility	40,203,030	3	1.57%	94,425,810	1	5.34%
Walmart, Inc.	Discount Retail	38,337,571	4	1.49%	22,815,973	6	1.29%
San Angelo Community Medical	Hospital	36,861,801	5	1.44%	29,473,345	4	1.67%
Shannon Medical Center	Hospital	21,798,461	6	0.85%	23,365,428	5	1.32%
Cox Communications	Utility	19,882,966	7	0.77%	-	-	-
Sunset Mall LLP	Real Estate	16,584,050	8	0.65%	-	-	-
Jim Bass Ford, Inc.	Auto Dealer	13,440,384	9	0.52%	-	-	-
Town & Country Food Stores	Retail	12,708,873	10	0.49%	-	-	-
Aetna Life Insurance (Mall)	Retail	-	-	-	18,188,050	7	1.03%
Lynn Alexander Auto	Auto Dealer	-	-	-	11,721,858	8	0.66%
Southland Park of S.A.	Real Estate	-	-	-	10,880,250	9	0.61%
Hirschfeld Steel, Inc	Manufacturer	-	-	-	10,403,890	10	0.59%
	Total	<u>\$ 307,171,570</u>		<u>11.96%</u>	<u>\$ 321,507,682</u>		<u>18.17%</u>
	Total Assessed Value	<u>\$2,567,976,619</u>			<u>\$1,769,772,921</u>		

Source: Tom Green County Appraisal District.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
*(UNAUDITED)*

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percent of Original Levy		Amount	Percent of Adjusted Levy
1997-98	\$ 25,307,768	\$ (281,304)	\$ 25,026,464	\$ 24,520,997	96.89%	\$ 481,402	\$ 25,002,399	99.90%
1998-99	28,374,761	(708,909)	27,665,852	27,138,513	95.64%	489,974	27,628,487	99.86%
1999-00	28,725,707	(336,150)	28,389,557	27,778,491	96.70%	571,164	28,349,655	99.86%
2000-01	28,998,027	(322,453)	28,675,574	28,128,599	97.00%	518,967	28,647,566	99.90%
2001-02	29,592,829	(371,229)	29,221,600	28,473,757	96.22%	714,891	29,188,648	99.89%
2002-03	31,447,984	(359,694)	31,088,290	30,488,051	96.95%	538,496	31,026,547	99.80%
2003-04	32,644,493	(251,490)	32,393,003	31,690,583	97.08%	612,669	32,303,252	99.72%
2004-05	34,330,525	(188,409)	34,142,116	33,488,062	97.55%	507,030	33,995,092	99.57%
2005-06	36,453,319	(82,108)	36,371,211	35,777,389	98.15%	325,810	36,103,199	99.26%
2006-07	36,978,864	(184,143)	36,794,721	36,192,868	97.87%	-	36,192,868	98.36%

Source: Tom Green County Appraisal District.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE,  
LAST TEN FISCAL YEARS  
*(UNAUDITED)*

Fiscal Year	Governmental Activities				Business- Type Activities	Total Primary Government	Percent of Personal Income <b>a</b>	Per Capita <b>a</b>
	General Obligation Bonds	Contractual Obligations	Loans Payable	Capital Leases	Capital Leases			
1997-98	\$ 44,090,000	\$ -	\$ 216,721	\$ -	\$ -	\$ 44,306,721	2.54%	502.03
1998-99	41,570,000	4,125,000	190,545	-	-	45,885,545	2.51%	517.99
1999-00	39,760,000	3,250,000	164,370	-	-	43,174,370	2.30%	489.26
2000-01	38,035,000	2,330,000	138,194	328,793	-	40,831,987	2.07%	461.70
2001-02	35,875,000	1,365,000	112,018	103,775	-	37,455,793	1.82%	425.95
2002-03	33,650,000	360,000	85,843	12,075	-	34,107,918	1.64%	387.77
2003-04	31,739,991	-	59,668	-	-	31,799,659	1.46%	360.04
2004-05	29,024,991	-	33,493	-	414,045	29,472,529	1.28%	334.49
2005-06	27,043,082	-	10,203	-	384,369	27,437,654	1.08%	311.74
2006-07	25,195,000	-	-	-	366,818	25,561,818	0.97%	289.49

**Notes:** Details of the District's outstanding debt are in the notes to the financial statements.

**a** See Table 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING,  
LAST TEN FISCAL YEARS;  
AND STATEMENT OF LEGAL DEBT MARGIN  
(UNAUDITED)

