

**MCKINNEY
INDEPENDENT SCHOOL DISTRICT**

Financial Report For the Year Ended

June 30, 2010

MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT

FEDERAL AWARDS SECTION

Auditing Standards

Government

CERTIFICATE OF BOARD

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FINANCIAL SECTION

PINGLETON, HOWARD & COMPANY, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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Government Auditing Standards

Auditing Standards

Governmental

Audits of States, Local Governments, and Non-Profit Organizations

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the McKinney Independent School District annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2010. Please read in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets (Exhibit A-1) an

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements (Exhibits C-1 and C-3) provide more detailed information about the District's most significant funds, not the District as a whole. Funds are a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives.

Some funds are required by State law and bond covenants.

Other funds are established to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has two kinds of funds:

Governmental funds – Most of the District's basic services are reported in governmental funds. The funds 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 at the end of the fiscal period. The governmental funds statements provide a detailed, short-term view of the District's general operations and the basic services it provides. The differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are described in reconciliation narratives following each of the fund financial statements. (Exhibits C-2 and C-4)

Fiduciary funds – 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, Exhibits D-1 and D-2 respectively. These resources are excluded 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 purpose.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$83,690,458 on June 30, 2010. (See Table A-1).

Table A-2
Changes in Net Assets

	Governmental Activities		Percentage Change
	2010	2009	
Revenues			

Governmental Activities-Changes in Net Assets

Investment earnings decreased as interest rates declined.

Operating grants and contributions increased due to the award of American Recovery and Reinvestment Act (ARRA) funds.

Contracted instructional services between public schools decreased as the responsibilities as primary agent for JJAEP was transferred from the district to Collin County.

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

The cost of all *governmental* activities this period was \$242,781,875.

The amount paid by MISD taxpayers for these governmental activities through property taxes was \$137,334,289.

Some of the cost (\$9,480,791) was paid by those who directly benefited from the programs or by grants and contributions of \$25,894,652.

Table A-3 Net Cost of Selected District Functions

Total Cost of Services

General Fund Budgetary Highlights

During the course of the fiscal year, the District reviews and revises its budget on a monthly basis in accordance with Texas Education Agency Financial Accountability System Resource Guide standards.

All of the District's bonds except the Series 2009 and 2010 Bonds presently carry AAA Ratings by virtue of the Texas Permanent School Fund Bond Guarantee Program. The District's underlying ratings (and stand alone ratings in the case of the Series 2009 and 2010 Bonds) are as follows:

Moody's Investor Services "Aa3"

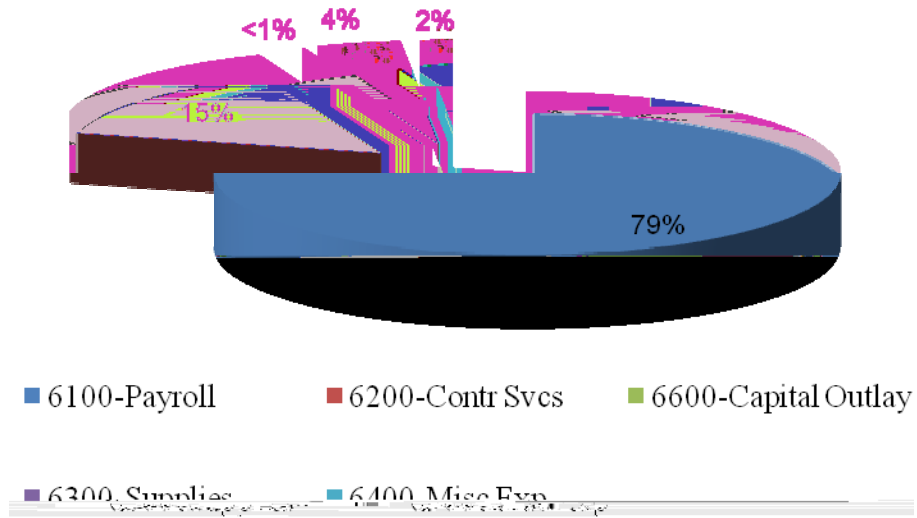
Standard & Poor's "AA"

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Net taxable appraised value used for the 2011 budget preparation has decreased approximately \$57.0

General fund expenditures for 2010-11 are budgeted to increase 1.8% to \$177.5 million. The largest increments are due to increased staffing for student growth, salary increases, and added costs for McClure Elementary School, which opened in August 2010.

