

**BASTROP  
INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED JUNE 30, 2010*

Bastrop Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2010

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*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, 2010, at a meeting of the board of trustees of such school district on the  16th  day of  November ,  2010 .

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

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

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

*Financial Section*

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

**Independent Auditors' Report on Financial Statements**

Board of Trustees  
Bastrop Independent School District  
Bastrop, Texas

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Bastrop Independent School District as of and for the year ended June 30, 2010, 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' 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, 2010, 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 8, 2010, on our consideration of Bastrop Independent School District' 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' 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.

A handwritten signature in cursive script that reads "West, Davis & Company".

West, Davis & Company, LLP  
November 8, 2010



## **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, 2010. 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 eighth consecutive year earned a rating of Superior Achievement by the Texas Education Agency under its Financial Integrity Rating System of Texas (FIRST). The district received 75 out of 80 points used to determine the overall financial health and stability of school districts throughout Texas.
- The District's total net assets were \$19.0 million.
- Net assets of our business-type activities (employee daycare, community education, Bastrop ISD food service catering, and STARS after-school program) changed by \$51,595, resulting in total net assets of \$479,760.
- The General Fund ended the year with a fund balance of \$12.7 million, \$1.4 million less than the previous year. Contributing factors were: \$779,774 payment for tennis courts at Bastrop High School, 5.5 additional teaching positions, technology requests, high utility costs, and an increase in the transportation contract.
- 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. On Wednesday, July 15, 2009, the District marketed the remaining \$38.35 Unlimited Tax School Building Bonds, Series 2009 at a true interest rate of 4.91%. 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. The new \$65.7 million Cedar Creek High School opened in August of 2010.

## **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 \$22.2 million to \$19.0 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 \$13.5 million at June 30, 2010.

In 2010, net assets of our business-type activities increased by \$51,595. This increase was due to an increase in the after-school program (STARS), the food service catering, and the Bastrop High School BISTRO programs, and the employee daycare, while the Community Education Program had a deficit.

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

	NET ASSETS in thousands					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	53,498	60,690	529	510	54,027	61,200
Capital assets	199,068	163,173	-	-	199,068	163,173
Total assets	252,566	223,863	529	510	253,095	224,373
Long-term liabilities	210,771	163,124			210,771	163,124
Other liabilities	22,767	38,525	49	82	22,816	38,607
Total liabilities	233,538	201,649	49	82	233,587	201,731
Net Assets:						
Invested in capital assets net of related debt	721	(208)	-	-	721	(208)
Restricted	4,787	4,732	-	-	4,787	4,732
Unrestricted	13,520	17,690	480	428	14,000	18,118
Total net assets	19,028	22,214	480	428	19,508	22,642

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

**CHANGES IN NET ASSETS**  
in thousands

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	1,440	1,514	890	1,013	2,330	2,527
Operating grants and contributions	9,300	8,910	-	-	9,300	8,910
General Revenues:						
Maintenance and operations taxes	27,251	26,543	-	-	27,251	26,543
Debt Service taxes	11,510	11,098	-	-	11,510	11,098
Grants and Contributions not restricted to specific functions	42,329	36,384	38	32	42,367	36,416
Investment Earnings	113	1,845	-	-	113	1,845
Miscellaneous	1,030	661	114	123	1,144	784
Transfers	-	-	-	-	-	-
Total Revenue	<u>92,973</u>	<u>86,955</u>	<u>1,042</u>	<u>1,168</u>	<u>94,015</u>	<u>88,123</u>
Expenses:						
Instruction, curriculum and media services	48,187	45,738	-	-	48,187	45,738
Instructional and school leadership	4,439	4,293	-	-	4,439	4,293
Student support services	8,625	8,557	-	-	8,625	8,557
Child nutrition	4,667	4,534	-	-	4,667	4,534
Expenses (continued):						
Co-curricular activities	2,037	1,484	-	-	2,037	1,484
General administration	2,250	1,993	-	-	2,250	1,993
Plant maintenance, security and data processing	9,794	7,866	-	-	9,794	7,866
Community services	1,277	640	-	-	1,277	640
Debt services	11,894	10,230	-	-	11,894	10,230
Bond Issuance cost	88	(347)	-	-	88	(347)
Capital Outlay	-	109	-	-	-	109
Payments related to SSA	2,281	1,790	-	-	2,281	1,790
Other Intergovernmental Charges	621	580	-	-	621	580
Other business-type activities	-	-	990	975	990	975
Total Expenses	<u>96,160</u>	<u>87,467</u>	<u>990</u>	<u>975</u>	<u>97,150</u>	<u>88,442</u>
Increase in net assets before transfers and special items	(3,187)	(512)	52	193	(3,135)	(319)
Special items	-	-	-	-	-	-
Net assets at Beginning	<u>22,215</u>	<u>22,727</u>	<u>428</u>	<u>235</u>	<u>22,643</u>	<u>22,962</u>
Net assets at Ending	<u>19,028</u>	<u>22,215</u>	<u>480</u>	<u>428</u>	<u>19,508</u>	<u>22,643</u>

The cost of all governmental activities this year was \$96.2 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 \$38.8 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 \$28,454,158, a decrease of \$2,103,660 due to a decrease of \$1,372,564 in the general fund, an increase of \$154,052 in the debt service fund, and a decrease of \$1,297,312 in capital projects. Approximately 27.8 percent of this total amount (\$7,904,793) 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 (\$142,265);
- Payment of debt service payments (\$5,999,900);
- Food Service (\$599,260);
- Capital projects (\$6,837,648);
- Construction (\$2,320,226);
- Claims and Judgments (\$100,000);
- Purchase of capital outlay (\$750,000); and
- Other miscellaneous designations (\$1,585,000)