Fiscal Year	Net General Bonded Debt Outstanding				Net General Bonded Debt	Percent of Actual Value of Taxable Property <b>a</b>	Per Capita <b>b</b>
	General Obligation Bonds	Contractual Obligations	Total General Bonded Debt	Less: Amount in Debt Service Fund			
1997-98	\$ 44,090,000	\$ -	\$ 44,090,000	\$ 1,088,803	\$ 43,001,197	1.75%	487.24
1998-99	41,570,000	4,125,000	45,695,000	1,180,903	44,514,097	1.75%	502.51
1999-00	39,760,000	3,250,000	43,010,000	1,771,711	41,238,289	1.58%	467.32
2000-01	38,035,000	2,330,000	40,365,000	2,426,117	37,938,883	1.42%	428.98
2001-02	35,875,000	1,365,000	37,240,000	1,766,962	35,473,038	1.29%	403.41
2002-03	33,650,000	360,000	34,010,000	1,888,659	32,121,341	1.14%	365.19
2003-04	31,739,991	-	31,739,991	970,459	30,769,532	1.06%	348.38
2004-05	29,024,991	-	29,024,991	794,708	28,470,468	0.94%	323.12
2005-06	27,043,082	-	27,043,082	995,655	26,047,427	0.81%	295.95
2006-07	25,195,000	-	25,195,000	1,238,235	23,956,765	0.68%	271.31

**Notes:** Details of the District's outstanding debt are in the notes to the financial statements.

**a** See Table 5 for property value data.

**b** See Table 15 for population data.

#### STATEMENT OF LEGAL DEBT MARGIN

The laws of the State of Texas do not prescribe any specific tax-supported debt limit for Texas school districts, therefore a statement of legal debt margin is not presented in this report. However, the Texas Education Code, Sec 45.0031, prescribes a limitation on issuance of such debt, as follows:

Before issuing bonds, the District must demonstrate to the Texas Attorney General that, with respect to the proposed issuance, the District has a projected ability to pay the principal of and interest on the proposed bonds and all previously issued bonds, other than bonds authorized to be issued at an election held on or before April 1, 1991, and issued before September 1, 1992, from a tax at a rate not to exceed \$0.50 per \$100 of valuation.

The District's current debt service tax rate is \$0.070 per \$100 valuation, indicating a margin to service debt of approximately seven times that currently being levied.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF AUGUST 31, 2007  
(UNAUDITED)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>As of</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>a</b>				
<b>Debt Repaid With Property Taxes</b>				
City of San Angelo	\$ 7,895,000	9/30/2006	100.00%	\$ 7,895,000
Tom Green County	12,850,000	9/30/2006	73.88%	9,493,580
<b>Other Debt</b>				
City of San Angelo:				
COs Serviced by 1/2 Cent Sales Tax	17,355,000	9/30/2006	100.00%	<u>17,355,000</u>
Subtotal overlapping debt				<u>34,743,580</u>
<b>District direct debt</b>				<b>b</b> <u>25,195,000</u>
<b>Total Direct &amp; Overlapping Debt</b>				<u><u>\$ 59,938,580</u></u>

**Sources:** Taxable value used to estimate applicable percentages provided by Tom Green County Appraisal District.  
Outstanding debt data provided by each governmental unit.

**Notes:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This table estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the District. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

**a** The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's taxable value.

**b** See Table 11 for details of the District's direct governmental activities debt.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 PLEDGED REVENUE COVERAGE,  
 LAST TWO FISCAL YEARS  
*(UNAUDITED)*

Fiscal Year	<b>Jumbo-Tron Capital Lease Payable</b>						Coverage
	Advertising Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	
				Principal	Interest		
2005-06	\$ 72,051	\$ -	\$ 72,051	\$ 29,676	\$ 33,124	\$ 62,800	1.15
2006-07	62,551	-	62,551	17,551	30,749	48,300	1.30

**Notes:** The Jumbo-tron scoreboard was acquired at the end of fiscal year 2004-05. Fiscal year 2005-06 was the first year of operations.

Revenues from advertising on the scoreboard are pledged for debt service payments on the capital lease.

Operating expenses do not include interest, depreciation, or amortization expenses.

Details of the District's outstanding debt are in the notes to the financial statements.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
 DEMOGRAPHIC AND ECONOMIC STATISTICS,  
 LAST TEN CALENDAR YEARS  
*(UNAUDITED)*

Calendar Year	Population	Personal Income	Per Capita Income	Unemployment Rate
	<b>a</b>	[Calculated]	<b>b</b>	<b>c</b>
1997	88,255	\$ 1,742,594,975	\$ 19,745	3.6%
1998	88,583	1,826,138,545	20,615	4.0%
1999	88,244	1,879,067,736	21,294	4.3%
2000	88,439	1,976,611,650	22,350	3.9%
2001	87,934	2,062,228,168	23,452	3.9%
2002	87,959	2,078,647,088	23,632	4.8%
2003	88,322	2,185,262,924	24,742	5.2%
2004	88,112	2,302,719,008	26,134	4.8%
2005	88,014	2,532,778,878	28,777	4.4%
2006	88,300	2,639,198,700	29,889	3.4%