2010-2011 Percent of General Fund Budget by Object



The District tax rate will be \$1.528 in 2011, with the debt portion at \$.488 and the M & O portion at \$1.04. The average taxable value of an average residence is expected to decrease slightly from \$200,492 to \$198,670 in 2010.

Historic Tax Rate Comparison



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BASIC FINANCIAL STATEMENTS

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 136,000,284	\$ 402,632	\$ 19,556,312	\$ (116,041,340)
12 Instructional Resources and Media Services	3,963,633	-	122,977	(3,840,656)
13 Curriculum and Staff Development	3,346,669	-	531,065	(2,815,604)
21 Instructional Leadership	3,231,877	-	355,098	(2,876,779)
23 School Leadership	12,407,643	-	567,602	(11,840,041)
31 Guidance, Counseling and Evaluation Services	5,950,626	-	386,602	(5,564,024)
32 Social Work Services	550,000	-	-	(550,000)
33 Health Services	1,994,847	-	88,228	(1,906,619)
34 Student (Pupil) Transportation	7,296,047	-	88,228	(1,906,619)
	8,744,775	-	3,519,302	(551,016)

MCKINNEY INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDSHEET

Other Funds	Total Governmental Funds
\$ 3,157,009	\$ 100,273,838
-	4,762,425
-	(142,521)
2,357,467	16,196,001
-	166,295
3,595	890,016
-	508,907
73,695	541,919
<u>\$ 5,591,766</u>	<u>\$ 123,196,880</u>
\$ -	\$ 148,084
1,962,692	18,650,649
-	29,376
24,023	1,857,410
84,067	5,353,738
<u>2,070,782</u>	<u>26,039,257</u>
-	508,907
-	17,210,999
42,599	510,823
1,143,280	1,143,280
-	26,277,426
-	420,083
-	48,751,000
2,335,105	2,335,105
<u>3,520,984</u>	<u>97,157,623</u>
<u>\$ 5,591,766</u>	<u>\$ 123,196,880</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2010

Total Fund Balances - Governmental Funds	\$	97,157,623
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$540,243,126 and the accumulated depreciation was \$94,116,992. In addition, long-term liabilities, including bonds payable of \$470,135,000 are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		(24,008,866)
2 Current year capital outlays of \$14,615,015 and long-term debt principal payments of \$22,195,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net assets.		36,810,015
3 Accrued interest payable on long-term debt is not reflected on the fund financial statements, but is shown on the government-wide financial statements. The effect of showing accrued interest payable is to decrease net assets.		(7,693,432)
4 The current year depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(13,652,320)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(4,922,562)
19 Net Assets of Governmental Activities	\$	83,690,458

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 96,838,663	\$ 45,137,334	\$ 205,789
5800 State Program Revenues	71,414,634	-	-
5900 Federal Program Revenues	858,337	-	-
5020 Total Revenues	169,111,634	45,137,334	205,789
EXPENDITURES:			
Current:			
0011 Instruction	101,696,672	-	6,660,336
0012 Instructional Resources and Media Services	3,231,779	-	-
0013 Curriculum and Instructional Staff Development	2,870,046	-	-
0021 Instructional Leadership	2,986,907	-	-
0023 School Leadership	11,275,073	-	-
0031 Guidance, Counseling and Evaluation Services	5,806,153	-	-
0032 Social Work Services	550,000	-	-
0033 Health Services	1,985,386	-	-
0034 Student (Pupil) Transportation	7,232,121	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	5,528,895	-	-
0041 General Administration	4,395,250	-	-
0051 Facilities Maintenance and Operations	17,036,960	-	-
0052 Security and Monitoring Services	573,833	-	-
0053 Data Processing Services	2,905,897	-	-
0061 Community Services	183,370	-	-
Debt Service:			
0071 Debt Service - Principal on Long Term Debt	-	22,195,000	-
0072 Debt Service - Interest on Long Term Debt	-	21,506,418	-
	-	-	-

