

**BASTROP  
INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED JUNE 30, 2009*

Bastrop Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit</u>
<b>INTRODUCTORY SECTION</b>		
Certificate of Board.....	1	
<b>FINANCIAL SECTION</b>		
Independent Auditor's 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.....	39	G-1
<b>OTHER SUPPLEMENTARY INFORMATION SECTION</b>		
Schedule of Delinquent Taxes Receivable.....	41	J-1
Indirect Cost Computation Schedule .....	43	J-2
Fund Balance and Cash Flow Calculation Worksheet (Unaudited)-General Fund.....	44	J-3
Budgetary Comparison Schedules Required by the Texas Education Agency:		
National School Breakfast and Lunch Program.....	45	J-4
Debt Service Fund.....	46	J-5
Series 2007 Debt Service Fund.....	47	J-6
Debt Service Fund.....	48	J-7

Bastrop Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2009

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 Applicable To each Major Program and 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 .....	54	K-1
Notes to the Schedule of Expenditures of Federal Awards.....	55	
Schedule of Required Responses to Selected School First Indicators.....	56	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, 2009, at a meeting of the board of trustees of such school district on the   17th   day of   December   ,   2009  .

(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 Auditor's 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, 2009, 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 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2009, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements which collectively comprise the Bastrop Independent School District's basic financial statements. The accompanying schedule of expenditures of federal awards required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "West, Davis & Company, LLP". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP  
November 10, 2009



## **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, 2009. 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 seventh 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 83 out of 85 points used to determine the overall financial health and stability of school districts throughout Texas.
- The District's total net assets were \$22.6 million.
- Net assets of our business-type activities (employee daycare, community education, Bastrop ISD food service catering, and STARS after-school program) changed by \$193 thousand, resulting in total net assets of \$428 thousand.
- The General Fund ended the year with a fund balance of \$14.1 million, \$3.51 million less than the previous year. Contributing factors were: \$991,387 payment for technology budgeted in 2007-08 received and paid for in 2008-09, 14.5 additional teaching positions, technology requests, additional professional support staff, high utility costs, lighting for football stadium.
- The District passed a \$97.72 million bond election on May 12, 2007. The District marketed \$59.37 million of the \$97.72 Unlimited Tax School Building Bonds, Series 2007 on Monday June 25, 2007, at a true interest rate of 4.68. The funds were issued for the construction of a second High School, a centralized multi-purpose athletic stadium, and a centralized multi-purpose performing arts center. During the 2007-08 construction documents were drawn for the facilities and CMAR contracts were awarded for each project. Site work began in July 2008 on all three projects. The District opened the new \$17 million centralized Bastrop Memorial Stadium and the \$14.9 million Jerry Fay Wilhelm Center for the Performing Arts in September 2009 and October 2009, respectively. The projects finished on time and under budget.

#### **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 \$22.7 million to \$22.2 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 \$17.8 million at June 30, 2009.

In 2009, net assets of our business-type activities increased by \$193 thousand. This increase was due to an increase in the Community Education, the after-school program (STARS), the food service catering, and the Bastrop High School BISTRO programs, while the Employee Daycare had a deficit.

**Table I**  
**Bastrop Independent School District**

	NET ASSETS in thousands					
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	60,690	105,954	510	331	61,200	106,285
Capital assets	163,173	111,390	-	-	163,173	111,390
Total assets	223,863	217,344	510	331	224,373	217,344
Long-term liabilities	163,124	167,180			163,124	167,180
Other liabilities	38,524	27,438	82	95	38,607	27,533
Total liabilities	201,648	194,618	82	95	201,731	194,712
Net Assets:						
Invested in capital assets net of related debt	(318)	(635)	-	-	(318)	(635)
Restricted	4,732	5,110	-	-	4,732	5,110
Unrestricted	17,800	18,252	428	235	18,228	18,487
Total net assets	22,215	22,727	428	235	22,642	22,962

**Table II**  
**Bastrop Independent School District**

**CHANGES IN NET ASSETS**  
in thousands

	Governmental		Business-type		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services	1,514	1,576	1,013	954	2,527	2,530
Operating grants and contributions	8,910	7,918	-	-	8,910	7,918
General Revenues:						
Maintenance and operations taxes	26,543	24,952	-	-	26,543	24,952
Debt Service taxes	11,098	10,390	-	-	11,098	10,390
Grants and Contributions not restricted to specific functions	36,384	35,834	32	33	36,416	35,867
Investment Earnings	1,845	4,183	-	-	1,845	4,183
Miscellaneous	1,063	453	123	90	1,186	543
Transfers	0	12	0	(12)	-	-
Total Revenue	<u>87,357</u>	<u>85,318</u>	<u>1,168</u>	<u>1,065</u>	<u>88,525</u>	<u>86,383</u>
Expenses:						
Instruction, curriculum and media services	45,739	42,978	-	-	45,739	42,978
Instructional and school leadership	4,293	4,164	-	-	4,293	4,164
Student support services	8,557	8,431	-	-	8,557	8,431
Child nutrition	4,534	4,548	-	-	4,534	4,548
Expenses (continued):						
Co-curricular activities	1,484	1,332	-	-	1,484	1,332
General administration	1,993	2,394	-	-	1,993	2,394
Plant maintenance, security and data processing	7,866	7,895	-	-	7,866	7,895
Community services	640	773	-	-	640	773
Debt services	10,230	9,690	-	-	10,230	9,690
Bond Issuance cost	54	48	-	-	54	48
Capital Outlay	109	0	-	-	109	0
Payments related to SSA	1,790	1,646	-	-	1,790	1,646
Other Intergovernmental Charges	580	0	-	-	580	0
Other business-type activities	-	-	975	1,176	975	1,176
Total Expenses	<u>87,869</u>	<u>83,899</u>	<u>975</u>	<u>1,176</u>	<u>88,844</u>	<u>85,075</u>
Increase in net assets before transfers and special items	(512)	1,420	193	(111)	(319)	1,309
Special items	-	-	-	-	-	-
Net assets at Beginning	<u>22,727</u>	<u>21,307</u>	<u>235</u>	<u>347</u>	<u>22,962</u>	<u>21,653</u>
Net assets at Ending	<u>22,215</u>	<u>22,727</u>	<u>428</u>	<u>235</u>	<u>22,643</u>	<u>22,962</u>

The cost of all governmental activities this year was \$87.9 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 \$37.6 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 \$30.56 million a decrease of \$56.55 million due to a decrease of \$3.5 million in the general fund, a decrease of \$567 thousand in the debt service fund, and a decrease of \$52.48 million in capital projects. Approximately 27.8 percent of this total amount (\$85 million) constitutes unreserved, undesignated fund balance. The remainder of the fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed for:

- Inventory (\$78,008);
- Payment of debt service payments (\$5,845,848);
- Food Service (\$539,636);
- Capital projects (\$8,134,960);
- Construction (\$3,100,000);
- Claims and Judgments (\$100,000);
- Purchase of capital outlay (\$750,000); and
- Other miscellaneous designations (\$1,585,000)