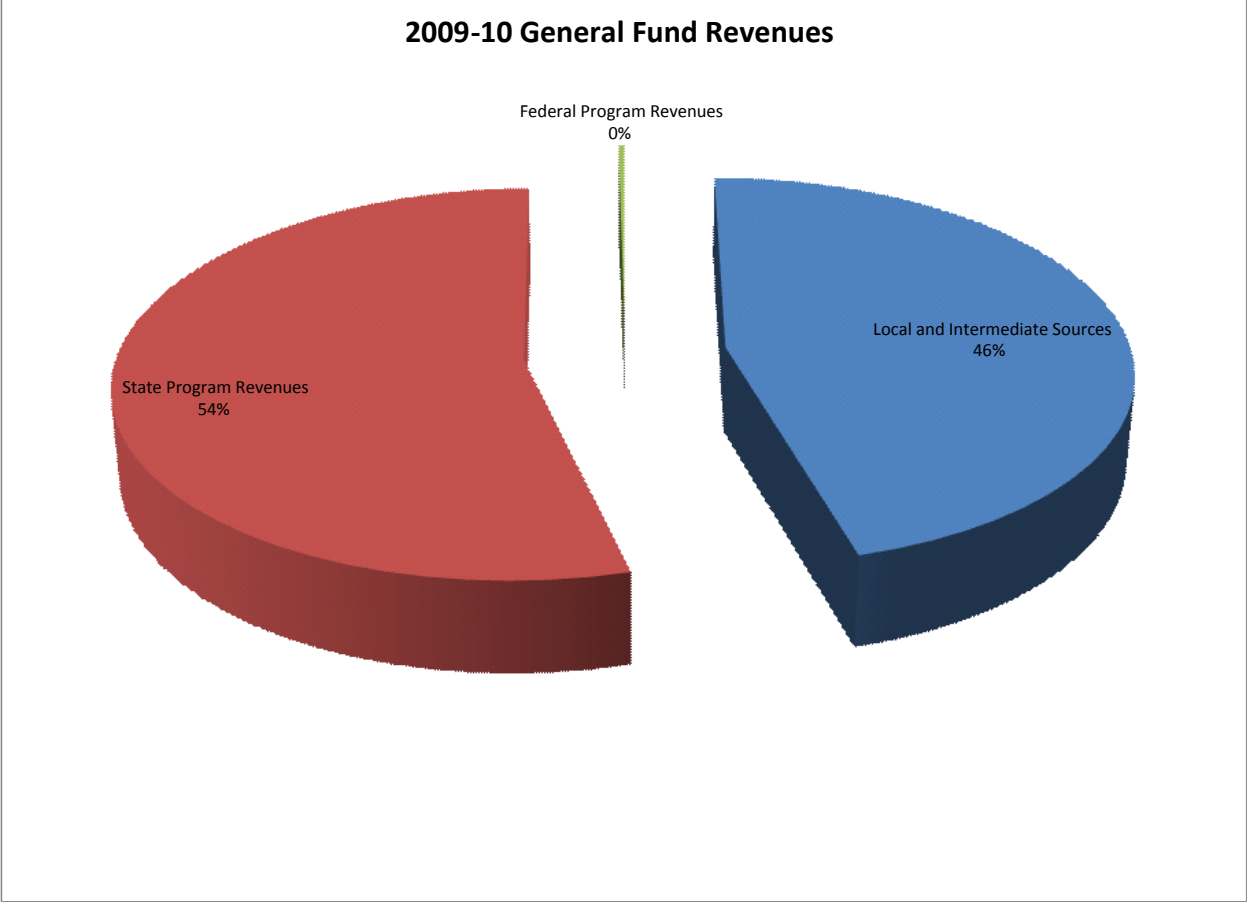
The general fund is the primary operating fund of the District. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$7,904,793 while the total fund balance was \$12,761,314. As a measure of the general fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance, and total fund balance to the total fund expenditures. Unreserved, undesignated fund balance represents 13.0 percent of the total general fund expenditures, while total fund balance represents 20.9 percent of that same amount.

The total fund balance of the District's general fund decreased by \$1,372,563. Key factors to this change are as follows:

- Increase in substitute teacher costs;
- Technology requests;
- Bastrop High School Tennis Courts;
- Increase in transportation contract;
- Increase utility costs.

The debt service fund has a total fund balance of \$5,999,900, all of which is reserved for the payment of debt service. The net increase in fund balance during the period in the debt service fund was \$154,052.

The District's total general revenues were \$59.95 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:

- \$ 485,868 increase in tax collections;
- \$ 315,715 increase for E-rate award;
- \$1,401,775 decrease in state aid;
- \$ 140,000 decrease in investment earnings; and
- \$ 30,828 TRS on Behalf (Accounting Entry Only).

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

- \$315,715 increase for E-rate expenditures;
- \$200,000 increase in transportation contract;
- \$ 16,000 increase for legal costs;
- \$ 28,000 increase for utilities;
- \$280,376 increase step for teachers;
- \$105,000 increase for payroll costs;
- \$246,000 increase for substitute teacher salaries; and
- \$ 30,828 increase for TRS on behalf (accounting entry only).

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of the 2009-10, the District had \$199.1 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 Cedar Creek High School, the new Performing Arts Center, the new athletic stadium, 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 \$183,046,014 million in bonds and notes outstanding versus \$147.6 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 2010-11 budget and tax rates. Factors considered during the budget process were the continuation of HB 3646 and the many complexities associated with state aid and setting the tax rate. The District initiated a program change to continue through the 2011-12 budget year. 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 new Cedar Creek High School opened in August 2010.

The district estimated a 1.1% enrollment growth based on prior year growth for 2010, and a 4% growth in property values for budget purposes. The 2010-11 tax rate is \$1.481, with \$1.04 for maintenance and operations and \$0.441 for debt service. The debt service tax rate remained the same for 2010-11

These indicators were taken into consideration when adopting the General Fund budget for 2011. Amounts available for appropriation in the General Fund budget are \$62.6 million. Budgeted expenditures are expected to be \$63.7 million. Teachers, nurses, counselors, and librarian received the increase required by HB 3646. Administrative and auxiliary staff did not receive pay increases for 2010-11. Eight and one half additional teaching positions and one paraprofessional position were added for the new Cedar Creek High School. The 2010-11 budget includes \$265,946 in technology requests. The initiation of the program change eliminated 11.5 positions from the 2010-11 budget. The program change will continue into 2011-12 with the Bastrop High School moving away from the block schedule to a seven period day. The new Cedar Creek High School was opened on a seven period schedule in anticipation of the program change. The 2010-11 budget also includes start up cost for the new Cedar Creek High School. The District did receive NIFA (New Instructional Facilities Allotment). 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, 2010

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110	\$ 1,353,803	\$ 529,010	\$ 1,882,813
1120	33,941,587	100	33,941,687
1225	5,937,084	--	5,937,084
1240	10,261,133	--	10,261,133
1250	136	--	136
1290	150,989	--	150,989
1300	142,266	--	142,266
1420	1,702,451	--	1,702,451
1490	8,801	--	8,801
Capital Assets:			
1510	8,203,440	--	8,203,440
1520	126,971,802	--	126,971,802
1530	592,159	--	592,159
1580	63,300,777	--	63,300,777
1000	<u>252,566,428</u>	<u>529,110</u>	<u>253,095,538</u>
<b>LIABILITIES:</b>			
2110	7,299,634	6,328	7,305,962
2140	4,265,417	--	4,265,417
2165	7,873,802	43,022	7,916,824
2180	664,621	--	664,621
2190	24,199	--	24,199
2300	22,834	--	22,834
Noncurrent Liabilities:			
2501	2,617,228	--	2,617,228
2502	210,770,681	--	210,770,681
2000	<u>233,538,416</u>	<u>49,350</u>	<u>233,587,766</u>
<b>NET ASSETS</b>			
3200	720,895	--	720,895
Restricted For:			
3820	330,696	--	330,696
3850	4,411,413	--	4,411,413
3860	44,704	--	44,704
3900	13,520,304	479,760	14,000,064
3000	<u>\$ 19,028,012</u>	<u>\$ 479,760</u>	<u>\$ 19,507,772</u>

The accompanying notes are an integral part of this statement.

