

**BASTROP
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

Bastrop Independent School District
Annual Financial Report
For The Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
INTRODUCTORY SECTION		
Certificate of Board.....	1	
FINANCIAL SECTION		
Independent Auditors' Report on Financial Statements.....	2	
Management's Discussion and Analysis (Required Supplementary Information).....	4	
<u>Basic Financial Statements</u>		
Government-wide Financial Statements:		
Statement of Net Assets.....	13	A-1
Statement of Activities.....	14	B-1
Fund Financial Statements:		
Balance Sheet - Governmental Funds.....	16	C-1
Reconciliation of the Governmental Funds		
Balance Sheet to the Statement of Net Assets.....	18	C-1R
Statement of Revenues, Expenditures, and Changes in		
Fund Balances - Governmental Funds.....	19	C-2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	21	C-3
Statement of Net Assets - Proprietary Funds.....	22	D-1
Statement of Revenues, Expenses, and Changes in		
Fund Net Assets - Proprietary Funds.....	23	D-2
Statement of Cash Flows - Proprietary Funds.....	24	D-3
Statement of Fiduciary Net Assets - Fiduciary Funds.....	25	E-1
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	26	E-2
Notes to the Financial Statements	27	
<u>Required Supplementary Information:</u>		
Budgetary Comparison Schedules:		
General Fund.....	40	G-1
OTHER SUPPLEMENTARY INFORMATION SECTION		
Schedule of Delinquent Taxes Receivable.....	42	J-1
Indirect Cost Computation Schedule	44	J-2
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	45	J-3
Debt Service Fund.....	46	J-4
Series 2007 Debt Service Fund.....	47	J-5
Debt Service Fund.....	48	J-6

Bastrop Independent School District
Annual Financial Report
For The Year Ended June 30, 2011

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49	
Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control over Compliance In Accordance With OMB Circular A-133.....	51	
Schedule of Findings and Questioned Costs	53	
Schedule of Expenditures of Federal Awards	55	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	57	
Schedule of Required Responses to Selected School First Indicators.....	58	K-2

Introductory Section

CERTIFICATE OF BOARD

Bastrop Independent School District
Name of School District

Bastrop
County

011-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) X approved disapproved for the year ended June 30, 2011, at a meeting of the board of trustees of such school district on the 15th day of November , 2011 .

(ORIGINAL SIGNATURE ON FILE WITH TEA)
Signature of Board Secretary

(ORIGINAL SIGNATURE ON FILE WITH TEA)
Signature of Board President

If the board of trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
[attach list as necessary]

Financial Section

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report on Financial Statements

Board of Trustees
Bastrop Independent School District
Bastrop, Texas

Members of the Board of Trustees:

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 Bastrop Independent School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bastrop Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bastrop Independent School District as of June 30, 2011, 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 October 28, 2011, on our consideration of Bastrop 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bastrop Independent School District's financial statements as a whole. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

A handwritten signature in cursive script that reads "West, Davis & Company". The signature is written in black ink and is positioned above the printed name of the firm.

West, Davis & Company, LLP
October 28, 2011

Bastrop Independent School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial Report, we, the managers of Bastrop Independent School District (the District), discuss and analyze the District's financial performance for the twelve months ended June 30, 2011. Please read it in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The Bastrop Independent School District, for the ninth consecutive year earned a rating of Superior Achievement by the Texas Education Agency under its Financial Integrity Rating System of Texas (FIRST). The district received 75 out of 80 points used to determine the overall financial health and stability of school districts throughout Texas.
- The District's total net assets were \$16.3 million.
- Net assets of our business-type activities (employee daycare, community education, Bastrop ISD food service catering, and STARS after-school program, PAC Events) changed by \$20,987, resulting in total net assets of \$500,746.
- The General Fund ended the year with a fund balance of \$12.9 million, \$164,106 more than the previous year. Contributing factors were: The District only gave the HB 3646 mandated step increase for teachers in 2010-11. No other staff received pay increases as a means to help balance the budget. The District reduced staff as a means to help balance the budget. Positions were reduced from administration, professional support staff, paraprofessionals, and auxiliary staff.
- The new \$65.7 million Cedar Creek High School opened in August of 2010. The 2010-11 budget included staffing and start-up costs for this new campus. Cedar Creek High School opened with grades nine and ten with one grade being added each year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities on pages 13 and 14. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements, starting on page 16, report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how services of the District were sold within the District or to external customers and how the sales revenues covered the expenses of the services.

The notes to the financial statements starting on page 27 provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants

Reporting the District as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 13. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Assets includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years (such as workers' compensation claims).

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

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

- **Governmental activities**—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- **Business-type activities**—The District charges a fee to “customers” to help it cover all or most of the cost of services it provides in the child care programs.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 16 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Assets and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets of the District's governmental activities decreased from \$19.0 million to \$16.3 million. 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 – were \$6.2 million at June 30, 2011.

In 2011, net assets of our business-type activities increased by \$20,987. This increase was due to an increase in the after-school program (STARS), the food service catering, and the Bastrop High School BISTRO programs, while the employee daycare, and Community Education Program had a deficit.

Table I
Bastrop Independent School District

	NET ASSETS in thousands					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	43,680	53,498	567	529	44,247	54,027
Capital assets	198,758	199,068	-	-	198,758	199,068
Total assets	242,438	252,566	567	529	243,005	253,095
Long-term liabilities	208,440	210,771			208,440	210,771
Other liabilities	17,684	22,767	67	49	17,751	22,816
Total liabilities	226,124	233,538	67	49	226,191	233,587
Net Assets:						
Invested in capital assets net of related debt	1,047	721	-	-	1,047	721
Restricted	9,097	4,787	-	-	9,097	4,787
Unrestricted	6,171	13,520	500	480	6,671	14,000
Total net assets	16,315	19,028	500	480	16,815	19,508

Table II
Bastrop Independent School District

CHANGES IN NET ASSETS
in thousands

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	1,383	1,440	820	890	2,203	2,330
Operating grants and contributions	10,281	9,300	-	-	10,281	9,300
General Revenues:						
Maintenance and operations taxes	28,112	27,251	-	-	28,112	27,251
Debt Service taxes	11,901	11,510	-	-	11,901	11,510
Grants and Contributions not restricted to specific functions	43,377	42,329	36	38	43,413	42,367
Investment Earnings	56	113	-	-	56	113
Miscellaneous	963	1,030	100	114	1,063	1,144
Transfers	-	-	-	-	-	-
Total Revenue	<u>96,073</u>	<u>92,973</u>	<u>956</u>	<u>1,042</u>	<u>97,029</u>	<u>94,015</u>
Expenses:						
Instruction, curriculum and media services	48,536	48,187	-	-	48,536	48,187
Instructional and school leadership	4,859	4,439	-	-	4,859	4,439
Student support services	8,769	8,625	-	-	8,769	8,625
Child nutrition	4,851	4,667	-	-	4,851	4,667
Expenses (continued):						
Co-curricular activities	2,673	2,037	-	-	2,673	2,037
General administration	2,284	2,250	-	-	2,284	2,250
Plant maintenance, security and data processing	9,818	9,794	-	-	9,818	9,794
Community services	1,305	1,277	-	-	1,305	1,277
Debt services	13,282	11,894	-	-	13,282	11,894
Bond Issuance cost	75	88	-	-	75	88
Capital Outlay	-	-	-	-	-	-
Payments related to SSA	1,749	2,281	-	-	1,749	2,281
Other Intergovernmental Charges	585	621	-	-	585	621
Other business-type activities	-	-	935	990	935	990
Total Expenses	<u>98,786</u>	<u>96,160</u>	<u>935</u>	<u>990</u>	<u>99,721</u>	<u>97,150</u>
Increase in net assets before transfers and special items	(2,713)	(3,187)	21	52	(2,692)	(3,135)
Special items	-	-	-	-	-	-
Net assets at Beginning	<u>19,028</u>	<u>22,215</u>	<u>480</u>	<u>428</u>	<u>19,508</u>	<u>22,643</u>
Net assets at Ending	<u>16,315</u>	<u>19,028</u>	<u>501</u>	<u>480</u>	<u>16,815</u>	<u>19,508</u>

The cost of all governmental activities this year was \$98.7 million. The Statement of Activities on pages 14 and 15 show that the amount that our taxpayers ultimately financed for these activities through District taxes was only \$40.0 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirement, bond covenants, and segregation for particular purposes.