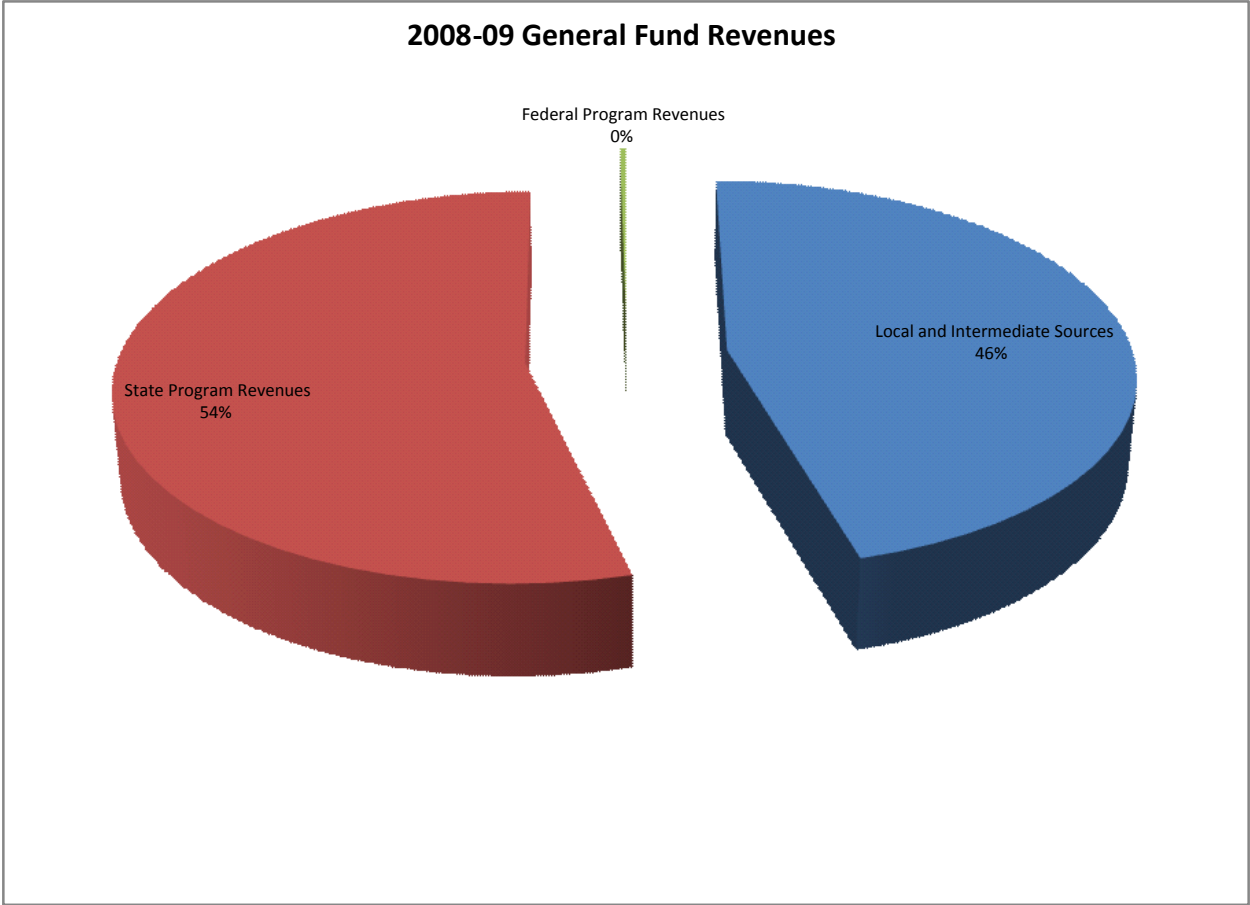
The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$8.5 million while the total fund balance was \$14,133,878. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance, and total fund balance to the total fund expenditures. Unreserved, undesignated fund balance represents 13.6 percent of the total general fund expenditures, while total fund balance represents 22.6 percent of that same amount.

The total fund balance of the District's general fund decreased by \$3.5 million. Key factors to this change are as follows:

- Technology budgeted in 2007-08, received and paid for in 2008-09;
- Increase in substitute teacher costs;
- Technology requests;
- Lighting for Erhard Field;
- Increase utility costs.

The debt service fund has a total fund balance of \$5.85 million, all of which is reserved for debt service. The net decrease in fund balance during the period in the debt service fund was \$567 thousand.

The District's total general revenues were \$59.37 million. A portion, \$27.5 million or 46%, of the District's revenues come from taxes, and other local revenue. The majority of the other 54% 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 to increase tax revenue;
- Amendment for to decrease investment earnings;
- Amendment to TRS on Behalf costs.

The District made the following major amendments to budgeted revenues:

- \$2,610,646 increase in tax collections;
- \$213,592 increase for E-rate award;
- \$1,843,707 decrease in state aid;
- \$660,000 decrease in investment earnings; and
- \$468,592 TRS on Behalf (Accounting Entry Only).

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

- \$213,592 increase for E-rate expenditures;
- \$350,000 decrease in fuel costs;
- \$ 12,000 increase for legal costs;
- \$ 11,500 increase for tax collection costs;
- \$170,400 increase for maintenance salaries;
- \$977,357 increase for laptop payment;
- \$433,857 increase for substitute teacher salaries; and
- \$323,104 increase for TRS on behalf (accounting entry only).

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of the 2008-09, the District had \$163.2 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This is an increase from the prior year due to construction in progress of the high school renovation, the purchase of property for the second high school, and purchase of furniture and equipment. 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 \$147.6 million in bonds and notes outstanding versus \$152.2 million last year. Moody's Investors Service reaffirmed the District's underlying credit ratings of "A2" while Standard and Poor's upgraded the District's underlying rating to "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 2009-10 budget and tax rates. Factors considered during the budget process were the implementation of HB 3646 and the many complexities associated with state aid and setting the tax rate. 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.

On May 12, 2007 the District passed a \$97.72 million bond election for a second High School, a centralized multi-purpose athletic stadium, and a centralized multi-purpose performing arts center. Bonds were sold on June 25, 2007. Construction began in July 2008 on all projects. The remaining \$38.5 million in bonds were sold in July 2009 to complete the new Cedar Creek High School. The centralized Bastrop Memorial Stadium and the Jerry Fay Wilhelm Center for the Performing Arts opened with the start of 2009-10. These projects finished on time and under budget.

The district estimated a 2.5% enrollment growth based on prior year growth for 2009, and a 4% growth in property values for budget purposes. The 2009-09 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 2009-10

These indicators were taken into consideration when adopting the General Fund budget for 2010. Amounts available for appropriation in the General Fund budget are \$61.7 million. Budgeted expenditures are expected to be \$62.0.0 million. Teachers, nurses, counselors, and librarian received the increase required by HB 3646. Administrative and auxiliary staff received pay increases of two and three percent of the mid-point salary boxes, respectively. Five and one half additional teaching positions, one administrative, two professional support staff, and two and one half auxiliary positions are included in the 2009-10 budget. The 2009-10 budget includes 334,468 in technology requests. 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.bastrop.isd.tenet.edu](http://www.bastrop.isd.tenet.edu)).

