

Austin Independent School District

Basic Financial Statements and
Independent Auditors' Report
With Accompanying Information

Year Ended August 31, 2011

Austin Independent School District

Year Ended August 31, 2011

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Austin Independent School District

For the Year Ended August 31, 2011

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Introductory Section

Austin Independent School District

Certificate of Board

August 31, 2011

Austin Independent School District
Name of School District

Travis
County

227-901-13
County District Number

We, the undersigned, certify that the attached annual financial report of the above-named school district was reviewed and (check one) approved disapproved for the year ended August 31, 2011 at a meeting of the Board of Trustees of such school district on the 30 day of Jan, 2012.

Lori Moya
Signature of Board Secretary

Mark Williams
Signature of Board President

If the Board of Trustees disapproved the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section

Independent Auditors' Report

Board of Trustees
Austin Independent School District
Austin, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Austin Independent School District (the "District") as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the District. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2011, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the District adopted Governmental Accounting Standards Board ("GASB") Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB Statement No. 59, *Financial Instruments Omnibus*, effective September 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2012 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule – General Fund are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. The Other Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Padgett, Stratacarm & Co., LLP

Certified Public Accountants
January 16, 2012

Austin Independent School District

Management's Discussion and Analysis

August 31, 2011

This section of Austin Independent School District's (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

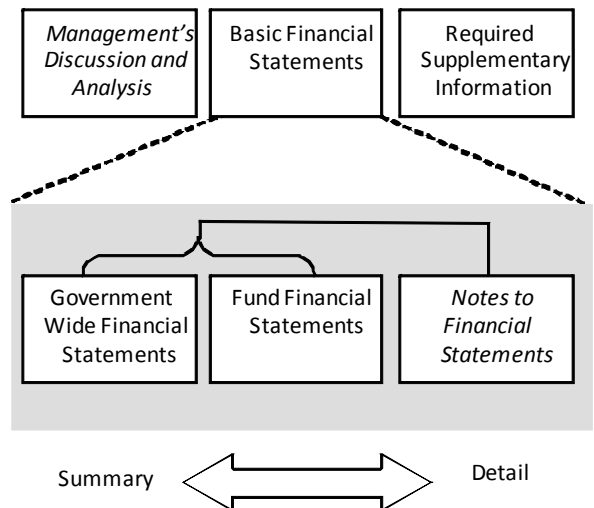
- The assets of the District exceeded its liabilities at the close of the fiscal year ending August 31, 2011. Net assets were \$332.0 million. Net assets invested in capital assets, net of related debt were \$104.3 million. The District's restricted net assets were \$30.9 million. Unrestricted net assets were \$196.8 million.
- During the year, the District's expenses were \$38.2 million less than the \$1,096.7 million generated in taxes and other revenues for governmental activities. Expenditures totaled \$845.5 million after charges for services and operating grants and contributions (revenue). Total revenue from property taxes, state aid, unrestricted grants and contributions, investment income, and miscellaneous revenues is \$883.7 million.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$179.6 million, or 23% of the total general fund expenditures.
- The District issued approximately \$91.6 million in bonds during fiscal year 2010-2011 and ended the year with \$3.3 million outstanding in commercial paper.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The Governmental Funds statements tell how general government services were financed in the short term, as well as what remains for future spending.

Figure A-1 Required Components of the District's Annual Financial Report



Austin Independent School District

Management’s Discussion and Analysis

August 31, 2011

- The Proprietary Fund statements provide information about the District’s internal service funds, which are used to accumulate expenses to be charged to the governmental funds.
- Fiduciary Fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 (on the previous page) shows how the required parts of this annual report are arranged and related to one another.

Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section explains the structure and contents of each of the statements.

Figure A-2 Major Features of the District’s Government-Wide and Fund Financial Statements

Type of Statement	Government-Wide	Government Funds	Fiduciary Funds
<i>Scope</i>	Entire District’s government (except fiduciary funds)	The activities of the District that are not propriety or fiduciary	Instances in which the District is the trustee or agent for someone else’s resources
<i>Required Financial Statements</i>	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary assets and liabilities
<i>Accounting Basis and Measurement Focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Modified accrual accounting and current financial resources focus
<i>Type of Asset/Liability Information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
<i>Type of Inflow/Outflow Information</i>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after year end, expenditures when goods or services have been received and payment is due during the year or soon thereafter	Agency funds do not report revenue and expenditures

Austin Independent School District

Management's Discussion and Analysis

August 31, 2011

Government-Wide Statements

The government-wide statements report information about the District as a whole, using accounting methods similar to those used by private-sector companies. The statement of net assets includes all the government's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities on the accrual basis regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, are one way to measure the District's financial position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall financial health of the District, one must consider additional factors such as changes in the District's tax base.

The government-wide financial statements of the District include the governmental activities. All the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's major funds, rather than the District as a whole. Funds are a governmental accounting tool the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage resources for specific purposes or to delineate the use of certain taxes and grants.

The District has three kinds of funds:

- *Governmental Funds*—Most of the District's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) on the balances left at year-end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps determine the availability of financial resources to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the Governmental Funds statement, or on the subsequent page, that explain the relationship (or differences) between them. These include debt financing and capital projects.