Government 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, undesignated fund balance may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

The Board of Trustees has a fund balance policy as follows:

A financial goal of the District is to have a sufficient balance in the operating fund to be able to maintain fiscal independence in case of a financial need or crisis. The District shall strive to maintain a yearly fund balance in the general operating fund in which the total fund balance is 22.5 percent of the total operating expenditures and the unreserved/undesignated fund balance is 15 percent of the total operating expenditures.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balance of \$24,488,812, a decrease of \$3,965,348 due to an increase of \$164,106 in the general fund, a decrease of \$208,246 in the debt service funds, an increase in food service fund balance of \$132,692, a decrease in inventories of \$17,778, an increase in federal and state grant restrictions of 1,021,578, and a decrease of \$5,069,719 in capital projects. Approximately 27.8 percent of this total amount (\$8,093,620) constitutes unreserved, undesignated fund balance. The remainder of the fund balance is restricted or committed for:

- Nonspendable
 - Inventory (\$124,487)
- Restricted
 - Payment of debt service payments (\$5,791,654)
 - Federal/State Funds Grant Restrictions (\$3,479,067)
 - Capital projects (\$1,767,929)
- Committed
 - Construction (\$1,810,919)
 - Claims and Judgments (\$100,000)
 - Purchase of capital outlay (\$750,000)
- Assigned
 - Miscellaneous assignments (\$1,585,000)

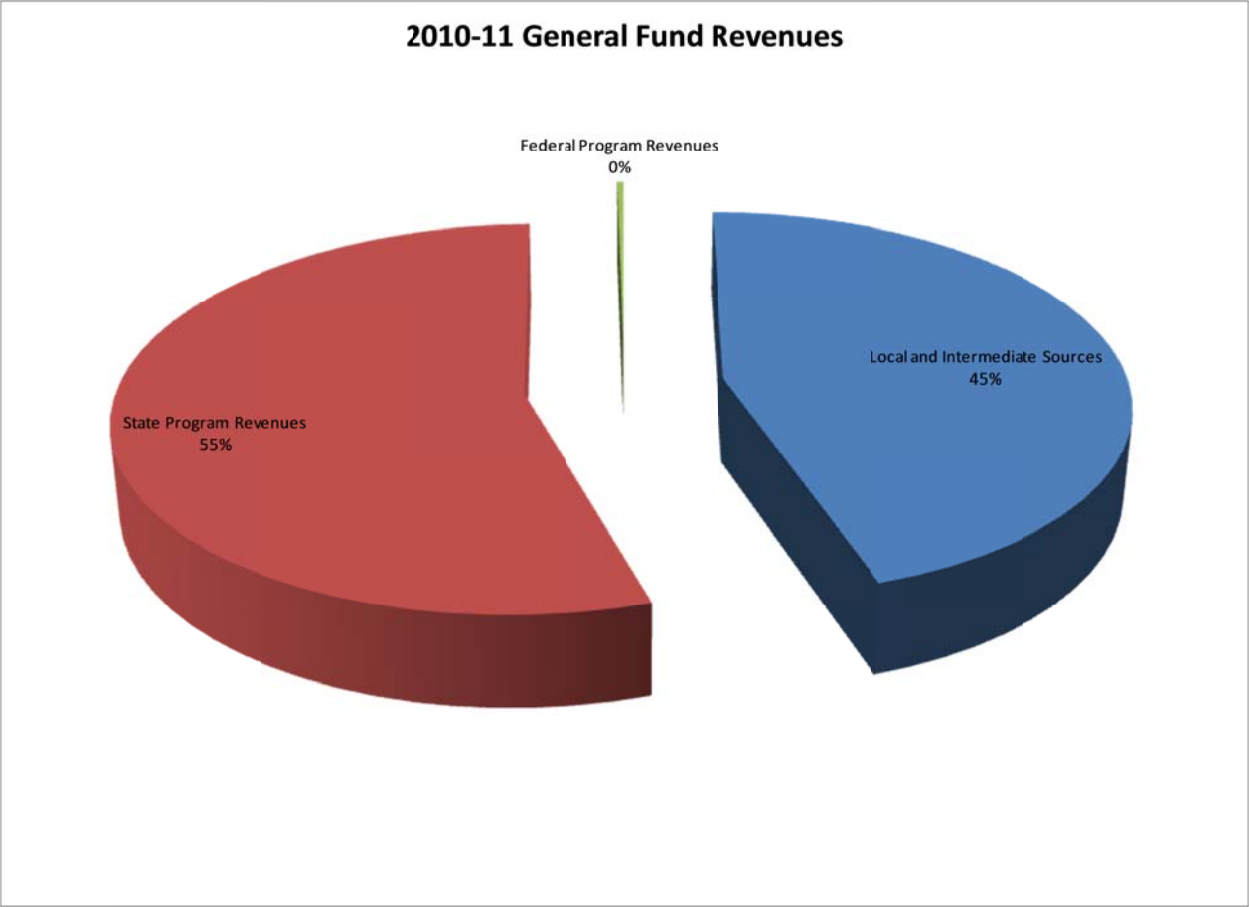
The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,602,927 while the total fund balance was \$12,925,420. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 13.8 percent of the total general fund expenditures, while total fund balance represents 20.8 percent of that same amount.

The total fund balance of the District's general fund increased by \$164,106. Key factors to this change are as follows:

- No pay increase for staff except for mandatory HB 3646 step increase
- \$1.3 million in budget reductions to balance budget
- Education Jobs Fund grand

The debt service fund has a total fund balance of \$5,791,654, all of which is restricted for the payment of debt service. The net decrease in fund balance during the period in the debt service fund was \$208,246.

The District's total general revenues were \$62.6 million. A portion, \$28.2 million or 45%, of the District's revenues come from taxes, and other local revenue. The majority of the other 55% of revenues is from State Program Revenues.



GENERAL FUND BUDGETARY HIGHLIGHTS

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

- Amendment approved after the beginning of the new fiscal year to record E-Rate revenue received and expenditures associated with this award;
- Amendment approved after the beginning of the new fiscal year to move SFSF Stabilization Grant to Federal Fund;
- Amendment to increase tax revenue;
- Amendment to increase state aide;
- Amendment to increase fuel costs;
- Amendment to increase utility costs;
- Amendment to TRS on Behalf costs.

The District made the following major amendments to budgeted revenues:

- \$ 150,000 increase in tax collections;
- \$ 372,240 increase for E-rate award;
- \$ 136,350 increase in state aid;
- \$ 140,000 decrease in investment earnings; and
- \$ 665,045 TRS on Behalf (Accounting Entry Only).

The following is a summary of major amendments made to appropriations:

- \$372,240 increase for E-rate expenditures;
- \$275,000 increase in fuel costs;
- \$ 65,000 increase for legal costs;
- \$250,000 increase for utilities;
- \$237,000 increase for payroll costs; and
- \$246,000 increase for substitute teacher salaries; and
- \$665,045 increase for TRS on behalf (accounting entry only).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2010-11, the District had \$198.7 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.. More detailed information about the District's capital assets is presented in Note D to the financial statements.