*Basic Financial Statements*

**BASTROP INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET ASSETS

JUNE 30, 2009

Data Control Codes	1 Governmental Activities	2 Business-type Activities	3 Total	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ (219,442)	\$ 503,384	\$ 283,942
1120	Current Investments	43,358,884	100	43,358,984
1225	Property Taxes Receivable (Net)	5,912,746	--	5,912,746
1240	Due from Other Governments	10,094,927	--	10,094,927
1260	Internal Balances	3,187	(3,187)	--
1267	Due from Fiduciary	380	--	380
1290	Other Receivables (Net)	295,176	10,191	305,367
1300	Inventories	169,513	--	169,513
1420	Capitalized Bond and Other Debt Issuance Costs	1,066,269	--	1,066,269
1490	Other Current Assets	8,801	--	8,801
Capital Assets:				
1510	Land	8,086,483	--	8,086,483
1520	Buildings and Improvements, Net	99,166,784	--	99,166,784
1530	Furniture and Equipment, Net	686,526	--	686,526
1580	Construction in Progress	55,233,024	--	55,233,024
1000	Total Assets	<u>223,863,258</u>	<u>510,488</u>	<u>224,373,746</u>
<b>LIABILITIES:</b>				
2110	Accounts Payable	11,786,428	29,350	11,815,778
2140	Interest Payable	2,845,907	--	2,845,907
2165	Accrued Liabilities	7,373,902	52,973	7,426,875
2180	Due to Other Governments	2,493,357	--	2,493,357
2190	Due to Student Groups	36,931	--	36,931
2300	Unearned Revenue	11,672,047	--	11,672,047
Noncurrent Liabilities:				
2501	Due Within One Year	2,315,746	--	2,315,746
2502	Due in More Than One Year	163,124,075	--	163,124,075
2000	Total Liabilities	<u>201,648,393</u>	<u>82,323</u>	<u>201,730,716</u>
<b>NET ASSETS</b>				
3200	Invested in Capital Assets, Net of Related Debt	(317,874)	--	(317,874)
Restricted For:				
3820	State and Federal Programs	327,634	--	327,634
3850	Debt Service	4,360,748	--	4,360,748
3860	Capital Projects	44,125	--	44,125
3900	Unrestricted	17,800,232	428,165	18,228,397
3000	Total Net Assets	<u>\$ 22,214,865</u>	<u>\$ 428,165</u>	<u>\$ 22,643,030</u>

The accompanying notes are an integral part of this statement.

# BASTROP INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	Functions/Programs	1 Expenses	3 Charges for Services	4 Program Revenues	
					Operating Grants and Contributions
	Governmental Activities:				
11	Instruction	\$ 43,430,174	\$ 61,872	\$ 3,482,801	
12	Instructional Resources and Media Services	949,104	--	1,247	
13	Curriculum and Staff Development	1,358,895	--	513,490	
21	Instructional Leadership	555,541	--	3,737	
23	School Leadership	3,737,486	--	4,922	
31	Guidance, Counseling, & Evaluation Services	3,091,986	--	425,552	
32	Social Work Services	154,776	--	41,024	
33	Health Services	752,205	--	991	
34	Student Transportation	4,557,795	--	6,270	
35	Food Service	4,533,839	1,342,040	3,018,471	
36	Cocurricular/Extracurricular Activities	1,483,778	110,054	1,217	
41	General Administration	1,992,473	--	2,717	
51	Plant Maintenance and Operations	6,891,533	--	9,388	
52	Security and Monitoring Services	367,409	--	7,524	
53	Data Processing Services	716,475	--	989	
61	Community Services	639,961	--	481,708	
72	Interest on Long-term Debt	10,230,183	--	--	
73	Bond Issuance Costs and Fees	54,289	--	--	
93	Payments Related to Shared Services Arrangements	1,790,183	--	907,005	
99	Other Intergovernmental Charges	580,813	--	804	
TG	Total Governmental Activities	<u>87,868,898</u>	<u>1,513,966</u>	<u>8,909,857</u>	
	Business-type Activities:				
01	Food Service Catering	2,392	--	--	
02	High School Bistro	45,532	--	--	
03	Community Education	90,007	60,659	--	
04	STARS After School Program	540,035	694,571	--	
06	Employee Child Care	296,998	257,384	--	
TB	Total Business-type Activities	<u>974,964</u>	<u>1,012,614</u>	<u>--</u>	
TP	Total Primary Government	<u>\$ 88,843,862</u>	<u>\$ 2,526,580</u>	<u>\$ 8,909,857</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.

6

7

8

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (39,885,501)		\$ (39,885,501)
(947,857)		(947,857)
(845,405)		(845,405)
(551,804)		(551,804)
(3,732,564)		(3,732,564)
(2,666,434)		(2,666,434)
(113,752)		(113,752)
(751,214)		(751,214)
(4,551,525)		(4,551,525)
(173,328)		(173,328)
(1,372,507)		(1,372,507)
(1,989,756)		(1,989,756)
(6,882,145)		(6,882,145)
(359,885)		(359,885)
(715,486)		(715,486)
(158,253)		(158,253)
(10,230,183)		(10,230,183)
(54,289)		(54,289)
(883,178)		(883,178)
(580,009)		(580,009)
<u>(77,445,075)</u>		<u>(77,445,075)</u>
--	\$ (2,392)	(2,392)
--	(45,532)	(45,532)
--	(29,348)	(29,348)
--	154,536	154,536
--	(39,614)	(39,614)
--	<u>37,650</u>	<u>37,650</u>
<u>(77,445,075)</u>	<u>37,650</u>	<u>(77,407,425)</u>
26,542,563	--	26,542,563
11,097,906	--	11,097,906
1,844,891	--	1,844,891
36,384,851	31,919	36,416,770
1,062,715	123,269	1,185,984
76,932,926	155,188	77,088,114
(512,149)	192,838	(319,311)
22,727,014	235,327	22,962,341
<u>\$ 22,214,865</u>	<u>\$ 428,165</u>	<u>\$ 22,643,030</u>

# BASTROP INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

Data Control Codes	10 General Fund	50 Series 2007 Debt Service Fund	
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ (1,071,028)	\$ 5,785,534
1120	Current Investments	15,075,700	1,391,897
1225	Taxes Receivable, Net	4,629,600	--
1240	Due from Other Governments	8,638,937	--
1260	Due from Other Funds	510,662	11,750
1290	Other Receivables	52,989	--
1300	Inventories	78,008	--
1490	Other Current Assets	45	--
1000	<b>Total Assets</b>	<b>\$ 27,914,913</b>	<b>\$ 7,189,181</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 837,220	\$ --
2150	Payroll Deductions & Withholdings	638,744	--
2160	Accrued Wages Payable	5,121,707	--
2170	Due to Other Funds	132,594	5,592,731
2180	Due to Other Governments	2,359,007	--
2190	Due to Student Groups	36,931	--
2200	Accrued Expenditures	2,399	--
2300	Unearned Revenue	4,652,433	--
2000	<b>Total Liabilities</b>	<b>13,781,035</b>	<b>5,592,731</b>
<b>FUND BALANCES:</b>			
Reserved Fund Balances:			
3410	Investments in Inventory	78,008	--
3420	Debt Service	--	1,596,450
3450	Reserve for Food Service	--	--
3470	Capital Acquisitions & Contractual Obligations	--	--
3490	Other Reserves of Fund Balance	13,000	--
Designated Fund Balance:			
3510	Construction	3,100,000	--
3520	Claims and Judgments	100,000	--
3530	Capital Expenditures for Equipment	750,000	--
3590	Other Designated Fund Balance	1,585,000	--
3600	Unreserved	8,507,870	--
3000	<b>Total Fund Balances</b>	<b>14,133,878</b>	<b>1,596,450</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 27,914,913</b>	<b>\$ 7,189,181</b>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Series 2007 Cedar Creek High School	60 Series 2007 Athletic Facility	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ --	\$ (6,167,608)	\$ (1,453,102)
6,528,436	5,295,570	14,216,238	42,507,841
--	--	1,283,146	5,912,746
--	--	1,455,990	10,094,927
--	--	7,406,059	7,928,471
--	--	242,186	295,175
--	--	91,505	169,513
--	--	8,756	8,801
<u>\$ 6,528,436</u>	<u>\$ 5,295,570</u>	<u>\$ 18,536,272</u>	<u>\$ 65,464,372</u>
\$ 6,095,429	\$ 2,421,587	\$ 2,427,302	\$ 11,781,538
8	2	108,629	747,383
527	134	862,111	5,984,479
8,005	6,392	2,185,166	7,924,888
--	--	134,350	2,493,357
--	--	--	36,931
--	--	--	2,399
--	--	1,283,146	5,935,579
<u>6,103,969</u>	<u>2,428,115</u>	<u>7,000,704</u>	<u>34,906,554</u>
--	--	43,903	121,911
--	--	4,249,398	5,845,848
--	--	539,636	539,636
424,467	2,867,455	4,843,038	8,134,960
--	--	1,859,593	1,872,593
--	--	--	3,100,000
--	--	--	100,000
--	--	--	750,000
--	--	--	1,585,000
--	--	--	8,507,870
<u>424,467</u>	<u>2,867,455</u>	<u>11,535,568</u>	<u>30,557,818</u>
<u>\$ 6,528,436</u>	<u>\$ 5,295,570</u>	<u>\$ 18,536,272</u>	<u>\$ 65,464,372</u>