**Note:** Information is for the City of San Angelo, Texas, since the geographic area is approximately the same.

**Sources:** **a** U.S. Census Bureau.

**b** U.S. Department of Commerce, Bureau of Economic Analysis for the San Angelo Metropolitan Statistical Area.

**c** Texas Workforce Commission and San Angelo Chamber of Commerce.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(UNAUDITED)

Employer	Fiscal Year 2006-07			Fiscal Year 1997-98		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
Goodfellow Air Force Base	6,015	1	13.47%	3,879	1	9.13%
Shannon Health System	2,206	2	4.94%	1,180	5	2.78%
San Angelo Independent School District	2,012	3	4.51%	2,132	2	5.02%
Angelo State University	1,360	4	3.05%	890	8	2.10%
SITEL, Inc.	1,350	5	3.02%	1,100	6	2.59%
Verizon, Inc.	1,300	6	2.91%	1,200	4	2.83%
City of San Angelo	944	7	2.11%	1,100	7	2.59%
Ethicon (Johnson & Johnson)	841	8	1.88%	1,500	3	3.53%
San Angelo Community Medical Center	715	9	1.60%	650	9	1.53%
Tom Green County	688	10	1.54%	-	-	-
Levi Strauss & Co.	-	-	-	540	10	1.27%
Totals	<u>17,431</u>		<u>39.03%</u>	<u>14,171</u>		<u>33.37%</u>
Total City of San Angelo Employment	<u>44,654</u>			<u>42,470</u>		

**Sources:** Principal Employers - San Angelo Chamber of Commerce.

Total City of San Angelo Employment - Texas Workforce Commission, Labor Market & Career Information.

**Notes:** Employment information is for the prior calendar year month:

Fiscal Year 2006-07, November 2006

Fiscal Year 1997-98, November 1997

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STAFF INFORMATION,  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year									
	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
<u>Full-time-Equivalent Employees</u>										
Professional Staff:										
Teachers	968.0	965.6	957.1	971.1	1,001.0	981.5	1,059.6	1,115.4	1,083.5	1,104.4
Professional Support	169.1	161.1	160.1	152.3	152.3	160.3	184.1	166.4	159.4	139.1
Campus Administrators	45.3	43.2	43.3	44.8	55.2	49.2	54.0	53.3	46.0	45.4
Central Administrators	16.0	17.0	17.0	14.0	15.0	16.0	15.0	9.0	11.9	7.0
Educational Aides	228.9	233.6	242.1	163.5	156.3	153.9	180.9	163.3	193.0	177.7
Auxiliary Staff	499.5	508.5	501.0	490.6	496.6	512.6	655.9	670.3	629.7	607.5
Total Full-time-Equivalents	<u>1,926.8</u>	<u>1,929.0</u>	<u>1,920.6</u>	<u>1,836.3</u>	<u>1,876.4</u>	<u>1,873.5</u>	<u>2,149.5</u>	<u>2,177.7</u>	<u>2,123.5</u>	<u>2,081.1</u>
<u>Students per Teacher</u>	14.8	15.0	15.3	15.5	15.2	16.0	15.2	14.7	15.4	15.6
<u>Teachers by Years of Experience</u>										
Beginning Teachers	48.8	38.3	45.2	46.0	58.8	47.8	47.0	112.5	67.7	45.0
1-5 Years Experience	241.6	242.2	235.6	252.9	275.9	268.3	311.0	264.7	250.8	263.6
6-10 Years Experience	213.2	222.0	214.9	190.6	189.7	182.6	195.5	211.0	206.1	201.0
11-20 Years Experience	259.3	264.2	273.0	269.0	263.3	272.0	293.4	295.6	315.3	338.0
Over 20 Years Experience	205.2	198.9	188.3	212.6	213.4	210.8	212.7	231.6	343.6	256.9
<u>Average Teacher Salary by Years of Experience</u>										
Beginning Teachers	\$33,959	\$32,132	\$31,607	\$31,703	\$28,479	\$26,469	\$33,403	\$21,261	\$23,800	\$23,660
1-5 Years Experience	36,270	33,805	33,050	31,718	30,486	28,502	29,136	28,004	24,947	24,569
6-10 Years Experience	37,932	35,170	34,382	33,139	33,506	32,576	32,731	32,206	28,970	28,972
11-20 Years Experience	43,714	41,120	40,854	40,084	41,268	39,934	40,521	40,035	37,041	36,749
Over 20 Years Experience	51,263	48,608	47,645	47,418	47,838	46,017	46,165	44,910	43,543	41,241
<u>Turnover Rate for Teachers</u>	12.1%	10.8%	12.9%	13.8%	12.0%	15.5%	13.6%	14.6%	14.3%	9.3%
<u>Class Size Average:</u>										
Elementary:										
Kindergarten	17.1	18.1	19.0	18.4	18.1	17.8	17.9	18.7	19.7	19.7
Grade 1	17.1	17.3	17.8	18.0	17.3	17.0	17.3	19.8	N/A	N/A
Grade 2	17.2	16.6	17.6	17.8	17.9	18.5	17.1	18.3	N/A	N/A
Grade 3	16.4	16.6	18.1	17.8	18.1	18.4	18.6	18.5	N/A	N/A
Grade 4	17.6	17.8	16.9	18.1	18.3	20.0	18.3	18.8	N/A	N/A
Grade 5	19.6	19.0	20.0	21.2	23.5	23.5	23.1	23.1	N/A	N/A
Grade 6	20.5	21.6	21.2	22.6	22.6	24.0	23.8	23.9	N/A	N/A
Mixed Grades	N/A	N/A	50.0	N/A	41.0	25.2	22.7	19.8	N/A	N/A
Secondary:										
English	21.9	23.5	21.1	22.4	21.8	22.6	22.0	21.8	22.3	21.9
Foreign Language	23.0	24.5	23.2	23.1	25.0	24.1	23.3	23.3	22.6	20.7
Mathematics	19.4	22.3	19.5	20.6	21.4	22.4	21.8	21.7	22.0	20.3
Science	21.3	22.8	21.3	23.2	23.4	23.4	22.7	22.7	22.8	20.8
Social Studies	22.5	24.1	21.9	23.9	24.6	24.5	23.8	23.8	22.8	21.1