Austin Independent School District

Management’s Discussion and Analysis

August 31, 2011

- *Proprietary Funds* – Services for which the District charges internal departments a fee are generally reported in Proprietary Funds. Proprietary Funds, like the government-wide statements, provide both long- and short-term financial information. In the District, internal service funds are used to report activities that provide supplies and services for the District’s other programs and activities, such as the District’s Self Insurance Fund.
- *Fiduciary Funds* – The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the District’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net Assets – The District’s combined net assets were approximately \$332.0 million at August 31, 2011. The following is a schedule of the District’s Net Assets:

Table A-1
The District’s Net Assets
(In Millions of Dollars)

	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2011</u>	<u>2010</u>	
Current and other assets	\$ 328.1	\$ 389.8	(16%)
Capital assets	<u>910.0</u>	<u>899.6</u>	1%
Total assets	<u>1,238.1</u>	<u>1,289.4</u>	(4%)
Current liabilities	94.0	224.5	(58%)
Long-term liabilities	<u>812.1</u>	<u>771.1</u>	5%
Total liabilities	<u>906.1</u>	<u>995.6</u>	(9%)
Net assets:			
Invested in capital assets – net of related debt	104.3	96.3	8%
Restricted	30.9	30.4	2%
Unrestricted	<u>196.8</u>	<u>167.1</u>	18%
Total net assets	<u>332.0</u>	<u>293.8</u>	13%
Total liabilities and net assets	<u>\$ 1,238.1</u>	<u>\$ 1,289.4</u>	(4%)

Capital outlays exceeded capital asset depreciation and retirements by approximately \$10.4 million in 2011.

Austin Independent School District

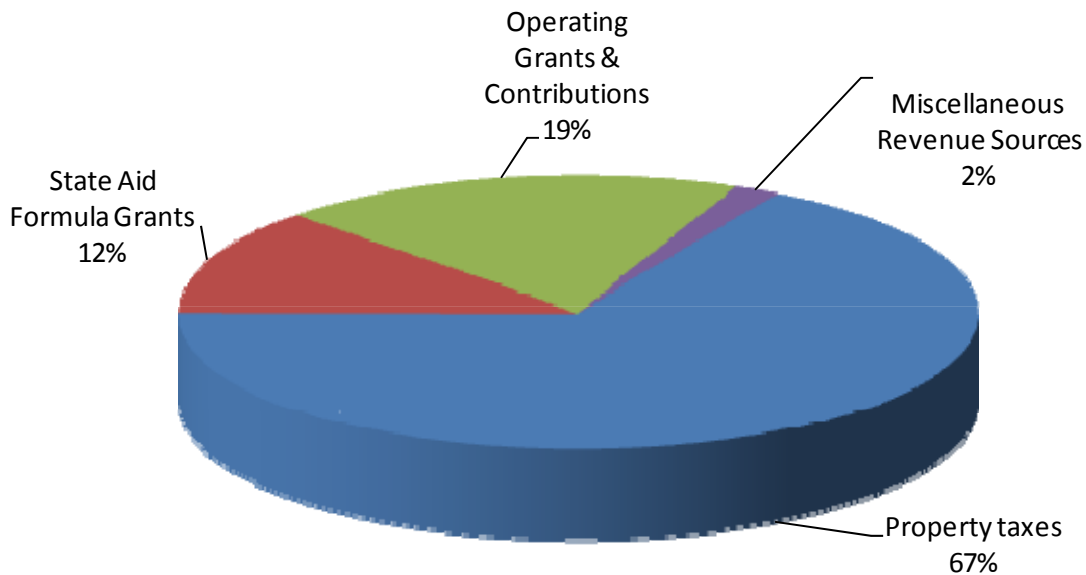
Management's Discussion and Analysis

August 31, 2011

Changes in Net Assets

The District's total revenues were \$1,096.7 million. A significant portion, 67%, of the District's revenue comes from taxes; 12% comes from state aid formula grants, while 19% is related to other operating grants and contributions; the remaining 2% comes from miscellaneous revenue sources (see figure A-3 below).

**Figure A-3
Sources of Revenues for Fiscal Year 2011**



The total cost of all programs was \$1,058.5 million and \$1,023.0 million for the years ended August 31, 2011 and 2010, respectively. When adjusted for the \$125.4 million in expenses in 2011 and \$113.6 million in expenses in 2010 related to Chapter 41 and other pass-through costs, 70.3% and 71.0%, respectively, of these costs are for instructional and student services.

The total of all program and service costs for school leadership was 6.3% and 6.6% in 2011 and 2010, respectively, and 8.7% and 9.1% in 2011 and 2010, respectively, for plant maintenance and operations (including security services).

Austin Independent School District

Management's Discussion and Analysis

August 31, 2011

Table A-2
Changes in the District's Net Assets
(In Millions of Dollars)

	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2011</u>	<u>2010</u>	
Revenues			
Program revenues:			
Charges for services	\$ 4.2	\$ 3.8	11%
Operating grants and contributions	208.8	200.3	4%
General revenues:			
Property taxes	732.3	735.8	-
State aid – formula	135.4	99.1	37%
Investment earnings	0.7	0.9	(25%)
Other	<u>15.3</u>	<u>10.9</u>	40%
Total revenues	<u>1,096.7</u>	<u>1,050.8</u>	4%
Expenses			
Instruction and instructional related	489.1	481.4	2%
Instructional resources and media related	15.1	14.9	1%
Curriculum and staff development	28.9	29.0	(0%)
Instructional leadership	14.7	16.6	(12%)
School leadership	52.3	51.2	2%
Guidance, counseling, and evaluation services	26.4	26.4	(0%)
Social work services	5.8	5.5	5%
Health services	6.7	6.5	3%
Student transportation	28.6	28.5	0%
Food services	39.7	37.8	5%
Extracurricular activities	16.0	15.8	1%
General administration	17.4	20.4	(15%)
Plant maintenance and operations	82.8	83.2	(1%)
Security and monitoring services	9.4	9.8	(4%)
Data processing services	41.7	24.9	68%
Community services	16.0	16.1	(1%)
Debt service	38.1	37.1	3%
Payments to fiscal agent/member districts-shared service	125.4	113.6	10%
Other governmental charges	4.2	3.9	6%
Depreciation – unallocated	<u>0.5</u>	<u>0.4</u>	25%
Total expenses	<u>1,058.5</u>	<u>1,023.0</u>	3%
Increase in net assets	38.2	27.8	38%
Beginning net assets	<u>293.8</u>	<u>266.0</u>	10%
Ending net assets	<u>\$ 332.0</u>	<u>\$ 293.8</u>	13%

Austin Independent School District

Management’s Discussion and Analysis

August 31, 2011

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

- The cost of all governmental activities in 2011 was \$1,058.5 million and in 2010 was \$1,023.0 million.
- However, the amount the District’s taxpayers paid for these activities through property taxes was only \$732.3 million in 2011 and \$735.8 million in 2010.
- Those who directly benefited paid some costs of the programs (\$4.2 million in 2011 and \$3.8 million in 2010), with grants and contributions (\$208.8 million in 2011 and \$200.3 million in 2010) sharing the load.