Debt

At year-end, the District had \$179,073,785 million in bonds and notes outstanding versus \$181,461,014 million last year. The District credit ratings are as follows; Moody's Investors Service underlying credit rating for Bastrop ISD is "A2" while Standard and Poor's underlying rating for Bastrop ISD is "A+".

More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2011-12 budget and tax rates. Factors considered during the budget process were the Legislative session and the many complexities associated with state aid and setting the tax rate. The District initiated a program change to continue through the 2011-12 budget year. The District reduced over \$5 million in the 2011 - 12 budget due to the reduction of state aid implemented by the Legislative session. Another factor is the economy. Bastrop County continues to be a growing area. Bastrop County grew at a fast rate from 1990 to 2000 with an increase of 50.88%. The predicted increase through 2015 is 32.91% over the year 2008. However, in September of 2011 the Bastrop Complex fire destroyed over \$1,500 homes. It is estimated that the District could lose up to \$270 million in taxable value for 2012 as well as a significant drop in average daily attendance due to families relocating.

The new Cedar Creek High School opened in August 2010. The school opened with ninth and tenth grades students. A grade will be added each year.

The district estimated a 1.1% enrollment growth based on prior year growth for 2010, and a 4% growth in property values for budget purposes. The 2011-11 tax rate is \$1.481, with \$1.04 for maintenance and operations and \$0.441 for debt service. The debt service tax rate remained the same for 2010-11. Due to the Complex Fire the District will likely hit the fifty cent cap in 2012-13.

The District is in the process of refunding the Unlimited Tax School Building & Refunding Bonds, Series 2002 and Unlimited Tax School Building Bonds, Series 2009.

These indicators were taken into consideration when adopting the General Fund budget for 2012. Amounts available for appropriation in the General Fund budget are \$59.9 million. Budgeted expenditures are expected to be \$59.9 million. No pay increases were given for the 2011-12 budget year. Administrative and auxiliary staff that work 202 days or more had 5 days reduced from their salary. The 2011-12 budget includes a program change that moved the Bastrop High School to a seven period day from an A/B block. It also included a change in the library program, the art and music programs at the elementary level, and a change in the gifted and talented program. The 2011-12 budget includes \$265,946 in technology requests. The initiation of the program changed eliminated teaching and administrative positions from the 2011-12 budget. The District will not receive NIFA (New Instructional Facilities Allotment) for 2011-12 as this was eliminated by the Legislative Session. The District's secure parental access component of the student software package continues to grow in use. This system allows authorized parents or guardians to view student information such as attendance, grades, class schedules, and discipline records from any computer with Internet access. The District has also implemented a parent communication program, which allows the campuses and District to communicate with parents via phone messages, emails, and text messages.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at the District's service center at Bastrop Independent School District, 906 Farm Street, Bastrop, Texas 78602. Financial information is available on the Bastrop ISD website (www.bisdtx.org).

Basic Financial Statements

BASTROP INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

JUNE 30, 2011

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110	\$ 158,515	\$ 557,458	\$ 715,973
1120	24,326,594	100	24,326,694
1225	6,363,278	--	6,363,278
1240	10,794,919	--	10,794,919
1260	1,769	(1,769)	--
1290	257,194	12,175	269,369
1300	124,488	--	124,488
1420	1,644,810	--	1,644,810
1490	8,801	--	8,801
Capital Assets:			
1510	8,691,148	--	8,691,148
1520	188,414,975	--	188,414,975
1530	528,327	--	528,327
1580	1,123,958	--	1,123,958
1000	<u>242,438,776</u>	<u>567,964</u>	<u>243,006,740</u>
LIABILITIES:			
2110	953,003	4,871	957,874
2140	5,775,426	--	5,775,426
2165	7,884,675	62,347	7,947,022
2180	264,157	--	264,157
2190	233,749	--	233,749
2300	22,834	--	22,834
Noncurrent Liabilities:			
2501	2,549,840	--	2,549,840
2502	208,440,497	--	208,440,497
2000	<u>226,124,181</u>	<u>67,218</u>	<u>226,191,399</u>
NET ASSETS			
3200	1,046,862	--	1,046,862
Restricted For:			
3820	3,044,537	--	3,044,537
3850	5,974,772	--	5,974,772
3860	44,786	--	44,786
3870	33,100	--	33,100
3900	6,170,538	500,746	6,671,284
3000	<u>\$ 16,314,595</u>	<u>\$ 500,746</u>	<u>\$ 16,815,341</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 46,130,320	\$ 86,573	\$ 4,990,156
12	Instructional Resources and Media Services	1,018,648	--	--
13	Curriculum and Staff Development	1,386,989	--	616,722
21	Instructional Leadership	548,131	--	449
23	School Leadership	4,310,804	--	975
31	Guidance, Counseling, & Evaluation Services	3,170,320	--	390,090
32	Social Work Services	156,000	--	35,150
33	Health Services	719,845	--	--
34	Student Transportation	4,722,599	--	--
35	Food Service	4,851,406	1,168,134	3,639,061
36	Cocurricular/Extracurricular Activities	2,673,291	127,988	--
41	General Administration	2,284,038	--	--
51	Plant Maintenance and Operations	8,788,351	--	--
52	Security and Monitoring Services	289,881	--	--
53	Data Processing Services	739,356	--	--
61	Community Services	1,304,632	--	161,769
72	Interest on Long-term Debt	13,282,428	--	--
73	Bond Issuance Costs and Fees	74,849	--	--
93	Payments Related to Shared Services Arrangements	1,748,734	--	446,699
99	Other Intergovernmental Charges	585,230	--	--
TG	Total Governmental Activities	<u>98,785,852</u>	<u>1,382,695</u>	<u>10,281,071</u>
	Business-type Activities:			
01	Performing Arts Center	12,227	--	--
02	Food Service Catering	1,221	--	--
03	High School Bistro	64,341	--	--
04	Community Education	39,694	36,482	--
06	STARS After School Program	518,783	536,459	--
07	Employee Child Care	299,647	247,394	--
TB	Total Business-type Activities	<u>935,913</u>	<u>820,335</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 99,721,765</u>	<u>\$ 2,203,030</u>	<u>\$ 10,281,071</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
TR	Total General Revenues			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
NE	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

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8

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (41,053,591)		\$ (41,053,591)
(1,018,648)		(1,018,648)
(770,267)		(770,267)
(547,682)		(547,682)
(4,309,829)		(4,309,829)
(2,780,230)		(2,780,230)
(120,850)		(120,850)
(719,845)		(719,845)
(4,722,599)		(4,722,599)
(44,211)		(44,211)
(2,545,303)		(2,545,303)
(2,284,038)		(2,284,038)
(8,788,351)		(8,788,351)
(289,881)		(289,881)
(739,356)		(739,356)
(1,142,863)		(1,142,863)
(13,282,428)		(13,282,428)
(74,849)		(74,849)
(1,302,035)		(1,302,035)
(585,230)		(585,230)
<u>(87,122,086)</u>		<u>(87,122,086)</u>
--	\$ (12,227)	(12,227)
--	(1,221)	(1,221)
--	(64,341)	(64,341)
--	(3,212)	(3,212)
--	17,676	17,676
--	(52,253)	(52,253)
--	<u>(115,578)</u>	<u>(115,578)</u>
<u>(87,122,086)</u>	<u>(115,578)</u>	<u>(87,237,664)</u>
28,111,684	--	28,111,684
11,900,515	--	11,900,515
56,145	--	56,145
43,377,176	36,103	43,413,279
963,148	100,462	1,063,610
84,408,668	136,565	84,545,233
(2,713,418)	20,987	(2,692,431)
19,028,013	479,759	19,507,772
<u>\$ 16,314,595</u>	<u>\$ 500,746</u>	<u>\$ 16,815,341</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