Source: TEA Academic Excellence Indicator System-PEIMS Data

N/A: Information not available

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
STUDENT INFORMATION,  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year									
	2005-06	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
<b>Student Ethnic Distribution</b>										
African American	819	851	912	952	965	1,017	1,037	996	998	1,020
Hispanic	7,205	7,214	7,213	7,267	7,229	7,290	7,325	7,462	7,325	7,427
White	6,102	6,235	6,331	6,685	6,867	7,174	7,530	7,753	8,215	8,583
Asian/Pacific Islander	173	165	165	160	170	186	177	168	161	178
Native American	34	27	32	30	24	18	23	26	31	32
<b>Total</b>	<b>14,333</b>	<b>14,492</b>	<b>14,653</b>	<b>15,094</b>	<b>15,255</b>	<b>15,685</b>	<b>16,092</b>	<b>16,405</b>	<b>16,730</b>	<b>17,240</b>
<b>Economically Disadvantaged</b>										
Limited English Proficient (LEP)	7,779	7,723	7,882	7,810	7,560	7,842	8,078	7,803	6,933	7,433
Students w/ disciplinary Placements	767	774	798	797	765	725	725	676	607	299
Percent of Students Eligible for Free or Reduced Meals	257	326	293	268	250	133	N/A	554	476	N/A
	54.3%	53.3%	53.8%	51.7%	49.6%	50.0%	50.2%	47.6%	41.4%	43.1%
<b>Retention Rates by Grade (Non-Special Educ. Rates)</b>										
Kindergarten	5.5%	5.1%	4.0%	3.9%	3.2%	2.2%	2.8%	1.7%	2.8%	2.1%
Grade 1	5.8%	6.3%	4.4%	3.8%	5.9%	4.5%	3.1%	3.8%	5.4%	6.5%
Grade 2	2.4%	3.1%	1.7%	2.0%	2.1%	1.9%	1.4%	1.5%	1.8%	1.5%
Grade 3	1.6%	1.9%	1.6%	1.6%	0.4%	0.9%	1.0%	0.9%	1.5%	0.9%
Grade 4	0.8%	0.8%	0.3%	0.4%	0.1%	0.3%	0.4%	0.7%	1.4%	0.9%
Grade 5	1.0%	3.2%	0.8%	0.4%	0.6%	0.5%	0.4%	0.4%	0.4%	0.3%
Grade 6	1.7%	1.4%	0.8%	0.6%	0.1%	0.1%	0.3%	0.4%	9.7%	0.4%
Grade 7	3.8%	4.8%	2.6%	3.0%	1.3%	2.8%	1.6%	3.6%	6.4%	3.6%
Grade 8	4.3%	3.9%	3.0%	2.1%	2.5%	3.0%	1.6%	3.0%	3.9%	2.1%
Attendance Rate	96.1%	96.2%	96.0%	96.0%	96.1%	96.2%	96.0%	95.8%	95.5%	95.6%
<b>Annual Dropout Rate Grades 7-12 - Method 1</b>										
	0.6%	0.4%	0.3%	0.1%	0.1%	1.3%	1.3%	1.4%	1.6%	1.5%
<b>% Students Passing All Sections of the TAAS Exam or met TAKS Standard*</b>										
Grade 3	81.0%	88.0%	78.0%	88.0%	87.3%	77.3%	75.7%	75.5%	78.0%	72.8%
Grade 4	78.0%	79.0%	74.0%	79.0%	76.7%	82.8%	84.1%	80.9%	75.9%	76.9%
Grade 5	76.0%	70.0%	61.0%	65.0%	62.6%	89.7%	84.2%	86.0%	82.9%	80.4%
Grade 6	78.0%	82.0%	77.0%	76.0%	74.8%	86.4%	88.3%	87.1%	84.4%	80.4%
Grade 7	70.0%	64.0%	60.0%	63.0%	62.4%	85.6%	81.5%	77.6%	75.8%	66.7%
Grade 8	56.0%	52.0%	58.0%	60.0%	62.7%	61.6%	66.1%	65.0%	58.4%	55.8%
Grade 10	53.0%	53.0%	36.0%	47.0%	42.3%	77.6%	72.9%	79.8%	74.6%	67.6%
Cumulative Pass Rate--Exit	81.0%	88.0%	89.0%	90.1%	90.7%	92.6%	93.2%	89.7%	88.9%	87.1%
SAT/ACT % Tested	N/A	61.8%	62.8%	58.7%	55.7%	61.3%	64.8%	61.2%	59.1%	58.3%
Mean SAT Score	N/A	994	987	1001	984	1022	1017	1004	1012	1022
Mean ACT Score	N/A	19.8	19.5	20.4	20.3	20.9	20.8	21.0	21.2	21.3