**BASTROP INDEPENDENT SCHOOL DISTRICT**  
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS*  
 JUNE 30, 2009

Total fund balances - governmental funds balance sheet	\$ 30,557,818
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.	163,172,817
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	5,912,745
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,440,157
Payables for bond principal which are not due in the current period are not reported in the funds.	(147,601,759)
Payables for bond interest which are not due in the current period are not reported in the funds.	(2,845,907)
Bond premium is not reported in the funds.	(11,649,213)
Accumulated accretion on capital appreciation bonds is not reported in the funds.	(17,838,062)
Capitalized bond issuance costs are not reported in the funds.	<u>1,066,269</u>
Net assets of governmental activities - statement of net assets	<u>\$ 22,214,865</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, 2009**

Data Control Codes	10 General Fund	50 Series 2007 Debt Service Fund
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 27,466,400	\$ 3,004,085
5800 <i>State Program Revenues</i>	31,752,105	--
5900 <i>Federal Program Revenues</i>	150,127	--
5020 <b>Total Revenues</b>	<u>59,368,632</u>	<u>3,004,085</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	37,371,107	--
0012 <i>Instructional Resources and Media Services</i>	900,460	--
0013 <i>Curriculum and Staff Development</i>	432,593	--
0021 <i>Instructional Leadership</i>	296,723	--
0023 <i>School Leadership</i>	3,554,045	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	1,734,915	--
0032 <i>Social Work Services</i>	112,904	--
0033 <i>Health Services</i>	679,340	--
0034 <i>Student Transportation</i>	4,280,314	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	1,235,537	--
0041 <i>General Administration</i>	1,962,148	--
0051 <i>Plant Maintenance and Operations</i>	6,779,032	--
0052 <i>Security and Monitoring Services</i>	346,189	--
0053 <i>Data Processing Services</i>	713,975	--
0061 <i>Community Services</i>	125,768	--
0071 <i>Principal on Long-term Debt</i>	--	--
0072 <i>Interest on Long-term Debt</i>	--	2,983,888
0073 <i>Bond Issuance Costs and Fees</i>	--	2,000
0081 <i>Capital Outlay</i>	580,010	--
0093 <i>Payments to Shared Service Arrangements</i>	884,403	--
0099 <i>Other Intergovernmental Charges</i>	580,813	--
6030 <b>Total Expenditures</b>	<u>62,570,276</u>	<u>2,985,888</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>		
1100 <b>Expenditures</b>	<u>(3,201,644)</u>	<u>18,197</u>
Other Financing Sources and (Uses):		
7915 <i>Transfers In</i>	--	--
8911 <i>Transfers Out</i>	(306,003)	--
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>(306,003)</u>	<u>--</u>
1200 <b>Net Change in Fund Balances</b>	<u>(3,507,647)</u>	<u>18,197</u>
0100 <b>Fund Balances - Beginning</b>	17,641,525	1,578,253
3000 <b>Fund Balances - Ending</b>	<u>\$ 14,133,878</u>	<u>\$ 1,596,450</u>

The accompanying notes are an integral part of this statement.

60 Series 2007 Cedar Creek High School	60 Series 2007 Athletic Facility	Other Governmental Funds	98 Total Governmental Funds
\$ 715,965	\$ 398,181	\$ 10,228,073	\$ 41,812,704
2,672	678	4,517,902	36,273,357
--	--	8,871,224	9,021,351
<u>718,637</u>	<u>398,859</u>	<u>23,617,199</u>	<u>87,107,412</u>
--	--	4,859,670	42,230,777
--	--	--	900,460
--	--	916,679	1,349,272
--	--	250,067	546,790
--	--	--	3,554,045
--	--	1,259,115	2,994,030
--	--	40,868	153,772
--	--	33,214	712,554
--	--	891	4,281,205
--	--	4,353,744	4,353,744
--	--	60,673	1,296,210
--	--	--	1,962,148
--	--	21,063	6,800,095
--	--	7,078	353,267
--	--	2,500	716,475
--	--	501,214	626,982
--	--	4,583,280	4,583,280
--	--	6,162,190	9,146,078
--	--	15,521	17,521
27,056,782	14,437,305	12,636,685	54,710,782
--	--	905,780	1,790,183
--	--	--	580,813
<u>27,056,782</u>	<u>14,437,305</u>	<u>36,610,232</u>	<u>143,660,483</u>
<u>(26,338,145)</u>	<u>(14,038,446)</u>	<u>(12,993,033)</u>	<u>(56,553,071)</u>
--	--	306,003	306,003
--	--	--	(306,003)
--	--	306,003	--
<u>(26,338,145)</u>	<u>(14,038,446)</u>	<u>(12,687,030)</u>	<u>(56,553,071)</u>
26,762,612	16,905,901	24,222,598	87,110,889
<u>\$ 424,467</u>	<u>\$ 2,867,455</u>	<u>\$ 11,535,568</u>	<u>\$ 30,557,818</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, 2009*

Net change in fund balances - total governmental funds	\$ (56,553,071)
Amounts reported for governmental activities in the statement of activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	54,718,172
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,935,002)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(152,359)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	4,583,280
The accretion of interest on capital appreciation bonds is not reported in the funds.	(688,350)
(Increase) decrease in accrued interest from beginning of period to end of period.	(395,755)
The net revenue (expense) of internal service funds is reported with governmental activities.	546,008
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(36,768)
Bond premiums are reported in the funds but not in the SOA.	<u>401,696</u>
Change in net assets of governmental activities - statement of activities	<u>\$ (512,149)</u>

The accompanying notes are an integral part of this statement.