Data Control Codes	10 General Fund	50 Series 2007 Debt Service Fund	
ASSETS:			
1110	Cash and Cash Equivalents	\$ 1,403,327	\$ 15,859,034
1120	Current Investments	9,792,389	1,394,357
1225	Taxes Receivable, Net	4,799,212	--
1240	Due from Other Governments	8,255,526	--
1260	Due from Other Funds	412,140	11,750
1290	Other Receivables	60,241	--
1300	Inventories	76,575	--
1490	Other Current Assets	45	--
1000	Total Assets	\$ 24,799,455	\$ 17,265,141
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 707,199	\$ --
2150	Payroll Deductions & Withholdings	679,249	--
2160	Accrued Wages Payable	5,472,181	--
2170	Due to Other Funds	2	15,576,571
2180	Due to Other Governments	72,429	--
2190	Due to Student Groups	118,531	--
2200	Accrued Expenditures	2,399	--
2300	Deferred Revenue	4,822,045	--
2000	Total Liabilities	11,874,035	15,576,571
FUND BALANCES:			
Nonspendable Fund Balances:			
3410	Inventories	76,574	--
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3470	Capital Acquisitions & Contractual Obligations	--	--
3480	Retirement of Long-Term Debt	--	1,688,570
3490	Other Restrictions of Fund Balance	--	--
Committed Fund Balances:			
3510	Construction	1,810,919	--
3520	Claims and Judgments	100,000	--
3530	Capital Expenditures for Equipment	750,000	--
Assigned Fund Balances:			
3590	Other Assigned Fund Balance	1,585,000	--
3600	Unassigned	8,602,927	--
3000	Total Fund Balances	12,925,420	1,688,570
4000	Total Liabilities and Fund Balances	\$ 24,799,455	\$ 17,265,141

The accompanying notes are an integral part of this statement.

50 Series 2005 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 4,774,601	\$ (22,412,296)	\$ (375,334)
150,990	10,922,893	22,260,629
--	1,564,066	6,363,278
--	2,539,393	10,794,919
--	20,498,934	20,922,824
--	196,638	256,879
--	47,913	124,488
--	8,756	8,801
<u>\$ 4,925,591</u>	<u>\$ 13,366,297</u>	<u>\$ 60,356,484</u>
\$ --	\$ 242,338	\$ 949,537
--	120,277	799,526
--	838,957	6,311,138
4,922,362	422,120	20,921,055
--	191,728	264,157
--	115,218	233,749
--	--	2,399
--	1,564,066	6,386,111
<u>4,922,362</u>	<u>3,494,704</u>	<u>35,867,672</u>
--	47,913	124,487
--	3,479,067	3,479,067
--	1,767,929	1,767,929
3,229	4,099,855	5,791,654
--	476,829	476,829
--	--	1,810,919
--	--	100,000
--	--	750,000
--	--	1,585,000
--	--	8,602,927
<u>3,229</u>	<u>9,871,593</u>	<u>24,488,812</u>
<u>\$ 4,925,591</u>	<u>\$ 13,366,297</u>	<u>\$ 60,356,484</u>

BASTROP INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS*
 JUNE 30, 2011

Total fund balances - governmental funds balance sheet	\$ 24,488,812
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	198,758,408
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	6,363,277
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,825,051
Payables for bond principal which are not due in the current period are not reported in the funds.	(180,428,785)
Payables for bond interest which are not due in the current period are not reported in the funds.	(5,775,426)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(19,012,575)
Bond premiums are capitalized in the SNA but not in the funds.	(11,548,976)
Bond issuance costs and similar items are capitalized in the SNA but not in the funds.	<u>1,644,809</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 16,314,595</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes	10 General Fund	50 Series 2007 Debt Service Fund
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ 28,212,281	\$ 5,635,781
5800 <i>State Program Revenues</i>	34,236,020	--
5900 <i>Federal Program Revenues</i>	179,445	--
5020 Total Revenues	<u>62,627,746</u>	<u>5,635,781</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	35,221,344	--
0012 <i>Instructional Resources and Media Services</i>	931,192	--
0013 <i>Curriculum and Staff Development</i>	494,823	--
0021 <i>Instructional Leadership</i>	279,291	--
0023 <i>School Leadership</i>	3,888,826	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	1,709,055	--
0032 <i>Social Work Services</i>	119,818	--
0033 <i>Health Services</i>	634,017	--
0034 <i>Student Transportation</i>	4,662,423	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	1,639,569	--
0041 <i>General Administration</i>	2,258,172	--
0051 <i>Plant Maintenance and Operations</i>	7,331,816	--
0052 <i>Security and Monitoring Services</i>	252,505	--
0053 <i>Data Processing Services</i>	732,936	--
0061 <i>Community Services</i>	93,409	--
0071 <i>Principal on Long-term Debt</i>	--	450,000
0072 <i>Interest on Long-term Debt</i>	--	5,179,500
0073 <i>Bond Issuance Costs and Fees</i>	--	4,000
0081 <i>Capital Outlay</i>	509,307	--
0093 <i>Payments to Shared Service Arrangements</i>	809,172	--
0099 <i>Other Intergovernmental Charges</i>	585,230	--
6030 Total Expenditures	<u>62,152,905</u>	<u>5,633,500</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>474,841</u>	<u>2,281</u>
Other Financing Sources and (Uses):		
7915 <i>Transfers In</i>	--	--
8911 <i>Transfers Out</i>	(310,735)	--
7080 Total Other Financing Sources and (Uses)	<u>(310,735)</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>164,106</u>	<u>2,281</u>
0100 Fund Balances - Beginning	<u>12,761,314</u>	<u>1,686,289</u>
3000 Fund Balances - Ending	<u>\$ 12,925,420</u>	<u>\$ 1,688,570</u>

The accompanying notes are an integral part of this statement.

50 Series 2005 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 1,876,350	\$ 5,839,910	\$ 41,564,322
--	3,575,052	37,811,072
--	15,667,730	15,847,175
<u>1,876,350</u>	<u>25,082,692</u>	<u>95,222,569</u>
--	8,574,006	43,795,350
--	--	931,192
--	882,543	1,377,366
--	265,129	544,420
--	70,966	3,959,792
--	1,325,126	3,034,181
--	35,178	154,996
--	33,335	667,352
--	--	4,662,423
--	4,676,434	4,676,434
--	75,566	1,715,135
--	--	2,258,172
--	101,407	7,433,223
--	12,920	265,425
--	2,500	735,436
--	1,199,203	1,292,612
421,969	1,745,259	2,617,228
1,450,496	4,499,097	11,129,093
3,600	9,607	17,207
--	5,077,609	5,586,916
--	939,562	1,748,734
--	--	585,230
<u>1,876,065</u>	<u>29,525,447</u>	<u>99,187,917</u>
285	(4,442,755)	(3,965,348)
--	310,735	310,735
--	--	(310,735)
--	310,735	--
<u>285</u>	<u>(4,132,020)</u>	<u>(3,965,348)</u>
2,944	14,003,613	28,454,160
<u>\$ 3,229</u>	<u>\$ 9,871,593</u>	<u>\$ 24,488,812</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011*

Net change in fund balances - total governmental funds	\$ (3,965,348)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,322,243
The depreciation of capital assets used in governmental activities is not reported in the funds.	(4,632,013)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	426,194
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,617,228
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(57,642)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(643,326)
(Increase) decrease in accrued interest from beginning of period to end of period.	(1,510,009)
The net revenue (expense) of internal service funds is reported with governmental activities.	305,584
Bond premiums are reported in the funds but not in the SOA.	<u>423,671</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ (2,713,418)</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2011