# BASTROP INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	Governmental Activities:			
11	Instruction	\$ 45,573,136	\$ 63,858	\$ 2,828,668
12	Instructional Resources and Media Services	978,016	--	--
13	Curriculum and Staff Development	1,635,434	--	663,325
21	Instructional Leadership	621,375	--	53,283
23	School Leadership	3,817,646	--	--
31	Guidance, Counseling, & Evaluation Services	3,131,217	--	422,532
32	Social Work Services	156,669	--	39,204
33	Health Services	739,651	--	--
34	Student Transportation	4,597,232	--	--
35	Food Service	4,666,919	1,245,472	3,319,634
36	Cocurricular/Extracurricular Activities	2,037,418	130,968	--
41	General Administration	2,250,150	--	--
51	Plant Maintenance and Operations	8,641,764	--	--
52	Security and Monitoring Services	402,973	--	7,078
53	Data Processing Services	749,466	--	--
61	Community Services	1,277,407	--	1,066,736
72	Interest on Long-term Debt	11,894,358	--	--
73	Bond Issuance Costs and Fees	87,634	--	--
93	Payments Related to Shared Services Arrangements	2,280,740	--	899,294
99	Other Intergovernmental Charges	621,238	--	--
TG	Total Governmental Activities	<u>96,160,443</u>	<u>1,440,298</u>	<u>9,299,754</u>
	Business-type Activities:			
01	Food Service Catering	1,253	--	--
02	High School Bistro	65,703	--	--
03	Community Education	77,506	48,257	--
04	STARS After School Program	623,454	609,256	--
06	Employee Child Care	222,093	232,894	--
TB	Total Business-type Activities	<u>990,009</u>	<u>890,407</u>	<u>--</u>
TP	Total Primary Government	<u>\$ 97,150,452</u>	<u>\$ 2,330,705</u>	<u>\$ 9,299,754</u>
	General Revenues:			
MT	Property Taxes, Levied for General Purposes			
DT	Property Taxes, Levied for Debt Service			
IE	Investment Earnings			
GC	Grants and Contributions Not Restricted to Specific Programs			
MI	Miscellaneous			
TR	Total General Revenues			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
NE	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

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8

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (42,680,610)		\$ (42,680,610)
(978,016)		(978,016)
(972,109)		(972,109)
(568,092)		(568,092)
(3,817,646)		(3,817,646)
(2,708,685)		(2,708,685)
(117,465)		(117,465)
(739,651)		(739,651)
(4,597,232)		(4,597,232)
(101,813)		(101,813)
(1,906,450)		(1,906,450)
(2,250,150)		(2,250,150)
(8,641,764)		(8,641,764)
(395,895)		(395,895)
(749,466)		(749,466)
(210,671)		(210,671)
(11,894,358)		(11,894,358)
(87,634)		(87,634)
(1,381,446)		(1,381,446)
(621,238)		(621,238)
<u>(85,420,391)</u>		<u>(85,420,391)</u>
--	\$ (1,253)	(1,253)
--	(65,703)	(65,703)
--	(29,249)	(29,249)
--	(14,198)	(14,198)
--	10,801	10,801
--	<u>(99,602)</u>	<u>(99,602)</u>
<u>(85,420,391)</u>	<u>(99,602)</u>	<u>(85,519,993)</u>
27,250,554	--	27,250,554
11,509,897	--	11,509,897
112,858	--	112,858
42,328,579	37,639	42,366,218
1,031,655	113,558	1,145,213
<u>82,233,543</u>	<u>151,197</u>	<u>82,384,740</u>
<u>(3,186,848)</u>	<u>51,595</u>	<u>(3,135,253)</u>
22,214,860	428,165	22,643,025
<u>\$ 19,028,012</u>	<u>\$ 479,760</u>	<u>\$ 19,507,772</u>

**BASTROP INDEPENDENT SCHOOL DISTRICT****BALANCE SHEET - GOVERNMENTAL FUNDS**

JUNE 30, 2010

Data Control Codes	10 General Fund	50 Series 2007 Debt Service Fund
<b>ASSETS:</b>		
1110 Cash and Cash Equivalents	\$ 3,411,894	\$ 10,225,533
1120 Current Investments	10,047,402	1,396,077
1225 Taxes Receivable, Net	4,556,136	--
1240 Due from Other Governments	7,388,784	--
1250 Accrued Interest	136	--
1260 Due from Other Funds	308,224	11,750
1290 Other Receivables	67,617	--
1300 Inventories	88,295	--
1490 Other Current Assets	45	--
1000 Total Assets	<u>\$ 25,868,533</u>	<u>\$ 11,633,360</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	\$ 1,959,857	\$ --
2150 Payroll Deductions & Withholdings	679,166	--
2160 Accrued Wages Payable	5,368,924	--
2170 Due to Other Funds	8,675	9,947,071
2180 Due to Other Governments	489,066	--
2190 Due to Student Groups	20,163	--
2200 Accrued Expenditures	2,399	--
2300 Unearned Revenue	4,578,969	--
2000 Total Liabilities	<u>13,107,219</u>	<u>9,947,071</u>
<b>FUND BALANCES:</b>		
Reserved Fund Balances:		
3410 Investments in Inventory	88,295	--
3420 Debt Service	--	1,686,289
3450 Reserve for Food Service	--	--
3470 Capital Acquisitions & Contractual Obligations	--	--
3490 Other Reserves of Fund Balance	13,000	--
Designated Fund Balance:		
3510 Construction	2,320,226	--
3520 Claims and Judgments	100,000	--
3530 Capital Expenditures for Equipment	750,000	--
3590 Other Designated Fund Balance	1,585,000	--
3600 Unreserved	7,904,793	--
3000 Total Fund Balances	<u>12,761,314</u>	<u>1,686,289</u>
4000 Total Liabilities and Fund Balances	<u>\$ 25,868,533</u>	<u>\$ 11,633,360</u>

The accompanying notes are an integral part of this statement.