**BASTROP INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET ASSETS

## PROPRIETARY FUNDS

JUNE 30, 2009

Data Control Codes	Nonmajor Enterprise Funds	Internal Service Funds
<b>ASSETS:</b>		
Current Assets:		
1110 <i>Cash and Cash Equivalents</i>	\$ 503,384	\$ 1,233,660
1120 <i>Investments</i>	100	851,043
<i>Receivables:</i>		
1260 <i>Due from Other Funds</i>	15	--
1290 <i>Other Receivables (net)</i>	10,191	--
	<u>513,690</u>	<u>2,084,703</u>
1000 Total Assets	<u>\$ 513,690</u>	<u>\$ 2,084,703</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 29,350	\$ 4,890
2150 <i>Payroll Deduction &amp; Withholdings</i>	7,313	--
2160 <i>Accrued Wages Payable</i>	45,660	--
2170 <i>Due to Other Funds</i>	3,202	15
2200 <i>Accrued Expenditures/Expenses</i>	--	639,641
	<u>85,525</u>	<u>644,546</u>
2000 Total Liabilities	<u>85,525</u>	<u>644,546</u>
<b>NET ASSETS:</b>		
3900 <i>Unrestricted Net Assets</i>	192,838	546,008
3000 Total Net Assets	<u>\$ 428,165</u>	<u>\$ 1,440,157</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, 2009

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
	<b>OPERATING REVENUES:</b>		
5700	<i>Local and Intermediate Sources</i>	\$ 1,135,883	\$ 911,149
5800	<i>State Program Revenues</i>	31,919	1,753
5020	Total Revenues	1,167,802	912,902
	<b>OPERATING EXPENSES:</b>		
6100	<i>Payroll Costs</i>	733,973	25,455
6200	<i>Professional and Contracted Services</i>	91,923	64,328
6300	<i>Supplies and Materials</i>	80,507	44,932
6400	<i>Other Operating Costs</i>	68,561	232,179
6030	Total Expenses	974,964	366,894
1300	Change in Net Assets	192,838	546,008
0100	Total Net Assets - Beginning	235,327	894,149
3300	Total Net Assets - Ending	\$ 428,165	\$ 1,440,157

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, 2009

	Nonmajor Enterprise Funds	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 1,126,002	\$ 911,163
Cash Received from Grants	30,438	1,753
Cash Receipts from Other Funds	--	--
Cash Payments to Employees for Services	(744,637)	(25,455)
Cash Payments to Other Suppliers for Goods and Services	(241,764)	(624,654)
Net Cash Provided (Used) by Operating Activities	<u>170,039</u>	<u>262,807</u>
<b>Cash Flows from Investing Activities:</b>		
Sale of Investment Securities	--	221,142
Transfer to Other Funds	(581)	15
Net Cash Provided (Used) for Investing Activities	<u>(581)</u>	<u>221,157</u>
Net Increase (Decrease) in Cash and Cash Equivalents	169,458	483,964
Cash and Cash Equivalents at Beginning of Year	334,196	749,696
Cash and Cash Equivalents at End of Year	<u>\$ 503,654</u>	<u>\$ 1,233,660</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 192,838	\$ 546,008
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	--	--
Provision for Uncollectible Accounts	--	--
Change in Assets and Liabilities:		
Decrease (Increase) in Receivables	(9,881)	14
Increase (Decrease) in Accounts Payable	(773)	(4,695)
Increase (Decrease) in Other Liabilities	689	--
Increase (Decrease) in Accrued Wages Payable	(12,834)	(278,520)
Total Adjustments	<u>(22,799)</u>	<u>(283,201)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 170,039</u>	<u>\$ 262,807</u>

The accompanying notes are an integral part of this statement.

**BASTROP INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

JUNE 30, 2009

Data Control Codes	Private-purpose Trust Fund	Agency Fund
<u>ASSETS:</u>	<u>Private Scholarship Trust</u>	<u>Student Activity</u>
1110 <i>Cash and Cash Equivalents</i>	\$ 3,042	\$ 76,883
1120 <i>Current Investments</i>	242,035	126,475
1290 <i>Other Receivables</i>	--	80
1000 Total Assets	<u>\$ 245,077</u>	<u>\$ 203,438</u>
 <b>LIABILITIES:</b>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ --	\$ 14,141
2150 <i>Payroll Deduction &amp; Withholdings</i>	--	4
2160 <i>Accrued Wages Payable</i>	--	225
2170 <i>Due to Other Funds</i>	--	193
2190 <i>Due to Student Groups</i>	500	154,195
2000 Total Liabilities	<u>500</u>	<u>168,758</u>
 <b>NET ASSETS</b>		
3800 <i>Held in Trust</i>	244,577	--
3000 Total Net Assets	<u>\$ 244,577</u>	<u>\$ 34,680</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, 2009

	Private- Purpose Trusts
	Private- Scholarship Trust
<b>Additions:</b>	
Investment Income	\$ 3,156
Gifts and Bequests	1,340
Total Additions	<u>4,496</u>
<b>Deductions:</b>	
Scholarship Awards	1,700
Total Deductions	<u>1,700</u>
<b>Change in Net Assets</b>	2,796
Net Assets-Beginning of the Year	241,781
Net Assets-End of the Year	<u>\$ 244,577</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, 2009*

### 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, 2009*

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 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.

# **BASTROP INDEPENDENT SCHOOL DISTRICT**

## *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED JUNE 30, 2009*

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, 2009

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, 2009

### 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>	
Over expenditure at the Function Level			
General Fund			
#11	Instruction	\$ 2,342	Closely monitor costs.
#34	Student Transportation	109,904	Closely monitor costs.
#36	Cocurricular	19,051	Closely monitor costs.
#51	Plant Maintenance	342,574	Closely monitor costs.
#61	Community Services	7,342	Closely monitor costs.
#81	Capital Outlay	255,010	Closely monitor costs.
#93	Payment to Fiscal Agent	99,948	Closely monitor costs.

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

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
IDEA-B Formula	\$ 3,439	Intergovernmental billings.
Life Skills Program	5	Intergovernmental billings.
Advanced Placement Incentives	800	Intergovernmental billings.
Optional Extended Year Program	1,879	Intergovernmental billings.
Student Success Initiative	596	Intergovernmental billings.

### 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, 2009, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$283,942 and the bank balance was \$1,243,544. The District's cash deposits at June 30, 2009 and during the period ended June 30, 2009, 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.

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

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, 2008 are shown below.

Investment or Investment Type	Maturity	Ratings	Fair Value	Percentage
TexPool Investment Pool	28 days average	AAAm	\$ 28,409,888	66%
Lone Star Investment Pool	24 days average	AAA	14,949,095	34%
Total Investments			<u>\$ 43,358,983</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.

#### 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.

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

### 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.

### D. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

	As Restated	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 7,517,434	\$ 569,049	\$ --	\$ 8,086,483
Construction in progress	2,720,868	52,589,956	77,800	55,233,024
Total capital assets not being depreciated	<u>10,238,302</u>	<u>53,159,005</u>	<u>77,800</u>	<u>63,319,507</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	123,333,629	1,502,203	--	124,835,832
Furniture & Equipment	3,087,543	134,764	--	3,222,307
Total capital assets being depreciated	<u>126,421,172</u>	<u>1,636,967</u>	<u>--</u>	<u>128,058,139</u>
Less accumulated depreciation for:				
Buildings and improvements	23,058,322	2,610,726	--	25,669,048
Furniture & Equipment	2,211,505	324,276	--	2,535,781
Total accumulated depreciation	<u>25,269,827</u>	<u>2,935,002</u>	<u>--</u>	<u>28,204,829</u>
Total capital assets being depreciated, net	<u>101,151,345</u>	<u>(1,298,035)</u>	<u>--</u>	<u>99,853,310</u>
Governmental activities capital assets, net	<u>\$ 111,389,647</u>	<u>\$ 51,860,970</u>	<u>\$ 77,800</u>	<u>\$ 163,172,817</u>

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

Depreciation was charged to functions as follows:

Instruction	\$ 1,772,309
Instructional Resources and Media Services	48,644
Curriculum and Staff Development	9,623
Instructional Leadership	8,751
School Leadership	183,441
Guidance, Counseling, & Evaluation Services	97,956
Social Work Services	1,004
Health Services	39,651
Student Transportation	276,590
Food Services	194,835
Extracurricular Activities	187,568
General Administration	30,325
Plant Maintenance and Operations	54,667
Security and Monitoring Services	14,142
Community Services	12,979
Facilities Acquisition and Construction	2,517
	<u>\$ 2,935,002</u>

### E. Interfund Balances and Activities

#### 1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2009, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ 2,185,166	Short-term loans
2007 Debt Service Fund	Nonmajor Debt Service Funds	--	Short-term loans
General Fund	2007 Debt Service Fund	5,592,731	Short-term loans
Other Governmental Funds	Nonmajor Enterprise Funds	3,202	Short-term loans
Other Governmental Funds	Internal Service Fund	15	Short-term loans
General Fund	Fiduciary Fund	366	Short-term loans
General Fund	Cedar Creek Capital Projects	8,005	Short-term loans
General Fund	Athletic Facility Capital Projects	6,392	Short-term loans
General Fund	Other SubGeneral Funds	132,594	Short-term loans
	Total	<u>\$ 7,928,471</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, 2009, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Debt Service Fund	\$ 306,003	Supplement other funds sources for tax notes debt service
	Total	<u>\$ 306,003</u>	



# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

### 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, 2009, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 150,180,041	\$ --	\$ 4,378,280	\$ 145,801,761	2,100,746
Maintenance Tax Notes	2,005,000	--	205,000	1,800,000	215,000
Accum. Accretion on CAB	17,149,712	3,295,070	2,606,720	17,838,062	--
Other long-term liabilities*	203,719	--	203,719	--	--
Total governmental activities	<u>\$ 169,538,472</u>	<u>\$ 3,295,070</u>	<u>\$ 7,393,719</u>	<u>\$ 165,439,823</u>	<u>\$ 2,315,746</u>

\* Other long-term liabilities

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

Liability	Activity Type	Fund
Other long-term liabilities*	Governmental	Capital Projects

#### 2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2009, are as follows:

Year Ending June 30,	General Obligation		
	Principal	Interest	Total
2010	\$ 2,100,746	\$ 9,034,659	\$ 11,135,405
2011	1,957,228	8,852,746	10,809,974
2012	1,969,840	8,916,784	10,886,624
2013	2,238,131	8,991,130	11,229,261
2014	1,668,064	10,047,534	11,715,598
2015-2019	8,951,492	49,675,154	58,626,646
2020-2024	18,337,136	40,545,890	58,883,026
2025-2029	25,090,168	33,620,082	58,710,250
2030-2034	33,353,671	24,966,477	58,320,148
2035-2039	36,720,285	8,398,239	45,118,524
2039-2042	13,415,000	1,433,250	14,848,250
Totals	<u>\$ 145,801,761</u>	<u>\$ 204,481,945</u>	<u>\$ 350,283,706</u>

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

Year Ending June 30,	Maintenance Tax Notes		
	Principal	Interest	Total
2010	\$ 215,000	\$ 91,162	\$ 306,162
2011	230,000	80,735	310,735
2012	240,000	69,523	309,523
2013	255,000	57,522	312,522
2014	270,000	44,518	314,518
2014-2016	590,000	46,540	636,540
Totals	<u>\$ 1,800,000</u>	<u>\$ 390,000</u>	<u>\$ 2,190,000</u>

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

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

### 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, 2009, 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.

<u>Bond Issue</u>	<u>Amount</u>
Series 1997	\$ 17,875,000
Series 2002	22,097,467
Total	<u>\$ 39,972,467</u>

### 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 2009, 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 (the "System"), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778.

#### 2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. The District's employees' contributions to the System for the fiscal periods ending in 2009, 2008 and 2007 were \$2,955,281, \$2,783,768 and \$2,590,118, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the fiscal periods ending in 2009, 2008 and 2007 were \$599,564, \$560,491, and \$459,406, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$2,753,603.

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

### I. Health Care Coverage

During the period ended June 30, 2009, 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](http://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 2009, 2008 and 2007. 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 years ended August 31, 2009, 2008, and 2007, the State's contributions to TRS-Care were \$398,726, \$379,348, and \$350,102, respectively, the active member contributions were \$259,172, \$246,576, and \$227,566, respectively, and the school district's contributions were \$219,299, \$208,641, and \$12,556, respectively, which equaled the required contributions each year.

### K. On-Behalf Payments

The District beneficiary of certain payments made other entities relating to fringe benefits. These payments are recorded in the government-wide and fund financial statements as state and/or federal revenues and payroll expenditures. These contributions are the responsibility of the state or federal government as detailed below.

Description	On-Behalf Amount
State contributions to the TRS retirement plan	\$ 2,753,603
Medicare Part D drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants	107,048
	<u>\$ 2,860,651</u>

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

### L. 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, 2009.

### M. 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	\$ 1,149,171
La Grange ISD	313,094
Smithville ISD	293,144
Total	<u>\$ 1,755,409</u>

### N. Subsequent Events

The District issued \$38.35 million in Unlimited Tax School Building Bonds, Series 2009 on July 15, 2009 relating to continued high school construction.

## *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, 2009

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	Local and Intermediate Sources	\$ 25,423,473	\$ 27,525,296	\$ 27,466,400	\$ (58,896)		
5800	State Program Revenues	32,731,664	31,570,141	31,752,105	181,964		
5900	Federal Program Revenues	177,500	177,500	150,127	(27,373)		
5020	Total Revenues	<u>58,332,637</u>	<u>59,272,937</u>	<u>59,368,632</u>	<u>95,695</u>		
<b>EXPENDITURES:</b>							
Current:							
Instruction & Instructional Related Services:							
0011	Instruction	35,178,692	37,368,765	37,371,107	(2,342)		
0012	Instructional Resources and Media Services	905,952	905,952	900,460	5,492		
0013	Curriculum and Staff Development	436,832	440,203	432,593	7,610		
	Total Instruction & Instr. Related Services	<u>36,521,476</u>	<u>38,714,920</u>	<u>38,704,160</u>	<u>10,760</u>		
Instructional and School Leadership:							
0021	Instructional Leadership	317,969	318,069	296,723	21,346		
0023	School Leadership	3,536,300	3,558,000	3,554,045	3,955		
	Total Instructional & School Leadership	<u>3,854,269</u>	<u>3,876,069</u>	<u>3,850,768</u>	<u>25,301</u>		
Support Services - Student (Pupil):							
0031	Guidance, Counseling and Evaluation Services	1,731,002	1,737,723	1,734,915	2,808		
0032	Social Work Services	119,400	119,582	112,904	6,678		
0033	Health Services	709,848	709,848	679,340	30,508		
0034	Student (Pupil) Transportation	4,520,410	4,170,410	4,280,314	(109,904)		
0035	Food Services	53,526	53,526	--	53,526		
0036	Cocurricular/Extracurricular Activities	1,175,686	1,216,486	1,235,537	(19,051)		
	Total Support Services - Student (Pupil)	<u>8,309,872</u>	<u>8,007,575</u>	<u>8,043,010</u>	<u>(35,435)</u>		
Administrative Support Services:							
0041	General Administration	1,910,444	1,962,844	1,962,148	696		
	Total Administrative Support Services	<u>1,910,444</u>	<u>1,962,844</u>	<u>1,962,148</u>	<u>696</u>		
Support Services - Nonstudent Based:							
0051	Plant Maintenance and Operations	6,234,358	6,436,458	6,779,032	(342,574)		
0052	Security and Monitoring Services	347,972	347,972	346,189	1,783		
0053	Data Processing Services	762,586	768,986	713,975	55,011		
	Total Support Services - Nonstudent Based	<u>7,344,916</u>	<u>7,553,416</u>	<u>7,839,196</u>	<u>(285,780)</u>		
Ancillary Services:							
0061	Community Services	117,776	118,426	125,768	(7,342)		
	Total Ancillary Services	<u>117,776</u>	<u>118,426</u>	<u>125,768</u>	<u>(7,342)</u>		
Capital Outlay:							
0081	Capital Outlay	325,000	325,000	580,010	(255,010)		
	Total Capital Outlay	<u>325,000</u>	<u>325,000</u>	<u>580,010</u>	<u>(255,010)</u>		
Intergovernmental Charges:							
0093	Payments to Fiscal Agent/Member Dist.-SSA	784,455	784,455	884,403	(99,948)		
0099	Other Intergovernmental Charges	618,074	618,074	580,813	37,261		
	Total Intergovernmental Charges	<u>1,402,529</u>	<u>1,402,529</u>	<u>1,465,216</u>	<u>(62,687)</u>		
6030	Total Expenditures	<u>59,786,282</u>	<u>61,960,779</u>	<u>62,570,276</u>	<u>(609,497)</u>		

