



ALIEF INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report

For the Year Ended
August 31, 2006

*Alief Independent School District
12302 High Star
Houston, Texas 77072*

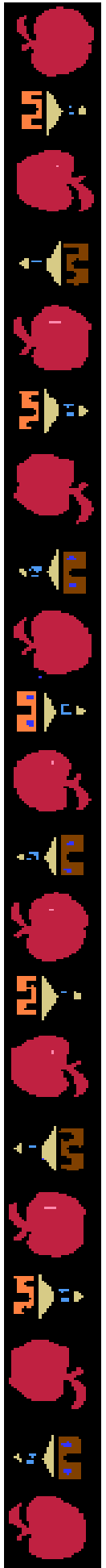
ALIEF INDEPENDENT SCHOOL DISTRICT

Comprehensive Annual Financial Report
For the Year Ended August 31, 2006

Prepared by the Administrative Service Division:

Johnny Bates	Deputy Superintendent for Administration
Deanna Wentz, CPA	Assistant Superintendent for Finance
Anne Faichtinger, CPA	Controller
Julee Patterson, CPA	Accountant

*Alief Independent School District
12302 High Star
Houston, Texas 77072*



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Comprehensive Annual Financial Report
For the Year Ended August 31, 2006
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Introductory Section

**Alief Independent School District
Principal Officials and Advisors**

Board of Trustees

<u>Board of Trustees</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Dr. John Hansen, President	13 Years	2007	Investment Manager
Ms. Sarah Winkler, Vice-President	9 Years	2009	Homemaker
Mr. Gary Cook, Secretary	8 Years	2007	Hospital Administrator
Mr. Ray Simmons, Jr., Asst. Secretary	2 Years	2007	Pastor
Mr. Edgar Dansby, III, Member	6 Years	2009	Human Resources Consultant
Mr. Charles Cothran, Member	1 Year	2008	Retired School Administrator
Mr. Nghi Ho, Member	1 Year	2008	Financial Planner

Administrative Officials

<u>Official</u>	<u>Position</u>	<u>Length of Service</u>
Dr. Louis Stoerner	Superintendent of Schools	18 Years
Mr. Johnny Tates	Deputy Superintendent for Administration	7 Years
Ms. Vickie Schoppe	Deputy Superintendent for Instruction	29 Years
Ms. Deanna Wentz	Assistant Superintendent for Finance	11 Years

Consultants and Advisors

Vinson & Elkins, L.L.P.
Bond Counsel – Houston, Texas

Coastal Securities
Financial Advisor – Houston, Texas

Null-Lairson, P.C.
Independent Auditors – Houston, Texas

Superintendent
Louis Stoerner

Asst. Supt. Communications/PR
Paula Smith

Deputy Superintendent Administration
Johnny Tates

Deputy Superintendent Instruction
Vickie Schoppe

Asst. Supt. Finance
Deanna Wentz

Asst. Supt. Tech/Support Services
Charles Woods

Asst. Supt. Human Resources
Rose Hernandez

Asst. Supt. Elem. Ed.
Colleen Sanders

Asst. Supt. Sec. Ed.
Joyce Eddings

Controller
Anne Faichinger

Director Nutrition
Sarah Jarrell

Tax Collector
Pat Praesel

Director MIS
Doug Brown

Director Procurement & Dist.
Dirk Engel

Director Technology
Wally Rakestraw

Director Transportation
Joe Lopasky

Director Personnel
Walter Simmons

Director Risk Management
Dwight Brannon

Director Staff Relations
Cynthia Ginyard

Director of ACP
Allen Ecker

Director Constr/Facilities
Pat Dingrando

Chief of Police
Larry Gustafson

Director of Athletics
Ronnie Bell

Director of Maintenance
Tom Ryan

Director Elem. Schools
Sharman Potter

Elementary Principals

Director Sec. Schools
Sue Page

Secondary Principals

Exec. Dir. Sp. Pop.
Jennifer Key

Dir. Student Svces.
Joe Dombrowski

Dir. Leader/Staff Dev.
Chuck Lang

Director Special Ed.
Martha Drewyer

Dir. Acct. & Assessment
Glenda Thacker

December 19, 2006

Board of Trustees
Alief Independent School District
Harris County, Texas

Dear Board Members:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principals (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Alief Independent School District for the fiscal year ended August 31, 2006.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. In order to provide a reasonable basis for making those representations, management of the District has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse. Additionally, the internal control framework is designed to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the costs of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable assurance rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The comprehensive annual financial report is composed of three main sections: introductory section, financial section, and the statistical section. The introductory section is primarily comprised of a listing of the principal officials and advisors, an organizational chart, and this letter of transmittal. The financial section is made up of five parts: 1) independent auditor's report, 2) management's discussion and analysis, 3) basic financial statements, 4) required supplementary information, and 5) other supplementary information, which is an optional section that presents additional information such as combining statements for internal service funds, and required compliance information. The statistical section is designed to reflect social and economic data, financial and fiscal trends, and the fiscal capacity of the District.

The financial statements of the District have been audited by Null-Lairson, P.C., a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended August 31, 2006 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principals used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon 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, 2006 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements is 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 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 available in the District's separately issued Single Audit Report.

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 letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the District

The Alief Independent School District, established in 1917, encompasses 36.6 square miles in southwest Harris County. The District is an independent political subdivision of the State of Texas governed by an elected board of trustees. The board is elected to staggered three-year terms by the District's residents. The District is located primarily within the City of Houston and totally within Harris County, Texas. The Alief Independent School District has a population of approximately 260,000 and employs 6,245 employees. These employees adequately provide educational services for the 47,663 students enrolled in the Alief Independent School District. The twenty-three elementary schools (pre-kindergarten through fourth or fifth grade), six intermediate schools (fifth and sixth grades), six middle schools (sixth or seventh grade through eighth grade), two ninth grade centers, and four high schools (ninth or tenth grade through twelfth grade) are accredited by the Southern Association of Colleges and Schools and the Texas Education Agency.

The Alief Independent School District provides a full range of educational services appropriate to grade levels pre-kindergarten through twelfth grade. These include regular and enriched academic education, special education for handicapped students, occupational education, and educational services for those with limited English proficiency. These basic programs are supplemented by a wide variety of offerings in fine arts, athletics, and other extracurricular programs.

Budgeting

The annual budget serves as the foundation for the District's financial planning and control. The budget process begins in January when the Long-Range Plan is presented to the Board of Trustees. The enrollment projections contained in this plan form the basis for significant budgetary decisions including per pupil allocations to each campus, instructional staffing allocations, and other required service levels. Once the Long-Range Plan is approved, the Board of Trustees can begin discussions concerning budget strategies and priorities, and establish the budget calendar. Personnel units are allocated to each campus based on projected student enrollment following state mandated ratios, as applicable. Each campus receives a basic allotment per student to be used for supplies, materials, equipment, staff development and other appropriate instructional costs. Decisions concerning utilization of this allocation are made by the site-based decision making teams. Budgets for non-campus units are developed by department heads and reviewed by the Budget Committee. Following the budget development process, consolidated budgetary information is presented to the Board of Trustees in workshops and regular meetings. The proposed budget must be prepared by August 20th for a September 1st fiscal year start date. The Board President must call a board meeting for the purpose of discussing and adopting the budget and the tax rate. A notice of this meeting is required to be published at least 10 days, but not more than 30 days before the public meeting. Budget-to-actual comparisons are provided in this report for each individual governmental fund or program for which an appropriated annual budget has been adopted.

The budget may be amended during the year to address unanticipated or changing needs of the District. Changes to functional expenditure categories require Board of Trustee approval. However, budget changes not requiring an increase in total appropriations and within functional categories may be approved by management without Board approval.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy

The local economy is based predominantly on commercial and financial activities. Shell Development Company's Westhollow Research Center is situated in the western portion of the District. Chevron Chemical is also located in the District, as is the world headquarters of Western Geophysical, a division of Baker Hughes. The area economy remains strong, with property values increasing over 4% for each of the last five years.

The local economy was greatly impacted by the natural disasters of hurricanes Katrina and Rita. Following the hurricanes, thousands of families relocated to the Houston area. At that time Alief apartment complexes had units available and many families found housing in this area. Evacuee enrollment grew throughout the fall and peaked at just over 3,000 in late January. The year ended with approximately 2,500 evacuee students in attendance. Significant uncertainty surrounds future enrollment forecasts as the District estimates the number of these students that will make Alief their permanent home. The District must monitor this and other indicators of student growth as future financial decisions are made.

State Funding

The current system in the State of Texas provides funding for public education via a financing formula which weights student attendance levels, property value per student, the District's tax effort, and regional variations in payroll and other costs. The District is considered a "property-poor" school district because the assessed value of property per student is lower than the statewide average. The statewide taxable value per student for 2005-06 was \$274,818, while the comparable value for the District was \$193,880.

Cash Management

Cash available in excess of cash requirements was invested in the one of three investment pools used by the District and government agency securities. The District participates in Texpool, the Local Government Investment Cooperative (LOGIC), and Lone Star investment pools. The District's investment policy is to minimize risk while maintaining a competitive yield on its portfolio. The District's deposits were entirely covered by Federal Deposit Insurance Corporation (FDIC) insurance and pledged collateral for the year ended August 31, 2006.

Risk Management

The District's risk management program encompasses various means of protecting the District against loss. District instructional facilities range in age from forty to less than one year. Property and casualty insurance on all facilities, fixtures, and equipment is provided by commercial carriers and liability insurance coverage is provided by participation in a public entity risk pool administered by the Texas Association of School Boards. The Risk Management Department of the District strives to ensure the safety and health of the students and employees through its accident prevention programs, safety education programs, and safety inspections.

In addition, the District strives to maintain employee benefit programs designed to retain and attract qualified personnel. To achieve this, the District operates a self-funded health insurance program and is covered by an excess loss insurance policy for claims exceeding a specified limit. Various types of insurance coverages are made available to employees. Portions of the coverages available, such as medical and life insurance, are partially paid by the District. The District also operates a self-funded workers compensation program with an emphasis on cost control of claims.

Major Initiatives and Accomplishments

In September 2003, the voters in the Alief Independent School District approved a \$175 million bond referendum. Currently, \$75.38 million of these bonds have been issued with the remaining authorized amount scheduled to be issued in various increments over the next four years. These proceeds will be used to support construction of new facilities, including Elementary #24 and #25, Intermediate #7, and Middle School #7 as well as purchase land for future schools. The proceeds will also be used for renovations, additions, and maintenance to existing campuses including enclosing classrooms at the elementary schools.

Implementation of the Long-Range Technology Plan is still in effect, which will enable children to experience hands on learning utilizing leading edge technologies. New computer labs are being installed to improve academic success through computer-assisted learning. The success of these and many other programs is evident in the continued improvement in student performance on the Texas Assessment of Knowledge and Skills (TAKS) Test.

The 2005-06 financial structure of the Alief Independent School District provided support to work toward or accomplish the following goals:

1. Provided competitive salary and benefit increases to District employees. A \$1,460 across the board increase was approved for all employees paid from the teacher salary schedule. For all other personnel, a 3% of the midpoint increase was approved by the Board of Trustees.
2. Maintained a fiscally responsible tax rate with a \$.03 increase in the current fiscal year.
3. Structured fiscally responsible debt retirement schedules. Alief continues to retire debt at an aggressive pace. Within the next 10 years, Alief will retire approximately 73.56% of the currently issued debt compared to the state average of 38.75%.

Awards and Acknowledgements

The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Alief Independent School District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2005. We believe that our current report continues to conform to the high standards of the certificate of excellence program, and we are submitting it to ASBO.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Alief Independent School District for its Comprehensive Annual Financial Report for the fiscal year ended August 31, 2005.

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

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

The District also received the GFOA's Distinguished Budget Presentation Award and the ASBO's Meritorious Budget Award for its annual budget document. In order to qualify for these budget awards the budget document was judged to be proficient in several categories as specified by these two organizations.

Awards and Acknowledgements (continued)

The financial management staff of the Alief Independent School District wishes to express its appreciation to the Board of Trustees for their concern in providing fiscal accountability to the patrons of the District and thereby contributing their full support in the development of one of the best educational financial operations within the State of Texas. The preparation of this report could not have been accomplished without the dedicated services of the District's Accounting Department as well as the technical support provided by the independent auditing firm of Null-Lairson, P.C. Sincere appreciation is extended to those personnel who assisted and contributed to the preparation of the Comprehensive Annual Financial Report.

Sincerely,



Dr. Louis B. Stoerner
Superintendent



Mr. Johnny Tates
Deputy Superintendent,
Administrative Services Division



Ms. Deanna Wentz
Assistant Superintendent for
Finance

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

ALIEF INDEPENDENT SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended August 31, 2005

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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Alief Independent School
District, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
August 31, 2005

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



President

Executive Director

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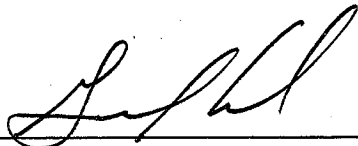
CERTIFICATE OF BOARD

Alief Independent School District
Name of School

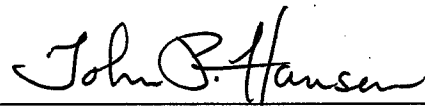
Harris
County

101-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the year ended August 31, 2006 at a meeting of the Board of Trustees of such school district on the 16th day of January, 2007.



Signature of Board Secretary



Signature of Board President

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Financial Section

11 Greenway Plaza, Suite 1515
Houston, TX 77046
(713) 621-1515
Fax: (713) 621-1570



2000 Loop 197 N, Suite 200
Texas City, TX 77592
(409) 948-4406
Fax: (409) 948-0364

Independent Auditors' Report

To the Board of Trustees
Alief Independent School District
Houston, Texas

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 Alief Independent School District as of and for the year ended August 31, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Alief Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alief Independent School District, as of August 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2006, on our consideration of the Alief Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, which has been issued separately from this document, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditors' Report
Alief Independent School District
Page 2

The management's discussion and analysis and budgetary comparison information on pages 13 through 22 and 52 through 53 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Alief Independent School District's basic financial statements. The Other Supplementary Information listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information 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 and Statistical Data Sections, the Certificate of Board, and the schedule marked "Unaudited" within the Other Supplementary Information Section, all listed in the foregoing Table of Contents, 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.

Nell Garrison, P.C.

Houston, Texas
December 15, 2006

Management's Discussion and Analysis

In this section of the comprehensive annual financial report, we offer readers of the District's financial statements a narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2006. Please read it in conjunction with the independent auditors' report and the District's financial statements, which follow this section.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the fiscal year by \$237,274,501 (net assets). Of this amount, \$79,019,903 (unrestricted net assets) may be used to meet the District's ongoing obligations.
- The District's net assets increased by \$27,173,581 as a result of this year's operations.
- The District's governmental funds reported combined ending fund balances of \$108,649,079. Approximately 60% of this total amount, \$65,050,282, is available for spending at the government's discretion (unreserved, undesignated fund balance).
- The combined ending fund balances for the District's governmental funds increased \$23,983,762 due primarily to an increase in the fund balance of the general fund and capital projects fund.
- The General Fund ended the year with an unreserved, undesignated fund balance of \$65,050,282 or 23% of the total general fund expenditures.

Overview of the Financial Statements

This annual report consists of a series of financial statements plus additional supplemental information as required by its state oversight agency, the Texas Education Agency. The District's basic financial statements consist of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net assets and the statement of activities (on pages 23 and 24), which are prepared using accounting principles that are similar to commercial enterprises. These statements 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.

The statement of net assets includes all the District's assets and liabilities at the end of the year, with the difference between the two reported as *net assets*. This difference is similar to the total owners' equity presented by a commercial enterprise. 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. Although the purpose of the District is not to accumulate net assets, in general, as the amount increases, it may indicate that the financial position of the District is improving over time. To fully assess the overall health of the District, however, you should consider other 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.

Management's Discussion and Analysis (continued)

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied, and expenses are reported when incurred by the District. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period, and expenses are recorded even though they may not have used cash during the current period.

The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received for summer school and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in the equalization funding processes (general revenues). Although the statement of activities looks different from a commercial enterprise's income statements, the financial statement is different only in format, not substance.

The financial information for the year ended August 31, 2006 includes the District's catering services program and day care services program. The catering services program offers catered meals and snacks for District meetings and gatherings, while the day care facilities offer child care services to employees. The costs associated with these programs are accounted for as business-type activities.

The District has no component units for which it is financially accountable.

Fund Financial Statements

Fund financial statements (starting on page 25) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds – not the District as a whole. 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 outside parties 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.

Laws and contracts require the District to establish some funds, such as the debt service fund. The District's administration establishes other funds to help it control and manage money for particular purposes.

All of the District's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Management's Discussion and Analysis (continued)

The District maintains four governmental funds. Information is presented separately in fund financial statements for the general fund, special revenue fund, debt service fund and the capital projects fund, all of which are considered major funds. The District adopts an annual appropriated budget for its general fund, food service program (accounted for within the special revenue fund), and debt service fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

- **Proprietary funds** – Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. There are two proprietary fund types – enterprise and internal service funds. The District's enterprise fund is used to account for its business-type activities, a day care program and a catering service program. The internal service funds are an accounting device used to accumulate and allocate costs internally among the various functions. The District uses the internal service fund to report activities for its self-funded insurance program. The basic proprietary fund financial statements can be found on pages 30-32 of this report.

- **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in a separate Statement of Assets and Liabilities on page 33. 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.

Notes to the financial statements

The notes to the financial statements (starting on page 34) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on page 52 of this report.

Other supplementary information including combining statements and compliance schedules can be found on pages 54-63 of this report.

Government-Wide Financial Analysis

The District's overall financial position and operations for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

The District's total assets exceeded total liabilities by \$237,274,501. The District's unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$79,019,903 on August 31, 2006. Unrestricted net assets increased \$13,451,879 from the prior year, indicative of the District's improved overall financial position.

Management's Discussion and Analysis (continued)

Net Assets Summary

	Governmental Activities		Business-type Activities		Total	
	August 31, 2006	August 31, 2005	August 31, 2006	August 31, 2005	August 31, 2006	August 31, 2005
Cash and investments	\$ 110,353,819	\$ 87,202,331			\$ 110,353,819	\$ 87,202,331
Receivables	37,751,527	32,430,848	\$ (120,715)	\$ (387,808)	37,630,812	32,043,040
Inventories, at cost	1,552,858	1,540,594			1,552,858	1,540,594
Capital bond, debt costs	1,455,108	1,412,355			1,455,108	1,412,355
Capital assets, net of accumulated depreciation	386,134,896	381,957,726	124,277	127,191	386,259,173	382,084,917
Total assets	537,248,208	504,543,854	3,562	(260,617)	537,251,770	504,283,237
Accounts payable	9,318,846	8,908,268	328	108	9,319,174	8,908,376
Interest payable	611,959	541,155			611,959	541,155
Payroll deductions	812,308	232,074			812,308	232,074
Accrued wages payable	12,477,820	11,716,869	7,125	6,487	12,484,945	11,723,356
Due to other governments	1,225	8,263			1,225	8,263
Accrued expenses	3,932,643	2,806,681			3,932,643	2,806,681
Unearned revenue	1,277,951	251,157			1,277,951	251,157
Bonds payable	266,478,183	265,098,371			266,478,183	265,098,371
Compensated absences	5,058,881	4,612,884			5,058,881	4,612,884
Total liabilities	299,969,816	294,175,722	7,453	6,595	299,977,269	294,182,317
Net assets:						
Invested in capital assets, net of related debt	145,256,794	134,118,077	124,277	127,191	145,381,071	134,245,268
Restricted	12,873,527	10,287,628			12,873,527	10,287,628
Unrestricted	79,148,071	65,962,427	(128,168)	(394,403)	79,019,903	65,568,024
Total net assets	\$ 237,278,392	\$ 210,368,132	\$ (3,891)	\$ (267,212)	\$ 237,274,501	\$ 210,100,920

Hurricanes Katrina and Rita greatly impacted the District in the 2005-06 fiscal year. Over 3,000 evacuee students were enrolled in the District, and local, state, and federal funding were received to help defray the cost of educating these displaced students. Cash and investments increased \$23,151,488 from the prior year primarily due to an increase in state funding and tax revenues. Receivables increased \$5,587,772 due predominantly to a large federal program receivable related to the Hurricane Education Recovery Act Grant. Capital projects, including the startup on construction of the District's 24th elementary school and completion of classroom additions at five campuses contribute the majority of the \$4,177,170 increase in capital assets from the previous year.