60 Series 2007 Cedar Creek High School	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ (12,363,794)	\$ 1,273,633
9,517,919	10,762,042	31,723,440
--	1,380,948	5,937,084
--	2,872,349	10,261,133
--	--	136
--	12,996,969	13,316,943
--	83,057	150,674
--	53,971	142,266
--	8,756	8,801
<u>\$ 9,517,919</u>	<u>\$ 15,794,298</u>	<u>\$ 62,814,110</u>
\$ 4,783,433	\$ 550,662	\$ 7,293,952
--	122,963	802,129
--	926,868	6,295,792
--	3,361,197	13,316,943
--	175,555	664,621
--	4,036	24,199
--	--	2,399
--	1,380,948	5,959,917
<u>4,783,433</u>	<u>6,522,229</u>	<u>34,359,952</u>
--	53,970	142,265
--	4,313,611	5,999,900
--	599,260	599,260
4,734,486	2,103,162	6,837,648
--	2,202,066	2,215,066
--	--	2,320,226
--	--	100,000
--	--	750,000
--	--	1,585,000
--	--	7,904,793
<u>4,734,486</u>	<u>9,272,069</u>	<u>28,454,158</u>
<u>\$ 9,517,919</u>	<u>\$ 15,794,298</u>	<u>\$ 62,814,110</u>

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

Total fund balances - governmental funds balance sheet	\$ 28,454,158
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.	199,068,178
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	5,937,083
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	1,519,468
Payables for bond principal which are not due in the current period are not reported in the funds.	(183,046,013)
Payables for bond interest which are not due in the current period are not reported in the funds.	(4,265,417)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(18,369,249)
Bond premiums are capitalized in the SNA but not in the funds.	(11,972,647)
Bond issuance costs and similar items are capitalized in the SNA but not in the funds.	<u>1,702,451</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 19,028,012</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, 2010**

Data Control Codes	10 General Fund	50 Series 2007 Debt Service Fund
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 27,804,445	\$ 4,443,070
5800 <i>State Program Revenues</i>	31,939,213	--
5900 <i>Federal Program Revenues</i>	204,361	--
5020 <b>Total Revenues</b>	<u>59,948,019</u>	<u>4,443,070</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	34,646,675	--
0012 <i>Instructional Resources and Media Services</i>	929,292	--
0013 <i>Curriculum and Staff Development</i>	492,384	--
0021 <i>Instructional Leadership</i>	277,438	--
0023 <i>School Leadership</i>	3,634,205	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	1,826,653	--
0032 <i>Social Work Services</i>	116,221	--
0033 <i>Health Services</i>	667,965	--
0034 <i>Student Transportation</i>	4,320,642	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	1,214,134	--
0041 <i>General Administration</i>	2,218,194	--
0051 <i>Plant Maintenance and Operations</i>	7,154,180	--
0052 <i>Security and Monitoring Services</i>	370,421	--
0053 <i>Data Processing Services</i>	762,626	--
0061 <i>Community Services</i>	159,858	--
0071 <i>Principal on Long-term Debt</i>	--	590,000
0072 <i>Interest on Long-term Debt</i>	--	3,801,727
0073 <i>Bond Issuance Costs and Fees</i>	--	708,609
0081 <i>Capital Outlay</i>	779,774	--
0093 <i>Payments to Shared Service Arrangements</i>	816,601	--
0099 <i>Other Intergovernmental Charges</i>	621,238	--
6030 <b>Total Expenditures</b>	<u>61,008,501</u>	<u>5,100,336</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>		
1100 <b>Expenditures</b>	<u>(1,060,482)</u>	<u>(657,266)</u>
Other Financing Sources and (Uses):		
7911 <i>Capital-Related Debt Issued (Regular Bonds)</i>	--	--
7915 <i>Transfers In</i>	--	--
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	747,105
8911 <i>Transfers Out</i>	(312,081)	--
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>(312,081)</u>	<u>747,105</u>
1200 <b>Net Change in Fund Balances</b>	<u>(1,372,563)</u>	<u>89,839</u>
0100 <b>Fund Balances - Beginning</b>	14,133,877	1,596,450
3000 <b>Fund Balances - Ending</b>	<u>\$ 12,761,314</u>	<u>\$ 1,686,289</u>

The accompanying notes are an integral part of this statement.

60 Series 2007 Cedar Creek High School	Other Governmental Funds	98 Total Governmental Funds
\$ 41,428	\$ 8,608,310	\$ 40,897,253
--	3,480,156	35,419,369
--	16,004,603	16,208,964
<u>41,428</u>	<u>28,093,069</u>	<u>92,525,586</u>
--	9,387,535	44,034,210
--	80	929,372
--	1,133,427	1,625,811
--	328,412	605,850
--	--	3,634,205
--	1,206,608	3,033,261
--	39,444	155,665
--	32,035	700,000
--	--	4,320,642
--	4,497,720	4,497,720
--	23,223	1,237,357
--	--	2,218,194
--	31,229	7,185,409
--	7,078	377,499
--	2,519	765,145
--	1,104,570	1,264,428
--	2,315,746	2,905,746
--	6,141,934	9,943,661
--	15,207	723,816
34,081,408	5,805,195	40,666,377
--	1,464,139	2,280,740
--	--	621,238
<u>34,081,408</u>	<u>33,536,101</u>	<u>133,726,346</u>
<u>(34,039,980)</u>	<u>(5,443,032)</u>	<u>(41,200,760)</u>
38,350,000	--	38,350,000
--	512,822	512,822
--	--	747,105
--	(200,741)	(512,822)
<u>38,350,000</u>	<u>312,081</u>	<u>39,097,105</u>
4,310,020	(5,130,951)	(2,103,655)
424,466	14,403,020	30,557,813
<u>\$ 4,734,486</u>	<u>\$ 9,272,069</u>	<u>\$ 28,454,158</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, 2010*

Net change in fund balances - total governmental funds	\$ (2,103,655)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	39,499,265
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,603,904)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	24,338
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,905,746
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	636,182
The accretion of interest on capital appreciation bonds is not reported in the funds.	(531,187)
(Increase) decrease in accrued interest from beginning of period to end of period.	(1,419,510)
The net revenue (expense) of internal service funds is reported with governmental activities.	79,311
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(38,350,000)
Bond premiums are reported in the funds but not in the SOA.	<u>(323,434)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ (3,186,848)</u>

The accompanying notes are an integral part of this statement.