**BASTROP INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2009

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(1,453,645)</u>	<u>(2,687,842)</u>	<u>(3,201,644)</u>	<u>(513,802)</u>
	Other Financing Sources (Uses):				
7915	Transfers In	--	5,000	--	(5,000)
8911	Transfers Out	<u>(306,003)</u>	<u>(306,003)</u>	<u>(306,003)</u>	--
7080	Total Other Financing Sources and (Uses)	<u>(306,003)</u>	<u>(301,003)</u>	<u>(306,003)</u>	<u>(5,000)</u>
1200	Net Change in Fund Balance	<u>(1,759,648)</u>	<u>(2,988,845)</u>	<u>(3,507,647)</u>	<u>(518,802)</u>
0100	Fund Balance - Beginning	17,641,525	17,641,525	17,641,525	--
3000	Fund Balance - Ending	<u>\$ 15,881,877</u>	<u>\$ 14,652,680</u>	<u>\$ 14,133,878</u>	<u>\$ (518,802)</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, 2009*

Year Ended June 30	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2000 and Prior Years	\$ Various	\$ Various	\$ Various
2001	1.4017	.125	1,012,197,223
2002	1.4217	.105	1,291,981,536
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 (School Year Under Audit)	1.04	.441	2,450,924,781

1000 Totals

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

10 Beginning Balance 7/1/08	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/09
\$ 663,226	\$ --	\$ 31,321	\$ 3,096	\$ (73,230)	\$ 555,579
162,657	--	13,917	1,241	(3,584)	143,915
218,966	--	19,677	1,453	(4,513)	193,323
310,816	--	34,233	3,341	(7,632)	265,610
428,535	--	84,288	8,035	(7,716)	328,496
611,876	--	141,251	22,789	(2,734)	445,102
761,360	--	200,993	30,551	(4,452)	525,364
1,045,955	--	288,589	53,083	(20,431)	683,852
2,146,126	--	766,293	339,674	(131,469)	908,690
--	36,298,196	24,458,990	10,371,553	660,962	2,128,615
<u>\$ 6,349,517</u>	<u>\$ 36,298,196</u>	<u>\$ 26,039,551</u>	<u>\$ 10,834,817</u>	<u>\$ 405,201</u>	<u>\$ 6,178,546</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2010-2011  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009*

**FUNCTION 41 - GENERAL ADMINISTRATION**

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	\$ 1,152	\$ --	\$ 233,946	\$ 1,377,580	\$ --	\$ 510,426	\$ 2,123,104
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	--	--	--	--	48,974	--	48,974
6212	Audit Services	--	--	--	12,250	--	--	12,250
6213	Tax Appraisal and Collection	--	654,963	--	--	--	--	654,963
621X	Other Prof. Services	130	--	2,629	68,161	--	--	70,920
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	--	--
6240	Contr. Maint. and Repair	--	--	--	--	--	--	--
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	--	10,837	10,837
6290	Miscellaneous Contr.	--	--	--	--	--	6,636	6,636
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	170	--	4,128	178,995	--	--	183,293
6410	Travel, Subsistence, Stipends	12,569	--	7,276	15,368	--	16,971	52,184
6420	Ins. and Bonding Costs	--	--	--	26,543	--	--	26,543
6430	Election Costs	6,181	--	--	--	--	--	6,181
6490	Miscellaneous Operating	274	--	5,557	52,367	--	--	58,198
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 20,476 \$ 654,963 \$ 253,536 \$ 1,731,264 \$ 48,974 \$ 544,870 \$ 3,254,083

Total Expenditures for General and Special Revenue Funds (9) \$ 75,716,503

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 675,853
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 6,727,126
Food (Function 35, 6341 and 6499)	(13)	\$ 1,785,259
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 1,731,264

Subtotal 10,919,502

Net Allowed Direct Cost \$ 64,797,001

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 124,835,832
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)	3,222,307
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ --

(8) Note A - \$714,334 in Function 53 expenditures and \$580,813 in Function 99 expenditures are included in this report on administrative costs.

**BASTROP INDEPENDENT SCHOOL DISTRICT**  
*FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)*  
**GENERAL FUND**  
*AS OF JUNE 30, 2009*

**EXHIBIT J-3**

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2009 (Exhibit C-1 object 3000 for the General Fund only)	\$ 14,133,878
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	91,008
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	5,535,000
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	1,444,097
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09 - 5/31/10)	6,203,369
6	Estimate of delayed payments from state sources (58XX) including August payment delays	--
7	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
8	Estimate of delayed payments from federal sources (59XX)	1,359,709
9	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	14,633,183
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ (499,305)

If Item 11 is a Positive Number

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

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-4**

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 1,576,800	\$ 1,376,800	\$ 1,350,555	\$ (26,245)
5800	State Program Revenues	28,000	28,000	29,115	1,115
5900	Federal Program Revenues	2,593,800	2,962,850	2,989,356	26,506
5020	Total Revenues	<u>4,198,600</u>	<u>4,367,650</u>	<u>4,369,026</u>	<u>1,376</u>
<b>EXPENDITURES:</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	4,198,600	4,409,650	4,353,744	55,906
	Total Support Services - Student (Pupil)	<u>4,198,600</u>	<u>4,409,650</u>	<u>4,353,744</u>	<u>55,906</u>
6030	Total Expenditures	<u>4,198,600</u>	<u>4,409,650</u>	<u>4,353,744</u>	<u>55,906</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	(42,000)	15,282	57,282
1200	Net Change in Fund Balance	--	(42,000)	15,282	57,282
0100	Fund Balance - Beginning	568,257	568,257	568,257	--
3000	Fund Balance - Ending	<u>\$ 568,257</u>	<u>\$ 526,257</u>	<u>\$ 583,539</u>	<u>\$ 57,282</u>