Investment in capital assets (e.g., land, buildings, furniture and equipment), less any related debt used to acquire those assets that is still outstanding is \$145,381,071. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net assets (approximately 5.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$79,019,903) may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

Accrued expenses increased \$1,125,962 from the prior year, mainly due to an increase in estimated claims liabilities in the District's self funded insurance plans. The increase of \$1,026,794 in unearned revenues is attributable to a large local hurricane grant payment received in the 2005-06 fiscal year to be utilized in the 2006-07 school year.

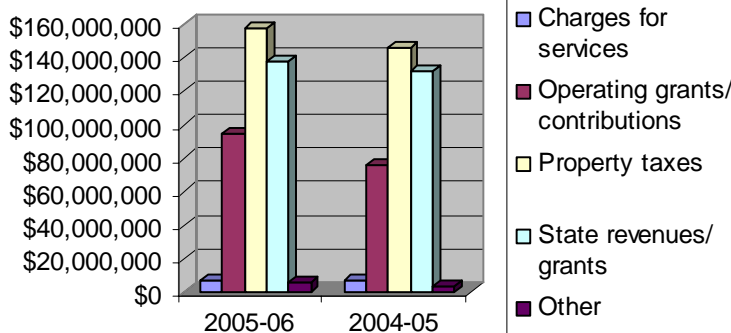
Management's Discussion and Analysis (continued)

Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	August 31, 2006	August 31, 2005	August 31, 2006	August 31, 2005	August 31, 2006	August 31, 2005
Revenues						
Program revenues:						
Charges for services	\$ 6,812,355	\$ 6,503,094	\$ 850,852	\$ 376,234	\$ 7,663,207	\$ 6,879,328
Operating grants/contributions	94,358,072	75,375,993			94,358,072	75,375,993
General revenues:						
Property taxes	157,834,670	145,533,970			157,834,670	145,533,970
State revenue and grants	138,292,793	132,023,845			138,292,793	132,023,845
Other	6,210,648	3,598,390			6,210,648	3,598,390
Total revenues	403,508,538	363,035,292	850,852	376,234	404,359,390	363,411,526
Expenses						
Instruction, curriculum media services	244,241,350	225,560,271			244,241,350	225,560,271
Instructional/school leadership	23,087,023	23,736,498			23,087,023	23,736,498
Student support services	26,602,401	25,037,169			26,602,401	25,037,169
Child nutrition	18,913,378	18,048,576			18,913,378	18,048,576
Cocurricular activities	3,580,719	3,786,355	121,982	144,663	3,702,701	3,931,018
General administration	8,047,232	9,308,062	465,549	375,472	8,512,781	9,683,534
Plant maintenance, security and data processing	37,035,541	34,480,456			37,035,541	34,480,456
Community services	1,585,834	1,308,741			1,585,834	1,308,741
Debt services	12,001,543	11,557,386			12,001,543	11,557,386
Other	1,503,257	2,083,622			1,503,257	2,083,622
Total expenses	376,598,278	354,907,136	587,531	520,135	377,185,809	355,427,271
Increase/(decrease) in net assets	26,910,260	8,128,156	263,321	(143,901)	27,173,581	7,984,255
Net assets - beginning	210,368,132	202,239,976	(267,212)	(123,311)	210,100,920	202,116,665
Net assets - ending	\$ 237,278,392	\$ 210,368,132	\$ (3,891)	\$ (267,212)	\$ 237,274,501	\$ 210,100,920

Governmental activities. Net assets of the District's governmental activities increased by \$26,910,260. The total cost of all governmental activities this year was \$376,598,278, and the amount that the District's taxpayers paid for these activities through property taxes was \$157,834,670, or approximately 42%.

Governmental Activity Revenue



As the graph to the left indicates, governmental activity revenue has increased in all areas. Significant changes in revenue and expenses include:

- Operating grants/contributions increased \$18.98 million due to the receipt of several local and federal hurricane related grants.
- The District's combined property tax rate of \$1.72 per \$100 of assessed value increased \$.03 from the previous year. This increase, along with a 6.7% increase in the total assessed valuation raised the District's tax revenues by approximately \$12.3 million in 2006.

Management's Discussion and Analysis (continued)

- Total expenses increased in most functions due to a salary increase of \$1,460 for all employees paid from the teacher salary schedule and 3% of the midpoint increase for all other personnel.
- Total expenses above include depreciation of \$15,077,630. Capital outlay of \$19,303,197 is not included in the above total expenses. In the government-wide financial statements, capital outlay is shown as an increase in the capital assets reported on the statement of net assets and depreciation expense is recorded in the statement of activities in order to spread recognition of the cost of capital assets over their useful lives.

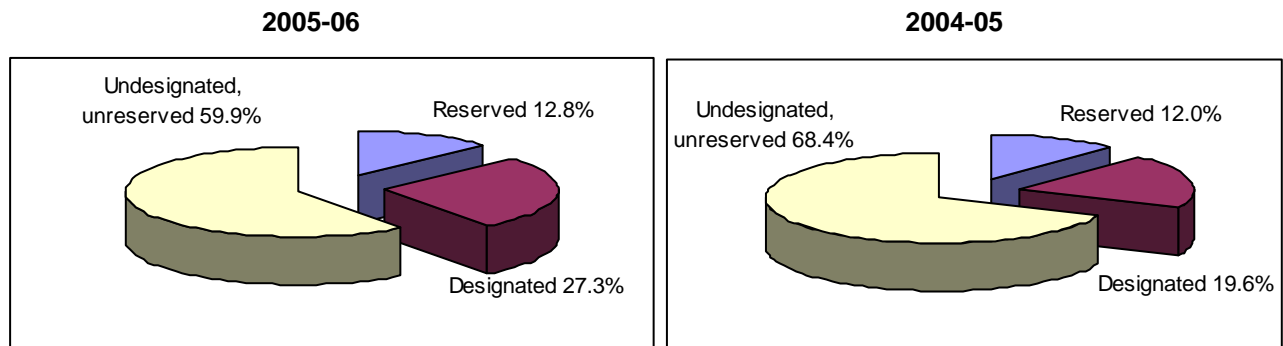
Business-type activities. Business-type activities increased the District's net assets by \$263,321. The District's day care program, established for the year ended August 31, 2003 realized an increase of \$269,241, while the District's catering fund realized a decrease of \$5,920. Adjustments to rates charged for catered events should correct the negative position of this fund in fiscal year 2006-07.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$108,649,079, an increase of \$23,983,762. Approximately 60% of this total amount (\$65,050,282) constitutes unreserved, undesignated fund balance. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) for inventory - \$1,552,858, 2) to pay debt service - \$4,383,290, 3) to liquidate purchase orders of the prior period - \$1,503,195, 4) for food service - \$6,471,728, 5) for capital projects - \$24,187,726, 6) for utility, fuel, and property insurance increases - \$4,500,000, and 7) for opening a new alternative education facility - \$1,000,000. The following chart presents the major components of the District's fund balance for both the current and previous fiscal year.



The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$65,050,282, while the total fund balance was \$72,875,525. As a measure of the general fund's liquidity, it may be useful to compare unreserved, undesignated fund balance to the total fund expenditures. Unreserved, undesignated fund balance represents 23% of the total general fund expenditures.

The influx of hurricane evacuee students precipitated a rise in the District's participation rate in the food service free/reduced lunch program. This rise in participation increased the federal revenue received and accounts for the \$897,411 increase in the fund balance of the special revenue fund.

Management's Discussion and Analysis (continued)

During the current fiscal year, the fund balance of the general fund increased by \$13,777,611. The increase was primarily attributable to increased tax revenue due to a higher tax rate and valuation, and increased state aid due to an increase in enrollment.

The debt service fund has a total fund balance of \$4,383,290, all of which is reserved for the payment of debt service. The tax rate for this fund remained unchanged from the prior year, at \$0.22 per \$100 of assessed value. With the increase in values, revenues exceeded expenditures, increasing fund balance by \$1,696,289.

Fund balance for the capital projects fund at August 31, 2006 was \$24,187,726. As a result of unspent bond proceeds in previous years, the fund began the year with \$16,575,275 in fund balance. The District received \$23,512,097 in bond proceeds and premiums, while spending \$16,838,120 in the current year on capital outlay and bond issuance costs. The remaining fund balance is designated for future construction projects, including classroom additions at two elementary campuses, renovation of the administration building, and construction of the District's twenty-fourth elementary school.

Proprietary Funds. The District's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the District's catering enterprise fund at the end of the year were negative \$4,898. As discussed earlier, this deficit position will be rectified by adjusting catering pricing. The District's day care fund ended the year with positive net assets of \$1,007. The internal service fund used to account for the District's self-funded insurance programs experienced a decrease in net assets of \$263,958 to a balance of \$3,665,301 at August 31, 2006. This decrease was primarily due to increased claims costs in the workers compensation fund.

General Fund Budgetary Highlights

Over the course of the year, District personnel recommended, and the Board of Trustees approved, several revisions to budgeted revenue and appropriations. Revisions to the revenue budget were necessary due to changes in estimates for local and state revenue based on revised enrollments and rising interest rates. Revisions to appropriations were necessary due to staffing adjustments based on actual enrollment, changes in spending needs over the course of the year, and other unexpected occurrences.

The District's major budget amendments during the year are summarized as follows:

- The expenditure budget was increased by \$3.77 million to allocate funds for the additional District contributions to the health insurance fund.
- Additional expenditure budget was added in the amount of \$1.7 million for the District's new finance computer system.
- The property insurance budget was increased by \$1.5 million due to rising rates throughout the Gulf Coast area.
- Rising interest rates resulted in the need for a \$2.15 million increase in the interest earnings revenue budget.
- Increased enrollment primarily due to the influx of Hurricane Katrina and Rita evacuee students necessitated a \$10.6 million increase to the state revenue budget.

Management's Discussion and Analysis (continued)

After revenue budgets and appropriations were adjusted as described, the District's general fund balance of \$72,875,525 differs from the final budgetary fund balance of \$62,427,385 reported in the budgetary comparison schedule on page 52. This is primarily due to the following factors:

- Per pupil amounts granted to Districts through the Hurricane Education Recovery Act Grant were increased resulting in additional funding of approximately \$4.2 million. The district received notification of the additional amount on August 30, 2006, after Board approval of the final amended budget. Hurricane related expenditures originally charged to the general fund were reclassified to the grant at year end.
- Capital outlay expenditures were \$1.25 million less than the final budget. This amount is primarily attributable to the new finance system and the renovation of an existing facility to house a new alternative education program. Both of these projects were budgeted in the 2005-06 fiscal year, but are on going at year end and will continue into the next school year. The remainder of these projects will be budgeted in the 2006-07 fiscal year.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of August 31, 2006, amounts to \$386,259,173 (net of accumulated depreciation of \$235,225,290). This investment in capital assets includes facilities and equipment for instruction, transportation, athletics, administration, and maintenance. The total increase in the District's investment in capital assets for the current year was approximately one percent.

Major capital asset events during the current fiscal year included the following:

- Classroom additions encompassing a total of five campuses with current year expenditures of \$8.3 million.
- Current year expenditures of \$8.7 million on construction of the District's twenty-fourth elementary campus.

Capital Asset Summary

	Governmental Activities		Business-type Activities		Total	
	August 31,	August 31,	August 31,	August 31,	August 31,	August 31,
	2006	2005	2006	2005	2006	2005
Land	\$ 58,825,197	\$ 58,728,326			\$ 58,825,197	\$ 58,728,326
Buildings and improvements	302,342,000	305,488,291	\$ 111,690	\$ 127,191	302,453,690	305,615,482
Furniture and equipment	12,120,170	10,771,679	12,587		12,132,757	10,771,679
Construction in progress	12,847,529	6,969,430			12,847,529	6,969,430
Total capital assets						
(net of depreciation)	\$ 386,134,896	\$ 381,957,726	\$ 124,277	\$ 127,191	\$ 386,259,173	\$ 382,084,917

Additional information on the District's capital assets can be found on pages 42-43 in the notes to the financial statements.

Management's Discussion and Analysis (continued)

Debt

At year end, the District had total bonded debt outstanding of \$263,400,000. The District retired \$22,080,000 of debt during 2005-06 and issued \$23,380,000 in general obligation bonds. Business-type activities have no debt outstanding.

The ratio of net general bonded debt to assessed valuation is a useful indicator of the District's debt position. This data is presented in the statistical section on page 80 and reflects a decrease in the ratio of net bonded debt to assessed value from 3.01% last year to the current year ratio of 2.81%.

Bonded Debt Summary

	Governmental Activities	
	August 31, 2006	August 31, 2005
General Obligation Bonds	\$ 263,400,000	\$ 262,100,000

The "AAA" long-term rating on the District's bonds reflects the Texas Permanent School Fund guarantee. The underlying rating on the District's bonds is Aa2 from Moody's and AA- from Standard and Poors.

A portion of the District's long-term debt is accrued compensated absences. The compensated absences liability at August 31, 2006 is \$4,199,881, which is \$354,997 more than the previous year's accrual. This liability is made up of unused vacation and sick days accrued by District personnel.

More detailed information about the District's long-term liabilities is presented on pages 44-45 in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

As part of the budget development process, the District's management has taken into consideration the factors that drive school district budgets: enrollments, property values, state funding, facility needs, and the economy. The District's elected and appointed officials considered these and other factors when setting the fiscal year 2007 general fund budget and tax rate. The adopted budget is based on the following significant assumptions:

- Enrollment projections were more complicated than usual for the 2006-07 fiscal year due to uncertainty about the number of evacuee students that would return to Alief. After much analysis, the projection was set at 46,875, a decline of 788 from the October 2005 count.
- The school year began on August 16th - prior to budget adoption. At that time, this enrollment estimate appeared slightly high based on the number of students in attendance; however, typically there is some growth in enrollment throughout August and after Labor Day. In addition, it takes some time for the campus registrars to get accurate counts of the students in attendance at the beginning of the year, so the budget was adopted on August 29th without modification of the enrollment estimate.
- The Board of Trustees adopted the tax rate on September 19, 2006. Prior to adopting the tax rate, State revenue was recomputed using current enrollment numbers (45,609 as of September 7th). This resulted in a \$5.5 million reduction in State aid from the original budget amount. In order to balance the budget, the Board adopted a tax rate of \$1.37 (rather than the \$1.35 rate used to build the original budget) which increased local revenue by \$1.9 million and generated additional State aid of \$3.1 million. Payroll expenditures were also reduced by \$.5 million – the estimated amount of unfilled positions at that time that would remain vacant. At the September Board meeting, a budget amendment was passed to reflect these changes.

Management's Discussion and Analysis (continued)

- General fund expenditures are budgeted to increase by 10.2% over the final 2005-06 expenditures. The increase was due to the following factors:
 - In 2005-06, approximately \$14.8 million in allowable expenditures related to meeting the needs of hurricane evacuee students were reclassified to the special revenue fund.
 - The State mandated and funded a \$2,500 salary increase for the teacher group of employees. In addition, districts were required to give a step increase to this group based on the district's internal 2005-06 salary schedule. The Alief administration recommended and the Board approved giving all classes of employees (paraprofessionals, custodians, bus drivers, etc) the same raise that was given to the teacher group. Therefore, payroll related expenditures are increasing significantly over 2005-06 final expenditures. This increase is due primarily to the raise (\$15.6 million), new positions, and an increase in the district contribution to insurance.

Requests for Information

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. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Office of the Assistant Superintendent for Finance, Alief I.S.D., 12302 High Star, Houston, Texas, 77072.

Basic Financial Statements

Alief Independent School District

Exhibit A-1

Statement of Net Assets
August 31, 2006

Data Control Codes		Governmental Activities	Business-type Activities	Total
Assets				
1110	Cash and investments:	\$ 110,353,819		\$ 110,353,819
	Receivables:			
1220	Property taxes - delinquent	10,108,764		10,108,764
1230	Allowance for uncollectible taxes	(1,490,392)		(1,490,392)
1240	Due from other governments	28,657,183		28,657,183
1250	Accrued interest	338,105		338,105
1260	Internal balances	136,085	\$ (136,085)	-
1290	Other receivables	1,782	15,370	17,152
1300	Inventories, at cost	1,552,858		1,552,858
1420	Capital bond and other debt issuance costs	1,455,108		1,455,108
	Capital Assets, net of accumulated depreciation			
1510	Land	58,825,197		58,825,197
1520	Buildings and improvements, net	302,342,000	111,690	302,453,690
1530	Furniture and equipment, net	12,120,170	12,587	12,132,757
1580	Construction in process	12,847,529		12,847,529
1000	Total Assets	537,248,208	3,562	537,251,770
Liabilities				
2110	Accounts payable	9,318,846	328	9,319,174
2140	Interest payable	611,959		611,959
2150	Payroll deductions and withholdings	812,308		812,308
2160	Accrued wages payable	12,477,820	7,125	12,484,945
2180	Due to other governments	1,225		1,225
2200	Accrued expenses	3,932,643		3,932,643
2300	Unearned revenue	1,277,951		1,277,951
2501	Due within one year			
	Bonds payable	22,080,000		22,080,000
	Compensated absences	1,000,000		1,000,000
2530	Due in more than one year			
	Bonds payable, net of premium and refunding loss	244,398,183		244,398,183
	Compensated absences	4,058,881		4,058,881
2000	Total Liabilities	299,969,816	7,453	299,977,269
Net Assets				
3800	Invested in Capital Assets, Net of Related Debt	145,256,794	124,277	145,381,071
	Restricted for:			
3840	Food Service	7,202,538		7,202,538
3850	Debt Service	5,670,989		5,670,989
3900	Unrestricted	79,148,071	(128,168)	79,019,903
	Total Net Assets	\$ 237,278,392	\$ (3,891)	\$ 237,274,501