Table A-3
Net Cost of Selected District Functions
(In Millions of Dollars)

	Total Cost of Services			Percentage Change	Net Cost of Services		
	2011	2010			2011	2010	Percentage Change
Instruction	\$ 533.0	\$ 525.3	1%	\$ 423.1	\$ 415.6	2%	
School leadership	66.9	67.8	(1%)	56.6	56.7	-	
Plant maintenance and operations	82.8	83.2	(1%)	71.6	79.8	(10%)	

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

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

Governmental Funds

The focus of the District’s Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, the 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.

At the end of the current fiscal year, the District’s Governmental Funds reported combined ending fund balances of \$250.8 million. Approximately 72% percent of this total amount (\$179.6 million) is available for spending at the government's discretion (general fund unassigned fund balance). The remainder of the fund balance is nonspendable, restricted, or assigned to indicate it is not available for new spending because it has already been committed for various purposes including, capital projects, repayment of debt, food service, wastewater plant, and investment in inventories.

Austin Independent School District

Management's Discussion and Analysis

August 31, 2011

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the fund balance of the General Fund was \$218.7 million. Of this amount, \$37.9 million is assigned for various projects, and \$1.1 million is nonspendable for investment in inventories. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total general fund balance represents approximately 28% of total fund expenditures. The fund balance increased by \$46.5 million during the current fiscal year period.

The Capital Projects Fund accounts for the construction of school buildings and improvements. At the end of the current fiscal year, the fund balance was a negative \$1.9 million, all of which was restricted for subsequent years' expenditures.

General Fund Budgetary Highlights (see Exhibit G-1)

Differences between the final general operating fund budget and the actual amounts are explained as follows:

Revenues

- Primary net unfavorable variances in local sources were due to the following adjustments:
 - Collection of local property taxes was lower than original estimates, totaling \$1.4 million
 - Facility rental fees were higher than estimates, totaling \$0.13 million
 - Miscellaneous revenues were higher than estimates, totaling \$0.28 million
- An unfavorable variance in state sources resulted from a decrease of approximately \$1.6 million from the Foundation School Payments. This decrease is a result of an over-estimate of the Foundation School Program revenue.
- A favorable variance in federal sources was due to the following adjustment:
 - An increase of approximately \$0.6 million in the federal and grant indirect cost earnings as a result of the American Recovery and Reinvestment Act grants, which ended as of August 31, 2011.

Expenditures

- A net favorable variance of \$17.9 million in expenditures was due to the following favorable variances:
 - Outstanding purchase orders at the end of the fiscal year were \$7.7 million.
 - Chapter 41 unspent balances were \$3.8 million. The unspent balances are a result of an increase in number of weighted average daily attendance.

Austin Independent School District

Management's Discussion and Analysis

August 31, 2011

- Carryover of the unspent balance for the Strategic Compensation was \$4.9 million.
- Carryover for the unspent balance for the purchase of telecommunications and information technology was \$1.5 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At August 31, 2011, the District had invested \$910.0 million in a broad range of capital assets, including land, equipment, buildings, vehicles, and capital lease assets. (See Table A-4 below)

Table A-4
District's Capital Assets
(In Millions of Dollars)

	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2011</u>	<u>2010</u>	
Land	\$ 53.7	\$ 53.6	-
Buildings and improvements	824.9	816.3	1%
Furniture fixtures and equipment	<u>31.4</u>	<u>29.7</u>	
	<u>\$ 910.0</u>	<u>\$ 899.6</u>	1%

During the District's fiscal year 2010-2011, capital spending totaled \$56.5 million in building and improvements and capital equipment. At August 31, 2011, the District is committed under contracts in the amount of approximately \$23.1 million. The commitments are for remaining work on various construction projects. These commitments are payable from the Capital Projects Fund.

Debt Administration

At August 31, 2011, the District had \$865.4 million in long-term debt outstanding, as shown in Table A-5 (below). Additionally, the District is approved for the issuance of Austin Independent School District Commercial Paper Notes, Series A ("Commercial Paper") in an aggregate principal amount not to exceed \$150,000,000 for the purpose of funding new construction and rehabilitation and renovation of existing facilities. The Commercial Paper notes mature in not more than 270 days from issuance and are supported by a revolving credit agreement with Bank of America. The Commercial Paper is secured by a pledge of the proceeds of future general obligation bonds or loans issued by the District to pay the principal of the Commercial Paper or proceeds from ad valorem property taxes. The District had \$3.3 million of Commercial Paper outstanding in the Capital Projects fund as of August 31, 2011.

Austin Independent School District

Management's Discussion and Analysis

August 31, 2011

Table A-5
District's Long-Term Debt
(In Millions of Dollars)

	Governmental Activities		Percentage Change
	2011	2010	
Bonds payable	\$ 863.4	\$ 815.9	6%
Notes and leases payable	2.0	3.1	(34%)
	\$ 865.4	\$ 819.0	6%

Economic Factors and Next Year's Budgets and Rates

Assessed values for the 2010-2011 school year were \$62.2 billion, an increase of 0.98% from the previous year. The values for the 2011-2012 school year, as of November 4, 2011, were at \$62.8 billion, an increase of 0.97% from 2010-2011. The actual student enrollment for 2010-2011 was 85,273, an increase of 1.2% from 2009-2010 and the first six weeks enrollment for 2011-2012 was 86,724, an increase of 1.7% from 2010-2011.