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-5**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	Local and Intermediate Sources	\$ 10,037,347	\$ 6,419,340	\$ 6,888,252	\$ 468,912		
5800	State Program Revenues	1,421,667	1,421,667	1,820,415	398,748		
5020	Total Revenues	<u>11,459,014</u>	<u>7,841,007</u>	<u>8,708,667</u>	<u>867,660</u>		
<b>EXPENDITURES:</b>							
Debt Service:							
0071	Principal on Long-Term Debt	2,358,280	4,583,280	4,583,280	--		
0072	Interest on Long-Term Debt	5,040,232	5,040,232	5,040,231	1		
0073	Bond Issuance Costs and Fees	7,600	25,600	13,121	12,479		
	Total Debt Service	<u>7,406,112</u>	<u>9,649,112</u>	<u>9,636,632</u>	<u>12,480</u>		
6030	Total Expenditures	<u>7,406,112</u>	<u>9,649,112</u>	<u>9,636,632</u>	<u>12,480</u>		
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	<u>4,052,902</u>	<u>(1,808,105)</u>	<u>(927,965)</u>	<u>880,140</u>		
Other Financing Sources (Uses):							
7915	Transfers In	<u>306,003</u>	<u>306,003</u>	<u>306,003</u>	--		
7080	Total Other Financing Sources and (Uses)	<u>306,003</u>	<u>306,003</u>	<u>306,003</u>	--		
1200	Net Change in Fund Balance	<u>4,358,905</u>	<u>(1,502,102)</u>	<u>(621,962)</u>	<u>880,140</u>		
0100	Fund Balance - Beginning	4,869,656	4,869,656	4,869,656	--		
3000	Fund Balance - Ending	<u>\$ 9,228,561</u>	<u>\$ 3,367,554</u>	<u>\$ 4,247,694</u>	<u>\$ 880,140</u>		

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-6**

SERIES 2007 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	<i>Local and Intermediate Sources</i>	\$ --	\$ 2,985,888	\$ 3,004,085	\$ 18,197
5020	Total Revenues	--	2,985,888	3,004,085	18,197
<b>EXPENDITURES:</b>					
Debt Service:					
0072	<i>Interest on Long-Term Debt</i>	2,983,888	2,983,888	2,983,888	--
0073	<i>Bond Issuance Costs and Fees</i>	--	2,000	2,000	--
	Total Debt Service	2,983,888	2,985,888	2,985,888	--
6030	Total Expenditures	2,983,888	2,985,888	2,985,888	--
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(2,983,888)	--	18,197	18,197
1200	Net Change in Fund Balance	(2,983,888)	--	18,197	18,197
0100	Fund Balance - Beginning	1,578,253	1,578,253	1,578,253	--
3000	Fund Balance - Ending	\$ (1,405,635)	\$ 1,578,253	\$ 1,596,450	\$ 18,197

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-7**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	<i>Local and Intermediate Sources</i>		\$ --	\$ 1,124,359	\$ 1,160,958	\$ 36,599	
5020	Total Revenues		<u>--</u>	<u>1,124,359</u>	<u>1,160,958</u>	<u>36,599</u>	
<b>EXPENDITURES:</b>							
Debt Service:							
0072	<i>Interest on Long-Term Debt</i>		1,121,959	1,121,959	1,121,959	--	
0073	<i>Bond Issuance Costs and Fees</i>		2,400	2,400	2,400	--	
	Total Debt Service		<u>1,124,359</u>	<u>1,124,359</u>	<u>1,124,359</u>	<u>--</u>	
6030	Total Expenditures		<u>1,124,359</u>	<u>1,124,359</u>	<u>1,124,359</u>	<u>--</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures		<u>(1,124,359)</u>	--	36,599	36,599	
1200	Net Change in Fund Balance		<u>(1,124,359)</u>	--	36,599	36,599	
0100	Fund Balance - Beginning		(34,895)	(34,895)	(34,895)	--	
3000	Fund Balance - Ending		<u>\$ (1,159,254)</u>	<u>\$ (34,895)</u>	<u>\$ 1,704</u>	<u>\$ 36,599</u>	



**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, 2009, which collectively comprise the Bastrop Independent School District's basic financial statements and have issued our report thereon dated November 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

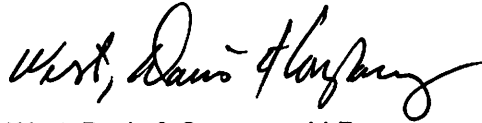
Compliance and Other Matters

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, appearing to read "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP  
November 10, 2009

**West, Davis & Company, LLP**  
11824 Jollyville Road, Suite 100  
Austin, Texas 78759

**Independent Auditors' Report**

Report on Compliance with Requirements Applicable  
To 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 the compliance of Bastrop Independent School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bastrop Independent School District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

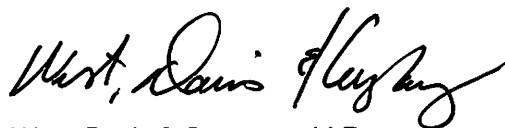
functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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, appearing to read "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP  
November 10, 2009

**BASTROP INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

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   X   No

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

Noncompliance material to financial statements noted?      Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes   X   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 Circular A-133?      Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A	IDEA-B Formula
84.287C	21st Century Community Learning Centers

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

Auditee qualified as low-risk auditee?   X   Yes      No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT K-1**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

Data Control Codes	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
	<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
	Direct Program:			
272	Medicaid Administrative Claiming Program - MAC *	93.778	011-901	\$ 8,017
	Total U. S. Department of Health and Human Services			<u>8,017</u>
	<b>U. S. DEPARTMENT OF EDUCATION</b>			
	Direct Program:			
206	ESEA Title X Part C - Education for Homeless Children and Youth	84.196	011-901	4,756
	Passed Through State Department of Education:			
211	ESEA Title I Part A - Improving Basic Programs	84.010A	09610101011901	1,293,650
212	ESEA Title I Part C - Migratory Children	84.011	09615001011901	61,899
224	IDEA-B Formula *	84.027A	0966000101190166	639,625
226	IDEA-B Discretionary *	84.027A	0866000101190166	33,814
224	SSA IDEA-B Formula *	84.027A	0966000101190166	2,328,268
	Total CFDA Number 84.027A			<u>3,001,707</u>
244	Vocational Education - Basic Grant	84.048	09420006011901	88,406
225	IDEA-B Preschool *	84.173A	0966100101190166	--
225	SSA IDEA-B Preschool *	84.173A	0966100101190166	42,590
	Total CFDA Number 84.173A			<u>42,590</u>
204	ESEA Title IV Safe & Drug Free Schools & Communities Act	84.186A	09691001011901	29,431
206	ESEA Title III Subtitle B - Homeless Children and Youth	84.196	011-901	--
265	21st Century Community Learning Centers	84.287C	086950107110004	400,422
262	Enhancing Education Through Technology	84.318X	09630001011901	11,421
263	English Language Acquisition and Language Enhancement	84.365A	09671001011901	139,067
255	ESEA Title II Part A - Teacher & Principal Training & Recruitment	84.367A	09694501011901	226,338
	Total Passed Through State Department of Education			<u>5,294,932</u>
	Total U. S. Department of Education			<u>5,299,688</u>
	<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
	Passed Through State Department of Education:			
241	Food Distribution	10.550	011-901	222,050
240	School Breakfast Program *	10.553	71400901	642,507
240	National School Lunch Program *	10.555	71300901	2,124,799
	Total Passed Through State Department of Education			<u>2,989,356</u>
	Total U. S. Department of Agriculture			<u>2,989,356</u>
	<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>8,297,061</u></b>

\* 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, 2009*

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, 2009*

<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?	\$ 17,838,062