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

Alief Independent School District

Exhibit B-1

**Statement of Activities
Year Ended August 31, 2006**

Data Control Codes	Functions/Programs	1	3	4	6	7	8
		Expenses	Program Revenues		Net (Expense), Revenue and Changes in Net Assets		
			Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities	Total
	Government Activities:						
11	Instruction	\$ 233,647,083	\$ 662,008	\$ 49,022,519	\$ (183,962,556)		\$ (183,962,556)
12	Instructional resources and media services	5,236,527		604,107	(4,632,420)		(4,632,420)
13	Curriculum & instructional staff development	5,357,740		2,144,507	(3,213,233)		(3,213,233)
21	Instructional leadership	3,348,764		949,242	(2,399,522)		(2,399,522)
23	School leadership	19,738,259		2,074,516	(17,663,743)		(17,663,743)
31	Guidance, counseling, & evaluation services	11,892,232		2,134,089	(9,758,143)		(9,758,143)
32	Social work services	316,013		105,178	(210,835)		(210,835)
33	Health services	3,188,416		810,517	(2,377,899)		(2,377,899)
34	Student transportation	11,205,740		3,922,787	(7,282,953)		(7,282,953)
35	Food services	18,913,378	5,729,798	13,667,355	483,775		483,775
36	Co-curricular activities / extracurricular	3,580,719	203,819	96,088	(3,280,812)		(3,280,812)
41	Administrative and support services	8,047,232		672,218	(7,375,014)		(7,375,014)
51	Plant maintenance and operations	31,308,791	216,730	2,052,135	(29,039,926)		(29,039,926)
52	Security and monitoring services	3,211,158		151,798	(3,059,360)		(3,059,360)
53	Data processing services	2,515,592		118,194	(2,397,398)		(2,397,398)
61	Community services	1,585,834		205,860	(1,379,974)		(1,379,974)
71	Debt service - interest on long-term debt	12,001,543		15,130,764	3,129,221		3,129,221
81	Facilities acquisition and construction	955,266		496,198	(459,068)		(459,068)
93	Payments to fiscal agent	255,731			(255,731)		(255,731)
95	Payments to JJAEP	292,260			(292,260)		(292,260)
TG	Total governmental activities	<u>376,598,278</u>	<u>6,812,355</u>	<u>94,358,072</u>	<u>(275,427,851)</u>		<u>(275,427,851)</u>
	Business-type activities:						
01	Day care	465,549	734,790			\$ 269,241	269,241
02	Catering	121,982	116,062			(5,920)	(5,920)
TB	Total business-type activities	<u>587,531</u>	<u>850,852</u>			<u>263,321</u>	<u>263,321</u>
TP	Total primary government	<u>\$ 377,185,809</u>	<u>\$ 7,663,207</u>	<u>\$ 94,358,072</u>	<u>(275,427,851)</u>	<u>263,321</u>	<u>(275,164,530)</u>

Data Control Codes			
	General revenues:		
MT	Property taxes, levied for general purposes	137,737,633	137,737,633
DT	Property taxes, levied for debt service	20,097,037	20,097,037
SF	State-aid formula grant-unrestricted	138,292,793	138,292,793
IE	Investment earnings	5,408,593	5,408,593
MI	Miscellaneous local revenue	802,055	802,055
TR	Total general revenue	<u>302,338,111</u>	<u>302,338,111</u>
CN	Change in net assets	26,910,260	263,321
	Net assets - beginning	210,368,132	(267,212)
	Net assets - ending	<u>\$ 237,278,392</u>	<u>\$ (3,891)</u>
			<u>\$ 237,274,501</u>

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

Alief Independent School District

Exhibit C-1

Balance Sheet - Governmental Funds
August 31, 2006

Data Control Codes	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	
Assets						
1110	Cash and investments	\$ 62,785,582	\$ 7,338,844	\$ 4,326,756	\$ 27,789,867	\$ 102,241,049
	Receivables:					
1220	Property taxes - delinquent	8,593,773		1,514,991		10,108,764
1230	Allowance for uncollectible taxes	(1,263,100)		(227,292)		(1,490,392)
1240	Due from other governments	15,422,820	13,234,363			28,657,183
1250	Accrued interest	288,433	38,736			327,169
1260	Due from other funds	11,538,174		102,193		11,640,367
1290	Other receivables	1,750				1,750
1310	Inventories, at cost	1,157,562	395,296			1,552,858
1000	Total Assets	<u>\$ 98,524,994</u>	<u>\$ 21,007,239</u>	<u>\$ 5,716,648</u>	<u>\$ 27,789,867</u>	<u>\$ 153,038,748</u>
Liabilities						
	Current Liabilities:					
2110	Accounts payable	\$ 4,601,643	\$ 589,268		\$ 3,602,141	\$ 8,793,052
2140	Interest payable			\$ 45,659		45,659
2150	Payroll deductions and withholdings	812,308				812,308
2160	Accrued wages payable	11,943,652	534,168			12,477,820
2170	Due to other funds	102,193	11,402,089			11,504,282
2180	Due to other governments		1,225			1,225
2200	Accrued expenditures	859,000				859,000
2300	Deferred revenues	7,330,673	1,277,951	1,287,699		9,896,323
2000	Total Liabilities	<u>25,649,469</u>	<u>13,804,701</u>	<u>1,333,358</u>	<u>3,602,141</u>	<u>44,389,669</u>
Fund Balance						
	Reserved fund balances:					
3410	Investments in inventory	1,157,562	395,296			1,552,858
3420	Retirement of long-term debt			4,383,290		4,383,290
3440	Outstanding encumbrances	1,167,681	335,514			1,503,195
3450	Food service		6,471,728			6,471,728
	Designated, unreserved fund balances:					
3510	Designated for construction				24,187,726	24,187,726
3590	Designated for other	5,500,000				5,500,000
3600	Undesignated, unreserved fund balance	65,050,282				65,050,282
3000	Total Fund Balance	<u>72,875,525</u>	<u>7,202,538</u>	<u>4,383,290</u>	<u>24,187,726</u>	<u>108,649,079</u>
4000	Total Liabilities and Fund Equity	<u>\$ 98,524,994</u>	<u>\$ 21,007,239</u>	<u>\$ 5,716,648</u>	<u>\$ 27,789,867</u>	<u>\$ 153,038,748</u>

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

Alief Independent School District

Exhibit C-2

***Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
August 31, 2006***

Total fund balances - governmental funds balance sheet	\$ 108,649,079
<p>Amounts reported for governmental activities in the statement of net assets ("SNA") are different because:</p>	
<p>The District uses the internal service fund to charge the costs of self-insurance activities to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.</p>	3,665,301
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. The cost of these assets is \$621,316,208 and the accumulated depreciation is \$235,181,312, resulting in a net addition to net assets.</p>	386,134,896
<p>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 governmental funds, resulting in a net decrease of \$263,400,000.</p>	(263,400,000)
<p>Property taxes receivable and the penalty and interest will be collected in the future, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds. These are added back to net assets.</p>	8,618,372
<p>Long term liabilities for compensated absences are not included in the fund liabilities which decrease the net assets on the government-wide basis.</p>	(4,199,881)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing the liabilities of (\$566,300) associated with long-term debt interest, recognizing the deferred amounts related to premiums of (\$5,989,790), the loss on refunding of \$2,911,607, and capital bond and other debt issuance costs of \$1,455,108.</p>	(2,189,375)
Net Assets of Governmental Activities	<hr/> \$ 237,278,392 <hr/>

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

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Alief Independent School District

Exhibit C-3

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended August 31, 2006

Data Control Codes		General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Revenues						
5700	Local sources	\$ 143,107,641	\$ 5,970,729	\$ 20,584,864	\$ 938,474	\$ 170,601,708
5800	State program revenues	152,698,241	7,098,710	15,130,764		174,927,715
5900	Federal program revenues	1,280,797	56,016,229			57,297,026
5030	Total Revenues	<u>297,086,679</u>	<u>69,085,668</u>	<u>35,715,628</u>	<u>938,474</u>	<u>402,826,449</u>
Expenditures						
Current:						
0011	Instruction	182,893,868	40,402,201			223,296,069
0012	Instructional resources and media services	4,237,149	434,541			4,671,690
0013	Curriculum & instructional staff development	3,262,028	2,005,842			5,267,870
0021	Instructional leadership	2,445,088	846,475			3,291,563
0023	School leadership	18,348,877	1,203,557			19,552,434
0031	Guidance, counseling, & evaluation services	10,090,158	1,652,713			11,742,871
0032	Social work services	192,496	93,837			286,333
0033	Health services	2,765,976	388,328			3,154,304
0034	Student transportation	9,135,037	1,168,900			10,303,937
0035	Food services		18,314,549			18,314,549
0036	Co-curricular activities / extracurricular	3,258,661	12,085			3,270,746
0041	Administrative and support services	6,998,832	41,431			7,040,263
0051	Plant maintenance and operations	30,678,120	918,093			31,596,213
0052	Security and monitoring services	3,272,886	54,520			3,327,406
0053	Data processing services	2,951,180	34,706			2,985,886
0061	Community services	1,444,545	143,571			1,588,116
Debt service:						
0071	Debt service - principal on long-term debt			22,080,000		22,080,000
0072	Debt service - interest on long-term debt			11,925,283		11,925,283
0073	Bond issuance costs and fees			14,056	132,097	146,153
0081	Capital outlay	786,176	472,908		16,706,023	17,965,107
Intergovernmental charges:						
0093	Payments to fiscal agent	255,731				255,731
0095	Payments to JJAEP	292,260				292,260
6050	Total Expenditures	<u>283,309,068</u>	<u>68,188,257</u>	<u>34,019,339</u>	<u>16,838,120</u>	<u>402,354,784</u>
1100	Excess of Revenues Over (Under) Expenditures	<u>13,777,611</u>	<u>897,411</u>	<u>1,696,289</u>	<u>(15,899,646)</u>	<u>471,665</u>
Other Financing Sources						
7911	Capital-related debt issued (regular bonds)				23,380,000	23,380,000
7916	Premium on issuance of bonds				132,097	132,097
	Total Other Financing Sources				<u>23,512,097</u>	<u>23,512,097</u>
1200	Net Change in Fund Balances	13,777,611	897,411	1,696,289	7,612,451	23,983,762
0100	Fund balance - September 1 (beginning)	59,097,914	6,305,127	2,687,001	16,575,275	84,665,317
3000	Fund Balance - August 31 (ending)	<u>\$ 72,875,525</u>	<u>\$ 7,202,538</u>	<u>\$ 4,383,290</u>	<u>\$ 24,187,726</u>	<u>\$ 108,649,079</u>

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

Alief Independent School District

Exhibit C-4

*Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year Ended August 31, 2006*

Net change in fund balances - total governmental funds	\$ 23,983,762
<p>Amounts reported for governmental activities in the statement of activities ("SOA") are different because:</p>	
<p>The District uses internal service funds to charge the costs of self insurance to appropriate functions in other funds. The net income/loss of internal service funds is reported with governmental activities. The net effect of this consolidation is to increase net assets.</p>	<p>(263,958)</p>
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount of capital outlay during the year increases net assets.</p>	<p>19,303,197</p>
<p>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.</p>	<p>(15,077,630)</p>
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	<p>22,080,000</p>
<p>Current year proceeds from bond issuance are other financing sources in the fund financial statement, but should be shown as an increase in long-term debt in the government-wide statement.</p>	<p>(23,380,000)</p>
<p>Property taxes and penalty and interest receivables at year end will not be collected for several months after the district's fiscal year ends, so they are not considered available revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year and is an addition to net assets.</p>	<p>730,488</p>
<p>Compensated absences (sick and vacation pay) are measured by the amounts earned during the year in the statement of activities. In the governmental funds, however the expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid or to be paid at year end for retiring employees.) This year vacation and sick leave paid out was less than the amounts earned, decreasing net assets.</p>	<p>(354,997)</p>

Net change in fund balances - total governmental funds (continued)

An accrual for interest expense is not recognized in the governmental fund basis but is in the statement of activities. Interest accrual includes interest on long term debt and accreted interest on capital appreciation bonds. The interest accrual was more this year than last year thereby decreasing net assets. (25,145)

Bond issuance costs, deferred charges on bond refunding, and other debt charges which are treated as expenditures or other sources/uses in the fund basis financial statements are set up as assets and amortized in the statement of net assets. The net change for each represents an increase/(decrease) in net assets:

Bond issuance costs	42,753
Bond premium/discounts	267,042
Gain/loss on refunding	(346,854)

Amounts recognized in the governmental fund basis and the statement of net assets differ due to the sale and retirement of assets. (48,398)

Change in Net Assets of Governmental Activities \$ 26,910,260

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

Alief Independent School District

Exhibit D-1

**Statement of Net Assets
Proprietary Funds
August 31, 2006**

Data Control Codes	Enterprise Funds		Internal Service Funds
	Daycare Fund	Catering Fund	
Assets			
Current Assets:			
1110	Cash and cash equivalents		\$ 8,112,770
1250	Accrued interest		10,936
1290	Other receivables	\$ 8,554	\$ 6,816
	Total current assets	<u>8,554</u>	<u>6,816</u>
			<u>8,123,738</u>
Noncurrent Assets:			
1520	Buildings and improvements	155,006	
1530	Furniture and equipment	13,249	
1560	Less accumulated depreciation	<u>(43,978)</u>	
	Total noncurrent assets	<u>124,277</u>	
1000	Total Assets	<u>\$ 132,831</u>	<u>\$ 6,816</u>
			<u>\$ 8,123,738</u>
Liabilities			
Current Liabilities:			
2110	Accounts payable	329	\$ 525,794
2160	Accrued wages payable	3,891	3,233
2170	Due to other funds	127,604	8,481
2200	Accrued expenses		<u>3,932,643</u>
	Total current liabilities	<u>131,824</u>	<u>11,714</u>
2000	Total Liabilities	<u>131,824</u>	<u>11,714</u>
			<u>4,458,437</u>
Net Assets			
3200	Invested in capital assets	124,277	
3900	Unrestricted net assets	<u>(123,270)</u>	<u>(4,898)</u>
	Total Net Assets	<u>\$ 1,007</u>	<u>\$ (4,898)</u>
			<u>\$ 3,665,301</u>

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

Alief Independent School District

Exhibit D-2

**Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended August 31, 2006**

Data Control Codes		Enterprise Funds		Internal Service Funds
		Daycare Fund	Catering Fund	
	Operating Revenues			
5700	Local sources:			
5754	Interfund services provided			\$ 28,171,224
5759	Catering services		\$ 116,062	
5759	Daycare services	\$ 734,790		
57XX	Other			190,815
5020	Total Operating Revenues	<u>734,790</u>	<u>116,062</u>	<u>28,362,039</u>
	Operating Expenses			
6100	Payroll costs	416,519	44,816	
6200	Purchased and contracted services	1,538		2,396,404
6300	Supplies and materials	24,501	77,167	
6400	Other operating expenses:			
	Claims expense			26,479,022
	Depreciation expense	16,163		
	Other	6,827		
6030	Total Operating Expenses	<u>465,548</u>	<u>121,983</u>	<u>28,875,426</u>
1200	Operating Income (Loss)	269,242	(5,921)	(513,387)
	Nonoperating Revenue			
7000	Interest income			249,429
	Total Nonoperating Revenue			<u>249,429</u>
1300	Change in Net Assets	269,242	(5,921)	(263,958)
0100	Total Net Assets - beginning	<u>(268,235)</u>	<u>1,023</u>	<u>3,929,259</u>
3000	Total Net Assets - ending	<u>\$ 1,007</u>	<u>\$ (4,898)</u>	<u>\$ 3,665,301</u>

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

Alief Independent School District

Exhibit D-3

**Statement of Cash Flows - Proprietary Funds
Year Ended August 31, 2006**

	Enterprise Funds		Internal Service Funds
	Daycare Fund	Catering Fund	
Cash Flows from Operating Activities			
Cash receipts from local sources	\$ 727,210	\$ 114,752	\$ 30,721,224
Cash receipts from insurance reimbursements			265,681
Cash payments for payroll	(415,884)	(44,814)	
Cash payments to vendors for services	(32,645)	(77,167)	(4,226,888)
Cash payments for claims			(23,421,611)
Net Cash Provided by Operating Activities	278,681	(7,229)	3,338,406
Cash Flows from Noncapital Financing Activities			
Advance from the General Fund	(265,432)	7,229	
Net Cash (Used) by Noncapital Financing Activities	(265,432)	7,229	
Cash Flows from Capital Financing Activities			
Purchases of capital assets	(13,249)		
Net Cash (Used) by Capital Financing Activities	(13,249)		
Cash Flows from Investing Activities			
Interest on cash and investments			245,210
Net Cash Provided by Investing Activities			245,210
Net increase in cash and cash equivalents		(7,229)	3,583,616
Cash and cash equivalents - beginning of year			4,529,154
Cash and cash equivalents - end of year	\$	\$ (7,229)	\$ 8,112,770
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ 269,242	\$ (5,921)	\$ (513,387)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation expense	16,163		
(Increase) decrease in receivables	(7,580)	(1,310)	74,866
Decrease in due from other funds			2,550,000
Increase in accounts payable	221		100,965
Increase in accrued wages	635	2	
Increase in accrued expenses			1,125,962
Net Cash Provided by Operating Activities	\$ 278,681	\$ (7,229)	\$ 3,338,406

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

Alief Independent School District

Exhibit E-1

*Statement of Fiduciary Assets and Liabilities
Agency Funds
August 31, 2006 and 2005*

<u>Data Control Codes</u>		<u>August 31, 2006</u>	<u>August 31, 2005</u>
	Assets		
1110	Cash and cash equivalents	<u>\$ 1,589,391</u>	<u>\$ 1,555,462</u>
	Liabilities		
2190	Due to student groups	<u>\$ 1,589,391</u>	<u>\$ 1,555,462</u>

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

Alief Independent School District
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

The Alief Independent School District (the “District”) is an independent public educational agency operating under applicable laws and regulations of the State of Texas. The District is autonomously governed by a seven member Board of Trustees elected to staggered three-year terms by the District’s residents.

The accounting policies of the District substantially comply with the rules prescribed in the Texas Education Agency’s *Financial Accountability System Resources Guide (“the Resource Guide”)*. The accounting policies included in the Resource Guide conform to generally accepted accounting principles applicable to governmental units. The following is a summary of the most significant policies:

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

GASB Statement No. 34 established a new financial reporting model for state and local governments that included the addition of management’s discussion and analysis, government-wide financial statements, required supplementary information, and the elimination of the effects of internal service activities and the use of account groups to the already required fund financial statements and notes.

The GASB determined that fund accounting has and will continue to be, essential in helping governments to achieve fiscal accountability and should, therefore, be retained. The GASB also determined that government-wide financial statements are needed to allow users of financial reports to assess a government’s operational accountability. The new GASB model integrates fund-based financial reporting and government-wide financial reporting as complementary components of a single comprehensive financial reporting model.

A. Reporting Entity

The District is an independent political subdivision of the State of Texas governed by an elected board of trustees and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the District’s financial reporting entity. Based on these considerations, no other entities have been included in the District’s reporting entity. Additionally, as the District is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

The District has also implemented GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The District receives support from various PTO, Booster club, and Foundation organizations. None of these organizations meet the criteria specified by GASB 39 to be included in the District’s Financial Statements. Therefore, there are no component units included within the reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the District’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the District is a part of any other government or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the District’s financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Alief Independent School District
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

B. Government Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Assets as internal balances.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded in the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include state costs reimbursements and interest on temporary investments. Property tax levies collected after the fiscal year-end which would be available to finance current operations are immaterial and remain deferred. Under modified accrual accounting, expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which is recognized when due.

Revenues from grants accounted for in the Special Revenue Fund are recognized as soon as all eligibility requirements imposed by the provider have been met. Any excess of revenues or expenditures at fiscal year-end is recorded as deferred revenue or due from the granting agencies, respectively.

Alief Independent School District
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

D. Fund Accounting

The District reports the following major governmental funds.

General Fund

The General Fund is the government's primary operating fund. It is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes and state reimbursement for professional salaries and other operating expenditures. Expenditures include all costs associated with the daily operations of the schools.