Other Funds	Total Governmental Funds
\$ 11,313,688	\$ 153,495,474
1,023,522	72,438,156
18,613,806	19,472,143
30,951,016	245,405,773
16,749,054	125,106,062
265,461	3,497,240
476,594	3,346,640
244,970	3,231,877
868,726	12,143,799
138,813	5,944,966
-	550,000
-	1,985,386
31,804	7,263,925
8,027,565	8,027,565
202,353	5,731,248
6,372	4,401,622
230,607	17,267,567
85,539	659,372
2,800	2,908,697
3,084,852	3,268,222
-	22,195,000
-	21,506,418
-	164,987
-	15,967,808
-	138,669
-	874,047
30,415,510	266,181,117
535,506	(20,775,344)
-	30,948,001
-	838,944
-	2,935,995
(838,944)	(838,944)
-	(34,062,440)
(838,944)	(178,444)
(303,438)	(20,953,788)
3,824,422	118,111,411
\$ 3,520,984	\$ 97,157,623

MCKINNEY 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 JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds	\$	(20,953,788)
Current year capital outlays of \$14,615,015 and long-term debt principal payments of \$22,195,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net assets.		36,810,015
Accrued interest payable on long-term debt is not reflected on the fund financial statements, but is shown on the government-wide financial statements. The effect of showing accrued interest payable is to decrease net assets.		(146,082)
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.		(13,652,320)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		68,815
Change in Net Assets of Governmental Activities	<u>\$</u>	<u>2,126,640</u>

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

EXHIBIT D-1

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 15,184	\$ 352,099
Total Assets	15,184	\$ 352,099
LIABILITIES		
Due to Student Groups	-	\$ 352,099
Total Liabilities	-	\$ 352,099
NET ASSETS		
Restricted for Scholarships	15,184	
Total Net Assets	\$ 15,184	

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF CHANGES IN NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 69
Total Additions	<u>69</u>
Change in Net Assets	69
Total Net Assets - July 1 (Beginning)	<u>15,115</u>
Total Net Assets - June 30 (Ending)	<u><u>\$ 15,184</u></u>

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Auditing Standards No. 69

Statement on

Financial Accountability System Resource Guide

A. Reporting Entity

B. Government-wide and Fund Financial Statements

Governmental activities

business-type activities

Direct expenses
Program revenues

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Assets or Equity

Due From (To) Other Funds

Inventories and Prepaid Items

Capital Assets

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Assets or Equity

Data Control Codes

Financial Accountability System Resources Guide

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Public Funds Investment Act

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

=====

B. Property Taxes

C. Due From Other Governments

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 4 DETAILED NOTES ON ALL FUNDS

C. Due From Other Governments

_____	_____	_____	_____	_____
	_____	_____	_____	_____
	=====	=====	=====	_____

MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 4 DETAILED NOTES ON ALL FUNDS

F. Bonds Payable

_____	_____	_____	_____
	_____	_____	_____
	=====	=====	=====

G. Defeasance of Debt

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 4 DETAILED NOTES ON ALL FUNDS