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
ASSETS:			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 557,458	\$ 533,849
1120	Investments	100	2,065,965
Receivables:			
1290	Other Receivables (net)	12,175	315
	Total Current Assets	<u>569,733</u>	<u>2,600,129</u>
1000	Total Assets	<u>\$ 569,733</u>	<u>\$ 2,600,129</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 4,871	\$ 3,466
2150	Payroll Deduction & Withholdings	9,164	--
2160	Accrued Wages Payable	53,183	--
2170	Due to Other Funds	1,769	--
2200	Accrued Expenditures/Expenses	--	771,612
	Total Current Liabilities	<u>68,987</u>	<u>775,078</u>
2000	Total Liabilities	<u>68,987</u>	<u>775,078</u>
NET ASSETS:			
3900	Unrestricted Net Assets	500,746	1,825,051
3000	Total Net Assets	<u>\$ 500,746</u>	<u>\$ 1,825,051</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET ASSETS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
	OPERATING REVENUES:		
5700	<i>Local and Intermediate Sources</i>	\$ 920,797	\$ 579,045
5800	<i>State Program Revenues</i>	36,103	2,037
5020	Total Revenues	956,900	581,082
	OPERATING EXPENSES:		
6100	<i>Payroll Costs</i>	746,442	32,603
6200	<i>Professional and Contracted Services</i>	54,544	43,403
6300	<i>Supplies and Materials</i>	98,780	45,587
6400	<i>Other Operating Costs</i>	36,147	153,905
6030	Total Expenses	935,913	275,498
1300	Change in Net Assets	20,987	305,584
0100	Total Net Assets - Beginning	479,759	1,519,467
3300	Total Net Assets - Ending	\$ 500,746	\$ 1,825,051

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	Nonmajor Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:		
<i>Cash Received from Customers</i>	\$ 908,622	\$ 579,045
<i>Cash Received from Grants</i>	36,103	2,037
<i>Cash Receipts from Other Funds</i>	--	--
<i>Cash Payments to Employees for Services</i>	(727,117)	(32,603)
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(189,160)	(246,982)
Net Cash Provided (Used) by Operating Activities	<u>28,448</u>	<u>301,497</u>
Cash Flows from Investing Activities:		
<i>Sale (Purchase) of Investment Securities</i>	--	152,182
<i>Transfer to Other Funds</i>	--	--
Net Cash Provided (Used) for Investing Activities	<u>--</u>	<u>152,182</u>
Net Increase (Decrease) in Cash and Cash Equivalents	28,448	453,679
Cash and Cash Equivalents at Beginning of Year	529,010	80,170
Cash and Cash Equivalents at End of Year	<u>\$ 557,458</u>	<u>\$ 533,849</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 20,987	\$ 305,584
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
<i>Depreciation</i>	--	--
<i>Provision for Uncollectible Accounts</i>	--	--
Change in Assets and Liabilities:		
<i>Decrease (Increase) in Receivables</i>	(12,175)	--
<i>Increase (Decrease) in Accounts Payable</i>	(1,457)	(2,217)
<i>Increase (Decrease) in Other Liabilities</i>	4,922	(1,870)
<i>Increase (Decrease) in Accrued Wages Payable</i>	16,171	--
Total Adjustments	<u>7,461</u>	<u>(4,087)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 28,448</u>	<u>\$ 301,497</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2011

Data Control Codes	Private-purpose Trust Fund	Agency Fund
<u>ASSETS:</u>	Private Scholarship Trust	Student Activity
1110 <i>Cash and Cash Equivalents</i>	\$ 3,964	\$ 64,059
1120 <i>Current Investments</i>	239,147	126,961
1000 Total Assets	<u>\$ 243,111</u>	<u>\$ 191,020</u>
 LIABILITIES:		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ --	\$ 33,461
2190 <i>Due to Student Groups</i>	1,000	157,559
2000 Total Liabilities	<u>1,000</u>	<u>191,020</u>
 NET ASSETS		
3800 <i>Held in Trust</i>	242,111	--
3000 Total Net Assets	<u>\$ 242,111</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	Private- Purpose Trusts
	Private- Scholarship Trust
Additions:	
Investment Income	\$ 397
Gifts and Bequests	100
Total Additions	<u>497</u>
Deductions:	
Scholarship Awards	700
Total Deductions	<u>700</u>
Change in Net Assets	(203)
Net Assets-Beginning of the Year	242,314
Net Assets-End of the Year	<u>\$ 242,111</u>

The accompanying notes are an integral part of this statement.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

A. Summary of Significant Accounting Policies

The basic financial statements of Bastrop Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

2007 Capital Projects Funds: This fund accounts for all proceeds from the 2007 school building bond issue for the new high school, athletic facility and the fine arts facility.

2007 Debt Service Fund: This fund accounts for the payment of debt service on outstanding debt and the corresponding ad valorem property tax revenue relating to the Series 2007 bonds.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB standards.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

f. 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. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

None.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

C. Deposits and Investments

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

1. Cash Deposits:

At June 30, 2011, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$715,974 and the bank balance was \$2,194,120. The District's cash deposits at June 30, 2011 and during the period ended June 30, 2011, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2011 are shown below.

Investment or Investment Type	Maturity	Ratings	Fair Value	Percentage
TexPool Investment Pool	28 days average	AAAm	\$ 16,285,867	67%
Lone Star Investment Pool	24 days average	AAA	8,040,827	33%
Total Investments			<u>\$ 24,326,694</u>	<u>100%</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District's investments were rated as noted above.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District investments representing more than 5% of total investments are disclosed above.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

D. Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 8,203,440	\$ 487,708	\$ --	\$ 8,691,148
Construction in progress	63,300,777	482,983	62,659,802	1,123,958
Total capital assets not being depreciated	<u>71,504,217</u>	<u>970,691</u>	<u>62,659,802</u>	<u>9,815,106</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	155,883,526	65,961,555	--	221,845,081
Furniture & Equipment	3,489,168	49,799	--	3,538,967
Total capital assets being depreciated	<u>159,372,694</u>	<u>66,011,354</u>	<u>--</u>	<u>225,384,048</u>
Less accumulated depreciation for:				
Buildings and improvements	28,911,724	4,518,382	--	33,430,106
Furniture & Equipment	2,897,009	113,631	--	3,010,640
Total accumulated depreciation	<u>31,808,733</u>	<u>4,632,013</u>	<u>--</u>	<u>36,440,746</u>
Total capital assets being depreciated, net	<u>127,563,961</u>	<u>61,379,341</u>	<u>--</u>	<u>188,943,302</u>
Governmental activities capital assets, net	<u>\$ 199,068,178</u>	<u>\$ 62,350,032</u>	<u>\$ 62,659,802</u>	<u>\$ 198,758,408</u>

Depreciation was charged to functions as follows:

Instruction	\$ 2,640,554
Instructional Resources and Media Services	87,456
Curriculum and Staff Development	9,623
Instructional Leadership	14,761
School Leadership	351,012
Guidance, Counseling, & Evaluation Services	153,017
Social Work Services	1,004
Health Services	52,493
Student Transportation	60,176
Food Services	196,843
Extracurricular Activities	958,156
General Administration	25,866
Plant Maintenance and Operations	40,656
Security and Monitoring Services	24,456
Data Processing Services	3,920
Community Services	12,020
	<u>\$ 4,632,013</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2011, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 410,371	Short-term loans
2007 Debt Service Fund	Other Governmental Funds	11,750	Short-term loans
Other Governmental Funds	Debt Service Fund	4,922,361	Short-term loans
Other Governmental Funds	2007 Debt Service Fund	15,576,571	Short-term loans
Enterprise Funds	Other Governmental Funds	1,769	Short-term loans
General Fund	Other Governmental Funds	2	Short-term loans
	Total	<u>\$ 20,922,824</u>	