Special Revenue Fund

The Special Revenue Fund is used to account for various programs. Specifically, this type of fund is used to account for the District's Food Service Program, including local, state, and federal revenue sources, for federally financed programs (grants) where unused balances are returned to the grantor at the close of specified project periods and other revenue specific programs. The Food Service Operation is the only required budgeted program. For all other programs in this fund type, project accounting is employed to maintain integrity for the various sources of the funds. Resources accounted for in this fund are awarded to the District for the purpose of accomplishing specific educational tasks as defined by the grantors in contracts or other agreements.

Debt Service Fund

The Debt Service Fund is used to account for the payment of interest and principal on all bonds of the District. Primary sources of revenue for debt service are local property taxes and the state existing debt and instructional facilities allotments.

Capital Projects Fund

The Capital Projects Fund includes funds that are used to account for the expenditures of resources accumulated from sales of bonds and related interest earnings for the acquisition and construction of school facilities and other capital asset acquisitions.

Additionally, the District reports the following fund type:

Proprietary Funds:

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

Enterprise Funds

Private-sector standards of accounting and financial reporting issued on or before November 30, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

The Enterprise Funds are used to account for revenues and expenditures of the District's daycare facility and the food service department catering operations. Revenues for the daycare are primarily from fees paid from participants in the program. The revenues in the catering fund are from food provided to various campuses and departments for various types of meetings / events.

Alief Independent School District
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

Internal Service Fund

The District's two internal service funds are used to account for the operations of the District's employee health insurance plan and workers' compensation plan, which are supported by employer and/or employee contributions. Expenses include plan benefit payments to employees and charges incurred in administering the plan. The estimated amount due for claims incurred, but not reported (IBNR) at year-end, are included as fund liabilities.

Additionally, the District reports the following fiduciary fund:

Agency Fund

The Agency Fund is used to account for the cash receipts and disbursements of the school activity funds of the individual schools. These funds have no revenues, expenditures, or equity, and the District does not budget for them.

E. Cash and Cash Equivalents

The District considers the following items cash and cash equivalents for financial reporting purposes (including the statement of cash flows for the Proprietary Funds): cash on hand, demand deposits, money market mutual funds, balances in private-managed public funds investment pools, and short-term investments with original maturities of three months or less from the date of acquisition.

F. Investments

Investments consist primarily of U.S. Government Agency Securities which are stated at fair value based on quoted market prices. The net increase or decrease in the fair value of investments is netted with investment income in local sources of revenue. Investments are generally held to maturity.

G. Inventories

Inventory is stated at weighted average cost. The costs are recorded as expenditures as the individual inventory items are consumed. Inventory consists of general and food service supplies and commodities. Although commodities are received at no cost, they are recorded in the inventory and deferred revenue at market values as supplied by the Texas Department of Human Services. When consumed, commodities are recorded as both revenue and expenditures.

H. Interfund Activity

Interfund activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

I. Capital Assets

Capital assets, which include land, buildings, and furniture and equipment, and construction in progress, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of two years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs of the Facilities Acquisition and Construction Function that relate to overall planning of District facilities, managing overall District assets and overall construction projects are treated as period costs and are not capitalized unless related to specific assets. Donated capital assets are recorded at estimated fair market value at the date of donation.

Alief Independent School District
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

I. Capital Assets (continued)

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

Buildings and 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>
Building & Improvements	40
Vehicles	7-10
Computer Equipment	7
Other Equipment	5-15

J. Long-Term Debt

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 or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bonds issuance costs are reported as deferred charges and amortized over the term of the related debt.

K. Compensated Absences

The District maintains a policy allowing employees meeting established requirements to be compensated for unused sick leave at retirement. Estimated amounts accrued by the District's employees meeting the requirements for compensation for unused sick leave are recorded as either current or long-term liabilities, depending on the amount that was due to employees at year-end. Due means that the employee has applied for the leave but has not received payment at year-end and it will be paid from current financial resources. Annual vacation time is granted to eligible noncontractual employees on the first day of July of each year and all unused vacation time lapses after eighteen months. At year end, the portion due to employees who had terminated employment is considered a current liability and the remainder is recorded as long-term.

L. Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District spends restricted funds first and uses unrestricted resources when the restricted funds are depleted.

M. Fund Equity

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

N. Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Alief Independent School District
Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

O. Data Control Codes

Data control codes refer to the account structure prescribed by the Texas Education Agency (TEA) in the Resource Guide. TEA defines and requires this uniform account structure for school districts in Texas.

Note 2 – Cash and Investments

The District's cash and investments are reported at fair value. The District's cash and investment accounts are classified as either cash and cash equivalents or investments. The cash and cash equivalents include cash on hand, deposits with financial institutions, money market mutual funds, and short-term investments in private-managed public funds investment pool accounts (Texpool, LOGIC, and Lone Star). The investments, which have maturities at purchase of greater than three months, consist of U.S. Government Agency Securities.

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The Public Funds Investment Act requires an annual audit of its investment practices. Audit procedures in this area, conducted as part of the audit, disclosed that in the area of investment practices, management reports, and establishment of appropriate policies, the District was in substantial compliance with the requirements of this Act. Additionally, the investments and investment practices of the District are in compliance with the Trustees' investment policies. The District invests primarily in money market funds, public funds investment pools, and obligations of certain U.S. Government agencies, although the District's investment policy allows other investment options authorized by State statute. The District generally holds all U.S. Government Securities to maturity. The District did not have any derivative investment products during the year.

State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of 1) obligations of the U.S. or its agents and instrumentalities; 2) direct obligations of the State of Texas or its agencies; 3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or 4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent.

The Texas Education Code and the Public Funds Investment Act regulate deposits and investment transactions of the District. The District is authorized by the Texas Education Code to place the proceeds from debt issues in properly secured or collateralized interest bearing time deposits with any Texas state or national bank having federal depository insurance (FDIC) coverage for depositors or directly in bonds or other obligations of the United States, provided that these time deposits cannot be cashed, sold, or redeemed for an amount less than that originally invested by the District. Additionally, the Texas Education Code authorizes the District to invest in direct debt securities of the U.S. or other types of bonds, securities, warrants, etc., which the District is authorized by law to invest.

In accordance with applicable statutes, the District has a depository contract with Bank of America providing for interest rates to be earned on deposited funds and for banking charges the District incurs as a result of banking services provided. The District may place funds with the depository in interest and non-interest bearing accounts. Statutes and the depository contract require that all funds in the depository institution be fully secured by federal depository insurance or a combination of federal depository insurance and acceptable collateral securities and/or an acceptable surety bond. The collateral securities must be delivered to the District or placed with an independent trustee institution with safekeeping receipts delivered to the District and copies of the safekeeping receipts delivered to the Texas Education Agency. In accordance with State statutes pertaining to lawful collateralization of District deposits, safekeeping receipts are issued in the name of the depository with proper indication that the collateral securities are pledged by the depository to secure funds of the District. The District must approve all collateral securities prior to their being pledged. The depository can change collateral securities pledged to secure District funds only upon obtaining the written approval of the District.

Alief Independent School District
Notes to the Financial Statements

Note 2 – Cash and Investments (continued)

At August 31, 2006, the District's cash and investment balances were as follows:

	<u>Total Fair Value</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Ficuciary Funds</u>
Cash and checking accounts	\$ 3,411,027	\$ 1,821,636	\$ -	\$ 1,589,391
Texpool	28,089,600	28,089,600		
Local Government Investment Cooperative	29,874,254	29,874,254		
Lone Star Investment Pool	24,169,632	24,169,632		
U.S. Agency obligations	<u>26,398,697</u>	<u>26,398,697</u>		
	<u>\$ 111,943,210</u>	<u>\$ 110,353,819</u>	<u>\$ -</u>	<u>\$ 1,589,391</u>

The District's investments are insured, registered, or the District's agent holds the securities in the District's name. Therefore, the District is not exposed to custodial credit risk. Custodial credit risk for investments is the risk that, in event of the failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District's policy requires that a third party bank trust department hold all securities owned by the District.

Credit Risk

State law and the District's investment policy limit investments in all categories to top ratings issued by nationally recognized statistical rating organizations. Investment credit ratings by category are shown below.

	<u>Fair Value</u>	<u>Investment Rating</u>
Texpool	\$ 28,089,600	AAAm
Local Government Investment Cooperative	29,874,254	AAA
Lone Star Investment Pool	24,169,632	AAA
U.S. Agency obligations	<u>26,398,697</u>	AAA
	<u>\$108,532,183</u>	

Interest Rate Risk

In accordance with its investment policy, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to less than 18 months.

At August 31, 2006, the weighted average maturities of the District's investments were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (days)</u>
Texpool	\$ 28,089,600	1
Local Government Investment Cooperative	29,874,254	1
Lone Star Investment Pool	24,169,632	1
U.S. Agency obligations	<u>26,398,697</u>	165
Total	<u>\$108,532,183</u>	
Portfolio weighted average maturity		41

Alief Independent School District
Notes to the Financial Statements

Note 2 – Cash and Investments (continued)

The fair value of the U.S. Government Agency Securities and Commercial Paper are based on quoted market prices. The investments are reported by the District at fair value. The amount of increase or decrease in the fair value of investments during the year ended August 31, 2006, is included in investment income as shown below:

Interest Income	\$ 5,976,736
Net Increase in Fair Value of Investments	<u>150</u>
Total Investment Income	<u>\$ 5,976,886</u>

Note 3 – Property Taxes

Property taxes are levied by October 1 on the assessed value listed 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 the property to secure the payment of all taxes, penalties, and interest ultimately imposed. Appraised values are established by the Central Appraisal District (CAD) of Harris County, Texas. Taxes are levied by the District's Board of Trustees based on the appraised values from the CAD. Billing and collection of tax levies are performed by the District.

Property tax rates, established in accordance with state law, are levied on real and personal property within the District's boundaries for use in financing general government and debt service expenditures. Tax rates levied to finance general government and debt service expenditures for 2005-06 were \$1.50 and \$0.22, respectively, per \$100 of valuation. Based on an assessed valuation of approximately \$9.2 billion, the resulting tax levy, after exemptions and adjustments, was approximately \$156.7 million.

Allowances for uncollectible taxes 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.

Net property taxes receivable at August 31, 2006, consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Delinquent taxes - Current year levy	\$ 2,819,821	\$ 413,548	\$ 3,233,369
Delinquent taxes - Prior years' levies	<u>3,255,577</u>	<u>595,862</u>	<u>3,851,439</u>
Delinquent Taxes Receivable	6,075,398	1,009,410	7,084,808
Receivable for penalties and interest	<u>2,518,375</u>	<u>505,581</u>	<u>3,023,956</u>
Total Property Taxes Receivable	<u>8,593,773</u>	<u>1,514,991</u>	<u>10,108,764</u>
Less allowance for uncollectible taxes	<u>(1,263,100)</u>	<u>(227,292)</u>	<u>(1,490,392)</u>
Net Property Taxes Receivable	<u><u>\$ 7,330,673</u></u>	<u><u>\$ 1,287,699</u></u>	<u><u>\$ 8,618,372</u></u>

Alief Independent School District
Notes to the Financial Statements

Note 4 – Receivables Due From Other Governments

Receivables due from other government agencies at August 31, 2006, consisted of the following:

	Governmental Funds
Local grant expenditure reimbursement from other local sources	\$ 7,126
State grant expenditure reimbursement from the state	17,714,514
Federal grant expenditure reimbursement passed through the state	10,935,543
	<u>\$ 28,657,183</u>

Note 5 – Interfund Receivables and Payables

Interfund balances at August 31, 2006, consisted of the following:

Receivable Fund	Payable Fund	Amount
General Fund	Special Revenue Fund	\$11,402,089
	Daycare Fund	127,604
	Catering Fund	8,481
Debt Service Fund	General Fund	<u>102,193</u>
		<u>\$11,640,367</u>

The District had not cleared the interfund receivables and payables at year end. Interfund balances represent short-term borrowings between funds for operating expense payments or amounts collected in the general fund to be distributed to other funds. All interfund balances are expected to be settled shortly after year-end.

Note 6 – Capital Assets

Capital asset activity for the governmental activities for the year ended August 31, 2006 was as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital assets, not being depr.				
Land	\$ 58,728,326	\$ 57,112	\$ 39,759	\$ 58,825,197
Construction in progress	6,969,430	11,008,130	(5,130,031)	12,847,529
Total capital assets, not being depr.	<u>65,697,756</u>	<u>11,065,242</u>	<u>(5,090,272)</u>	<u>71,672,726</u>
Capital asset, being depreciated				
Buildings and improvements	510,487,976	4,618,303	5,090,272	520,196,551
Furniture and equipment	26,618,644	3,619,652	(791,365)	29,446,931
Total capital assets being depr.	<u>537,106,620</u>	<u>8,237,955</u>	<u>4,298,907</u>	<u>549,643,482</u>
Less Accumulated Depreciation for:				
Buildings and improvements	(204,999,685)	(12,854,866)		(217,854,551)
Furniture and equipment	(15,846,964)	(2,222,764)	742,967	(17,326,761)
Total Accumulated Depreciation	<u>(220,846,649)</u>	<u>(15,077,630)</u>	<u>742,967</u>	<u>(235,181,312)</u>
Total capital assets being depr., net	<u>316,259,971</u>	<u>(6,839,675)</u>	<u>5,041,874</u>	<u>314,462,170</u>
Governmental activities				
capital assets, net	<u>\$ 381,957,727</u>	<u>\$ 4,225,567</u>	<u>\$ (48,398)</u>	<u>\$ 386,134,896</u>

Alief Independent School District
Notes to the Financial Statements

Note 6 – Capital Assets (continued)

Capital asset activity for the business-type activities for the year ended August 31, 2006 was as follows:

	Beginning Balance	Additions	Retirements and Transfers	Ending Balance
Capital asset, being depreciated				
Buildings and improvements	\$ 155,006			\$ 155,006
Furniture and equipment		\$ 13,249		13,249
Total capital assets being depr.	<u>155,006</u>	<u>13,249</u>	<u>-</u>	<u>168,255</u>
Less Accumulated Depreciation for:				
Buildings and improvements	(27,815)	(15,501)		(43,316)
Furniture and equipment		(662)		(662)
Total Accumulated Depreciation	<u>(27,815)</u>	<u>(16,163)</u>	<u>-</u>	<u>(43,978)</u>
Total capital assets being depr., net	<u>127,191</u>	<u>(2,914)</u>	<u>-</u>	<u>124,277</u>
Business-type activities capital assets, net	<u>\$ 127,191</u>	<u>\$ (2,914)</u>	<u>\$ -</u>	<u>\$ 124,277</u>

Construction in progress and remaining commitments under related construction contracts at August 31, 2006 follows:

	Authorized Contract	Contract Expenditures	Other Related Costs	Total CIP	Remaining Commitment
Smith Spark Park	\$ 119,580	\$ 67,735	\$ 3,565	\$ 71,300	\$ 48,280
Classroom enclosures	3,991,000	3,335,937	353,948	3,689,885	564,841
Chancellor brick renovations	1,661,000	1,452,838	198,635	1,651,473	131,697
Elementary #24	13,287,000	3,564,886	1,168,720	4,733,606	9,534,488
Multiple roofing projects	<u>3,127,713</u>	<u>2,566,202</u>	<u>135,063</u>	<u>2,701,265</u>	<u>426,448</u>
	<u>\$ 22,186,293</u>	<u>\$ 10,987,598</u>	<u>\$ 1,859,931</u>	<u>\$ 12,847,529</u>	<u>\$ 10,705,754</u>

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities	Expense
Instruction	\$ 10,202,996
Instructional resources and media services	511,943
Instructional leadership	37,070
School leadership	241,778
Guidance, counseling & eval. service	49,520
Health services	39,226
Student transportation	1,345,097
Food service	737,567
Co-curricular activities / extracurricular	392,844
Administrative and support services	910,851
Plant maintenance and operations	281,735
Security and monitoring services	1,202
Data processing services	309,638
Total Depreciation Expense Governmental Activities	<u>\$ 15,061,467</u>

Depreciation expense was charged to the business-type activities as follows:

Day care facilities	<u>\$ 16,163</u>
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Alief Independent School District
Notes to the Financial Statements

Note 7 – Long-Term Debt

Long-term debt consists of bonds payable, related accretion values on premium compound interest bonds, and a provision for compensated absences. General fund revenues are typically used to liquidate the compensated absences liability. See Note 14, for additional disclosures regarding compensated absences. Bonds are payable solely from future revenues of the Debt Service Funds which consist primarily of property taxes collected by the District, state facilities and existing debt allotments, and investment income. The District is in compliance with all significant bond compliance requirements.

A summary of long-term debt transactions of the District for the year ended August 31, 2006, follows:

	Balance September 1, 2005	Issued and Additions	Refunded and Retired	Balance August 31, 2006	Current Portion
Bonds	\$ 262,100,000	\$ 23,380,000	\$(22,080,000)	\$263,400,000	\$22,080,000
Less deferred amounts:					
For issuance premiums	6,256,832	132,097	(399,139)	5,989,790	
On refunding	(3,258,461)		346,854	(2,911,607)	
Total bonds payable	265,098,371	23,512,097	(22,132,285)	266,478,183	22,080,000
Accrued compensated absences	3,844,884	1,164,011	(809,014)	4,199,881	1,000,000
Governmental activity long-term liabilities	<u>\$ 268,943,255</u>	<u>\$ 24,676,108</u>	<u>\$(22,941,299)</u>	<u>\$270,678,064</u>	<u>\$23,080,000</u>

Annual requirements to amortize all bonded debt outstanding as of August 31, 2006, follow:

Year Ending August 31	Principal	Interest	Total
2007	\$ 22,080,000	\$ 12,184,613	\$ 34,264,613
2008	22,000,000	10,802,526	32,802,526
2009	21,625,000	9,741,986	31,366,986
2010	20,520,000	8,733,229	29,253,229
2011	19,510,000	7,783,519	27,293,519
2012-2016	83,925,000	26,555,272	110,480,272
2017-2021	55,760,000	9,380,053	65,140,053
2022-2026	17,980,000	1,443,176	19,423,176
	<u>263,400,000</u>	<u>86,624,374</u>	<u>350,024,374</u>
Less current portion	22,080,000	12,184,613	34,264,613
	<u>\$241,320,000</u>	<u>\$ 74,439,761</u>	<u>\$315,759,761</u>

Alief Independent School District
Notes to the Financial Statements

Note 7 – Long-Term Debt (continued)

Bonded debt at August 31, 2006, is comprised of the following individual issues:

Original Issue Amount	Description	Interest Rate %	Matures	Debt Outstanding
\$ 20,500,000	Unlimited tax schoolhouse bonds, Series 1996	5.00 - 7.00	2017	\$ 1,025,000
19,500,000	Unlimited tax schoolhouse bonds, Series 1997	5.00 - 7.00	2018	4,000,000
46,100,000	Unlimited tax schoolhouse bonds, Series 1998	4.00 - 5.00	2018	20,700,000
23,000,000	Unlimited tax schoolhouse bonds, Series 1999	4.00 - 6.00	2019	14,950,000
52,100,000	Unlimited tax schoolhouse bonds, Series 1999 II	4.75 - 6.75	2019	20,800,000
17,300,000	Unlimited tax refunding bonds, Series 2001	4.25 - 6.25	2012	5,960,000
25,200,000	Unlimited tax schoolhouse bonds, Series 2001	3.75 - 5.00	2021	18,900,000
29,610,000	Unlimited tax schoolhouse bonds, Series 2002	4.00 - 6.00	2022	23,680,000
16,925,000	Unlimited tax refunding bonds, Series 2003	2.00 - 5.00	2014	13,290,000
19,750,000	Unlimited tax schoolhouse bonds, Series 2003	3.00 - 5.00	2023	16,765,000
30,000,000	Unlimited tax schoolhouse bonds, Series 2004	3.00 - 5.00	2024	27,000,000
29,610,000	Unlimited tax refunding bonds, Series 2004B	2.00 - 5.00	2017	25,900,000
48,495,000	Unltd. tax schoolhouse & ref. bonds, Series 2005	3.00 - 5.00	2025	47,050,000
23,380,000	Unltd. tax schoolhouse bonds, Series 2006	4.00 - 4.75	2026	23,380,000
	Total bonds			<u>263,400,000</u>
	Current portion			(22,080,000)
	Unamortized premiums			5,989,790
	Unamortized refunding			<u>(2,911,607)</u>
	Total long-term debt			<u><u>\$ 244,398,183</u></u>

Note 8 – Advance Refundings of General Long-Term Debt

Prior Year Refundings

In the prior years, the District defeased certain outstanding school construction and refunding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of August 31, 2006, all of the previously refunded bonds are considered defeased.