Source: TEA Academic Excellence Indicator System-PEIMS Data

N/A: Information not available

\* First year for TAKS 2002-03

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
OPERATING STATISTICS,  
LAST TEN FISCAL YEARS  
(UNAUDITED)

Fiscal Year	Modified Accrual Basis			Accrual Basis			Pupil-Teacher Ratio a, b
	Operating Expenditures	Cost per Pupil a	Percent Change	Expenses c	Cost per Pupil a	Percent Change	
1997-98	\$ 81,037,157	\$ 4,701	0.79%	N/A	N/A	N/A	15.6
1998-99	87,722,328	5,243	11.53%	N/A	N/A	N/A	15.4
1999-00	94,014,190	5,731	9.31%	N/A	N/A	N/A	14.7
2000-01	92,518,333	5,749	0.31%	N/A	N/A	N/A	15.2
2001-02	84,222,322	5,370	-6.59%	\$ 88,596,214	\$ 5,648	N/A	16.0
2002-03	94,827,893	6,216	15.75%	98,153,242	6,434	13.92%	15.2
2003-04	96,773,234	6,411	3.14%	100,280,367	6,644	3.26%	15.5
2004-05	99,701,571	6,804	6.13%	103,754,290	7,081	6.58%	15.3
2005-06	101,616,792	7,012	3.06%	107,126,061	7,392	4.39%	15.0
2006-07	105,063,376	7,330	4.54%	111,000,080	7,744	4.76%	14.8

**Notes:** Operating expenditures are total expenditures less debt service and capital outlays capitalized.

N/A Not available. Information for accrual basis only available since GASBS No. 34 was implemented.

**a** See Table 18 for enrollment information.

**b** See Table 17 for teaching staff information.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
CAPITAL ASSET INFORMATION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