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

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2011, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Other Governmental Funds	\$ 310,735	Supplement other funds sources for tax notes debt service
	Total	<u>\$ 310,735</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2011, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 181,461,013	\$ --	\$ 2,387,228	\$ 179,073,785	2,309,840
Maintenance Tax Notes	1,585,000	--	230,000	1,355,000	240,000
Accum. Accretion on CAB	18,369,250	3,141,098	2,497,772	19,012,576	--
Premium on Bonded Debt	11,972,647	--	423,671	11,548,976	--
Total governmental activities	<u>\$ 213,387,910</u>	<u>\$ 3,141,098</u>	<u>\$ 5,538,671</u>	<u>\$ 210,990,337</u>	<u>\$ 2,549,840</u>
Reported as Due Within One Year				<u>\$ 2,549,840</u>	
Reported as Due in More Than One Year				<u>\$ 208,440,497</u>	

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

General obligation bonds

<u>Issue</u>	<u>Interest</u>	
1994 Refund.	5.55-5.6%	\$ 320,000
1997 Bldg.	5.4-5.7%	4,852,645
2002 Bldg.	4.91-6.11%	10,115,000
2002 Refund.	4.91-6.11%	555,135
2002 Bldg.	4.91-6.11%	4,636,005
2005 Refund.	3.5-5.0%	17,710,000
2005A Bldg.	4.0-5.0%	22,770,000
2005B Refund.	4.05-4.6%	580,000
2006 Refund.	4.03-5.25%	16,155,000
2006 Bldg.	4.03-5.25%	4,730,000
2006A Refund.	4.0-3.75%	1,705,000
2006A Bldg.	4.0-3.75%	40,000
2007 Bldg.	4.0-5.25%	57,575,000
2009 Bldg.	4.8-5.0%	36,560,000
2009 Bldg.	4.8-5.0%	770,000
		<u>\$ 179,073,785</u>

Maintenance Tax Notes

2000 Maint.	5.0-5.2%	<u>\$ 1,355,000</u>
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* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

<u>Liability</u>	<u>Activity Type</u>	<u>Fund</u>
Other long-term liabilities*	Governmental	Capital Projects

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 2,309,840	\$ 11,527,397	\$ 13,837,237
2013	3,618,131	10,661,743	14,279,874
2014	2,268,064	11,693,307	13,961,371
2015	2,190,943	11,770,953	13,961,896
2016	2,118,402	11,842,156	13,960,558
2017-2021	14,388,944	55,516,115	69,905,059
2022-2026	28,852,817	41,486,760	70,339,577
2027-2031	27,933,159	41,785,997	69,719,156
2032-2036	50,773,485	19,423,651	70,197,136
2037-2041	37,380,000	7,177,388	44,557,388
2039-2042	7,240,000	373,775	7,613,775
Totals	<u>\$ 179,073,785</u>	<u>\$ 223,259,242</u>	<u>\$ 402,333,027</u>

The effective interest rate on the bonds is between 2.50% and 7.375%.

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

Year Ending June 30,	Maintenance Tax Notes		
	Principal	Interest	Total
2012	\$ 240,000	\$ 69,523	\$ 309,523
2013	255,000	57,522	312,522
2014	270,000	44,518	314,518
2015	285,000	30,680	315,680
2016	305,000	15,860	320,860
Totals	\$ 1,355,000	\$ 218,103	\$ 1,573,103

The effective interest rate on the tax notes is between 4.80% and 5.25%.

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2011, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
Series 1997	\$ 19,715,000
Series 2002	21,585,420
Total	\$ 41,300,420

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2011, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal years 2011-2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the District's employees for the years ending June 30, 2011, 2010 and 2009 were \$2,980,042, \$2,951,284 and \$2,753,603, respectively. The District paid additional state contributions for the years ending June 30, 2011, 2010 and 2009 in the amount of \$753,450, \$694,381 and \$599,564, respectively, on portion of the employees' salaries that exceeded the statutory minimum and contributions from federal and private grants.

I. Health Care Coverage

During the period ended June 30, 2011, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$325 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for any amount above the \$325 for employee as well as dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Blue Cross and Blue Shield of Texas, and Scott and White HMO for the medical plan while Medco Health was assigned the prescription drug plan.

The District's participation is renewable annually.

The latest financial information on the state-wide plan is available from TRS (see note H1).

J. Retiree Health Plan

1. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010 and 2009. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the fiscal years ended 2011, 2010, and 2009, the State's contributions to TRS-Care were \$392,596, \$390,760 and \$398,726, respectively, the active member contributions were \$255,187, \$253,994, and \$259,172, respectively, and the school district's contributions were \$215,928, \$214,918, and \$219,299, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program

BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

(TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended 2011, 2010, and 2009 the subsidy payments received by TRS-Care on behalf of the District were \$129,692, \$126,858, and \$107,048, respectively.

K. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at June 30, 2011.

L. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Bastrop ISD	\$ 1,570,490
La Grange ISD	374,609
Smithville ISD	334,101
Total	<u>\$ 2,279,200</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

BASTROP INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 27,752,954	\$ 28,002,954	\$ 28,212,281	\$ 209,327
5800	State Program Revenues	34,688,308	33,539,206	34,236,020	696,814
5900	Federal Program Revenues	177,500	177,500	179,445	1,945
5020	Total Revenues	62,618,762	61,719,660	62,627,746	908,086
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	37,677,527	35,840,165	35,221,344	618,821
0012	Instructional Resources and Media Services	932,246	937,146	931,192	5,954
0013	Curriculum and Staff Development	506,285	523,941	494,823	29,118
	Total Instruction & Instr. Related Services	39,116,058	37,301,252	36,647,359	653,893
Instructional and School Leadership:					
0021	Instructional Leadership	273,168	280,068	279,291	777
0023	School Leadership	3,645,464	3,932,139	3,888,826	43,313
	Total Instructional & School Leadership	3,918,632	4,212,207	4,168,117	44,090
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,686,924	1,739,441	1,709,055	30,386
0032	Social Work Services	56,693	127,643	119,818	7,825
0033	Health Services	677,694	678,094	634,017	44,077
0034	Student (Pupil) Transportation	4,434,684	4,709,684	4,662,423	47,261
0035	Food Services	53,526	53,526	--	53,526
0036	Cocurricular/Extracurricular Activities	1,633,551	1,695,748	1,639,569	56,179
	Total Support Services - Student (Pupil)	8,543,072	9,004,136	8,764,882	239,254
Administrative Support Services:					
0041	General Administration	2,010,974	2,259,974	2,258,172	1,802
	Total Administrative Support Services	2,010,974	2,259,974	2,258,172	1,802
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	6,968,290	7,399,390	7,331,816	67,574
0052	Security and Monitoring Services	209,090	254,090	252,505	1,585
0053	Data Processing Services	750,857	760,386	732,936	27,450
	Total Support Services - Nonstudent Based	7,928,237	8,413,866	8,317,257	96,609
Ancillary Services:					
0061	Community Services	105,327	109,527	93,409	16,118
	Total Ancillary Services	105,327	109,527	93,409	16,118
Capital Outlay:					
0081	Capital Outlay	--	541,767	509,307	32,460
	Total Capital Outlay	--	541,767	509,307	32,460
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	896,003	896,003	809,172	86,831
0099	Other Intergovernmental Charges	618,074	618,074	585,230	32,844
	Total Intergovernmental Charges	1,514,077	1,514,077	1,394,402	119,675
6030	Total Expenditures	63,136,377	63,356,806	62,152,905	1,203,901