Alief Independent School District
Notes to the Financial Statements

Note 9 – Revenues from Local Sources

During the current year, revenues from local sources consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Property taxes	\$ 133,462,442		\$ 19,573,267		\$ 153,035,709
Penalties, interest, and other related tax income	3,536,904		531,571		4,068,475
Investment income	4,014,631	\$ 350,102	455,488	\$ 938,474	5,758,695
Food sales		5,379,697			5,379,697
Co-curricular activities	203,819				203,819
Other	1,889,845	240,930	24,538		2,155,313
	<u>\$ 143,107,641</u>	<u>\$ 5,970,729</u>	<u>\$ 20,584,864</u>	<u>\$ 938,474</u>	<u>\$ 170,601,708</u>

Note 10 – Deferred Revenues

Deferred revenues at August 31, 2006, represent assets that are not available for use by the District to liquidate current year liabilities. Deferred revenues from federal grants include an amount equal to the amount of commodity inventory. A summary of deferred revenues by fund follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net property taxes receivable (net of allowance for doubtful accounts)	\$ 7,330,673		\$ 1,287,699	\$ 8,618,372
Proceeds from expenditure - driven federal grants		\$ 95,884		\$ 95,884
Proceeds from expenditure - driven state grants		110,644		110,644
Proceeds from expenditure - driven local grants		1,071,423		1,071,423
	<u>\$ 7,330,673</u>	<u>\$ 1,277,951</u>	<u>\$ 1,287,699</u>	<u>\$ 9,896,323</u>

Alief Independent School District
Notes to the Financial Statements

Note 11 – General Fund Federal Program Revenues

A summary of federal program revenues received in the General Fund for the year ended August 31, 2006, follows:

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant or Entitlement</u>
Indirect Costs:			
IDEA Part-B Formula	84.027	\$ 168,066	\$ 23,895,805
Title III Part A LEP	84.365	27,482	4,869,377
IDEA Part-B Preschool	84.173	3,121	253,553
Vocational Education - Basic Grant	84.049	11,850	1,057,156
21st Century Learning Program	84.287a/b/c	19,654	1,840,990
Carol White Physical Education Program	84.215f	8,915	448,056
Temporary Emergency Impact Aid	84.938c	210,295	16,065,610
ROTC Program	N/A	181,267	181,267
SHARS - Medicaid Reimbursement Program	N/A	286,896	N/A
E-Rate	N/A	<u>363,251</u>	<u>N/A</u>
Total		<u><u>\$ 1,280,797</u></u>	<u><u>\$ 48,611,814</u></u>

Note 12 – Retirement Plan

Plan Description

The District contributes to the Teacher Retirement System of Texas. The Teacher Retirement System of Texas, a public employee retirement system (PERS), is a multiple-employer defined benefit contribution plan. It is a cost-sharing PERS with one exception – all risks and costs are not shared by the employer but are the liability of the State of Texas. By statute, the State of Texas contributes to the retirement system an amount equal to the current authorized rate times the aggregate annual compensation of all members of the retirement system during that fiscal year. The payroll for District employees covered by the system for the fiscal year ended August 31, 2006, was approximately \$240 million. The District's total payroll was approximately \$253 million.

For members of the retirement system entitled to the State's statutory minimum salary for certain school personnel, the District pays the state's contribution on the portion of the member's salary that exceeds the statutory minimum.

Types of Employees Covered

All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code are covered by the plan.

Benefit Provisions

The Teacher Retirement System of Texas administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of Texas Constitution Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The system also administers proportional retirement benefits under Texas Government Code, Title 8, Chapter 803.

Alief Independent School District
Notes to the Financial Statements

Note 12 – Retirement Plan

Service Requirement

1. Normal Age 65 with 5 years of service
 Age 60 with 20 years of service
 Age 55 with 30 years of service
 Effective September 1, 1997 – any combination of age plus years of service that equals 80

2. Reduced Age 55 with at least 5 years of service
 Any age below 55 with 30 years of service

A member is fully vested after 5 years of creditable service and entitled to any benefit for which eligibility requirements have been met.

Funding Policy

State law provides for a state contribution rate of 6.0% and a member contribution rate of 6.4% for fiscal years 2004, 2005, and 2006. The State of Texas contributes 6.0% of all employees' eligible gross earnings except for those District employees subject to statutory minimum requirements and those employees being paid from and participating in federally funded programs. The statutory minimum requirements are based on the State of Texas teacher schedule and then adjusted based on local tax rates. For employees funded by federal programs, the federal programs are required to contribute 7.0%.

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% of the member's annual compensation and a state contribution rate of not less than 6% of the member's annual compensation rate and not more than 10% of the aggregate annual compensation of all members of the system during the fiscal year. (2) A state statute prohibits benefit improvements or contribution reductions, if, as a result of the particular actions, 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 exceeds 31 years, the period would be increased by such action.

Contributions Made

Contributions made by the State, District, and employees, and the District's annual covered payroll for the years August 31, 2004, 2005, and 2006 are as follows:

<u>Pension Fiscal Year</u>	<u>State TRS Contributions Made on Behalf of the District</u>	<u>District Required Contributions to TRS</u>	<u>Percentage of Total Payroll Contributed by District</u>	<u>Employees' Contributions to TRS</u>	<u>District's Annual Covered Payroll</u>
2004	\$ 11,662,054	\$ 1,510,396	0.68%	\$ 14,217,051	\$222,160,414
2005	13,004,676	1,475,587	0.65%	14,469,819	226,092,193
2006	12,013,736	2,592,327	1.08%	15,366,624	240,104,624

The contributions made by the State on behalf of the District have been recorded in the financial statements of the District as both state revenues and payroll expenditures. These contributions are the legal responsibility of the State.

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 on the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Alief Independent School District
Notes to the Financial Statements

Note 13 – Risk Management

The District is exposed to various risks related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District’s risk management program encompasses various means of protecting the District against loss by obtaining property, casualty, and liability coverage through commercial insurance carriers, self-insurance, and from participation in a risk pool. The District’s participation in the risk pool is limited to paying premiums for its general liability insurance coverage. There has not been any significant reduction in coverage from that of the previous year.

The District provides health benefits to its employees and dependents through a self-funded employee health benefit plan which is accounted for in the Health Insurance Internal Service Fund. This fund is principally supported by contributions from the District and the employees. The District makes contributions to cover the majority of the premiums for employees, and the employees are required to make contributions to cover the remaining employee costs and their dependents. The Internal Service Fund charges the General Fund premiums for the District’s contribution. A third party administrator acting on behalf of the District processes health claim payments. The District has obtained excess loss insurance which limits the District’s claims paid to \$100,000 annually for any individual participant.

The District also provides workers’ compensation to employees through a self-insured plan which is accounted for in the Workers’ Compensation Internal Service Fund. The Internal Service Fund charges the General Fund premiums for the District’s contribution. The District has obtained excess loss insurance which limits the District’s claims paid to \$200,000 for any individual participant.

Settled claims have not exceeded insurance coverages in any of the previous three fiscal years. Estimates of claims payable and of claims incurred, but not reported at August 31, 2006, are reflected as accrued expenses of the Fund. The liabilities include an amount for claims that have been incurred but were not reported until after August 31, 2006. The liability reported in the fund is one of the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of the loss can be reasonable estimated. Because actual claims liabilities depend on such complex factors as inflation, changes in legal requirements, and damage awards, the process used in computing claims liability is an estimate based on historical claims. Analysis of claims liability for the fiscal year 2006 is as follows:

	Health Insurance		Workers' Compensation	
	2006	2005	2006	2005
Accrual, September 1	\$ 2,366,602	\$ 2,556,000	\$ 440,079	\$ 392,468
Current year estimates	23,939,073	20,426,599	1,825,047	923,293
Payments for claims	<u>23,299,607</u>	<u>20,615,997</u>	<u>1,338,551</u>	<u>875,682</u>
Accrual, August 31	<u>\$ 3,006,068</u>	<u>\$ 2,366,602</u>	<u>\$ 926,575</u>	<u>\$ 440,079</u>

The following year-by-year exposure details the number of annual workers compensation claims.

1996-97	253	2001-02	336
1997-98	327	2002-03	431
1998-99	303	2003-04	385
1999-00	336	2004-05	381
2000-01	357	2005-06	338
		Ten year average	345

Alief Independent School District
Notes to the Financial Statements

Note 14 – Compensated Absences

The District has a vacation policy for noncontractual employees (administration and other full-time employees) whereby eligible employees receive vacation pay from one to twenty-five days, dependent upon the number of years of service, after the completion of a year's service in the District. All vacation days must be used within an eighteen-month period from the first day of July of each year, and unused vacation pay cannot be carried over to future periods. The liability for unused vacation days at August 31, 2006 is \$1,622,812 and is included in the long-term liabilities on the Government-Wide Statement of Net Assets.

The District's sick leave policy is coordinated with a state mandated sick leave policy whereby substantially all full-time teaching and paraprofessional employees received up to thirteen days sick leave per year. State sick leave days accrue at the rate of five per year without limit to accumulation. The unused balance may be transferred to another District within the Texas public school system. All state sick leave days must be used prior to retirement from the Texas public school system to receive the benefit. The District pays for all state sick leave days used.

Additional local sick leave of up to eight days per year accrues to employees eligible to receive state mandated sick days. All employees not eligible for state mandated sick days may receive up to thirteen days of local leave. Local sick leave may be accumulated without limitation; however, the District does not pay accumulated local sick leave upon termination with the District. Employees are eligible to receive payment for local sick leave (up to a maximum of 80 days) upon qualified retirement from the District, dependent upon the number of years of service with the District. The liability for estimated amounts earned by District employees meeting the requirement for compensation is \$3,436,069 at August 31, 2006, all of which is reported in the non-current liabilities on the Government-Wide Statements. Of this amount, \$859,000 is recorded in the General Fund on the Fund Financial Statements, which represents the portion due and payable from current financial resources.

Note 15 – Fund Equity

A summary of reserved and designated fund balance, as of August, 31, 2006, for all Governmental Fund Types follows:

	<u>General</u>	<u>Special Revenue Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Reserved:				
Inventories	\$ 1,157,562	\$ 395,296		
Debt Service			\$ 4,383,290	
Encumbrances	1,167,681	335,514		
Food Service		6,471,728		
	<u>2,325,243</u>	<u>\$ 7,202,538</u>	<u>\$ 4,383,290</u>	
Designated:				
Construction				\$ 24,187,726
Other	<u>5,500,000</u>			
Total	<u>\$ 7,825,243</u>			<u>\$ 24,187,726</u>

Enterprise Fund

Current year operations of the District's catering fund resulted in negative ending net assets of (\$4,898) in that enterprise fund. Food prices will be reviewed in the upcoming year to determine if a price increase is necessary to prevent future losses.

Alief Independent School District
Notes to the Financial Statements

Note 16 – Litigation and Contingencies

From time to time the District is a defendant in legal proceedings relating to its operations as a school district. In the best judgment of the District's management, the outcome of any present legal proceedings will not have any adverse material effect on the accompanying financial statements.

Note 17 – Related Organization

The Alief Education Foundation ("the Foundation"), a not-for-profit entity which was organized to provide scholarship funds, is a "related organization," as defined by Governmental Accounting Standards Board Statement No. 14, of the District. The members of the board of the Foundation are appointed by an outside taxpayer group.

Note 18 – Shared Service Arrangement

The District participates in a Shared Service Arrangement (SSA) for deaf education services with eleven other school districts. Approximately 28% of the students served by the SSA are attributable to the District. The District does not account for revenues or expenditures of this program and does not disclose them in these financial statements. However, intergovernmental charges in the General Fund include payments to the fiscal agent for the District's share of project deficits. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Fort Bend ISD, nor does the District have a net equity interest in the fiscal agent.

The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to Alief ISD. The fiscal agent manager is responsible for all financial activities of the SSA. Shared Service Arrangement expenditures of \$596,093 were attributable to Alief ISD participation.

Note 19 – Juvenile Justice Alternative Education Program

The District is required by law to participate in a Juvenile Justice Alternative Education Program (JJAEP) in coordination with the county juvenile board. A JJAEP is mandated by Chapter 37 of the Texas Education Code to provide education for certain expelled and adjudicated youth based on standards of academic accountability and performance as approved by the Texas Juvenile Probation Commission. The District paid \$292,260 to place students in a JJAEP in 2005/2006

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Required Supplementary Information

Alief Independent School District

Exhibit F-1

*Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Final Amended Budget, and Actual - General Fund*

Year Ended August 31, 2006

Data Control Codes		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	2005 Actual
		Original	Final			
	Revenues:					
5700	Local sources	\$ 139,574,256	\$ 141,795,197	\$ 143,107,641	\$ 1,312,444	\$ 129,868,083
5800	State program revenues	143,351,649	153,951,649	152,698,241	(1,253,408)	147,326,290
5900	Federal program revenues	1,090,000	1,090,000	1,280,797	190,797	1,585,246
5020	Total Revenues	284,015,905	296,836,846	297,086,679	249,833	278,779,619
	Expenditures:					
	Current:					
0011	Instruction	186,113,549	186,037,839	182,893,868	3,143,971	180,990,408
0012	Instructional resources and media services	4,330,383	4,393,390	4,237,149	156,241	4,203,243
0013	Curriculum & instructional staff development	2,311,444	3,353,101	3,262,028	91,073	2,041,740
0021	Instructional leadership	3,409,141	2,531,578	2,445,088	86,490	3,313,282
0023	School leadership	18,681,407	18,825,033	18,348,877	476,156	18,174,539
0031	Guidance, counseling, & evaluation services	11,206,625	10,973,679	10,090,158	883,521	10,481,538
0032	Social work services	183,788	207,060	192,496	14,564	180,337
0033	Health services	2,930,213	3,029,646	2,765,976	263,670	2,802,749
0034	Student transportation	9,554,860	10,371,316	9,135,037	1,236,279	9,449,747
0036	Co-curricular activities / extracurricular	3,087,950	3,349,225	3,258,661	90,564	3,205,557
0041	Administrative and support services	9,161,391	7,557,019	6,998,832	558,187	8,530,840
0051	Plant maintenance and operations	28,450,129	31,994,079	30,678,120	1,315,959	28,900,222
0052	Security and monitoring services	3,386,477	3,537,210	3,272,886	264,324	3,148,810
0053	Data processing services	2,674,231	4,113,923	2,951,180	1,162,743	2,504,953
0061	Ancillary services	1,461,705	1,496,504	1,444,545	51,959	1,293,418
0081	Capital outlay	272,612	1,163,782	786,176	377,606	205,941
0093	Payments to fiscal agent	200,000	280,731	255,731	25,000	202,146
0095	Payments to Juvenile Justice Alt. Ed. Prog.	250,000	292,260	292,260		217,954
6030	Total Expenditures	287,665,905	293,507,375	283,309,068	10,198,307	279,847,424
1100	Excess (Deficiency) of Revenues Over Expenditures	(3,650,000)	3,329,471	13,777,611	10,448,140	(1,067,805)
0100	Fund Balance - beginning	59,097,914	59,097,914	59,097,914		60,165,719
3000	Fund Balance - ending	\$ 55,447,914	\$ 62,427,385	\$ 72,875,525	\$ 10,448,140	\$ 59,097,914

Alief Independent School District
Notes to Required Supplementary Information

Note 1 - Summary of Significant Accounting Policies

A. Stewardship, Compliance, and Accountability

Each school district in Texas is required by law to annually prepare a budget of anticipated revenues and expenditures for certain Governmental Fund Types for the fiscal year beginning September 1. The District adopts an "appropriated budget" on a basis consistent with GAAP for the General Fund, the Food Service Program within the Special Revenue Fund, and the Debt Service Fund. The District is required to present 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 Exhibit F-1 and the other two reports are in Exhibits H-1 and H-2.

The official school budget was prepared for adoption by August 20, 2005, as required. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. Final priorities and funding of projects are determined by the Board, which subsequently established a tax rate sufficient to support the approved budget.

The administration performs budget reviews by which budget requirements are reevaluated and revisions are recommended to the Board.

The Board is required to approve amendments to the budget that change any fund or functional expenditure category (the legal level of compliance), revenue object accounts, or other financing sources/uses as defined by the Agency for each individual fund type. Unexpended appropriations lapse at year-end. Deficit fund balances are prohibited by state law.

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriation, is used in all governmental funds. Encumbrances outstanding at year-end are commitments that do not constitute expenditures or liabilities, but are reported as reservation of fund balances. Since appropriations lapse at the end of each year, outstanding encumbrances are appropriately provided for in the subsequent fiscal year's budget to provide for the liquidation of the prior commitments.

End of year outstanding encumbrances that were provided for in the subsequent year's budget are presented as below:

General Fund	\$ 1,167,681
Food Service Fund	<u>335,514</u>
	<u>\$ 1,503,195</u>

A reservation of fund balance equal to the outstanding encumbrances at year end is provided for at August 31, 2006.

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Other Supplementary Information

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Internal Service Funds

Internal Service Funds are used to account for the operations of the District's self-funded insurance programs.

Workers' Compensation Fund – This fund is used to account for the operations of the District's self-funded workers' compensation plan, which is supported by employer contributions. Expenses include benefit payments to employees, excess loss insurance premiums, and related administrative costs.

Insurance Fund – This fund is used to account for the operations of the District's medical and dental insurance program, which is supported by both employee and employer contributions. Expenses include claims, excess loss insurance, and related administrative costs.