	Fiscal Year									
	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
<b>Schools</b>										
Elementary:										
Campuses	17	17	17	19	19	20	20	20	20	20
Square feet	809,850	809,850	809,850	844,125	844,125	876,796	876,796	876,796	876,796	876,796
Capacity	8,801	8,801	8,801	9,171	9,171	9,392	9,392	9,392	9,392	9,392
Enrollment	7,605	7,580	7,594	7,891	7,938	8,538	8,812	9,047	8,872	9,125
Middle:										
Campuses	3	3	4	4	4	4	4	4	4	4
Square feet	430,576	430,576	557,045	557,045	557,045	557,045	557,045	557,045	557,045	557,045
Capacity	3,115	3,115	3,865	3,865	3,865	3,865	3,865	3,865	3,865	3,865
Enrollment	2,370	2,581	3,444	3,537	3,542	3,586	3,706	3,525	3,959	4,035
High:										
Campuses	3	3	2	2	2	2	2	2	2	2
Square feet	800,979	798,815	672,346	672,346	672,346	672,346	672,346	672,346	672,346	672,346
Capacity	4,420	4,420	3,670	3,670	3,670	3,670	3,670	3,670	3,670	3,670
Enrollment	4,341	4,273	3,559	3,642	3,747	3,516	3,392	3,663	3,744	3,752
Head Start:										
Campuses	3	3	3	-	-	-	-	-	-	-
Square feet	98,901	98,901	98,901	-	-	-	-	-	-	-
Capacity	837	837	837	-	-	-	-	-	-	-
Enrollment	532	554	531	-	-	-	-	-	-	-
Alternative Learning:										
Campuses	1	1	1	1	1	1	2	2	2	2
Square feet	16,641	16,641	16,641	16,641	16,641	16,641	24,855	24,855	24,855	24,855
Capacity	110	110	110	110	110	110	230	230	230	230
Enrollment	68	62	73	56	53	59	164	170	155	207
Idle Facilities:										
Campuses	2	2	2	2	2	1	-	-	-	-
Square feet	76,630	76,630	76,630	59,256	59,256	26,585	-	-	-	-
Capacity	1,704	1,704	1,704	1,421	1,421	1,200	-	-	-	-
<b>Administrative</b>										
Buildings	1	1	1	1	1	1	1	1	1	1
Square feet	42,295	42,295	42,295	42,295	42,295	42,295	42,295	42,295	42,295	42,295
<b>Transportation</b>										
Garages / buildings	1	1	1	1	1	1	1	1	1	1
Buses	80	80	85	79	78	74	77	81	72	68
<b>Warehouses, Storage, Etc:</b>										
Buildings	9	9	9	9	9	9	9	9	9	9
Square feet	46,493	46,493	46,493	46,493	46,493	46,493	46,493	46,493	46,493	46,493
<b>Athletics</b>										
Football/Soccer fields	15	15	13	13	13	13	10	10	10	10
Running tracks	2	2	2	2	2	2	2	2	2	2
Baseball / softball	5	5	5	5	5	5	5	5	5	5
Swimming pools	1	1	1	1	1	1	1	1	1	1
Playgrounds	31	31	31	29	29	29	29	29	29	29

**Source:** District records.

**Notes:**

1. Prior to fiscal year 2005-06 typically: Elementary Schools were pre-K through 6th grade; Middle (Jr. High) Schools were grades 7 through 9; and High Schools were grades 10 through 12. Beginning with fiscal year 2005-06, transition was started to: Elementary Schools pre-K through 5th grade; Middle Schools grades 6 through 8; and High Schools grades 9 through 12.
2. Portable buildings were extensively used prior to and during the construction and renovation of school buildings which began in fiscal year 1996-97, therefore enrollment exceed capacity in the permanent buildings in some of the fiscal years.
3. Edison Junior High School was converted to the Central Freshmen campus in fiscal year 2005-06.
4. Lamar Elementary School was completed and placed in service in fiscal year 2004-05, and Blackshear, Day and RioVista elementary schools were converted to Head Start Campuses. Day Elementary was temporarily idle in fiscal years 2003-04 and 2002-03.
5. Old Lincoln Junior High became idle in fiscal year 2001-02, and Travis Elementary became idle in fiscal year 2004-05.

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## **SINGLE AUDIT SECTION**

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

Independent Auditor's Report

Board of Trustees  
San Angelo Independent School District  
1621 University Avenue  
San Angelo, Texas 76904

Members of the Board:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of San Angelo Independent School District (the District) as of and for the year ended August 31, 2007. These collectively comprise the District's basic financial statements. We have issued our report on them dated December 7, 2007.

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses as defined above. However, we noted other matters involving the internal control over financial reporting that we have reported to the administration of San Angelo Independent School District in a letter dated December 7, 2007

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether San Angelo 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as finding FC07-01. We also noted certain matters that we have reported to the administration of San Angelo Independent School District in a letter dated December 7, 2007.

San Angelo Independent School District's response to the finding identified in our audit is described in the accompanying corrective action plan.

This report is intended for the information of the district's trustees, the finance / audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

*Webb & Webb*

December 7, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

Board of Trustees  
San Angelo Independent School District  
1621 University Avenue  
San Angelo, Texas 76904

Members of the Board:

Compliance

We have audited the compliance of San Angelo Independent School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of San Angelo Independent School District's administrators. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, San Angelo Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007.

Internal Control over Compliance

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

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

with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended for the information and use of the District's trustees, the finance / audit committee, the administration, Texas Education Agency, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

*Webb & Webb*

December 7, 2007

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2007

**I SUMMARY OF THE AUDITOR'S RESULTS:**

- a. The type of report issued on the financial statements was an unqualified opinion.
- b. No significant deficiencies in internal control over financial reporting were disclosed by the audit.
- c. The audit did not disclose any noncompliance which is material to the financial statements of the auditee. However, the audit did disclose instances of noncompliance which are required to be reported under Government Auditing Standards, which are reported in Part II below.
- d. No significant deficiencies in internal control over major programs were disclosed by the audit.
- e. The type of report the auditor issued on compliance for major programs was an unqualified opinion.
- f. The audit did not disclose any audit findings which the auditor is required to report under Section \_\_\_\_510(a).
- g. Major programs were:
  - (1) Food Service Clustered Programs; U.S. Department of Agriculture;
    - (a) Summer Feeding Program; CFDA 10.559; passed through State Department of Human Services.
    - (b) National School Breakfast Program; CFDA 10.553; passed through State Department of Education.
    - (c) National School Lunch Program, CFDA 10.555; passed through State Department of Education.
  - (2) Head Start and Early Head Start; CFDA 93.600; U.S. Department of Health and Human Services; passed through Concho Valley Council of Governments
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$466,415.
- i. The auditee qualified as a low-risk auditee.