**BASTROP INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET ASSETS

## PROPRIETARY FUNDS

JUNE 30, 2010

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
<b>ASSETS:</b>			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 529,010	\$ 80,170
1120	Investments	100	2,218,147
Receivables:			
1290	Other Receivables (net)	--	315
	Total Current Assets	<u>529,110</u>	<u>2,298,632</u>
1000	Total Assets	<u>\$ 529,110</u>	<u>\$ 2,298,632</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 6,328	\$ 5,682
2150	Payroll Deduction & Withholdings	6,010	--
2160	Accrued Wages Payable	37,012	--
2200	Accrued Expenditures/Expenses	--	773,482
	Total Current Liabilities	<u>49,350</u>	<u>779,164</u>
2000	Total Liabilities	<u>49,350</u>	<u>779,164</u>
<b>NET ASSETS:</b>			
3900	Unrestricted Net Assets	479,760	1,519,468
3000	Total Net Assets	<u>\$ 479,760</u>	<u>\$ 1,519,468</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, 2010

Data Control Codes		Nonmajor Enterprise Funds	Internal Service Funds
<b>OPERATING REVENUES:</b>			
5700	<i>Local and Intermediate Sources</i>	\$ 1,003,965	\$ 441,369
5800	<i>State Program Revenues</i>	37,639	1,903
5020	Total Revenues	1,041,604	443,272
<b>OPERATING EXPENSES:</b>			
6100	<i>Payroll Costs</i>	805,728	28,443
6200	<i>Professional and Contracted Services</i>	31,204	59,470
6300	<i>Supplies and Materials</i>	117,321	45,219
6400	<i>Other Operating Costs</i>	35,756	230,829
6030	Total Expenses	990,009	363,961
1300	Change in Net Assets	51,595	79,311
0100	Total Net Assets - Beginning	428,165	1,440,157
3300	Total Net Assets - Ending	\$ 479,760	\$ 1,519,468

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, 2010

	Nonmajor Enterprise Funds	Internal Service Funds
	<u>          </u>	<u>          </u>
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 1,014,171	\$ 441,054
Cash Received from Grants	37,639	1,903
Cash Receipts from Other Funds	--	--
Cash Payments to Employees for Services	(818,881)	(28,443)
Cash Payments to Other Suppliers for Goods and Services	(207,303)	(202,770)
Net Cash Provided (Used) by Operating Activities	<u>25,626</u>	<u>211,744</u>
<b>Cash Flows from Investing Activities:</b>		
Sale (Purchase) of Investment Securities	--	(1,367,104)
Transfer to Other Funds	--	1,870
Net Cash Provided (Used) for Investing Activities	<u>          </u>	<u>(1,365,234)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,626	(1,153,490)
Cash and Cash Equivalents at Beginning of Year	503,384	1,233,660
Cash and Cash Equivalents at End of Year	<u>\$ 529,010</u>	<u>\$ 80,170</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 51,595	\$ 79,311
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	10,206	(315)
Increase (Decrease) in Accounts Payable	(23,022)	792
Increase (Decrease) in Other Liabilities	(4,510)	131,956
Increase (Decrease) in Accrued Wages Payable	(8,648)	--
Total Adjustments	<u>(25,974)</u>	<u>132,433</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 25,621</u>	<u>\$ 211,744</u>

The accompanying notes are an integral part of this statement.

**BASTROP INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET ASSETS

## FIDUCIARY FUNDS

JUNE 30, 2010

Data Control Codes	Private-purpose Trust Fund	Agency Fund
<u>ASSETS:</u>	Private Scholarship Trust	Student Activity
1110 <i>Cash and Cash Equivalents</i>	\$ 2,958	\$ 47,709
1120 <i>Current Investments</i>	239,856	126,753
1290 <i>Other Receivables</i>	--	235
1000 Total Assets	<u>\$ 242,814</u>	<u>\$ 174,697</u>
<u>LIABILITIES:</u>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 500	\$ 29,614
2190 <i>Due to Student Groups</i>	--	188,953
2000 Total Liabilities	<u>500</u>	<u>218,567</u>
<u>NET ASSETS</u>		
3800 <i>Held in Trust</i>	242,314	--
3000 Total Net Assets	<u>\$ 242,314</u>	<u>\$ (43,870)</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, 2010

	Private- Purpose Trusts
	Private- Scholarship Trust
<b>Additions:</b>	
Investment Income	\$ 537
Gifts and Bequests	100
Total Additions	<u>637</u>
<b>Deductions:</b>	
Scholarship Awards	<u>2,900</u>
Total Deductions	<u>2,900</u>
<b>Change in Net Assets</b>	(2,263)
Net Assets-Beginning of the Year	<u>244,577</u>
Net Assets-End of the Year	<u>\$ 242,314</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, 2010*

### 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.

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.

## **BASTROP INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED JUNE 30, 2010*

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.

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.

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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.

#### 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

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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.

### 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	\$	393,354	Closely monitor costs.
#12 Instructional Resources		3,890	Closely monitor costs.
#51 Plant Maintenance		419,788	Closely monitor costs.
#52 Security and Monitoring Services		20,637	Closely monitor costs.
#93 Payment to Fiscal Agent		27,541	Closely monitor costs.
Nat'l School Lunch Fund			
#35 Food Services		53,594	Closely monitor costs.

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

None.

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

### 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, 2010, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,882,813 and the bank balance was \$2,193,471. The District's cash deposits at June 30, 2010 and during the period ended June 30, 2010, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

#### 2. Investments:

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

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

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

The District's investments at June 30, 2010 are shown below.

Investment or Investment Type	Maturity	Ratings	Fair Value	Percentage
TexPool Investment Pool	28 days average	AAAm	\$ 27,153,832	80%
Lone Star Investment Pool	24 days average	AAA	6,787,855	20%
Total Investments			<u>\$ 33,941,687</u>	<u>100%</u>

#### 3. Analysis of Specific Deposit and Investment Risks

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

##### a. Credit Risk

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

## **BASTROP INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED JUNE 30, 2010*

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

#### Investment Accounting Policy

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

#### Public Funds Investment Pools

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

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

# BASTROP INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010

## D. Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	As Restated	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 8,086,483	\$ 116,957	\$ --	\$ 8,203,440
Construction in progress	55,233,024	34,023,474	25,955,721	63,300,777
Total capital assets not being depreciated	<u>63,319,507</u>	<u>34,140,431</u>	<u>25,955,721</u>	<u>71,504,217</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	124,835,833	31,047,693	--	155,883,526
Furniture & Equipment	3,222,307	266,861	--	3,489,168
Total capital assets being depreciated	<u>128,058,140</u>	<u>31,314,554</u>	<u>--</u>	<u>159,372,694</u>
Less accumulated depreciation for:				
Buildings and improvements	25,669,048	3,242,676	--	28,911,724
Furniture & Equipment	2,535,781	361,228	--	2,897,009
Total accumulated depreciation	<u>28,204,829</u>	<u>3,603,904</u>	<u>--</u>	<u>31,808,733</u>
Total capital assets being depreciated, net	<u>99,853,311</u>	<u>27,710,650</u>	<u>--</u>	<u>127,563,961</u>
Governmental activities capital assets, net	<u>\$ 163,172,818</u>	<u>\$ 61,851,081</u>	<u>\$ 25,955,721</u>	<u>\$ 199,068,178</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,799,596
Instructional Resources and Media Services	48,644
Curriculum and Staff Development	9,623
Instructional Leadership	15,525
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	196,184
Extracurricular Activities	800,062
General Administration	31,956
Plant Maintenance and Operations	58,780
Security and Monitoring Services	25,474
Data Processing Services	3,920
Community Services	12,979
Facilities Acquisition and Construction	2,519
	<u>\$ 3,603,904</u>