Alief Independent School District

Exhibit G-1

**Internal Service Funds
Combining Statement of Net Assets**

**August 31, 2006
with comparative totals for the August 31, 2005**

Data Control Codes		753 Workers' Comp.	755 Health Insurance	Totals	
				98 August 31, 2006	97 August 31, 2005
	Assets				
1110	Cash and cash equivalents	\$ 2,735,193	\$ 5,377,577	\$ 8,112,770	\$ 4,529,154
1250	Accrued interest	10,936		10,936	6,717
1260	Due from other funds				2,550,000
1290	Other receivables	32		32	74,898
		<u>32</u>	<u></u>	<u>32</u>	<u>74,898</u>
1000	Total Assets	<u>\$ 2,746,161</u>	<u>\$ 5,377,577</u>	<u>\$ 8,123,738</u>	<u>\$ 7,160,769</u>
	Liabilities				
2110	Accounts payable	\$ 10,381	\$ 515,413	\$ 525,794	\$ 424,829
2200	Accrued expenses	926,575	3,006,068	3,932,643	2,806,681
		<u>926,575</u>	<u>3,006,068</u>	<u>3,932,643</u>	<u>2,806,681</u>
2000	Total Liabilities	<u>936,956</u>	<u>3,521,481</u>	<u>4,458,437</u>	<u>3,231,510</u>
	Net Assets				
3900	Unrestricted Net Assets	<u>\$ 1,809,205</u>	<u>\$ 1,856,096</u>	<u>\$ 3,665,301</u>	<u>\$ 3,929,259</u>

Alief Independent School District

Exhibit G-2

**Internal Service Funds
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Assets**

Years Ended August 31, 2006 and 2005

Data Control Codes		753 Workers' Comp.	755 Health Insurance	Totals	
				98 August 31, 2006	97 August 31, 2005
	Operating Revenues				
5700	Local sources:				
5754	Interfund services provided	\$ 1,145,000	\$ 27,026,224	\$ 28,171,224	\$ 26,831,034
57XX	Other	439	190,376	190,815	198,248
5020	Total Operating Revenues	<u>1,145,439</u>	<u>27,216,600</u>	<u>28,362,039</u>	<u>27,029,282</u>
	Operating Expenses				
6200	Purchased and contracted services	160,803	2,235,601	2,396,404	2,188,738
6400	Other operating expenses - claims	1,457,025	25,021,997	26,479,022	23,140,441
6030	Total Operating Expenses	<u>1,617,828</u>	<u>27,257,598</u>	<u>28,875,426</u>	<u>25,329,179</u>
1200	Operating Income (Loss)	(472,389)	(40,998)	(513,387)	1,700,103
	Nonoperating Revenue				
7000	Interest income	111,148	138,281	249,429	85,130
1300	Change in Net Assets	(361,241)	97,283	(263,958)	1,785,233
0100	Total Net Assets - Sept. 1 (beginning)	<u>2,170,446</u>	<u>1,758,813</u>	<u>3,929,259</u>	<u>2,144,026</u>
3000	Total Net Assets - Aug. 31 (ending)	<u>\$ 1,809,205</u>	<u>\$ 1,856,096</u>	<u>\$ 3,665,301</u>	<u>\$ 3,929,259</u>

Alief Independent School District

Exhibit G-3

**Internal Service Funds
Combining Statement of Cash Flows**

Years Ended August 31, 2006 and 2005

	753	755	Totals	
	Workers'	Health	98	97
	Comp.	Insurance	August 31,	August 31,
			2006	2005
Cash Flows from Operating Activities				
Cash receipts from interfund services provided and used	\$ 1,145,000	\$ 29,576,224	\$ 30,721,224	\$ 24,881,034
Cash receipts from insurance reimbursements	407	265,274	265,681	227,947
Cash payments to vendors for services	(268,896)	(3,957,992)	(4,226,888)	(3,852,093)
Cash payments for claims	(852,055)	(22,569,556)	(23,421,611)	(21,491,679)
Net Cash Provided (Used) by Operating Activities	<u>24,456</u>	<u>3,313,950</u>	<u>3,338,406</u>	<u>(234,791)</u>
Cash Flows from Investing Activities				
Interest on cash and investments	106,929	138,281	245,210	85,130
Net Cash Provided by Investing Activities	<u>106,929</u>	<u>138,281</u>	<u>245,210</u>	<u>85,130</u>
Net increase (decrease) in cash and cash equivalents	131,385	3,452,231	3,583,616	(149,661)
Cash and cash equivalents, beginning of year	<u>2,603,808</u>	<u>1,925,346</u>	<u>4,529,154</u>	<u>4,678,815</u>
Cash and cash equivalents, end of year	<u>\$ 2,735,193</u>	<u>\$ 5,377,577</u>	<u>\$ 8,112,770</u>	<u>\$ 4,529,154</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ (472,389)	\$ (40,998)	\$ (513,387)	\$ 1,700,103
Change in assets and liabilities:				
(Increase) decrease in receivables	(32)	74,898	74,866	29,699
(Increase) decrease in due from other funds		2,550,000	2,550,000	(1,950,000)
Increase in accounts payable	10,381	90,584	100,965	127,194
Increase (decrease) in accrued expenses	486,496	639,466	1,125,962	(141,787)
Net Cash Provided (Used) by Operating Activities	<u>\$ 24,456</u>	<u>\$ 3,313,950</u>	<u>\$ 3,338,406</u>	<u>\$ (234,791)</u>

Compliance Schedules

Alief Independent School District

Exhibit H-1

**Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Original Budget, Amended Budget
and Actual - Food Service Program**

**Year Ended August 31, 2006
with comparative actual balances for the Year Ended August, 31, 2005**

Data Control Codes		2006				2005 Actual
		Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	
		Original	Final			
	Revenues					
5700	Local sources	\$ 5,600,000	\$ 5,600,000	\$ 5,729,799	\$ 129,799	\$ 5,849,712
5800	State program revenues	140,000	140,000	138,777	(1,223)	139,488
5900	Federal program revenues	12,275,000	13,125,000	13,337,014	212,014	11,903,961
5020	Total Revenues	<u>18,015,000</u>	<u>18,865,000</u>	<u>19,205,590</u>	<u>340,590</u>	<u>17,893,161</u>
	Expenditures					
	Current:					
0035	Food services	18,450,000	18,660,000	18,122,986	537,014	17,371,412
0051	Plant maintenance & operations	115,000	210,000	185,193	24,807	100,000
0081	Facilities acquisition and construction		215,000		215,000	214,084
6030	Total Expenditures	<u>18,565,000</u>	<u>19,085,000</u>	<u>18,308,179</u>	<u>776,821</u>	<u>17,685,496</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	(550,000)	(220,000)	897,411	1,117,411	207,665
0100	Fund balance - September 1 (beginning)	<u>6,305,127</u>	<u>6,305,127</u>	<u>6,305,127</u>		<u>6,097,462</u>
3000	Fund Balance - August 31 (ending)	<u>\$ 5,755,127</u>	<u>\$ 6,085,127</u>	<u>\$ 7,202,538</u>	<u>\$ 1,117,411</u>	<u>\$ 6,305,127</u>

Alief Independent School District

Exhibit H-2

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Original Budget, Amended Budget, and Actual - Debt Service Fund**

**Year Ended August 31, 2006
with comparative actual balances for the Year Ended August 31, 2005**

Data Control Codes		2006		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)	2005 Actual
		Budgeted Amounts				
		Original	Final			
	Revenues					
5700	Local sources	\$ 20,167,741	\$ 20,467,741	\$ 20,584,864	\$ 117,123	\$ 19,279,668
5800	State program revenues	13,864,543	15,109,016	15,130,764	21,748	13,845,564
5020	Total Revenues	34,032,284	35,576,757	35,715,628	138,871	33,125,232
	Expenditures					
	Debt service:					
0071	Principal on long-term debt	20,960,000	22,080,000	22,080,000		21,905,000
0072	Interest on long-term debt	12,831,449	11,975,284	11,925,283	50,001	11,761,073
0073	Bond issuance costs and fees	5,000	10,000	14,056	(4,056)	572,981
	Total debt service	33,796,449	34,065,284	34,019,339	45,945	34,239,054
6030	Total Expenditures	33,796,449	34,065,284	34,019,339	45,945	34,239,054
1100	Excess (Deficiency) of Revenues Over Expenditures	235,835	1,511,473	1,696,289	184,816	(1,113,822)
	Other Financing Sources (Uses)					
7901	Refunding bonds issued					56,104,990
7916	Premium on issuance of bonds					5,677,453
8949	Payment to refunding bond escrow agent					(60,958,373)
7080	Total Other Financing Sources (Uses)					824,070
1200	Net Change in Fund Balances	235,835	1,511,473	1,696,289	184,816	(289,752)
0100	Fund balance - September 1 (beginning)	2,687,001	2,687,001	2,687,001		2,976,753
3000	Fund Balance - August 31 (ending)	\$ 2,922,836	\$ 4,198,474	\$ 4,383,290	\$ 184,816	\$ 2,687,001

Alief Independent School District

Schedule of Delinquent Taxes Receivable

Fiscal Year Ended August 31, 2006

Fiscal Year	Tax Year	Tax Rates			3 Assessed/Appraised Value for School Tax Purposes
		1 Maintenance	2 Debt Service	Total	
1997 and prior	1996 and prior	\$ Various	\$ Various	\$ Various	\$ Various
1998	1997	1.2495	0.4500	1.6995	4,855,899,382
1999	1998	1.2495	0.4500	1.6995	5,250,099,971
2000	1999	1.3550	0.2850	1.6400	5,834,470,712
2001	2000	1.4050	0.2350	1.6400	6,513,486,341
2002	2001	1.4600	0.2150	1.6750	7,186,710,328
2003	2002	1.4600	0.2150	1.6750	7,726,599,821
2004	2003	1.4600	0.2150	1.6750	8,270,863,975
2005	2004	1.4700	0.2200	1.6900	8,626,024,400
2006	2005	1.5000	0.2200	1.7200	9,202,259,327
				1000 Totals	

*					
10	20	30	30a	40	50
Beginning Balance 9/1/2005	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustments	Ending Balance 8/31/2006
\$ 463,920		\$ 1,089	\$ 801	\$ (336,047)	\$ 125,983
230,083		1,373	494	(140)	228,076
274,640		16,016	5,768	(130)	252,726
272,615		3,685	775	(177)	267,978
343,880		35,367	5,916	19,447	322,044
501,718		46,691	6,878	19,532	467,681
576,999		80,518	11,862	6,955	491,574
884,715		207,480	30,565	42,867	689,537
2,810,616		1,677,471	251,100	123,795	1,005,840
	\$ 156,660,301	134,548,521	19,732,549	854,138	3,233,369
<u>\$ 6,359,186</u>	<u>\$ 156,660,301</u>	<u>\$ 136,618,211</u>	<u>\$ 20,046,708</u>	<u>\$ 730,240</u>	<u>\$ 7,084,808</u>

Alief Independent School District

**Schedule of Expenditures for Computation of
Indirect Costs for 2007-08
General and Special Revenue Funds**

Year Ended August 31, 2006

Function 41 and Related Function 53 - General Administration

	1	2	3	4	5	6	7
	(702)	(703)	(701)	(750)	(720)	(other)	
Account Number	School Board	Tax Collection	Supt's Office	Indirect Cost	Direct Cost	Misc.	Total
6100		\$ 274,641	\$ 445,648	\$ 3,507,828	\$ 9,275		\$ 4,237,392
* 6149				230,710			230,710
** 6149				645,937			645,937
6211	\$ 192,177						192,177
6212				75,160			75,160
6213		1,090,463					1,090,463
621X		380		76,142			76,522
6220							
6230							
6240					14,100		14,100
6250							
6260				123,631			123,631
6290		297,351	38	135,515			432,904
6320	456	5,096	455	4,790			10,797
6330							
63XX		17,947	6,345	522,140			546,432
6410	11,506	1,870	3,837	45,415			62,628
6420		8,947	18,226	103,205			130,378
6430	859						859
6490	24,555			153,866	6,271		184,692
6500							
6600						\$ 664,717	664,717
Total	\$ 229,553	\$ 1,696,695	\$ 474,549	\$ 5,624,339	\$ 29,646	\$ 664,717	\$ 8,719,499

* Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)

** Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)

Total expenditures for General and Special Revenue Funds: (9) \$ 351,497,325

Less: Deductions for Unallowable Costs

Fiscal Year

Total Capital Outlay (6600)	(10)	\$ 2,951,195	
Total Debt & Lease (6500)	(11)	-	
Plant Maintenance (Function 51, 6100-6400)	(12)	31,010,020	
Food (Function 35, 6341 and 6499)	(13)	7,268,801	
Stipends (6413)	(14)	-	
Column 4 Above (Indirect Costs)		5,624,339	
Subtotal:			\$ 46,854,355
Net Allowed Direct Cost			\$ 304,642,970

Cumulative

Total Costs of Buildings before Depreciation (1520)	(15)	\$ 520,196,551
Historical Cost of Buildings over 50 years old	(16)	-
Amount of Federal Money in Building Cost (Net of Above)	(17)	-
Total Cost of Furniture & Equip. before Depr. (1530 & 1540)	(18)	29,446,931
Historical Cost of Furniture & Equip. over 16 years old	(19)	2,011,211
Amount of Federal Money in Furn. & Equip. (Net of #19)	(20)	2,261,253

Note: \$1,033,298 in Function 53 expenditures are included in this report on administrative costs.

Alief Independent School District

Exhibit H-5

*Fund Balance and Cash Flow Calculation Worksheet (Unaudited) -
General Fund*

August 31, 2006

1. Total General Fund Balance as of August 31, 2006		<u>\$ 72,875,525</u>
2. Total General Fund Reserved Fund Balance	<u>2,325,243</u>	
3. Total General Fund Designated Fund Balance	<u>5,500,000</u>	
4. Estimated amount needed to cover fall (9/1/06 - 1/30/07) cash flow deficits in the General Fund (Net borrowed funds and funds representing deferred revenues)	<u>27,500,000</u>	
5. Estimate of one month's average cash disbursements during the regular school session 9/1/06 - 5/31/07	<u>25,900,000</u>	
6. Estimate of delayed payments from state sources (58XX) including August payment delays	<u>19,154,547</u>	
7. Estimate of overpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	<u>(3,731,727)</u>	
8. Estimate of delayed payments from federal sources (59XX)	<u>10,935,544</u>	
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)	<u>2,550,000</u>	
10. Optimum Fund Balance and Cash Flow (sum of lines 2 through 9)		<u>90,133,607</u>
11. Excess (Deficit) Net Undesignated, Unreserved General Fund - Fund Balance (Line 1 minus Line 10)		<u>\$ (17,258,082)</u>

Statistical Section

Unaudited Statistical Section

Alief Independent School District

Net Assets by Component

***Last Five Fiscal Years
(Accrual Basis of Accounting)***

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 108,510,880	\$ 116,462,130	\$ 127,349,094
Restricted	6,651,660	8,484,645	9,825,856
Unrestricted	54,683,773	64,318,192	65,065,026
Total Primary Government Net Assets	<u>\$ 169,846,313</u>	<u>\$ 189,264,967</u>	<u>\$ 202,239,976</u>

Due to the implementation of GASB Statement No. 34 effective September 1, 2001, comparative data is only available for the past five years.

Table 1

<u>2005</u>	<u>2006</u>
\$ 134,118,077	\$ 145,256,794
10,287,628	12,873,527
65,962,427	79,148,071
<u>\$ 210,368,132</u>	<u>\$ 237,278,392</u>

Alief Independent School District

Changes in Net Assets

**Last Five Fiscal Years
(Accrual Basis of Accounting)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Expenses			
Governmental Activities:			
Instruction	\$ 173,385,974	\$ 197,130,543	\$ 212,265,852
Instructional resources and media services	4,146,474	4,476,678	4,701,320
Curriculum & instructional staff development	2,277,710	3,140,247	3,156,771
Instructional leadership	3,961,195	4,125,700	4,109,344
School leadership	14,406,902	15,327,673	18,316,467
Guidance, counseling, & evaluation services	9,251,227	10,137,663	10,630,324
Social work services	218,047	246,980	190,693
Health services	2,515,795	2,752,020	2,891,080
Student transportation	9,150,842	9,675,508	10,334,603
Food services	14,752,164	16,984,583	17,830,945
Co-curricular activities / extracurricular	2,976,248	3,749,275	3,688,774
Administrative and support services	8,057,668	8,969,993	9,585,295
Plant maintenance and operations	24,936,054	25,450,921	27,260,887
Security and monitoring services	2,539,334	2,908,838	3,144,682
Data processing services	2,216,666	2,493,065	2,488,546
Community services	1,197,952	1,316,285	1,259,211
Debt service - interest on long-term debt	12,245,019	12,534,403	12,456,674
Facilities acquisition and construction	2,602,674	1,419,561	896,009
Payments to fiscal agent	165,628	233,223	214,931
Payments to JJAEP	40,956	78,260	196,122
Total Primary Government Expenses	<u>291,044,529</u>	<u>323,151,419</u>	<u>345,618,530</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
Instruction	234,613	216,104	309,386
Food Service	6,846,294	7,088,570	6,418,527
Co-curricular activities / extracurricular	222,042	265,569	281,635
Other activities	543,178	965,151	751,477
Operating Grants and Contributions	34,520,241	47,839,475	52,494,559
Total Primary Government Program Revenues	<u>42,366,368</u>	<u>56,374,869</u>	<u>60,255,584</u>
Net (Expense) / Revenue			
Total Primary Government Net Expense	<u>(\$248,678,161)</u>	<u>(\$266,776,550)</u>	<u>(\$285,362,946)</u>

	<u>2005</u>	<u>2006</u>
\$	217,533,588	\$ 233,647,083
	4,764,873	5,236,527
	3,260,797	5,357,740
	4,375,378	3,348,764
	19,362,133	19,738,259
	10,927,558	11,892,232
	254,448	316,013
	2,948,653	3,188,416
	10,906,510	11,205,740
	18,048,576	18,913,378
	3,786,355	3,580,719
	9,308,062	8,047,232
	28,734,994	31,308,791
	3,127,029	3,211,158
	2,618,433	2,515,592
	1,308,741	1,585,834
	11,557,386	12,001,543
	1,663,522	955,266
	202,146	255,731
	217,954	292,260
	<u>354,907,136</u>	<u>376,598,278</u>
	284,406	662,008
	5,849,712	5,729,798
	249,677	203,819
	119,299	216,730
	75,375,993	94,358,072
	<u>81,879,087</u>	<u>101,170,427</u>
	<u>(\$273,028,049)</u>	<u>(\$275,427,851)</u>

Alief Independent School District

Changes in Net Assets

***Last Five Fiscal Years
(Accrual Basis of Accounting)***

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental Revenues and other Changes in Net Assets			
Governmental Activities:			
Property Taxes, Levied for General Purposes	104,651,294	114,544,728	121,085,690
Property Taxes, Levied for Debt Service	15,419,875	14,819,185	17,891,980
State-aid Formula Grant - Unrestricted	146,172,616	154,668,192	154,905,603
Investment Earnings	2,796,374	1,556,743	1,232,305
Miscellaneous	714,235	606,356	583,152
Total Primary Government General Revenues	<u>269,754,394</u>	<u>286,195,204</u>	<u>295,698,730</u>
Prior Period Adjustment			<u>2,639,225</u>
Change in Net Assets			
Total Primary Government	<u>\$21,076,233</u>	<u>\$19,418,654</u>	<u>\$12,975,009</u>

Due to the implementation of GASB Statement No. 34 effective September 1, 2001, comparative data is only available for the past five years.