Funding from the state is based on Average Daily Attendance ("ADA"). ADA for 2010-2011 was 77,981, an increase of 2.3% from the prior year. For 2011-2012, the District estimated ADA at 79,087, which represents a 1.4% increase from the 2010-2011 school year.

The actual cost per student for 2010-2011 was \$7,782, and the estimated cost per student for 2011-2012 was \$8,111. The cost per student for 2010-2011 was calculated by dividing the total General Fund actual expenditures, net of the Chapter 41 payments, with the actual student enrollment. The cost per student for 2011-2012 was calculated by dividing the total General Fund adopted budget, net of the Chapter 41 payments, with the first six week enrollment. The increase in the cost per student from 2010-2011 to 2011-2012 is attributed to a combination of increases and decreases in the General Fund budget and in the student enrollment for the two years.

Increases

- Increase in Chapter 41 payment estimate (\$7.3 million)
- Increase to support state and federal grant reductions (\$5.4 million)
- Addition for Strategic Initiatives and new programs (\$4.1 million)
- Increase in the Pre-K program to offset state grant loss (\$4.2 million)

Austin Independent School District

Management's Discussion and Analysis

August 31, 2011

- Increase in staff to support campuses' needs and student growth (\$3.5 million)
- Increase in unemployment costs (\$4.3 million)
- Restoration of Strategic Compensation Reduction (\$1.1 million)
- Other increases (\$2.1 million)

Decreases

- Budget reductions for multiple programs across the District (\$39.7 million)

At the end of the 2010-2011 school year, the District had an increase of \$46.5 million in the General Fund balance, bringing the District's fund balance from \$172.1 million to \$218.6 million as of August 31, 2011. Of this amount, \$1.1 million is nonspendable, \$37.9 million is assigned, and \$179.6 million is unassigned. For the 2011-2012 school year, General Fund revenues are projected to increase approximately 0.5%, while expenditures are projected to increase 6.5%. The 6.5% increase in expenditures includes the Education Job Grant (\$13.8 million). If the Education Job Grant was excluded, the increase would be 4.7%. The District anticipates having a deficit of revenues over expenditures by \$0.7 million at the end of the 2011-2012 school year. For the 2010-2011 and 2011-2012 school years, recapture payments were \$123.7 million and estimated at \$135.2 million, respectively. The District's Maintenance and Operation tax rate is \$1.079 per hundred dollars of assessed value for 2010-2011 and remained the same for the 2011-2012 school year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Services Department.

Basic Financial Statements

Austin Independent School District

Exhibit A-1 Statement of Net Assets

August 31, 2011

1

<u>Data Control Codes</u>		<u>Governmental Activities</u>
	Assets	
1110	Cash, cash equivalents, and temporary investments	\$ 251,296,818
1225	Property taxes receivable – net	9,579,151
1240	Due from other governments	57,599,904
1260	Due from fiduciary funds	36,529
1290	Other receivables – net	776,783
1310	Inventories	3,848,306
1420	Capital bond and other debt issuance costs	4,962,675
	Capital assets:	
1510	Land	53,712,311
1520	Buildings and improvements – net	803,301,110
1530	Furniture and equipment – net	31,406,733
1550	Capital lease – net	-
1580	Construction in progress	<u>21,602,232</u>
1000	Total assets	<u>\$ 1,238,122,552</u>
	Liabilities	
2110	Accounts payable	\$ 18,307,949
2120	Commercial paper	3,285,000
2150	Payroll deduction and withholdings	2,464,416
2160	Accrued wages payable	(1,589,589)
2180	Due to other governments	882,729
2200	Accrued expenditures or expenses	2,765,970
2300	Deferred revenues	1,449,023
	Noncurrent liabilities:	
2400	Due within one year	66,435,425
2500	Due in more than one year	<u>812,104,470</u>
2000	Total liabilities	<u>906,105,393</u>
	Net Assets	
3200	Invested in capital assets – net of related debt	104,323,471
3800	Restricted for:	
	Retirement of long-term debt	21,399,082
	Federal and state funds grants	9,405,895
	Capital acquisition	133,080
3900	Unrestricted	<u>196,755,631</u>
3000	Total net assets	<u>\$ 332,017,159</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit B-1 Statement of Activities

Year Ended August 31, 2011

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Assets
		Program Revenues			Governmental Activities
		Expenses	Charges for Services	Operating Grants and Contributions	
	Government activities:				
11	Instruction	\$ 489,129,165	\$ (692,699)	\$ (93,941,174)	\$ 394,495,292
12	Instructional resources and media services	15,053,077	-	(1,479,283)	13,573,794
13	Curriculum and instructional staff development	28,862,756	-	(13,867,942)	14,994,814
21	Instructional leadership	14,666,483	-	(4,871,992)	9,794,491
23	School leadership	52,262,596	-	(5,414,729)	46,847,867
31	Guidance, counseling, and evaluation services	26,390,649	-	(7,674,537)	18,716,112
32	Social work services	5,761,323	-	(2,848,463)	2,912,860
33	Health services	6,714,044	-	(16,474,062)	(9,760,018)
34	Student (pupil) transportation	28,596,866	-	(1,228,257)	27,368,609
35	Food services	39,704,475	-	(38,339,111)	1,365,364
36	Curricular/extracurricular activities	15,956,946	(729,294)	(564,480)	14,663,172
41	General administration	17,352,291	(1,157,557)	(854,390)	15,340,344
51	Plant maintenance and operations	82,767,535	-	(11,188,140)	71,579,395
52	Security and monitoring services	9,440,801	-	(448,254)	8,992,547
53	Data processing services	41,721,143	-	(2,943,451)	38,777,692
61	Community services	15,968,691	(1,631,811)	(6,646,256)	7,690,624
71	Interest on long-term debt	38,067,146	-	-	38,067,146
91	Contracted instructional services between schools	123,774,675	-	-	123,774,675
93	Payments related to shared services arrangements	1,658,106	-	-	1,658,106
99	Other intergovernmental charges	4,150,819	-	-	4,150,819
99	Depreciation – unallocated	498,340	-	-	498,340
TG	Total governmental activities	<u>1,058,497,927</u>	<u>(4,211,361)</u>	<u>(208,784,521)</u>	<u>845,502,045</u>
TP	Total primary government	<u>\$ 1,058,497,927</u>	<u>\$ (4,211,361)</u>	<u>\$ (208,784,521)</u>	<u>845,502,045</u>
	General revenues:				
MT	Property taxes – levied for general purposes				644,020,548
DT	Property taxes – levied for debt service				88,290,810
SF	State aid – formula grants				135,381,836
GC	Grants and contributions not restricted to specific programs				3,965,917
IE	Investment earnings				774,645
MI	Miscellaneous				8,887,929
S1	<i>Special item</i> – gain on disposition of capital assets				80,021
S2	<i>Special item</i> – insurance recovery				2,328,741
TG	Total general revenues and special items				<u>883,730,447</u>
CN	Change in net assets				38,228,402
NB	Net assets at beginning of year				<u>293,788,757</u>
NE	Net assets at end of year				<u>\$ 332,017,159</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit C-1 Balance Sheet – Governmental Funds