G. Defeasance of Debt

MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 5 OTHER INFORMATION

E. Health Care Coverage

F. Pension Plan Obligations

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 5 OTHER INFORMATION

F. Pension Plan Obligations

G. Retiree Health Plan

MCKINNEY INDEPENDENT SCHOOL DISTRICT

NOTE 5 OTHER INFORMATION

G. Retiree Health Plan

REQUIRED SUPPLEMENTAL INFORMATION

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 95,395,423	\$ 96,600,586	\$ 96,838,663	\$ 238,077
5800 State Program Revenues	79,094,544	70,839,766	71,414,634	574,868
5900 Federal Program Revenues	320,000	880,000	858,337	(21,663)
5020 Total Revenues	174,809,967	168,320,352	169,111,634	791,282
EXPENDITURES:				
Current:				
0011 Instruction	109,145,294	103,878,818	101,696,672	2,182,146
0012 Instructional Resources and Media Services	3,314,630	3,298,972	3,231,779	67,193
0013 Curriculum and Instructional Staff Development	3,144,525	3,250,285	2,870,046	380,239
0021 Instructional Leadership	2,872,629	2,990,815	2,986,907	3,908
0023 School Leadership	11,369,088	11,471,073	11,275,073	196,000
0031 Guidance, Counseling and Evaluation Services	5,747,233	5,962,996	5,806,153	156,843
0032 Social Work Services	391,750	550,000	550,000	-
0033 Health Services	2,043,745	2,047,856	1,985,386	62,470
0034 Student (Pupil) Transportation	7,287,778	7,306,224	7,232,121	74,103
0036 Extracurricular Activities	5,756,597	5,735,816	5,528,895	206,921
0041 General Administration	4,369,099	4,587,796	4,395,250	192,546
0051 Facilities Maintenance and Operations	18,461,167	18,433,286	17,036,960	1,396,326
0052 Security and Monitoring Services	670,759	696,012	573,833	122,179
0053 Data Processing Services	2,909,096	2,916,715	2,905,897	10,818
0061 Community Services	209,997	227,008	183,370	43,638
Capital Outlay:				
0081 Facilities Acquisition and Construction	10,000	12,100	12,015	85
Intergovernmental:				
0095 Payments to Juvenile Justice Alternative Ed. Prg.	450,000	185,000	138,669	46,331
	947,000	875,409	874,047	1,362

COMBINING STATEMENTS

MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

Data
Control
Codes

284 IDEA, Pt. B ARRA Preschool	285 ESEA I,A Improving Basic Program	289 Other Federal Special Revenue Funds	385 Visually Impaired SSVI	392 Non-Ed. Community Based Support	394 Life Skills Program	397 Advanced Placement Incentives	399 Investment Capital Funds
\$ -	\$ (38,140)	\$ 9,238	\$ -	\$ (19,571)	\$ (2,870)	\$ 55,688	\$ -
-	54,809	-	-	23,616	2,870	-	-
-	-	-	-	-	-	-	-
-	3,102	-	-	-	-	19,141	-
<u>\$ -</u>	<u>\$ 19,771</u>	<u>\$ 9,238</u>	<u>\$ -</u>	<u>\$ 4,045</u>	<u>\$ -</u>	<u>\$ 74,829</u>	<u>\$ -</u>
\$ -	\$ 19,691	\$ -	\$ -	\$ 4,045	\$ -	\$ -	\$ -
-	80	-	-	-	-	-	-
-	-	9,238	-	-	-	74,829	-
<u>-</u>	<u>19,771</u>	<u>9,238</u>	<u>-</u>	<u>4,045</u>	<u>-</u>	<u>74,829</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 19,771</u>	<u>\$ 9,238</u>	<u>\$ -</u>	<u>\$ 4,045</u>	<u>\$ -</u>	<u>\$ 74,829</u>	<u>\$ -</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

Data Control Codes	404 Student Success Initiative	411 Technology Allotment	428 High School Allotment	429 Other State Special Revenue Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ (34,406)	\$ 570,585	\$ -	\$ -
Receivables from other governmental agencies	34,406	570,585	-	-

461 Campus Activity Funds	480 After School Program	Total Nonmajor Governmental Funds
\$ 1,734,508	\$ 44,909	\$ 3,157,009
-	-	2,357,467
-	-	3,595
19,253	23,346	73,695
<u>\$ 1,753,761</u>	<u>\$ 68,255</u>	<u>\$ 5,591,766</u>
\$ 6,750	-	\$ 1,962,692

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	204	205	206	211
Data	ESEA Title IV	Head	ESEA	ESEA I, A
Control	Safe & Drug	Start	Title X, Pt.C	Improving
Codes	Free Schools		Homeless	Basic Program

212	224	225	226	255	262
ESEA Title I	IDEA	IDEA	IDEA		Title II, D
Part C	Part B	Part B	Part B		Education
Migrant	Formula	Preschool	Discretionary		Technology