BASTROP INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT G-1

Page 2 of 2

Data Control Codes				Variance with Final Budget Positive (Negative)
	1	2	3	
	Budgeted Amounts		Actual	
Original	Final			
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures			
	<u>(517,615)</u>	<u>(1,637,146)</u>	<u>474,841</u>	<u>2,111,987</u>
	Other Financing Sources (Uses):			
7915	Transfers In			
8911	Transfers Out			
7080	Total Other Financing Sources and (Uses)			
1200	Net Change in Fund Balance			
	--	25,000	--	(25,000)
	<u>(306,162)</u>	<u>(306,162)</u>	<u>(310,735)</u>	<u>(4,573)</u>
	<u>(306,162)</u>	<u>(281,162)</u>	<u>(310,735)</u>	<u>(29,573)</u>
	<u>(823,777)</u>	<u>(1,918,308)</u>	<u>164,106</u>	<u>2,082,414</u>
0100	Fund Balance - Beginning			--
3000	Fund Balance - Ending			
	12,761,314	12,761,314	12,761,314	--
	<u>\$ 11,937,537</u>	<u>\$ 10,843,006</u>	<u>\$ 12,925,420</u>	<u>\$ 2,082,414</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

BASTROP INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2011

Year Ended June 30	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2002 and Prior Years	\$ Various	\$ Various	\$ Various
2003	1.465	.143	1,674,903,190
2004	1.50	.143	1,819,228,190
2005	1.50	.242	1,874,834,961
2006	1.50	.228	1,976,038,192
2007	1.37	.252	2,077,860,237
2008	1.04	.461	2,274,831,179
2009	1.04	.441	2,450,924,781
2010	1.04	.441	2,575,906,955
2011 (School Year Under Audit)	1.04	.441	2,531,191,897

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 7/1/10	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/11
\$ 724,763	\$ --	\$ 14,846	\$ 1,449	\$ (83,333)	\$ 625,135
231,402	--	9,741	951	(3,441)	217,269
281,156	--	15,903	1,516	(3,933)	259,804
362,864	--	26,013	4,197	(3,714)	328,940
412,871	--	45,069	6,850	(3,430)	357,522
498,177	--	99,564	18,314	24,703	405,002
593,295	--	123,189	54,606	26,996	442,496
999,159	--	239,648	101,620	22,059	679,950
2,033,722	--	606,258	257,077	(48,155)	1,122,233
--	37,486,952	26,098,148	11,066,619	1,835,170	2,157,355
<u>\$ 6,137,409</u>	<u>\$ 37,486,952</u>	<u>\$ 27,278,379</u>	<u>\$ 11,513,198</u>	<u>\$ 1,762,922</u>	<u>\$ 6,595,706</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

BASTROP INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2012-2013
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011*

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ --	\$ 48	\$ --	\$ 1,730,791	\$ 1,730,839
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	--	--	143,848	--	143,848
6212	Audit Services	--	--	--	13,000	--	--	13,000
6213	Tax Appraisal and Collection	--	671,395	--	--	--	--	671,395
621X	Other Prof. Services	--	--	--	64,736	--	21,180	85,916
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	--	--
6240	Contr. Maint. and Repair	--	--	--	--	500	--	500
6250	Utilities	--	--	--	--	2,000	--	2,000
6260	Rentals	--	--	--	--	--	5,507	5,507
6290	Miscellaneous Contr.	--	--	--	--	--	3,140	3,140
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	942	61,929	--	17,906	80,777
6410	Travel, Subsistence, Stipends	12,602	--	7,059	8,683	--	2,350	30,694
6420	Ins. and Bonding Costs	--	--	--	--	--	18,617	18,617
6430	Election Costs	15,199	--	--	--	--	--	15,199
6490	Miscellaneous Operating	--	--	--	23,549	--	33,343	56,892
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 27,801 \$ 671,395 \$ 8,001 \$ 171,945 \$ 146,348 \$ 1,832,834 \$ 2,858,324

Total Expenditures for General and Special Revenue Funds (9) \$ 80,262,770

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 545,376
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 7,420,629
Food (Function 35, 6341 and 6499)	(13)	\$ 1,895,523
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		<u>\$ 171,945</u>

Subtotal 10,033,473

Net Allowed Direct Cost \$ 70,229,297

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 221,845,081
Historical Cost of Buildings over 50 years old	(16)	--
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	3,538,967
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 167,464

(8) Note A - \$14,922 in Function 53 expenditures and \$585,230 in Function 99 expenditures are included in this report on administrative costs.

BASTROP INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes	Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
	1	2	3		
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 1,549,628	\$ 1,166,628	\$ 1,170,065	\$ 3,437
5800	State Program Revenues	28,000	28,000	27,912	(88)
5900	Federal Program Revenues	2,861,939	3,658,430	3,611,149	(47,281)
5020	Total Revenues	<u>4,439,567</u>	<u>4,853,058</u>	<u>4,809,126</u>	<u>(43,932)</u>
EXPENDITURES:					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	4,439,567	4,853,058	4,676,434	176,624
	Total Support Services - Student (Pupil)	<u>4,439,567</u>	<u>4,853,058</u>	<u>4,676,434</u>	<u>176,624</u>
6030	Total Expenditures	<u>4,439,567</u>	<u>4,853,058</u>	<u>4,676,434</u>	<u>176,624</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	132,692	132,692
1200	Net Change in Fund Balance	--	--	132,692	132,692
0100	Fund Balance - Beginning	653,230	653,230	653,230	--
3000	Fund Balance - Ending	<u>\$ 653,230</u>	<u>\$ 653,230</u>	<u>\$ 785,922</u>	<u>\$ 132,692</u>

BASTROP INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
REVENUES:							
5700	Local and Intermediate Sources	\$ 11,248,772	\$ 3,739,172	\$ 4,213,180	\$ 474,008		
5800	State Program Revenues	1,456,469	1,456,469	1,519,236	62,767		
5020	Total Revenues	<u>12,705,241</u>	<u>5,195,641</u>	<u>5,732,416</u>	<u>536,775</u>		
EXPENDITURES:							
Debt Service:							
0071	Principal on Long-Term Debt	1,745,259	1,745,259	1,745,259	--		
0072	Interest on Long-Term Debt	4,087,871	4,179,871	4,499,097	(319,226)		
0073	Bond Issuance Costs and Fees	10,000	10,000	9,607	393		
	Total Debt Service	<u>5,843,130</u>	<u>5,935,130</u>	<u>6,253,963</u>	<u>(318,833)</u>		
6030	Total Expenditures	<u>5,843,130</u>	<u>5,935,130</u>	<u>6,253,963</u>	<u>(318,833)</u>		
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	<u>6,862,111</u>	<u>(739,489)</u>	<u>(521,547)</u>	<u>217,942</u>		
Other Financing Sources (Uses):							
7915	Transfers In	306,162	306,162	310,735	4,573		
7080	Total Other Financing Sources and (Uses)	<u>306,162</u>	<u>306,162</u>	<u>310,735</u>	<u>4,573</u>		
1200	Net Change in Fund Balance	<u>7,168,273</u>	<u>(433,327)</u>	<u>(210,812)</u>	<u>222,515</u>		
0100	Fund Balance - Beginning	4,310,667	4,310,667	4,310,667	--		
3000	Fund Balance - Ending	<u>\$ 11,478,940</u>	<u>\$ 3,877,340</u>	<u>\$ 4,099,855</u>	<u>\$ 222,515</u>		