<u>2005</u>	<u>2006</u>
126,628,867	137,737,633
18,905,103	20,097,037
132,023,845	138,292,793
2,822,276	5,408,593
776,114	802,055
<u>281,156,205</u>	<u>302,338,111</u>
<hr/>	
<u><u>\$8,128,156</u></u>	<u><u>\$26,910,260</u></u>

Alief Independent School District

Fund Balances of Governmental Funds

***Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)***

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$ 1,939,639	\$ 1,401,708	\$ 2,032,516	\$ 1,616,206
Unreserved	34,282,820	37,980,339	38,977,534	38,015,535
Total General Fund	<u>\$ 36,222,459</u>	<u>\$ 39,382,047</u>	<u>\$ 41,010,050</u>	<u>\$ 39,631,741</u>
All Other Governmental Funds				
Reserved	\$ 5,448,801	\$ 2,738,761	\$ 2,951,275	\$ 2,460,285
Unreserved, Reported in:				
Capital Projects Fund	16,721,019	37,085,266	24,317,841	19,512,696
Special Revenue Fund	1,433,773	3,041,189	2,792,292	2,840,282
Total All Other Governmental Funds	<u>\$ 23,603,593</u>	<u>\$ 42,865,216</u>	<u>\$ 30,061,408</u>	<u>\$ 24,813,263</u>

Table 3

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 1,355,742	\$ 1,368,690	\$ 1,374,687	\$ 1,639,410	\$ 1,207,563	\$ 2,325,243
39,705,033	48,733,775	60,701,529	58,526,309	57,890,351	70,550,282
<u>\$ 41,060,775</u>	<u>\$ 50,102,465</u>	<u>\$ 62,076,216</u>	<u>\$ 60,165,719</u>	<u>\$ 59,097,914</u>	<u>\$ 72,875,525</u>
\$ 2,858,585	\$ 7,274,879	\$ 8,274,836	\$ 9,074,215	\$ 8,992,128	\$ 11,585,828
16,086,613	31,929,660	16,431,185	22,725,873	16,575,275	24,187,726
3,169,225					
<u>\$ 22,114,423</u>	<u>\$ 39,204,539</u>	<u>\$ 24,706,021</u>	<u>\$ 31,800,088</u>	<u>\$ 25,567,403</u>	<u>\$ 35,773,554</u>

Alief Independent School District

Changes in Fund Balances - Governmental Funds

**Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

	1997	1998	1999	2000
Revenues				
Local sources	\$ 95,121,706	\$ 96,632,999	\$ 103,477,303	\$ 113,128,401
State program revenues	110,893,771	121,404,359	130,635,609	154,374,815
Federal program revenues	11,120,047	13,086,754	13,815,081	16,652,431
Total Revenues	217,135,524	231,124,112	247,927,993	284,155,647
Expenditures				
Current:				
Instruction	113,404,688	124,669,041	134,269,880	153,915,498
Instructional resources and media services	3,138,535	3,073,449	3,454,188	4,643,088
Curriculum & instructional staff development	1,816,504	1,916,450	1,901,902	2,180,958
Instructional leadership	2,579,973	2,561,187	3,062,743	3,846,891
School leadership	8,860,222	9,735,824	10,636,230	12,259,932
Guidance, counseling, & evaluation services	6,308,861	6,806,655	7,467,283	8,498,558
Social work services	190,014	237,115	249,509	261,657
Health services	1,521,865	1,594,620	1,873,696	2,102,856
Student transportation	6,301,036	6,911,019	7,211,406	9,456,141
Food services	10,579,265	11,565,529	12,617,999	14,432,245
Co-curricular activities / extracurricular	1,960,066	2,050,724	2,036,306	2,439,196
Administrative and support services	6,102,238	6,220,367	6,326,664	6,764,073
Plant maintenance and operations	18,203,383	19,488,358	20,446,258	23,054,388
Security and monitoring services	1,320,284	1,913,252	2,356,846	2,723,367
Data processing services	1,536,825	1,681,441	2,073,327	1,829,803
Community services	712,907	1,034,140	1,045,248	1,138,445
Debt service:				
Debt service - principal on long-term debt	12,102,284	11,887,716	17,005,000	20,505,000
Debt service - interest on long-term debt	11,196,476	12,443,140	10,549,425	12,315,652
Bond issuance costs and fees	152,653	265,933	165,814	318,923
Capital outlay	21,005,875	28,746,941	37,354,074	60,195,430
Intergovernmental charges:				
Payments to fiscal agent				
Payments to JJAEP				
Total Expenditures	228,993,954	254,802,901	282,103,798	342,882,101
Excess of Revenues Over (Under)Expenditures	(11,858,430)	(23,678,789)	(34,175,805)	(58,726,454)
Other Financing Sources (Uses)				
Capital-related debt issued (regular bonds)	19,501,280	46,100,000	23,000,000	52,100,000
Premium on issuance of bonds				
Proceeds from refunding bonds				
Payment to refunded bond escrow agent				
Total Other Financing Sources (Uses)	19,501,280	46,100,000	23,000,000	52,100,000
Net Change in Fund Balances	\$ 7,642,850	\$ 22,421,211	(\$11,175,805)	(\$6,626,454)

Table 4

2001	2002	2003	2004	2005	2006
\$ 122,273,442	\$ 131,889,643	\$ 140,251,059	\$ 147,787,356	\$ 155,650,850	\$ 170,601,708
153,883,737	160,379,278	177,795,227	173,057,326	167,981,019	174,927,051
18,280,095	19,812,672	24,484,969	34,113,220	39,245,823	57,297,690
294,437,274	312,081,593	342,531,255	354,957,902	362,877,692	402,826,449
160,651,848	164,852,658	187,822,234	202,560,012	208,850,955	223,296,069
3,577,511	3,698,976	3,992,715	4,206,913	4,288,329	4,671,690
2,198,799	2,304,118	3,060,415	3,266,615	3,212,428	5,267,870
3,838,991	3,993,445	4,077,681	4,142,583	4,248,188	3,291,563
13,223,531	14,243,941	15,085,758	18,018,097	19,151,748	19,552,434
8,994,656	9,148,787	10,086,378	10,546,317	10,836,970	11,742,871
277,663	244,948	246,949	190,592	255,508	286,333
2,260,796	2,458,843	2,699,713	2,871,311	2,948,775	3,154,304
8,091,041	9,018,880	8,941,197	9,032,823	9,672,268	10,303,937
14,337,978	14,341,978	16,279,561	17,246,190	17,564,095	18,314,549
2,628,466	2,656,280	3,410,977	3,344,624	3,406,709	3,270,746
7,133,231	7,972,986	8,487,388	9,148,804	8,580,041	7,040,263
25,321,235	25,897,555	26,162,277	27,796,098	29,218,687	31,596,213
2,818,908	2,642,360	2,998,079	3,157,698	3,190,195	3,327,406
2,033,480	2,107,392	2,421,347	2,390,605	2,523,325	2,985,886
1,161,422	1,226,397	1,315,343	1,267,477	1,308,457	1,588,116
18,010,000	16,615,000	20,005,000	19,975,000	21,905,000	22,080,000
13,362,165	15,174,090	12,479,185	12,277,811	11,761,073	11,925,283
619,523	198,109	384,453	199,882	792,626	146,153
30,441,187	16,556,460	36,132,404	27,723,827	28,866,775	17,965,107
171,800	165,628	233,223	214,931	202,146	255,731
75,250	40,956	78,260	196,122	217,954	292,260
321,229,481	315,559,787	366,400,537	379,774,332	393,002,252	402,354,784
(26,792,207)	(3,478,194)	(23,869,282)	(24,816,430)	(30,124,560)	471,665
25,200,365	29,610,000	19,750,000	30,000,000	22,000,000	23,380,000
		1,096,153		5,677,453	132,097
17,703,875		16,925,000		56,104,990	
(17,381,839)		(17,771,188)		(60,958,373)	
25,522,401	29,610,000	19,999,965	30,000,000	22,824,070	23,512,097
(\$1,269,806)	\$ 26,131,806	(\$3,869,317)	\$ 5,183,570	(\$7,300,490)	\$ 23,983,762

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Alief Independent School District

Table 5

***Assessed Value and
Actual Value of Taxable Property***

Last Ten Fiscal Years

Fiscal Year Ended August 31,	Appraised Value			Taxable Assessed Value	Total Direct Rate (1)
	Real Property Value	Personal Property Value	Less Exemptions		
1997	\$ 4,137,675,380	\$ 762,310,616	\$ 382,599,281	\$ 4,517,386,715	\$ 1.6995
1998	4,049,820,085	806,079,297	388,031,725	4,467,867,657	1.6995
1999	4,391,708,626	858,391,345	393,468,700	4,856,631,271	1.6995
2000	5,376,259,900	875,170,712	416,959,900	5,834,470,712	1.6400
2001	6,168,976,785	814,185,793	469,676,237	6,513,486,341	1.6400
2002	6,859,071,010	826,471,688	498,832,370	7,186,710,328	1.6750
2003	7,430,182,899	835,218,172	538,801,250	7,726,599,821	1.6750
2004	7,943,533,050	886,108,365	558,777,440	8,270,863,975	1.6750
2005	8,112,331,886	1,111,740,724	598,048,210	8,626,024,400	1.6900
2006	9,671,635,069	1,121,653,140	1,591,028,882	9,202,259,327	1.7200

(1) Tax rates are per \$100 of assessed value.

Source: Harris County Appraisal District provides the District's tax office with appraised values for properties within the District's taxing authority.

Alief Independent School District

Property Tax Rates - Direct and Overlapping Governments (per \$100 of Assessed Value)

Last Ten Fiscal Years

<u>Taxing Authority</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<u>Overlapping Rates:</u>				
Beechnut MUD	\$ 1.250	\$ 1.250	\$ 1.250	\$ 1.250
Bissonnet MUD	1.325	1.325	1.308	1.200
Chelford City MUD	0.530	0.527	0.483	0.438
Chelford One MUD	0.347	0.340	0.325	0.290
Harris County *	0.665	0.648	0.648	0.648
Harris County MUD 120	1.450	1.395	1.130	0.908
Harris County MUD 147	1.060	1.060	1.024	0.995
Harris County MUD 158	1.170	1.160	1.090	1.040
Harris County MUD 359	0.750	0.748	0.698	0.590
Harris County MUD 372	N/A	N/A	N/A	0.650
Houston, City of	0.665	0.665	0.665	0.665
Kingsbridge MUD	1.020	0.985	0.980	0.949
Mission Bend MUD 1	0.760	0.725	0.685	0.638
Mission Bend MUD 2	1.290	1.295	1.240	1.220
Renn Road MUD	1.118	1.118	1.040	1.030
West Harris County MUD 4	1.500	1.500	1.500	1.400
West Harris County MUD 6	0.720	0.690	0.661	0.700
West Keegans Bayou ID	0.360	0.335	0.307	0.271
Total	<u>\$ 15.9793</u>	<u>\$ 15.7653</u>	<u>\$ 15.0336</u>	<u>\$ 14.8812</u>
<u>District Direct Rates:</u>				
Maintenance & Operations	\$ 1.2145	\$ 1.2495	\$ 1.2495	\$ 1.3550
Debt Service	0.4850	0.4500	0.4500	0.2850
Total District Direct Rates	<u>\$ 1.6995</u>	<u>\$ 1.6995</u>	<u>\$ 1.6995</u>	<u>\$ 1.6400</u>

* Includes Harris County, Harris County Department of Education, Harris County Flood Control District, and the Port of Houston Authority

Source: District Tax Office

Table 6

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 1.250	\$ 1.250	\$ 1.250	\$ 1.250	\$ 1.250	\$ 1.250
1.090	1.060	1.040	0.990	0.740	0.590
0.420	0.420	0.430	0.430	0.430	0.430
0.270	0.420	0.420	0.420	0.410	0.410
0.648	0.646	0.646	0.646	0.646	0.454
0.850	0.850	0.850	0.850	0.790	0.710
0.990	0.990	0.940	0.920	0.880	0.850
0.900	0.850	0.850	0.800	0.700	0.500
0.510	0.510	0.430	0.370	0.325	0.300
0.650	0.590	0.525	0.400	0.310	0.310
0.655	0.655	0.655	0.655	0.655	0.648
0.949	0.920	0.920	0.880	0.840	0.820
0.620	0.580	0.565	0.540	0.450	0.450
1.220	1.170	1.070	0.970	0.934	0.934
0.940	0.940	0.900	0.850	0.830	0.680
1.350	1.250	1.150	1.080	1.040	1.000
0.750	0.750	0.700	0.700	0.700	0.700
0.251	0.221	0.191	0.191	0.181	0.161
<u>\$ 14.3128</u>	<u>\$ 14.0723</u>	<u>\$ 13.5323</u>	<u>\$ 12.9423</u>	<u>\$ 12.1113</u>	<u>\$ 11.1966</u>
\$ 1.4050	\$ 1.4600	\$ 1.4600	\$ 1.4600	\$ 1.4700	\$ 1.5000
0.2350	0.2150	0.2150	0.2150	0.2200	0.2200
<u>\$ 1.6400</u>	<u>\$ 1.6750</u>	<u>\$ 1.6750</u>	<u>\$ 1.6750</u>	<u>\$ 1.6900</u>	<u>\$ 1.7200</u>

Alief Independent School District

Table 7

Principal Taxpayers

Current Year and Nine Years Ago

Taxpayer	2006			1997		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value (2)	Assessed Value (1)	Rank	Percentage of Total Assessed Value (3)
Centerpoint Energy Inc.	\$ 109,734,290	1	1.2%	\$ 85,753,070	2	1.9%
Shell Oil Co.	85,457,897	2	0.9	135,181,510	1	3.0
Granite One West LTD	72,683,170	3	0.8			
3150 Briarpark / LP	65,676,515	4	0.7			
Camden Property	51,938,982	5	0.6	73,503,870	3	1.6
IP - West Oaks Mall JCP LP	51,498,942	6	0.6	50,523,030	5	1.1
Caroline Partners LTD	50,321,036	7	0.5			
CHCA West Houston	46,995,883	8	0.5	28,718,880	9	0.6
Lexington Lion Houston	38,752,344	9	0.4			
MSPA Acquisition	36,987,500	10	0.4			
Southwestern Bell Telephone				59,219,120	4	1.3
Chevron				41,797,730	6	0.9
Halliburton				36,972,760	7	0.8
Weingarten Realty				32,922,340	8	0.7
Western Atlas International				21,529,640	10	0.5
Totals	<u>\$ 610,046,559</u>		<u>6.6%</u>	<u>\$ 566,121,950</u>		<u>12.5%</u>

(1) Assessed (taxable) value equals appraised value after exemptions

(2) Total assessed value equals: \$ 9,202,259,327

(3) Total assessed value equals: \$ 4,517,386,715

Source: Harris County Appraisal District

Alief Independent School District

Table 8

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ended August 31,	Net Tax Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Net Tax Levy		Amount	Percent of Total Tax Collections To Net Tax Levy
1997	\$ 83,275,262	\$ 82,482,313	99.0%	\$ 884,556	\$ 83,366,869	100.1%
1998	82,865,861	82,346,036	99.4	884,468	83,230,504	100.4
1999	89,225,449	87,865,638	98.5	883,799	88,749,437	99.5
2000	94,801,317	92,934,159	98.0	1,243,199	94,177,358	99.3
2001	106,821,176	104,342,473	97.7	1,313,175	105,655,648	98.9
2002	120,377,398	117,619,244	97.7	1,543,149	119,162,393	99.0
2003	129,420,547	127,434,343	98.5	1,867,898	129,302,241	99.9
2004	137,340,943	135,456,529	98.6	2,430,380	137,886,909	100.4
2005	144,412,158	142,240,397	98.5	2,646,329	144,886,726	100.3
2006	156,660,301	154,281,070	98.5	2,383,849	156,664,919	100.0

Source of data - District records.

Alief Independent School District

Table 9

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended August 31,	Total Primary Government General Obligation Bonds	Ratio of Debt to Assessed Value (1)	Debt per Student (2)
1997	\$ 162,272,716	3.31 %	\$ 4,259
1998	196,485,000	4.05	4,976
1999	202,480,000	3.86	4,959
2000	234,075,000	4.01	5,569
2001	241,250,000	3.70	5,694
2002	254,245,000	3.54	5,851
2003	253,990,000	3.29	5,763
2004	264,015,000	3.19	5,806
2005	262,100,000	3.04	5,734
2006	263,400,000	2.86	5,526

(1) See Table 5 for assessed value data.

(2) Based on student enrollment.

Alief Independent School District

Table 10

Ratios of Net General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year Ended August 31,	Gross Bonded Debt	Less Reserve for Retirement of Bonded Debt	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (1)	Net Bonded Debt per Student (2)
1997	\$ 162,272,716	\$ 3,395,539	\$ 158,877,177	3.24 %	\$ 4,170
1998	196,485,000	1,818,663	194,666,337	4.01	4,930
1999	202,480,000	1,938,052	200,541,948	3.82	4,912
2000	234,075,000	1,845,667	232,229,333	3.98	5,525
2001	241,250,000	2,431,545	238,818,455	3.67	5,636
2002	254,245,000	2,606,408	251,638,592	3.50	5,791
2003	253,990,000	2,613,826	251,376,174	3.25	5,704
2004	264,015,000	2,976,753	261,038,247	3.16	5,741
2005	262,100,000	2,687,001	259,412,999	3.01	5,675
2006	263,400,000	4,383,290	259,016,710	2.81	5,434

(1) See Table 5 for assessed value data.

(2) Based on student enrollment.

Alief Independent School District

Table 11

Computation of Estimated Direct and Overlapping Debt

August 31, 2006

Taxing Body	Net Debt Outstanding	Outstanding as of	Percent Overlapping	Amount Overlapping
Beechnut MUD	\$ 3,580,000 *	12/31/05	100.00%	\$ 3,580,000
Bissonnet MUD	9,319,398	12/31/05	100.00	9,319,398
Chelford City MUD	3,055,000 *	12/31/05	46.15	1,409,883
Chelford One MUD	2,730,000 *	12/31/05	100.00	2,730,000
Harris County	1,764,828,261 *	02/28/05	4.48	79,064,306
Harris County Dept. of Education	1,135,000 *	12/31/05	4.48	50,848
Harris County Flood Control District	34,665,819	02/28/05	4.48	1,553,029
Harris County MUD 120	15,639,890	09/08/05	100.00	15,639,890
Harris County MUD 147	4,185,000	12/31/05	100.00	4,185,000
Harris County MUD 158	13,048,854	10/21/05	100.00	13,048,854
Harris County MUD 359	10,511,509	06/01/05	100.00	10,511,509
Harris County MUD 372	15,341,531	03/28/05	100.00	15,341,531
Houston, City of	1,576,155,245 *	06/30/05	6.30	99,297,780
Kingsbridge MUD	28,602,734	09/30/04	5.35	1,530,246
Mission Bend MUD 1	1,515,000 *	12/31/05	43.03	651,905
Mission Bend MUD 2	11,135,000	12/31/05	100.00	11,135,000
Port of Houston Authority	314,705,000 *	12/31/05	4.48	14,098,784
Renn Road MUD	6,922,858	09/30/04	78.48	5,433,059
West Harris County MUD 4	5,779,239	09/30/04	96.04	5,550,381
West Harris County MUD 6	1,930,000 *	12/31/05	100.00	1,930,000
West Keegans Bayou ID	1,820,000 *	12/31/05	13.22	240,604
Total Net Overlapping Debt				296,302,008
<u>Direct:</u>				
Alief Independent School District Net Debt				259,016,710
Total Direct and Overlapping Debt				\$ 555,318,718

Source: "Texas Municipal Reports" published by the Municipal Advisory Council of Texas

* Gross debt

Alief Independent School District

Table 12

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Residential Units	Total Assessed Value of Residential Units (1)	Average Assessed Value per Residential Unit	Average Daily Attendance (2)	Unemployment Rate (3)
1997	\$ 37,532	\$ 1,934,780,000	\$ 51,550	34,075	5.2 %
1998	38,042	2,053,996,000	53,993	35,361	4.2
1999	38,644	2,250,608,000	58,240	36,415	4.6
2000	39,277	2,589,684,000	65,934	37,210	4.8
2001	39,859	3,001,608,000	75,306	37,869	5.2
2002	40,452	3,410,648,000	84,313	39,008	6.8
2003	41,274	3,815,278,000	92,438	41,332	7.7
2004	42,247	4,107,140,000	97,217	41,781	6.9
2005	43,114	4,450,364,000	103,223	41,794	5.8
2006	43,848	4,710,913,000	107,437	43,247	5.7

(1) Source: Harris County (Texas) Appraisal District

(2) Source: District records

(3) Source: TRACER of Texas Workforce Commission; Unemployment rate is for Harris County

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Alief Independent School District

Table 13

Principal Employers

Current Year and Nine Years Ago

Employer	2006			1997 (1)		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Wal-Mart Stores	29,554	1	15.71 %			
Houston Independent School District	29,521	2	13.57			
City of Houston	20,600	3	10.95			
Administaff	19,851	4	10.55			
Continental Airlines	19,661	5	10.45			
Exxon Mobil Corp.	16,732	6	8.89			
Memorial Hermann Healthcare System	16,248	7	8.64			
The University of Texas M.D. Anderson Cancer Center	15,293	8	8.13			
Kroger Co.	12,803	9	6.81			
Halliburton	11,868	10	6.31			

(1) Information is presented for Greater City of Houston area. The District is located within Houston, Texas and there is not a source for obtaining the information specifically for the District. Information is not available for 9 years ago.