August 31, 2011

<u>Data Control Codes</u>	<u>10</u> <u>General Fund</u>	<u>60</u> <u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>98</u> <u>Total Governmental Funds</u>
Assets				
1110	\$ 181,394,452	\$ 8,749,143	\$ 24,109,158	\$ 214,252,753
1220	29,519,289	-	4,545,479	34,064,768
1230	(21,032,460)	-	(3,453,157)	(24,485,617)
1240	24,091,862	-	33,508,042	57,599,904
1260	20,911,167	2,298	-	20,913,465
1290	667,085	-	108,264	775,349
1300	1,091,747	-	2,688,603	3,780,350
1000	<u>\$ 236,643,142</u>	<u>\$ 8,751,441</u>	<u>\$ 61,506,389</u>	<u>\$ 306,900,972</u>
Liabilities				
2110	\$ 7,499,998	\$ 7,296,982	\$ 3,491,792	\$ 18,288,772
2120	-	3,285,000	-	3,285,000
2150	2,464,416	-	-	2,464,416
2160	(1,899,121)	4,050	(132,471)	(2,027,542)
2170	1,310,689	39,618	20,847,897	22,198,204
2180	-	-	882,729	882,729
2300	8,601,418	-	2,426,756	11,028,174
2000	<u>17,977,400</u>	<u>10,625,650</u>	<u>27,516,703</u>	<u>56,119,753</u>
Fund Balances				
3400	1,091,747	-	2,688,603	3,780,350
3400	-	-	31,301,083	31,301,083
3500	37,946,500	-	-	37,946,500
3600	179,627,495	(1,874,209)	-	177,753,286
3000	<u>218,665,742</u>	<u>(1,874,209)</u>	<u>33,989,686</u>	<u>250,781,219</u>
4000	<u>\$ 236,643,142</u>	<u>\$ 8,751,441</u>	<u>\$ 61,506,389</u>	<u>\$ 306,900,972</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit C-2 Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets

August 31, 2011

Total fund balances – Governmental Funds balance sheet		\$ 250,781,219
Amounts reported for governmental activities in the statement of net assets (Exhibit A-1) are different because:		
Data Control Codes		
1	Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	910,022,386
2	Certain costs related to the sale of bonds are capitalized and amortized over the life of the bonds.	4,962,675
3	Amount of interest on debt payable in August is required to be recognized in the statement of net assets.	(2,765,970)
4	Revenue in governmental activities is recognized in the period received.	9,579,151
5	Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of Internal Service Funds are included in governmental activities in the statement of net assets.	25,276,630
6	Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.	(865,400,979)
7	The accrual of vacation leave is not due and payable in the current period and, therefore, is not reported as expenditures in the governmental funds.	<u>(437,953)</u>
19	Net assets of governmental activities.	<u>\$ 332,017,159</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit C-3

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended August 31, 2011

Data Control Codes	10 General Fund	Capital Projects Funds	Other Governmental Funds	98 Total Governmental Funds
Revenues				
5700	\$ 653,112,866	\$ 13,631	\$ 104,218,107	\$ 757,344,604
5800	162,678,023	-	18,309,739	180,987,762
5900	18,151,351	-	138,471,209	156,622,560
5020	<u>833,942,240</u>	<u>13,631</u>	<u>260,999,055</u>	<u>1,094,954,926</u>
Expenditures				
Current:				
0011	384,342,187	-	75,522,490	459,864,677
0012	12,248,576	-	972,885	13,221,461
0013	14,351,184	-	14,523,486	28,874,670
0021	9,666,932	-	5,091,122	14,758,054
0023	46,979,908	-	3,227,891	50,207,799
0031	19,417,525	-	6,757,172	26,174,697
0032	3,040,797	-	2,719,179	5,759,976
0033	5,744,570	-	899,345	6,643,915
0034	26,411,764	3,763,768	171,815	30,347,347
0035	-	-	37,668,201	37,668,201
0036	14,532,163	-	178,108	14,710,271
0041	16,532,881	-	256,663	16,789,544
0051	68,393,496	1,754,373	10,307,523	80,455,392
0052	9,023,850	-	98,808	9,122,658
0053	18,498,510	188,710	2,857,183	21,544,403
0061	5,389,751	-	10,569,446	15,959,197
0071	1,129,400	807,638	88,634,106	90,571,144
0081	2,101,447	65,907,994	-	68,009,441
0091	123,774,675	-	-	123,774,675
0093	1,658,106	-	-	1,658,106
0099	4,150,819	-	-	4,150,819
6030	<u>787,388,541</u>	<u>72,422,483</u>	<u>260,455,423</u>	<u>1,120,266,447</u>
1100	<u>46,553,699</u>	<u>(72,408,852)</u>	<u>543,632</u>	<u>(25,311,521)</u>
Other Financing Sources and (Uses)				
7911	-	91,625,000	-	91,625,000
7912	80,025	-	-	80,025
7916	-	9,182,638	-	9,182,638
8911	(48,182)	-	-	(48,182)
8913	(54,896)	-	-	(54,896)
7080	<u>(23,053)</u>	<u>100,807,638</u>	<u>-</u>	<u>100,784,585</u>
1200	46,530,646	28,398,786	543,632	75,473,064
0100	<u>172,135,096</u>	<u>(30,272,995)</u>	<u>33,446,054</u>	<u>175,308,155</u>
3000	<u>\$ 218,665,742</u>	<u>\$ (1,874,209)</u>	<u>\$ 33,989,686</u>	<u>\$ 250,781,219</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit C-4