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes		263 Title III, A English Lang. Acquisition	266 Title XIV ARRA State Stabilization	280 ESEA, X, C ARRA Homeless	283 IDEA, Pt. B ARRA Formula
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
		<u>276,294</u>	<u>6,620,812</u>	<u>54,357</u>	<u>1,903,559</u>
5020	Total Revenues	<u>276,294</u>	<u>6,620,812</u>	<u>54,357</u>	<u>1,903,559</u>
EXPENDITURES:					

284	285	289	385	392	394	397	399
IDEA, Pt. B	ESEA I,A	Other Federal	Visually	Non-Ed.	Life	Advanced	Investment
ARRA	Improving	Special	Impaired	Community	Skills	Placement	Capital
Preschool	Basic Program	Revenue Funds	SSVI		Program	Incentives	Funds

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	404 Student Success Initiative	411 Technology Allotment	428 High School Allotment	429 Other State Special Revenue Funds
REVENUES:				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	151,482	666,549	333
5900	Federal Program Revenues	-	-	-
5020	Total Revenues	<u>151,482</u>	<u>666,549</u>	<u>333</u>
EXPENDITURES:				
Current:				
0011	Instruction	88,082	540,609	-
0012	Instructional Resources and Media Services	-	-	333
0013	Curriculum and Instructional Staff Development	63,400	-	-
0021	Instructional Leadership	-	-	-
0023	School Leadership	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0034	Student (Pupil) Transportation	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0052	Security and Monitoring Services	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	-

461 Campus Activity Funds	480 After School Program	Total Nonmajor Governmental Funds
\$ 3,591,829	\$ 3,047,402	\$ 11,313,688
-	-	1,023,522
-	-	18,613,806
<u>3,591,829</u>	<u>3,047,402</u>	<u>30,951,016</u>
1,869,637	-	16,749,054
265,128	-	265,461
7,128	49,781	476,594
-	-	244,970
791,697	-	868,726
-	-	138,813
189	-	31,804
-	-	8,027,565
202,353	-	202,353
6,372	-	6,372
27,969	2,638	230,607
81,822	-	85,539
2,800	-	2,800
133,592	2,841,391	3,084,852
<u>3,388,687</u>	<u>2,893,810</u>	<u>30,415,510</u>
<u>203,142</u>	<u>153,592</u>	<u>535,506</u>
-	-	(838,944)
-	-	(838,944)
203,142	153,592	(303,438)
<u>1,533,973</u>	<u>(85,870)</u>	<u>3,824,422</u>
<u>\$ 1,737,115</u>	<u>\$ 67,722</u>	<u>\$ 3,520,984</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2010

	828 Virginia Dodson Finch Trust Fund	829 Avery Dowell Library Trust Fund	Total Private Purpose Trust Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 15,117	\$ 67	\$ 15,184
Total Assets	<u>15,117</u>	<u>67</u>	<u>15,184</u>
NET ASSETS			
	15,117	67	

MCKINNEY INDEPENDENT SCHOOL DISTRICT

EXHIBIT F-4

FOR THE YEAR ENDED JUNE 30, 2010

Data

Virginia

Library51w 2SS on library -97 197 -16 re f Q BT 1 0 0 1 0 0 Tm/F1 1351w 26 100 587 F108 Td(Library) 77 T6.0100 Tg 72 -48 672 -103 135j278 0.1 1 1 rg 72 -170 41 -
Codes

Trust Fund

REQUIRED T.E.A. SCHEDULES

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED JUNE 30, 2010

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2001 and prior years	Various	Various	\$ Various
2002	1.405000	0.380000	4,299,175,813
2003	1.465000	0.480000	5,121,126,520
2004	1.500000	0.480000	5,448,114,091
2005	1.500000	0.500000	5,958,317,700
2006	1.500000	0.500000	6,623,153,750
2007	1.370000	0.471000	7,457,875,177
2008	1.040000	0.477000	8,417,974,951
2009	1.040000	0.477000	8,935,038,695
2010 (School year under audit)	1.040000	0.500000	8,942,913,766
1000 TOTALS			