**II FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Finding FC07-01 – State Compensatory Education Compliance**

**Condition:** State Compensatory Education (SCE) program was not adequately planned nor monitored during the 2006-2007 fiscal year. This is a repeat finding.

**Criteria:** Texas Education Code Section 42.152 and FASRG Chapter 9 provide laws and regulations that should be followed in budgeting and expending the SCE allotment.

**Effect of Condition:**

- (1) SAISD did not spend 85% of its SCE allocation.
- (2) The District spent part of allocation on non-supplemental or unallowable strategies.
- (3) Some salaries coded to SCE do not have documentation to support that personnel were providing services supplemental to the basic education.

**Cause of Condition:** Inadequate emphasis by the District in addressing the needs of students in at-risk situations.

**Reason Improvement Needed:** Budgeting and spending less than 85% of the allotment may result in at-risk students not receiving supplemental services and instruction needed to reduce the gap in performance on TAKS or the gap in rates of high school completion between students at-risk of dropping out of school and the rest of the student population. Failure to use the SCE allotment for direct, supplemental instruction of students in at-risk situations could result in possible TEA sanctions found in FASRG 9.5, including: informal monitoring, recommended training, recommended assistance from outside consultants, financial penalties, or accreditation actions.

**Recommendation:** Place a high priority on planning, budgeting, and monitoring the SCE allotment and re-emphasize the importance of complying with the laws and regulations found in Texas Education Code Section 42.152 and FASRG Chapter 9.

**III FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DESCRIBED IN I.f. ABOVE**

None

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2007

(Prepared by the District's Administration)

**FINDING CP05-05 - Federal Approval for Single Bid**

Contact Person: Robin Harmon, Director of Early Head Start/Head Start, (325) 947-3703

**Corrective action has been taken.**

**FINDING FC06-01 – State Compensatory Education Compliance**

State Compensatory Education (SCE) program was not adequately planned nor monitored during the 2005-2006 fiscal year.

Contact Person: Tammy Bright, Executive Director of Curriculum, Assessment and Federal Programs, (325) 947-3750.

**Corrective action was taken regarding expenditure of more than the 18% allowable on disciplinary alternative education program. However, the following conditions continued through the 2006-2007 fiscal year:**

- 1. The District did not spend 85% of its SCE allocation.**
- 2. The District spent part of allocation on non-supplemental or unallowable strategies.**
- 3. Some salaries coded to SCE do not have documentation to support that personnel were providing services supplemental to the basic education.**

**FINDING CP06-01 – IDEA Part B and IDEA Preschool**

Contact Person: Jana Anderson, Director of Special Programs, (325) 947-3833

**Corrective action has been taken.**

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2007

(Prepared by the District's Administration)

**FINDING FC07-01 – State Compensatory Education Compliance**

State Compensatory Education (SCE) program was not adequately planned nor monitored during the 2006-2007 fiscal year. (Repeat finding)

Contact Person: Tammy Bright, Executive Director of Federal Programs, (325) 947-3838 Ext. 749

**Corrective Action:**

**State Compensatory Education budget became the responsibility of the Executive Director of Federal Programs in November 2006. The previous year's corrective action plan was written with the intent of correcting the financial findings from the previous year. State Compensatory Education provides funding for several different programs. Budgets are set up under program codes and several program directors have approval authority over these funds. Final approval of State Compensatory funds will be made exclusively by the Executive Director of Federal Programs. The following corrective action plans will be implemented for each finding:**

(1) SAISD did not spend 85% of its SCE allocation.

**Executive Director will review the SCE budget on a monthly basis. The past two years the final state allocations have been greater than anticipated at the end of the year. Budgetary planning of the 85% allocation then falls short of the goal because final program allocations are greater than expected. Budgetary planning of the SCE budget will be at a 90% allocation level. This higher allocation rate should help offset the final allocation increase.**

(2) The district spent part of the allocation on non-supplemental or unallowable strategies

**Allowable and supplemental strategies that are funded with SCE funds will be more clearly monitored. The implementation of one approval authority will more closely monitor the expenses. Additional information will be included in the accounting process for tracking purposes.**

(3) Some salaries coded to SCE do not have documentation to support that personnel were providing services supplemental to the basic education.