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

### E. Interfund Balances and Activities

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

Balances due to and due from other funds at June 30, 2010, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 308,224	Short-term loans
2007 Debt Service Fund	Other Governmental Funds	11,750	Short-term loans
Other Governmental Funds	General Fund	8,675	Short-term loans
Other Governmental Funds	2007 Debt Service Fund	9,947,071	Short-term loans
Other Governmental Funds	Other Governmental Funds	3,041,223	Short-term loans
	Total	<u>\$ 13,316,943</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, 2010, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Other Governmental Funds	\$ 312,081	Supplement other funds sources for tax notes debt service
Other Governmental Funds	Other Governmental Funds	200,741	Supplement other funds sources
	Total	<u>\$ 512,822</u>	

### F. Long-Term Obligations

#### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2010, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 145,801,760	\$ 38,350,000	\$ 2,690,746	\$ 181,461,014	2,387,228
Maintenance Tax Notes	1,800,000	--	215,000	1,585,000	230,000
Accum. Accretion on CAB	17,838,062	3,200,441	2,669,254	18,369,249	--
Premium on Bonded Debt	11,649,212	747,105	423,671	11,972,646	--
Total governmental activities	<u>\$ 177,089,034</u>	<u>\$ 42,297,546</u>	<u>\$ 5,998,671</u>	<u>\$ 213,387,909</u>	<u>\$ 2,617,228</u>
Reported as Due Within One Year				<u>\$ 2,617,228</u>	
Reported as Due in More Than One Year				<u>\$ 210,770,681</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



# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

### 2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2010, are as follows:

Year Ending June 30,	General Obligation		
	Principal	Interest	Total
2011	\$ 2,387,228	\$ 11,048,358	\$ 13,435,586
2012	2,309,840	11,527,397	13,837,237
2013	3,618,131	10,661,743	14,279,874
2014	2,268,064	11,693,307	13,961,371
2015	2,190,943	11,770,953	13,961,896
2016-2020	13,268,694	56,612,336	69,881,030
2021-2025	25,433,001	44,797,253	70,230,254
2026-2030	29,008,781	40,888,344	69,897,125
2031-2035	45,156,332	24,881,822	70,038,154
2036-2040	41,705,000	9,323,625	51,028,625
2039-2042	14,115,000	1,102,462	15,217,462
Totals	\$ 181,461,014	\$ 234,307,600	\$ 415,768,614

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

Year Ending June 30,	Maintenance Tax Notes		
	Principal	Interest	Total
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
2015	285,000	30,680	315,680
2016	305,000	15,860	320,860
Totals	\$ 1,585,000	\$ 298,838	\$ 1,883,838

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

### 3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2010, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

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

# **BASTROP INDEPENDENT SCHOOL DISTRICT**

## *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED JUNE 30, 2010*

### **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 2010, 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 2010, 2009 and 2008 were \$3,148,167, \$2,955,281 and \$2,783,768, 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 2010, 2009 and 2008 were \$694,381, \$599,564, and \$560,491, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$2,951,284.

### **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

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 2010, 2009 and 2008. 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, 2010, 2009, and 2008, the State's contributions to TRS-Care were \$390,760, \$398,726, and \$379,348, respectively, the active member contributions were \$253,994, \$259,172, and \$246,576, respectively, and the school district's contributions were \$214,918, \$219,299, and \$208,641, 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	\$ 2,951,284
Medicare Part D drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants	125,432
	<u>\$ 3,076,716</u>

### 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, 2010.

# BASTROP INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

### 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	\$ 1,444,052
La Grange ISD	323,081
Smithville ISD	280,298
Total	<u>\$ 2,047,431</u>

## *Required Supplementary Information*

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

**BASTROP INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2010

**EXHIBIT G-1**

Page 1 of 2

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	\$ 27,127,950	\$ 27,523,818	\$ 27,804,445	\$ 280,627
5800	State Program Revenues	34,424,959	31,154,998	31,939,213	784,215
5900	Federal Program Revenues	177,500	177,500	204,361	26,861
5020	Total Revenues	61,730,409	58,856,316	59,948,019	1,091,703
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	36,915,797	34,307,321	34,646,675	(339,354)
0012	Instructional Resources and Media Services	920,302	925,402	929,292	(3,890)
0013	Curriculum and Staff Development	540,895	549,015	492,384	56,631
	Total Instruction & Instr. Related Services	38,376,994	35,781,738	36,068,351	(286,613)
Instructional and School Leadership:					
0021	Instructional Leadership	309,168	309,168	277,438	31,730
0023	School Leadership	3,716,398	3,751,875	3,634,205	117,670
	Total Instructional & School Leadership	4,025,566	4,061,043	3,911,643	149,400
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,829,360	1,830,740	1,826,653	4,087
0032	Social Work Services	121,693	121,693	116,221	5,472
0033	Health Services	735,894	735,639	667,965	67,674
0034	Student (Pupil) Transportation	4,234,684	4,434,684	4,320,642	114,042
0035	Food Services	53,526	53,526	--	53,526
0036	Cocurricular/Extracurricular Activities	1,275,109	1,268,602	1,214,134	54,468
	Total Support Services - Student (Pupil)	8,250,266	8,444,884	8,145,615	299,269
Administrative Support Services:					
0041	General Administration	1,953,974	2,220,852	2,218,194	2,658
	Total Administrative Support Services	1,953,974	2,220,852	2,218,194	2,658
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	6,686,392	6,734,392	7,154,180	(419,788)
0052	Security and Monitoring Services	343,838	349,784	370,421	(20,637)
0053	Data Processing Services	774,857	774,857	762,626	12,231
	Total Support Services - Nonstudent Based	7,805,087	7,859,033	8,287,227	(428,194)
Ancillary Services:					
0061	Community Services	120,327	160,127	159,858	269
	Total Ancillary Services	120,327	160,127	159,858	269
Capital Outlay:					
0081	Capital Outlay	--	1,251,541	779,774	471,767
	Total Capital Outlay	--	1,251,541	779,774	471,767
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	896,003	789,060	816,601	(27,541)
0099	Other Intergovernmental Charges	618,074	621,274	621,238	36
	Total Intergovernmental Charges	1,514,077	1,410,334	1,437,839	(27,505)
6030	Total Expenditures	62,046,291	61,189,552	61,008,501	181,051