Alief Independent School District

Full-Time Equivalent District Employees by Position

Last Ten Fiscal Years

Position:	1997	1998	1999	2000
Administrators	149.0	156.0	160.0	171.0
Clerical	620.5	632.5	649.0	673.0
Counselors	78.0	77.0	82.0	85.0
Librarians	35.0	36.0	37.0	39.0
Manual Trades	743.0	797.0	830.5	853.5
Nurses	33.0	34.0	36.0	38.0
Professionals	42.0	42.0	42.0	55.0
Psych Services - Administrators	2.0	2.0	2.0	2.0
Psych Services - Clerical	10.0	7.0	7.0	7.0
Psych Services - Professionals	40.0	41.0	42.0	45.5
Special Ed - Administrators	10.0	9.0	9.0	10.0
Special Ed - Clerical	241.0	248.6	256.0	248.0
Special Ed - Professionals	7.0	7.6	12.5	13.3
Special Ed - Teachers	270.0	278.5	286.5	308.3
Teachers	2,235.6	2,256.5	2,338.0	2,422.5
Total Employees	<u>4,516.1</u>	<u>4,624.7</u>	<u>4,789.5</u>	<u>4,971.1</u>

Source: District records

Table 14

2001	2002	2003	2004	2005	2006
174.0	179.5	185.5	192.0	195.0	197.0
695.0	722.0	754.0	782.5	823.0	856.5
86.0	88.0	90.0	91.0	97.0	97.0
40.0	41.0	41.0	42.0	41.0	43.0
885.5	934.5	963.5	991.5	998.5	1,034.5
39.0	40.0	40.0	41.0	41.0	42.0
52.0	57.0	58.5	66.5	83.0	66.0
1.0	1.0	1.0	1.0	-	-
7.0	8.0	4.0	6.0	6.0	6.0
45.5	47.0	52.0	46.0	48.5	48.5
11.0	12.0	12.0	10.0	10.0	10.0
276.0	305.0	303.0	294.0	275.0	271.0
15.0	16.0	16.0	11.0	12.5	16.5
309.6	352.3	362.8	367.1	376.3	393.3
<u>2,395.5</u>	<u>2,486.5</u>	<u>2,687.0</u>	<u>2,781.5</u>	<u>2,842.0</u>	<u>2,868.0</u>
<u>5,032.1</u>	<u>5,289.8</u>	<u>5,570.3</u>	<u>5,723.1</u>	<u>5,848.8</u>	<u>5,949.3</u>

Alief Independent School District

Operating Statistics

Last Ten Fiscal Years

Fiscal Year	Average Daily Attendance	Operating Expenditures (1)	Cost per Student	Percentage Change	Government Wide Expenses
1997	34,075	\$ 179,531,680	\$ 5,269	(1.2) %	N/A
1998	35,361	193,502,979	5,472	3.9	N/A
1999	36,415	209,535,289	5,754	5.2	N/A
2000	37,210	238,431,932	6,408	11.4	N/A
2001	37,869	252,440,261	6,666	4.0	N/A
2002	39,008	266,560,345	6,833	2.5	\$ 291,044,529
2003	41,332	330,028,203	7,985	16.8	323,151,419
2004	41,781	319,475,712	7,646	(4.2)	345,618,530
2005	41,794	330,335,714	7,904	3.4	354,907,136
2006	43,247	348,900,151	8,068	2.1	376,598,278

(1) Operating expenditures are total expenditures less debt service and capital outlay.

Source: District records

Table 15

Cost per Student	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
N/A	N/A	2,236	15.2	41.9 %
N/A	N/A	2,257	15.7	47.0
N/A	N/A	2,338	15.6	48.5
N/A	N/A	2,423	15.4	49.6
N/A	N/A	2,396	15.8	51.6
\$ 7,461	N/A	2,487	15.7	53.9
7,818	4.8 %	2,687	15.4	57.7
8,272	5.8	2,782	15.0	59.6
8,492	2.7	2,842	14.7	65.2
8,708	2.5	2,868	15.1	68.5

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Alief Independent School District

Table 16

Teacher Base Salaries

Last Ten Fiscal Years

Fiscal Year	Minimum Salary (1)	Maximum Salary (1)	County Average Salary (2)	Statewide Average Salary (2)
1997	\$ 26,600	\$ 44,261	\$ 33,707	\$ 32,426
1998	27,246	46,745	34,741	33,537
1999	28,700	50,943	35,784	34,336
2000	31,700	55,666	39,355	37,567
2001	33,700	57,944	40,695	38,359
2002	35,000	59,481	41,437	39,230
2003	36,000	60,625	42,218	39,972
2004	37,500	62,125	42,845	40,476
2005	38,200	62,925	43,348	41,009
2006	39,000	64,183	44,084	41,743

(1) Source: District records

(2) Source: Texas Education Agency website

Alief Independent School District

School Building Information Last Ten Fiscal Years

Building:	1997	1998	1999	2000
High Schools				
Hastings (1973)				
Square footage	483,218	483,218	483,218	495,243
Capacity	7,455	7,455	7,455	7,455
Enrollment	4,434	3,240	3,417	3,695
Elsik (1981)				
Square footage	505,830	505,830	505,830	505,830
Capacity	7,282	7,282	7,282	7,282
Enrollment	4,337	3,230	3,417	3,695
Taylor (2001)				
Square footage				
Capacity				
Enrollment				
Kerr (1994)				
Square footage	92,682	92,682	92,682	92,682
Capacity	550	550	550	550
Enrollment	389	499	600	650
Hastings Ninth Grade Center (1999)				
Square footage		190,572	190,572	190,572
Capacity		2,654	2,654	2,654
Enrollment		1,305	1,320	1,350
Elsik Ninth Grade Center (1999)				
Square footage		190,572	190,572	190,572
Capacity		2,654	2,654	2,654
Enrollment		1,305	1,320	1,350
Annex (1987)				
Square footage	105,946	105,946	105,946	105,946
Capacity	*	*	*	*
Enrollment	*	*	*	*
Alief Learning Center (1994)				
Square footage	84,000	84,000	84,000	84,000
Capacity	728	728	728	728
Enrollment	297	423	435	365
Middle Schools				
Alief (1968)				
Square footage	206,579	206,579	206,579	206,579
Capacity	1,380	1,380	1,380	1,380
Enrollment	1,088	1,123	1,153	1,247
Olle (1974)				
Square footage	152,317	152,317	152,317	152,317
Capacity	1,450	1,450	1,450	1,450
Enrollment	1,159	1,128	1,178	1,215

* - Enrollment and capacity for the Annex are included with the respective high school campus.

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2001	2002	2003	2004	2005	2006
495,243	495,243	495,243	495,243	495,243	495,243
7,455	7,455	7,455	7,455	7,455	7,455
3,775	3,253	2,819	2,931	3,123	3,429
505,830	505,830	505,830	505,830	505,830	505,830
7,282	7,282	7,282	7,282	7,282	7,282
3,744	3,257	3,008	2,932	3,241	3,312
	502,000	502,000	502,000	502,000	502,000
	3,000	3,000	3,000	3,000	3,000
	1,689	2,241	2,990	3,684	2,958
92,682	92,682	92,682	92,682	92,682	92,682
550	800	800	800	800	800
630	626	677	731	746	770
190,572	190,572	190,572	190,572	190,572	190,572
2,654	2,654	2,654	2,654	2,654	2,654
1,268	907	1,066	1,097	1,160	1,090
190,572	190,572	190,572	190,572	190,572	190,572
2,654	2,654	2,654	2,654	2,654	2,654
1,336	910	1,057	1,085	1,100	1,106
105,946	105,946	105,946	105,946	105,946	105,946
*	*	*	*	*	*
*	*	*	*	*	*
84,000	84,000	84,000	84,000	84,000	84,000
728	728	728	728	728	728
185	214	437	372	217	205
206,579	206,579	206,579	206,579	206,579	206,579
223,579	223,579	223,579	223,579	223,579	223,579
1,380	1,380	1,380	1,380	1,380	1,380
1,199	1,236	1,205	1,152	1,075	1,099
152,317	152,317	152,317	152,317	152,317	152,317
1,450	1,450	1,450	1,450	1,450	1,450
1,066	1,066	1,116	1,119	1,036	1,085

Alief Independent School District

School Building Information Last Ten Fiscal Years

Building:	1997	1998	1999	2000
Middle Schools (cont.)				
Killough (1976)				
Square footage	177,340	177,340	177,340	177,340
Capacity	1,600	1,600	1,600	1,600
Enrollment	1,209	1,218	1,245	1,230
Holub (1981)				
Square footage	154,800	154,800	154,800	154,800
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,148	1,181	1,203	1,237
Albright (1983)				
Square footage	159,475	159,475	159,475	159,475
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,212	1,259	1,257	1,263
O'Donnell (1993)				
Square footage	192,655	192,655	192,655	192,655
Capacity	1,400	1,400	1,400	1,400
Enrollment	1,237	1,162	1,174	1,245
Intermediate Schools				
Owens (1994)				
Square footage	104,500	104,500	104,500	104,500
Capacity	1,139	1,139	1,139	1,139
Enrollment	1,070	1,188	1,240	1,002
Klentzman (1995)				
Square footage	104,500	104,500	104,500	104,500
Capacity	1,458	1,458	1,458	1,458
Enrollment	1,039	1,105	1,127	1,011
Youngblood (1996)				
Square footage	101,900	101,900	101,900	101,900
Capacity	2,181	2,181	2,181	2,181
Enrollment	1,037	1,039	1,116	983
Mata (1999)				
Square footage				111,226
Capacity				2,695
Enrollment				995
Miller (2000)				
Square footage				
Capacity				
Enrollment				
Budewig (2003)				
Square footage				
Capacity				
Enrollment				

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2001	2002	2003	2004	2005	2006
177,340	177,340	177,340	177,340	177,340	177,340
1,784	1,784	1,784	1,784	1,784	1,784
1,143	1,158	1,140	1,044	1,040	1,040
154,800	154,800	154,800	154,800	154,800	154,800
1,400	1,400	1,400	1,620	1,620	1,620
1,133	1,169	1,129	1,180	1,173	1,141
159,475	159,475	159,475	159,475	159,475	159,475
1,400	1,400	1,400	1,620	1,620	1,620
1,087	1,252	1,229	1,255	1,296	1,403
192,655	192,655	192,655	192,655	192,655	192,655
1,400	1,400	1,400	1,400	1,400	1,400
1,264	1,381	1,351	1,088	1,072	1,243
104,500	104,500	104,500	104,500	104,500	104,500
1,139	1,139	1,139	1,139	1,323	1,323
978	996	957	1,071	1,059	1,024
104,500	104,500	104,500	104,500	104,500	104,500
1,458	1,458	1,458	1,458	1,458	1,458
1,040	1,116	1,076	1,100	1,086	1,049
101,900	101,900	101,900	101,900	101,900	101,900
2,181	2,181	2,181	2,365	2,365	2,365
947	944	984	1,049	1,028	1,069
111,226	111,226	111,226	111,226	111,226	111,226
2,695	2,695	2,695	2,695	2,695	2,695
1,029	1,026	1,018	1,023	1,016	1,010
111,226	111,226	111,226	119,419	119,419	119,419
1,100	1,100	1,100	1,284	1,284	1,284
1,020	1,025	1,084	954	1,017	943
			115,400	115,400	115,400
			1,250	1,250	1,250
			1,184	1,206	1,304

Alief Independent School District

School Building Information Last Ten Fiscal Years

Building:	1997	1998	1999	2000
Elementary Schools				
Youens (1965)				
Square footage	91,996	91,996	91,996	91,996
Capacity	1,102	1,102	1,102	1,102
Enrollment	906	956	998	956
Boone (1969)				
Square footage	105,264	105,264	105,264	105,264
Capacity	1,000	1,000	1,000	1,000
Enrollment	1,076	726	729	966
Martin (1970)				
Square footage	88,318	88,318	88,318	88,318
Capacity	952	952	952	952
Enrollment	869	894	923	946
Chambers (1971)				
Square footage	101,832	101,832	101,832	101,832
Capacity	1,200	1,200	1,200	1,200
Enrollment	1,057	1,131	1,182	1,039
Smith (1972)				
Square footage	104,576	104,576	104,576	104,576
Capacity	909	909	909	909
Enrollment	1,009	1,010	1,029	1,070
Mahanay (1973)				
Square footage	92,977	92,977	92,977	92,977
Capacity	1,200	1,200	1,200	1,200
Enrollment	862	874	892	890
Kennedy (1975)				
Square footage	90,053	90,053	90,053	90,053
Capacity	1,376	1,376	1,376	1,376
Enrollment	951	926	906	917
Chancellor (1977)				
Square footage	94,240	94,240	94,240	94,555
Capacity	1,200	1,200	1,200	1,200
Enrollment	996	968	972	908
Liestman (1978)				
Square footage	89,935	89,935	89,935	89,935
Capacity	1,075	1,075	1,075	1,075
Enrollment	807	912	908	906
Petrosky (1979)				
Square footage	88,240	88,240	88,240	88,240
Capacity	1,000	1,000	1,000	1,000
Enrollment	816	828	840	902
Heflin (1981)				
Square footage	75,983	75,983	75,983	75,983
Capacity	825	825	825	825
Enrollment	727	748	749	705

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2001	2002	2003	2004	2005	2006
91,996	91,996	91,996	101,977	101,977	101,977
1,102	1,102	1,102	1,102	1,286	1,286
989	995	990	953	908	919
105,264	105,264	105,264	105,264	105,264	105,264
1,000	1,000	1,000	1,000	1,000	1,176
902	880	830	769	761	879
88,318	88,318	88,318	99,000	99,000	99,000
952	952	952	952	1,128	1,128
948	937	959	981	952	993
101,832	101,832	101,832	101,832	101,832	101,832
1,200	1,200	1,200	1,200	1,200	1,200
1,019	1,063	1,117	965	923	766
104,576	104,576	104,576	104,576	104,576	104,576
909	909	909	909	909	1,093
952	997	1,033	1,026	1,008	971
92,977	92,977	92,977	92,977	92,977	92,977
1,200	1,200	1,200	1,200	1,200	1,384
881	909	866	681	721	745
90,053	90,053	90,053	90,053	100,034	100,034
1,376	1,376	1,376	1,376	1,376	1,376
986	989	1,041	980	1,039	901
94,555	94,555	94,555	94,555	94,555	94,555
1,200	1,200	1,200	1,200	1,200	1,200
939	894	886	902	887	906
89,935	89,935	89,935	99,916	99,916	99,916
1,075	1,075	1,075	1,075	1,251	1,251
733	789	839	928	963	1,047
88,240	88,240	88,240	98,221	98,221	98,221
1,000	1,000	1,000	1,000	1,176	1,176
788	851	841	890	852	841
75,983	75,983	75,983	85,964	85,964	85,964
825	825	825	825	1,001	1,001
746	759	713	808	793	878

Alief Independent School District

School Building Information Last Ten Fiscal Years

Building:	1997	1998	1999	2000
Elementary Schools (cont.)				
Cummings (1983)				
Square footage	81,841	81,841	81,841	81,841
Capacity	900	900	900	900
Enrollment	811	783	866	890
Rees (1984)				
Square footage	82,443	82,443	82,443	82,443
Capacity	800	800	800	800
Enrollment	984	978	1,015	990
Alexander (1984)				
Square footage	82,443	82,443	82,443	82,443
Capacity	800	800	800	800
Enrollment	823	895	910	928
Hearne (1987)				
Square footage	87,419	87,419	87,419	87,419
Capacity	1,000	1,000	1,000	1,000
Enrollment	840	729	769	803
Landis (1989)				
Square footage	104,523	104,523	104,523	104,523
Capacity	1,760	1,760	1,760	1,760
Enrollment	930	962	1,053	1,052
Sneed (1990)				
Square footage	104,523	104,523	104,523	104,523
Capacity	1,580	1,580	1,580	1,580
Enrollment	1,113	1,146	1,193	901
Best (1991)				
Square footage	104,532	104,532	104,532	104,532
Capacity	1,785	1,785	1,785	1,785
Enrollment	1,303	986	964	935
Outley (1994)				
Square footage	84,986	84,986	84,986	84,986
Capacity	1,597	1,597	1,597	1,597
Enrollment	703	543	574	530
Hicks (1996)				
Square footage	101,900	101,900	101,900	101,900
Capacity		1,910	1,910	1,910
Enrollment	1,135	1,000	982	986
Bush (1997)				
Square footage		101,900	101,900	101,900
Capacity		1,910	1,910	1,910
Enrollment		1,116	1,175	990
Collins (1999)				
Square footage				102,309
Capacity				2,500
Enrollment				934
Horn (2005)				
Square footage				
Capacity				
Enrollment				

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2001	2002	2003	2004	2005	2006
81,841	81,841	81,841	81,841	91,822	91,822
900	900	900	900	1,076	1,076
746	809	817	836	735	672
82,443	82,443	82,443	92,424	92,424	92,424
800	800	800	984	984	984
769	796	867	891	919	1,025
82,443	82,443	82,443	92,424	92,424	92,424
800	800	800	984	984	984
872	887	851	809	1,015	768
87,419	87,419	87,419	97,400	97,400	97,400
1,000	1,000	1,000	1,000	1,176	1,176
907	962	1,077	1,030	1,047	1,127
104,523	104,523	104,523	104,523	104,523	104,523
1,760	1,760	1,760	1,760	1,760	1,760
954	891	877	882	927	735
104,523	104,523	104,523	104,523	104,523	104,523
1,580	1,580	1,580	1,580	1,580	1,580
850	1,085	895	964	996	1,064
104,532	104,532	104,532	104,532	104,532	104,532
1,785	1,785	1,785	1,785	1,785	1,785
885	895	874	890	855	933
84,986	84,986	84,986	94,967	94,967	94,967
1,597	1,597	1,597	1,597	1,773	1,773
868	844	884	824	869	1,088
101,900	101,900	101,900	111,881	111,881	111,881
1,910	1,910	1,910	1,910	2,094	2,094
1,044	1,102	1,250	1,189	1,179	1,245
101,900	101,900	101,900	111,881	111,881	111,881
1,910	1,910	1,910	2,086	2,086	2,086
853	844	921	1,048	1,056	968
102,309	102,309	102,309	102,309	102,309	102,309
2,500	2,500	2,500	2,500	2,500	2,684
893	989	1,048	929	929	937
					110,800
					1,100
					975

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