**Personnel funded under SCE funds will be checked at the beginning of each semester of the fiscal year to ensure that position and duties are providing supplemental services.**

Anticipated Completion Date:

In fiscal year 2007-08

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2007

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<u>Direct Programs</u>			
Selected Res. Educ. Assist. Prog.-ROTC (Note A)	12.000		\$ 153,045
Total Direct Programs			\$ 153,045
<b>TOTAL DEPARTMENT OF DEFENSE</b>			\$ 153,045
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Direct Programs</u>			
Impact Aid - P.L. 81.874 (Note A)	84.041		\$ 114,047
Total Direct Programs			\$ 114,047
<u>Passed Through Region 11 Education Service Center</u>			
IDEA - Part B, Discretionary	84.027	07660022712	\$ 2,052
Total Passed Through Region 11 Education Service Center			\$ 2,052
<u>Passed Through Region 20 Education Service Center</u>			
Teacher Supply Reimbursement	None	760000471220	\$ 17,699
Total Passed Through Region 20 Education Service Center			\$ 17,699
<u>Passed Through Howard College</u>			
Vocational Education-Technical Preparation	84.243A	TP-0506-16	\$ 2,970
Total Passed Through Howard College			\$ 2,970
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	07610101226903	\$ 3,768,659
ESEA, Title I, Part A - Improving Basic Programs	84.010A	08610101226903	21,518
Total CFDA Number 84.010A			3,790,177
ESEA, Title I, Part C - Migratory Children	84.011	07615001226903	72,915
ESEA, Title I, Part C - Migratory Children	84.011	08615001226903	6,335
Total CFDA Number 84.011			79,250
IDEA - Part B, Formula	84.027	076600012269036600	2,776,756
IDEA - Part B, Formula	84.027	086600012269036600	86,856
Total CFDA Number 84.027			2,863,612
Vocational Education - Basic Grant	84.048	742000622690315	176,913
Vocational Education - Basic Grant	84.048	842000622690315	40,251
Total CFDA Number 84.048			217,164
IDEA - Part B, Preschool	84.173	076610012269036610	115,036
ESEA Title IV - Safe and Drug-Free Schools	84.186A	07691001226903	55,169
ESEA Title IV - Safe and Drug-Free Schools	84.186A	08691001226903	5,598
Total CFDA Number 84.186A			60,767
Title V, Part A - Innovative Programs	84.298	07685001226903	24,152
Title II, Part D -Enhancing Ed. Through Technology	84.318	07630001226903	43,582
Title II, Part D -Enhancing Ed. Through Technology	84.318	08630001226903	1,581
Total CFDA Number 84.318			45,163
Title III, Part A - English Language Acquisition	84.365A	07671001226903	104,728
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	07694501226903	943,548
Total Passed Through State Department of Education			\$ 8,243,597
<b>TOTAL DEPARTMENT OF EDUCATION</b>			\$ 8,380,365

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2007

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Concho Valley Council of Govts</u>			
Head Start	93.600	06CH7039/03	\$ 1,899,467
Head Start	93.600	06CH7039/04	480,883
Early Head Start	93.600	06CH7039/03	717,809
Early Head Start	93.600	06CH7039/04	204,953
Total CFDA Number 93.600			<u>3,303,112</u>
Total Passed Through Concho Valley Council of Govts			<u>\$ 3,303,112</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>\$ 3,303,112</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through Texas Health &amp; Human Services Comm.</u>			
Child & Adult Care Feeding	10.558	75-226-0017	\$ 337,879
Summer Feeding Program*	10.559	7522008	115,068
Total Passed Through Texas Health & Human Services Comm.			<u>\$ 452,947</u>
<u>Passed Through the State Department of Agriculture</u>			
Food Distribution	10.550	226004A	\$ 231,164
Total Passed Through the State Department of Agriculture			<u>\$ 231,164</u>
<u>Passed Through State Department of Education</u>			
National School Breakfast Program* (Note A)	10.553	71400601	\$ 510,489
National School Lunch Program* (Note A)	10.555	71300601	2,516,048
Total Passed Through State Department of Education			<u>\$ 3,026,537</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 3,710,648</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 15,547,170</u>

\*Clustered Programs as required by Compliance Supplement March, 2007

Note A - ROTC and Impact Aid revenues are accounted for in the General Fund, and the National School Breakfast and Lunch programs revenues are accounted for in a Special Revenue Fund. Expenditures for these programs are not specifically attributable to the federal revenue source and are shown on this schedule in an amount equal to revenue for reporting purposes only.

SAN ANGELO INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2007

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's ***Financial Accountability System Resource Guide***. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in either a Special Revenue Fund or the General Fund which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.
3. The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. 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.
4. Federal grant funds are generally considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.
5. 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 Statement - Provisional 6/97.