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities

Year Ended August 31, 2011

Net change in fund balances – total Governmental Funds	\$ 75,473,064
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$46,055,042) was less than capital outlay (\$56,501,174), and net asset removal (\$4,796) in the current period.	10,441,336
Bond and noncurrent loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond and noncurrent loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments of principal and loan principal (\$53,662,472) were exceeded by debt proceeds (\$91,625,000).	(37,962,728)
Premium received on bonds is amortized over the life of the bond. This is the amount by which bond premium (\$9,182,638) exceeded amortization (\$2,241,984).	(6,940,654)
The amount of interest which is accrued, but not yet paid, for bond payments due in August is not recognized in the governmental funds. This is the net change in amount of interest payable and other liabilities at August 31, 2011, as compared to 2010 (\$85,644), and the change in accretion of capital appreciation bonds (\$1,557,514).	(1,643,158)
Certain costs associated with the issuance of bonds are amortized over the life of the bonds. This is the net amount of the cost of issuance (\$807,638) less current amortization (\$322,755).	484,883
Deferred revenue is recognized in the governmental funds. This is the net change between 2011 and 2010.	(590,597)
The revenues and expenses of the Internal Service Fund are distributed in the statement of activities and are not considered a governmental fund. The difference is the amount of net income.	(1,040,859)
Costs associated with the accrual of vacation leave are recognized as expenditures in the governmental funds when matured. This is the amount of net change in the vacation accrual between 2011 and 2010.	<u>7,115</u>
Change in net assets of governmental activities – statement of activities	<u>\$ 38,228,402</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit D-1 Statement of Net Assets – Proprietary Funds

August 31, 2011

<u>Data Control Codes</u>	<u>Governmental Activities – Internal Service Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,584,470
Temporary investments	34,459,595
Due from other funds	1,323,566
Receivables – net	1,434
Inventories	<u>67,956</u>
Total current assets	<u>38,437,021</u>
Total assets	<u>\$ 38,437,021</u>
 Liabilities	
Current liabilities:	
Accounts payable and accrued expenditures	\$ 19,177
Due to other funds	2,298
Claims payable – due within one year	<u>7,925,497</u>
Total current liabilities	<u>7,946,972</u>
Noncurrent liabilities:	
Claims payable – due in more than one year	<u>5,213,419</u>
Total liabilities	<u>13,160,391</u>
 Unrestricted Net Assets	
Total net assets	<u>\$ 25,276,630</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit D-2

Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds

Year Ended August 31, 2011

<u>Data Control Codes</u>		<u>Governmental Activities – Internal Service Fund</u>
	Operating Revenues	
5700	Local and intermediate sources	\$ <u>73,881,431</u>
	Total revenues	<u>73,881,431</u>
	Operating Expenses	
6400	Other operating expenses	<u>75,015,260</u>
6030	Total expenses	<u>75,015,260</u>
	Operating loss	<u>(1,133,829)</u>
	Nonoperating Revenues	
	Interest and investment revenue	<u>44,788</u>
	Total nonoperating revenues	<u>44,788</u>
	Income before transfers	(1,089,041)
	Transfers in	<u>48,182</u>
	Change in net assets	(1,040,859)
0100	Net assets at beginning of year	<u>26,317,489</u>
3300	Net assets at end of year	<u><u>\$ 25,276,630</u></u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit D-3 Statement of Cash Flows – Proprietary Funds

Year Ended August 31, 2011

	<u>Governmental Activities – Internal Service Fund</u>
Cash Flows From Operating Activities	
Payments to suppliers	\$ (7,352,273)
Payments from employee salaries and benefits	(1,074,534)
Payments from other funds	72,973,772
Claims paid	<u>(61,796,652)</u>
Net cash provided by operating activities	<u>2,750,313</u>
Cash Flows From Noncapital Financing – transfers from other funds	
Net cash provided by noncapital financing	<u>48,182</u>
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	6,806,958
Outlays for purchase of investments	(12,298,471)
Interest and dividends	<u>44,788</u>
Net cash used in investing activities	<u>(5,446,725)</u>
Net decrease in cash and cash equivalents	(2,648,230)
Cash and cash equivalents at beginning of year	<u>5,232,700</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,584,470</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating loss	\$ (1,133,829)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Changes in:	
Increase in due from other funds	(909,337)
Increase in receivables	(620)
Decrease in inventory	2,213
Increase in accounts payable and accrued expenditures	12,346
Increase in due to other funds	2,298
Increase in claims payable	<u>4,777,242</u>
Net cash provided by operating activities	<u><u>\$ 2,750,313</u></u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit E-1 Statement Fiduciary Assets and Liabilities – Fiduciary Funds