**BASTROP INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT G-1

Page 2 of 2

Data Control Codes				Variance with Final Budget Positive (Negative)
	1	2	3	
	Budgeted Amounts		Actual	
Original	Final			
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures			
	<u>(315,882)</u>	<u>(2,333,236)</u>	<u>(1,060,482)</u>	<u>1,272,754</u>
	Other Financing Sources (Uses):			
7915	Transfers In			
8911	Transfers Out			
7080	Total Other Financing Sources and (Uses)			
1200	Net Change in Fund Balance			
	--	13,000	--	(13,000)
	<u>(1,630,581)</u>	<u>(306,162)</u>	<u>(312,081)</u>	<u>(5,919)</u>
	<u>(1,630,581)</u>	<u>(293,162)</u>	<u>(312,081)</u>	<u>(18,919)</u>
	<u>(1,946,463)</u>	<u>(2,626,398)</u>	<u>(1,372,563)</u>	<u>1,253,835</u>
0100	Fund Balance - Beginning			--
3000	Fund Balance - Ending			
	14,133,877	14,133,877	14,133,877	--
	<u>\$ 12,187,414</u>	<u>\$ 11,507,479</u>	<u>\$ 12,761,314</u>	<u>\$ 1,253,835</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, 2010*

Year Ended June 30	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2001 and Prior Years	\$ Various	\$ Various	\$ Various
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	1.04	.441	2,450,924,781
2010 (School Year Under Audit)	1.04	.441	2,575,906,955

1000 Totals

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

10 Beginning Balance 7/1/09	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/10
\$ 699,494	\$ --	\$ 32,291	\$ 5,699	\$ (101,256)	\$ 560,248
193,323	--	11,279	833	(16,696)	164,515
265,610	--	15,296	1,493	(17,419)	231,402
328,496	--	24,320	2,319	(20,701)	281,156
445,102	--	50,903	8,212	(23,123)	362,864
525,364	--	85,285	12,963	(14,245)	412,871
683,852	--	125,467	23,079	(37,129)	498,177
908,690	--	204,333	90,574	(20,488)	593,295
2,128,615	--	719,903	305,266	(104,287)	999,159
--	38,149,182	25,402,056	10,771,449	58,045	2,033,722
<u>\$ 6,178,546</u>	<u>\$ 38,149,182</u>	<u>\$ 26,671,133</u>	<u>\$ 11,221,887</u>	<u>\$ (297,299)</u>	<u>\$ 6,137,409</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2011-2012  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2010*

**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	\$ 1,180	\$ --	\$ 268,465	\$ 1,426,763	\$ --	\$ --	\$ 1,696,408
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	--	--	--	--	76,429	--	76,429
6212	Audit Services	--	--	--	12,250	--	--	12,250
6213	Tax Appraisal and Collection	--	705,810	--	--	--	--	705,810
621X	Other Prof. Services	25,753	--	12,103	77,530	--	--	115,386
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	--	--
6240	Contr. Maint. and Repair	--	--	--	--	2,792	--	2,792
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	--	--	--
6290	Miscellaneous Contr.	3	--	721	3,832	--	--	4,556
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	15	--	3,581	84,994	--	--	88,590
6410	Travel, Subsistence, Stipends	16,802	--	9,600	14,816	--	--	41,218
6420	Ins. and Bonding Costs	16	--	3,596	19,112	--	--	22,724
6430	Election Costs	12,561	--	--	--	--	--	12,561
6490	Miscellaneous Operating	30	--	6,847	72,570	--	--	79,447
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 56,360 \$ 705,810 \$ 304,913 \$ 1,711,867 \$ 79,221 \$ -- \$ 2,858,171

Total Expenditures for General and Special Revenue Funds (9) \$ 80,393,949

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,104,162
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 7,119,507
Food (Function 35, 6341 and 6499)	(13)	\$ 1,757,658
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		<u>\$ 1,711,867</u>

Subtotal 11,693,194

Net Allowed Direct Cost \$ 68,700,755

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 155,883,525
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)	3,489,168
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 145,593

(8) Note A - \$18,739 in Function 53 expenditures and \$621,238 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, 2010

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2010 (Exhibit C-1 object 3000 for the General Fund only)	\$ 12,761,314
2	Total General Fund Reserved Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	101,295
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for the General Fund only)	4,755,226
4	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	1,593,881
5	Estimate of one month's average cash disbursements during the regular school session (9/1/10 - 5/31/11)	6,411,075
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)	521,365
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)	13,382,842
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (Line 1 minus Line 10)	\$ (621,528)

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, 2010

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	\$ 1,556,000	\$ 1,556,000	\$ 1,247,778	\$ (308,222)
5800	State Program Revenues	28,000	28,000	29,193	1,193
5900	Federal Program Revenues	2,707,765	2,860,126	3,290,441	430,315
5020	Total Revenues	<u>4,291,765</u>	<u>4,444,126</u>	<u>4,567,412</u>	<u>123,286</u>
<b>EXPENDITURES:</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	4,291,765	4,444,126	4,497,720	(53,594)
	Total Support Services - Student (Pupil)	<u>4,291,765</u>	<u>4,444,126</u>	<u>4,497,720</u>	<u>(53,594)</u>
6030	Total Expenditures	<u>4,291,765</u>	<u>4,444,126</u>	<u>4,497,720</u>	<u>(53,594)</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	--	--	69,692	69,692
1200	Net Change in Fund Balance	--	--	69,692	69,692
0100	Fund Balance - Beginning	583,538	583,538	583,538	--
3000	Fund Balance - Ending	<u>\$ 583,538</u>	<u>\$ 583,538</u>	<u>\$ 653,230</u>	<u>\$ 69,692</u>

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-5**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2010

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	\$ 5,259,644	\$ 5,609,618	\$ 349,974		
5800	State Program Revenues	1,323,881	1,550,466	1,251,021	(299,445)		
5020	Total Revenues	<u>11,361,228</u>	<u>6,810,110</u>	<u>6,860,639</u>	<u>50,529</u>		
<b>EXPENDITURES:</b>							
Debt Service:							
0071	Principal on Long-Term Debt	3,440,746	2,116,327	2,070,746	45,581		
0072	Interest on Long-Term Debt	4,974,393	4,974,393	5,019,975	(45,582)		
0073	Bond Issuance Costs and Fees	10,000	14,000	13,107	893		
	Total Debt Service	<u>8,425,139</u>	<u>7,104,720</u>	<u>7,103,828</u>	<u>892</u>		
6030	Total Expenditures	<u>8,425,139</u>	<u>7,104,720</u>	<u>7,103,828</u>	<u>892</u>		
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	<u>2,936,089</u>	<u>(294,610)</u>	<u>(243,189)</u>	<u>51,421</u>		
Other Financing Sources (Uses):							
7915	Transfers In	1,630,581	521,162	306,162	(215,000)		
7080	Total Other Financing Sources and (Uses)	<u>1,630,581</u>	<u>521,162</u>	<u>306,162</u>	<u>(215,000)</u>		
1200	Net Change in Fund Balance	<u>4,566,670</u>	<u>226,552</u>	<u>62,973</u>	<u>(163,579)</u>		
0100	Fund Balance - Beginning	4,247,693	4,247,693	4,247,693	--		
3000	Fund Balance - Ending	<u>\$ 8,814,363</u>	<u>\$ 4,474,245</u>	<u>\$ 4,310,666</u>	<u>\$ (163,579)</u>		