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 FOR THE YEAR ENDED JUNE 30, 2010

UNAUDITED

1	Total General Fund Balance as of 6/30/10 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 50,148,214
2	Total Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund Only)	\$ 977,131	
3	Total Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund Only)	420,083	
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	27,206,572	
5	Estimate of two month's average cash disbursements during the fiscal year.	30,463,236	
6	Estimate of delayed payments from state sources (58xx).	-	
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	13,675,548	
8	Estimate of delayed payments from federal sources (59xx)	1,525,945	
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
10	Adjustment to meet Board Policy	-	
11	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9 +		<u>74,268,515</u>
12	Excess (Deficit) Undesignated Unreserved General Fund Balance (Line 1 minus Line 10)		<u>\$ (24,120,301)</u>

MCKINNEY INDEPENDENT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 44,328,378	\$ 45,117,115	\$ 45,137,334	\$ 20,219
5020	Total Revenues	44,328,378	45,117,115	45,137,334	20,219
EXPENDITURES:					
Debt Service:					
0071	Debt Service - Principal on Long Term Debt	22,195,000	22,195,000	22,195,000	-
0072	Debt Service - Interest on Long Term Debt	21,506,420	21,506,420	21,506,418	2
0073	Debt Service - Bond Issuance Cost and Fees	50,000	167,000	164,987	2,013
6030	Total Expenditures	43,751,420	43,868,420	43,866,405	2,015
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	576,958	1,248,695	1,270,929	22,234
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	30,948,001	30,948,001	-
7916	Premium or Discount on Issuance of Bonds	-	2,935,994	2,935,995	1
8949	Other (Uses)	-	(34,062,441)	(34,062,440)	1
7080	Total Other Financing Sources (Uses)	-	(178,446)	(178,444)	2
1200	Net Change in Fund Balances	576,958	1,070,249	1,092,485	22,236
0100	Fund Balance - July 1 (Beginning)	16,118,514	16,118,514	16,118,514	-
3000	Fund Balance - June 30 (Ending)	\$ 16,695,472	\$ 17,188,763	\$ 17,210,999	\$ 22,236

FEDERAL AWARDS SECTION

Government Auditing Standards

PINGLETON, HOWARD & COMPANY, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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Circular A-133 Compliance Supplement

U. S. Office of Management and Budget (OMB)

*Standards
States, Local Governments, and Non-Profit Organizations*

*Government Auditing
Audits of*

MCKINNEY INDEPENDENT SCHOOL DISTRICT

MCKINNEY INDEPENDENT SCHOOL DISTRICT

- NONE -

MCKINNEY INDEPENDENT SCHOOL DISTRICT

- NONE -

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Region X ESC</u>			
ESEA, Title I, Part C - Migratory Children	84.011A	10615001057950	\$ 4,386
ESEA, Title X, Pt. C - ARRA Education for Homeless	84.387A	A09-018	55,538
ESEA, Title X, Part C -Homeless Children	84.387A	00-037	87,934
Total CFDA Number 84.387A			143,472
ESEA, Title IV, Pt. A - Safe and Drug-Free School	84.186A	10691001057950	40,522
Title III, Part A - English Language Acquisition	84.365A	10671001057950	276,294
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	10694501057950	460,988
	84.389A	10551001057950	225,742
Total Passed Through Region X ESC			\$ 1,151,404

MCKINNEY INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2010

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through Texas Dept of Human Services</u>			
Donated Commodities	10.550		\$ 298,689
Total Passed Through Texas Dept of Human Services			\$ 298,689
<u>Passed Through the State Department of Agriculture</u>			
National School Breakfast & Lunch Program	10.555		\$ 3,248,485
NSLP Equipment Assistance Grant	10.579		16,883
Watershed Protection and Flood Control	10.904		2,810
Total Passed Through the State Department of Agriculture			\$ 3,268,178
TOTAL DEPARTMENT OF AGRICULTURE			\$ 3,566,867
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 18,765,930

Note: School Health and Related Services reimbursements of \$706,213 are recorded as federal program revenue in the general fund, but are not considered awards for the purpose of this schedule.