August 31, 2011

<u>Data Control Codes</u>		<u>Agency Fund</u>
		<u>Student Activities Fund</u>
	Assets	
1110	Cash and cash equivalents	\$ 5,138,640
	Temporary investments	4,904,284
	Other receivables	<u>300</u>
1000	Total assets	<u>\$ 10,043,224</u>
	Liabilities	
	Accounts payable	\$ 112,966
	Due to other governments	2,556,394
	Due to other funds	36,529
2190	Due to student groups	<u>7,337,335</u>
2000	Total liabilities	<u>\$ 10,043,224</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

1. Reporting Entity

This report includes the financial statements of the funds required to account for those activities, organizations, and functions which are related to the Austin Independent School District (the "District") and which are controlled by or dependent upon the District's governing body, the Board of Trustees (the "Board"). The Board, a nine-member group as a body corporate, 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 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 applicable requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity," as defined by the Governmental Accounting Standards Board ("GASB") in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. There are no component units with the reporting entity. The District is a governmental entity exempt from federal income taxation under Internal Revenue Code Section 115.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net assets and the statement of activities. These statements report information on all the nonfiduciary activities of the District. The effect of the interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Program revenues include charges to customers and grants used for operational requirements. Governmental activities are supported by tax revenues, state aid, charges for services, investment earnings, and intergovernmental revenues such as grants.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. All capital asset depreciation, other than depreciation of the District's central administration building, is reported as a direct expense of the functional program that benefits from the use of the capital assets. Depreciation expense related to the District's central administrative building is reported as unallocated in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

2. Government-Wide and Fund Financial Statements (continued)

The fund financial statements provide information about the District's funds, with separate statements for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

3. Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units in conjunction with TEA's *Financial Accountability System Resource Guide* ("FAR"). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to, and accounted for the purpose of, carrying on specific activities in accordance with laws, regulations, or other appropriate requirements.

Governmental Fund Types

The District reports the following major Governmental Funds:

The General Fund is the fund that accounts for financial resources in use for general types of operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund, and any fund balances are considered as resources available for current operations. Fund balances may be appropriated by the Board to implement its responsibilities.

The Capital Projects Fund is the fund that accounts for proceeds from sales of bonds and other revenues to be used for Board authorized acquisition, construction, or renovations, as well as furnishing and equipping of major capital facilities. Upon completion of a project, any unused bond proceeds are transferred to the Debt Service Fund and are used to retire related bond principal. This fund is budgeted on a project basis.

Additionally, the District reports the following nonmajor funds:

The Debt Service Fund is the fund that accounts for the use of debt service taxes and other revenues collected for the purposes of retiring bond principal and paying interest on long-term general obligation debt and other long-term debt for which a tax has been dedicated. This is a budgeted fund.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

3. Summary of Significant Accounting Policies (continued)

A. Fund Accounting (continued)

Governmental Fund Types (continued)

The Special Revenue Funds are the funds that account for state and federally financed programs or expenditures legally restricted for specified purposes or where unused balances are returned to the grantor at the close of specified project periods. This fund type also includes child care operations, food concessions, scholarship, and food service operations, which are allowed to maintain a fund balance; such balances are to be used exclusively for allowable child nutrition program purposes. The Food Service Fund is the only Special Revenue Fund that is required to be budgeted. For all other funds in this fund-type, project accounting is employed to maintain integrity for the various sources of funds.

Proprietary Fund Types

The Internal Service Fund, an unbudgeted fund, is the fund that accounts for the District's self-funding of workers' compensation claims, Campus Police, Print Shop, and Health Services. Revenues are generated in the internal service fund through charges to various funds of the District. Expenses result from the administration and funding of District workers' compensation claims and other activities of Internal Service Funds. Internal Service Funds inherently create redundancy because their expenses are recorded a second time in the funds that are billed for the services they provide. Therefore, on the government-wide financial statements, the operations of the Internal Service Funds are consolidated and interfund transactions are eliminated.

Fiduciary Fund Types

Agency Funds, unbudgeted funds, are the funds that account for activities of student groups and other types of activities requiring clearing accounts. An Agency Fund is also used to account for the District's activities as successor-in-interest of the Travis County Education District. This fund type has no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the District.

B. Measurement Focus

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund type financial statements. All Governmental Funds are accounted for on a "spending" or "financial flow" measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance of Governmental Funds is considered a measure of "available spendable resources." The Fiduciary Fund financial statement does not have a measurement focus.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

3. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The government-wide financial statements and Proprietary Fund type financial statements follow the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants, state aid, and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider are met and qualifying expenditures have been incurred.

The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both available and measurable. Revenues, other than grants, are considered to be available when they are expected to be collected during the current budgetary period, or within 60 days thereafter, to pay liabilities outstanding at the close of the budgetary period. Revenues from state and federal grants are recognized as earned when the related program expenditures are incurred and all eligibility requirements have been met, except in the Food Service Special Revenue Fund where revenue recognized is based on the number of students served. Funds received, but unearned, are reflected as deferred revenues, and funds expended, but not yet received, are shown as receivables. Interest revenue and building rentals are recorded when earned, since they are measurable and available. Other revenues such as fees, tuition, local food service revenue, and miscellaneous revenues are recognized when measurable and available.

Effective September 1, 2010, the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which revised the reporting and disclosure of governmental fund balances.

For fiscal year 2011, the District reported the following types of governmental fund balances: committed, nonspendable, restricted, assigned, and unassigned.

- The committed fund balance consists of funds that may be used only for a specific purpose, pursuant to constraints imposed by formal action of the District's Board. The purpose for the funds can be changed only by formal action of the District's Board.
- Nonspendable fund balances are those that are not in a spendable form.
- Restricted fund balances are those that have constraints placed on the use of their resources. These constraints can be: (a) externally imposed by creditors (i.e., debt covenants), grantors, contributors, or laws/regulations of other governments; or (b) imposed by law through constitutional provision or enabling legislation. Both constraints are legally enforceable by an external party.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

3. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

- Assigned fund balances are those that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances do not require District Board formal action and may be specified as "intent" simply through the budgeting process that the resources from these funds be spent for specific purposes within the fund.
- Unassigned fund balances are those within the General Fund and represent fund balance that has not been restricted, committed, or assigned.