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-6**

SERIES 2007 DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2010

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	\$ --	\$ 4,440,000	\$ 4,443,070	\$ 3,070
5020	Total Revenues	--	4,440,000	4,443,070	3,070
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	--	590,000	590,000	--
0072	Interest on Long-Term Debt	2,983,888	4,093,431	3,801,727	291,704
0073	Bond Issuance Costs and Fees	--	709,000	708,609	391
	Total Debt Service	2,983,888	5,392,431	5,100,336	292,095
6030	Total Expenditures	2,983,888	5,392,431	5,100,336	292,095
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(2,983,888)	(952,431)	(657,266)	295,165
Other Financing Sources (Uses):					
7916	Premium or Discount on Issuance of Bonds	--	--	747,105	747,105
7080	Total Other Financing Sources and (Uses)	--	--	747,105	747,105
1200	Net Change in Fund Balance	(2,983,888)	(952,431)	89,839	1,042,270
0100	Fund Balance - Beginning	1,596,450	1,596,450	1,596,450	--
3000	Fund Balance - Ending	\$ (1,387,438)	\$ 644,019	\$ 1,686,289	\$ 1,042,270

**BASTROP INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-7**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2010

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	\$ --	\$ 1,370,000	\$ 1,370,300	\$ 300
5020	Total Revenues	--	1,370,000	1,370,300	300
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	245,000	245,000	245,000	--
0072	Interest on Long-Term Debt	1,121,959	1,121,959	1,121,959	--
0073	Bond Issuance Costs and Fees	--	3,000	2,100	900
	Total Debt Service	1,366,959	1,369,959	1,369,059	900
6030	Total Expenditures	1,366,959	1,369,959	1,369,059	900
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(1,366,959)	41	1,241	1,200
1200	Net Change in Fund Balance	(1,366,959)	41	1,241	1,200
0100	Fund Balance - Beginning	1,704	1,704	1,704	--
3000	Fund Balance - Ending	\$ (1,365,255)	\$ 1,745	\$ 2,945	\$ 1,200



**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, 2010, which collectively comprise the Bastrop Independent School District' basic financial statements and have issued our report thereon dated November 8, 2010. 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' 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' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Bastrop Independent School District' internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bastrop Independent School District' 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.

*West, Davis & Company*

West, Davis & Company, LLP  
November 8, 2010

**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, 2010. Bastrop Independent School District' 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' management. Our responsibility is to express an opinion on Bastrop Independent School District' 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' 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' 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, 2010.

Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over

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

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

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

A handwritten signature in cursive script that reads "West, Davis & Company".

West, Davis & Company, LLP  
November 8, 2010

**BASTROP INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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>
84.394A	ARRA Title XIV SFAF
84.027A	IDEA-B Formula
84.027A	IDEA-B Discretionary
84.027A	SSA IDEA-B Formula
84.173A	SSA IDEA-B Preschool
84.391A	ARRA-SSA IDEA-Part B Formula

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

Auditee qualified as low-risk auditee?   X   Yes      No

**BASTROP INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED JUNE 30, 2010*

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, 2010*

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	1061010101190	\$ 1,255,853
<i>ESEA Title I Part C - Migratory Children</i>	84.011A	10615001011901	81,688
<i>IDEA-B Formula *</i>	84.027A	1060001011901660	662,237
<i>IDEA-B Discretionary *</i>	84.027A	10660001011901	2,259
<i>SSA IDEA-B Formula *</i>	84.027A	10660001011901660	2,048,549
Total CFDA Number 84.027A			<u>2,713,045</u>
<i>Vocational Education - Basic Grant</i>	84.048A	10420006011901	79,261
<i>SSA IDEA-B Preschool *</i>	84.173A	10661001011901661	44,259
Total CFDA Number 84.173A			<u>44,259</u>
<i>ESEA Title IV Safe &amp; Drug Free Schools &amp; Communities Act</i>	84.186A	10691001011901	27,154
<i>ESEA Title III Subtitle B - Homeless Children and Youth *</i>	84.196	011-901	7,067
<i>Career and Technical - Technical Preparation</i>	84.243A	011-901	3,025
<i>21st Century Community Learning Centers</i>	84.287C	096950137110004	1,187,861
<i>Enhancing Education Through Technology *</i>	84.318X	10630001011901	11,310
<i>English Language Acquisition and Language Enhancement</i>	84.365A	10671001011901	137,703
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruitment</i>	84.367A	10694501011901	415,617
<i>ARRA - Title II Part D Subpart 1-Enhancing Education Through Tech</i>	84.386A	10553001011901	13,979
<i>ARRA - ESEA Title X Part C-Education for Homeless Children &amp; You</i>	84.387	011-901	15,541
<i>ARRA - ESEA, Title I, Part A - Improving Basic Programs *</i>	84.389A	10551001011901	594,579
<i>ARRA - IDEA-Part B Formula *</i>	84.391A	10554001011901	341,581
<i>ARRA - SSA IDEA-Part B Formula *</i>	84.391A	10554001011901	1,201,381
Total CFDA Number 84.391A			<u>1,542,962</u>
<i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>	84.392A	10557001011901	3,428,256
<i>ARRA - SSA IDEA Part B, Preschool *</i>	84.392A	10555001011901	14,211
Total CFDA Number 84.392A			<u>3,442,467</u>
Total Passed Through State Department of Education			<u>11,573,370</u>
Total U. S. Department of Education			<u>11,573,370</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education:			
Food Distribution	10.550	011-901	223,883
School Breakfast Program *	10.553	71401001	\$ 663,286
National School Lunch Program *	10.555	71301001	\$ 2,403,272
Total Passed Through State Department of Education			<u>3,290,441</u>
Total U. S. Department of Agriculture			<u>3,290,441</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>14,863,811</u></u>

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

The accompanying notes are an integral part of this schedule.

**BASTROP INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED JUNE 30, 2010*

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, 2010*

<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?	\$    18,369,249