BASTROP INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-5

SERIES 2007 DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
REVENUES:							
5700	<i>Local and Intermediate Sources</i>		\$ 3,000	\$ 5,636,500	\$ 5,635,781	\$ (719)	
5020	Total Revenues		<u>3,000</u>	<u>5,636,500</u>	<u>5,635,781</u>	<u>(719)</u>	
EXPENDITURES:							
Debt Service:							
0071	<i>Principal on Long-Term Debt</i>		630,000	630,000	450,000	180,000	
0072	<i>Interest on Long-Term Debt</i>		4,726,407	5,004,390	5,179,500	(175,110)	
0073	<i>Bond Issuance Costs and Fees</i>		--	--	4,000	(4,000)	
	Total Debt Service		<u>5,356,407</u>	<u>5,634,390</u>	<u>5,633,500</u>	<u>890</u>	
6030	Total Expenditures		<u>5,356,407</u>	<u>5,634,390</u>	<u>5,633,500</u>	<u>890</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures		<u>(5,353,407)</u>	<u>2,110</u>	<u>2,281</u>	<u>171</u>	
1200	Net Change in Fund Balance		<u>(5,353,407)</u>	<u>2,110</u>	<u>2,281</u>	<u>171</u>	
0100	Fund Balance - Beginning		1,686,289	1,686,289	1,686,289	--	
3000	Fund Balance - Ending		<u>\$ (3,667,118)</u>	<u>\$ 1,688,399</u>	<u>\$ 1,688,570</u>	<u>\$ 171</u>	

BASTROP INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-6

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2011

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ --	\$ 1,876,100	\$ 1,876,350	\$ 250
5020	Total Revenues	--	1,876,100	1,876,350	250
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	421,969	421,969	421,969	--
0072	Interest on Long-Term Debt	1,824,080	1,454,097	1,450,496	3,601
0073	Bond Issuance Costs and Fees	--	--	3,600	(3,600)
	Total Debt Service	2,246,049	1,876,066	1,876,065	1
6030	Total Expenditures	2,246,049	1,876,066	1,876,065	1
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(2,246,049)	34	285	251
1200	Net Change in Fund Balance	(2,246,049)	34	285	251
0100	Fund Balance - Beginning	2,944	2,944	2,944	--
3000	Fund Balance - Ending	\$ (2,243,105)	\$ 2,978	\$ 3,229	\$ 251

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report

Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Board of Trustees
Bastrop Independent School District
Bastrop, Texas

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bastrop Independent School District as of and for the year ended June 30, 2011, which collectively comprise the Bastrop Independent School District's basic financial statements and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

Respectfully submitted,

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP
October 28, 2011

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report

Report on Compliance with Requirements That Could Have a Direct and
Material Effect on each Major Program and on Internal Control Over Compliance
In Accordance With OMB Circular A-133

Board of Trustees
Bastrop Independent School District
Bastrop, Texas

Members of the Board of Trustees:

Compliance

We have audited Bastrop Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Bastrop Independent School District's major federal programs for the year ended June 30, 2011. Bastrop Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Bastrop Independent School District's management. Our responsibility is to express an opinion on Bastrop Independent School District's compliance based on our audit.

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

In our opinion, Bastrop Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance


Management of Bastrop Independent School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Bastrop Independent School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bastrop Independent School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Respectfully submitted,


West, Davis & Company, LLP
October 28, 2011

BASTROP INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	ESEA Title I Part A - Improving Basic Programs
84.027A	SSA IDEA-B Formula
84.173A	SSA IDEA-B Preschool
84.367A	ESEA Title II Part A-Teacher & Principal Trng & Recruitmt
84.389A	ARRA-ESEA, Title I Part A- Improving Basic Programs
84.391A	ARRA-SSA IDEA-Part B Formula
84.392A	ARRA-SSA IDEA Part B, Preschool
84.394A	ARRA of 2009 TitleXIV SFSF
84.410A	Education Jobs Fund
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes No

BASTROP INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

BASTROP INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	1161010101190	\$ 1,217,949
<i>ESEA Title I Part C - Migratory Children</i>	84.011A	11615001011901	77,626
<i>IDEA-B Formula *</i>	84.027A	1060001011901660	317,299
<i>SSA IDEA-B Formula *</i>	84.027A	116600010119016000	1,473,104
Total CFDA Number 84.027A			<u>1,790,403</u>
<i>Vocational Education - Basic Grant</i>	84.048A	11420006011901	91,444
<i>IDEA-B Preschool *</i>	84.173A	106610010119016610	--
<i>SSA IDEA-B Preschool *</i>	84.173A	116610010119016000	40,988
Total CFDA Number 84.173A			<u>40,988</u>
<i>ESEA Title IV Safe & Drug Free Schools & Communities Act</i>	84.186A	10691001011901	88
<i>ESEA Title III Subtitle B - Homeless Children and Youth *</i>	84.196	011-901	728
<i>ESEA Title X Part C - Education for Homeless Children and Youth *</i>	84.196	011-901	2,013
<i>ESEA Title X Part C - Education for Homeless Children and Youth *</i>	84.196	011-901	655
Total CFDA Number 84.196			<u>3,396</u>
<i>Career and Technical - Technical Preparation</i>	84.243A	011-901	2,373
<i>21st Century Community Learning Centers</i>	84.287C	096950137110004	33,697
<i>Title IV Part B 21st Century Community Learning Centers</i>	84.287C	106950137110006	1,238,873
Total CFDA Number 84.287C			<u>1,272,570</u>
<i>Enhancing Education Through Technology *</i>	84.318X	10630001011901	275
<i>English Language Acquisition and Language Enhancement</i>	84.365A	11671001011901	104,691
<i>ESEA Title II Part A - Teacher & Principal Training & Recruitment</i>	84.367A	11694501011901	329,065
<i>ARRA - Title II Part D Subpart 1-Enhancing Education Through Tech</i>	84.386A	10553001011901	146
<i>ARRA - Title II Part D Subpart 1-Enhancing Education Through Tech</i>	84.386A	10553001011901	15,774
Total CFDA Number 84.386A			<u>15,920</u>
<i>ARRA - ESEA Title X Part C-Education for Homeless Children & You</i>	84.387	011-901	1,423
<i>ARRA - ESEA Title X Part C-Education for Homeless Children & You</i>	84.387	011-901	6,704
Total CFDA Number 84.387			<u>8,127</u>
<i>ARRA - ESEA, Title I, Part A - Improving Basic Programs *</i>	84.389A	10551001011901	121,065
<i>ARRA - IDEA-Part B Formula *</i>	84.391A	10554001011901	370
<i>ARRA - IDEA-Part B Formula *</i>	84.391A	10554001011901	292,340
<i>ARRA - SSA IDEA-Part B Formula *</i>	84.391A	10554001011901	--
<i>ARRA - SSA IDEA-Part B Formula *</i>	84.391A	10554001011901	996,076
Total CFDA Number 84.391A			<u>1,288,786</u>

BASTROP INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>ARRA - IDEA Part B, Preschool *</i>	84.392A	1055500101190	\$ 41,069
<i>ARRA - IDEA Part B, Preschool *</i>	84.392A	1055500101190	\$ --
<i>ARRA - SSA IDEA Part B, Preschool *</i>	84.392A	10555001011901	--
<i>ARRA - SSA IDEA Part B, Preschool *</i>	84.392A	10555001011901	49,215
Total CFDA Number 84.392A			<u>90,284</u>
<i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>	84.394A	11557001011901	2,822,737
<i>Education Jobs Fund</i>	84.410A	11550101011901	788,420
Total Passed Through State Department of Education			<u>10,066,207</u>
Total U. S. Department of Education			<u>10,066,207</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Food Distribution	10.550	011-901	256,854
School Breakfast Program *	10.553	71401101	746,101
National School Lunch Program *	10.555	71301101	2,608,194
Total Passed Through State Department of Education			<u>3,611,149</u>
Total U. S. Department of Agriculture			<u>3,611,149</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>13,677,356</u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

BASTROP INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Bastrop Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

BASTROP INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF JUNE 30, 2011*

<u>Data Control Codes</u>	<u>Responses</u>
SF2 Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4 Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5 Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9 Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10 What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 19,012,575