The District maintains a stabilization arrangement sufficiently adequate for fiscal cash liquidity purposes that will provide for sufficient cash flow to minimize the potential of short-term tax anticipation borrowing. This amount shall be equal to not less than 14% of the combined budgeted expenditures of the District general fund.

The stabilization arrangement balance represents balances available for appropriation at the discretion of the District's Board. However, the Board shall make every reasonable effort to use these unassigned funds for the following purposes, listed in order of priority:

1. To increase committed fund balances as deemed necessary
2. To increase assigned fund balances as deemed necessary
3. To use as beginning cash balance in support of the annual budget

The District's Board recognizes that any such funds should be appropriated for nonrecurring expenditures, as they represent prior year surpluses that may or may not materialize in subsequent fiscal years

When the District incurs an expenditure for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources. When expenditures are incurred for which assigned or unassigned fund balances are available, the District considers amounts to have been spent out of assigned funds and then unassigned, as needed, unless the District's Board has provided otherwise in its assignment actions.

Expenditures are recognized in the accounting period in which the fund liability is incurred, except expenditures for debt service, including unmatured interest on long-term debt and compensated absences. Expenditures for principal and interest on long-term debt and compensated absences are recognized when matured.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as program revenues include operating grants and contributions, food service user charges, and other charges. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

3. Summary of Significant Accounting Policies (continued)

C. Basis of Accounting (continued)

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Proprietary Fund's principal ongoing operations. The principal operating revenues of the District's Internal Service Funds are health and workers' compensation insurance premiums to participate in the District's self insured health and workers' compensation programs. Operating expenses for the Internal Service Fund include the cost of health and workers' compensation claims and administrative charges. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Effective September 1, 2010, the District adopted GASB Statement No. 59, *Financial Instruments Omnibus*, which revised the reporting and disclosure for certain types of financial instruments. The adoption of this standard did not have a significant impact on the District's financial statements.

D. Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, bank deposit accounts, investments in local government investment pools, and certificates of deposit ("CDs") owned with original stated maturities of three months or less.

E. Investments

State statutes and Board policy authorize the District to invest any and all of its funds in fully collateralized CDs, direct debt securities of the United States of America or the state of Texas, other obligations the principal and interest of which are unconditionally guaranteed by the state of Texas or the United States, fully collateralized direct repurchase agreements, bankers' acceptances, local government investment pools, money market mutual funds, and other investments specifically allowed by Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) and Sections 23.80 and 20.42 of the Texas Education Code. The District participates in several local government investment pools and money market mutual funds. The District believes these investments meet the definition of Rule 2a-7-like, as defined in GASB Statement No. 59. The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments. The District's policy is to report local government investment pools, Securities and Exchange Commission ("SEC") registered money market mutual funds, and repurchase agreements at amortized cost based on published net asset values per share. The District carries investments in debt securities at fair value based on quoted prices.

F. Due From (To) Other Funds

Interfund receivables and payables arise from interfund receipts or disbursements of cash and are recorded in all affected funds in the period in which transactions are executed in the normal course of operations.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

3. Summary of Significant Accounting Policies (continued)

G. Inventories

Inventory of materials and supplies are carried on the basis of the last invoice cost, which approximates first-in first-out cost, and are subsequently charged to budgetary expenditures when consumed. Inventories include plant maintenance and operating supplies, as well as instructional materials. These inventories are offset at year-end by a nonspendable fund balance, which indicates they do not represent "available spendable resources."

Donated commodities inventory is recorded as deferred revenue at year-end. Revenue is recognized when the commodities are distributed to the schools. Donated commodities in inventory at August 31, 2011 totaled \$660,951.

H. Capital Assets

Capital assets, which includes land, buildings and improvements, furniture and equipment, and construction in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Buildings and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	30 years
Furniture and equipment	5-10 years
Vehicles	5-7 years
Property under capital leases	10 years
Buses	8-10 years
Computer software and equipment	3-7 years
Portable buildings	10 years

I. Compensated Absences

The state of Texas has created a minimum sick leave program consisting of five days of personal leave per year that may be used for illness or discretionary personal leave with no limit on accumulation and transferability among districts for every eligible employee regularly employed in Texas public schools.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

3. Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

Each district's local Board of Education is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum. The District's policy provides six to eight additional sick leave days per year depending on the number of duty days scheduled to work during the school year.

Accumulated state leave at end of the year remains in the employee's state personal leave account. Additional sick leave days provided by the District do not vest; therefore, at fiscal year-end, no liability exists.

Teachers do not receive paid vacation, but are paid only for the number of days they are required to work each year. All regular employees are entitled to an annual vacation. In the government-wide financial statements, the District has a liability for unused vacation pay for regular employees for all vacation earned as of August 31, 2011. The District allows unused vacation days to carry over through December 31.

J. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. 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.

The District participates in the Texas Association of School Boards Modified Self-Funded program for its vehicle liability insurance. The District has commercial insurance for all other risks of loss, except vehicle liability insurance and workers' compensation, including employee health benefits and employee life and dental and accident insurance.

During the year ended August 31, 2011, the District established a self funded health insurance program utilizing a plan provided by Blue Cross Blue Shield of Texas. District employees have a choice of three PPO plans, one of which offers a health savings account ("HSA"). Claims administration is contracted from a third party administrator. Health benefit consultant services are contracted from an outside entity. The District maintains both aggregate and individual stop loss coverage for catastrophic losses exceeding \$300,000 per claim.

The District is self-insured up to \$400,000 per occurrence for losses related to workers' compensation. The District has purchased excess coverage through a commercial insurer licensed in the state of Texas.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

3. Summary of Significant Accounting Policies (continued)

K. Encumbrances

The District employs encumbrance accounting, whereby encumbrances for goods or purchased services are documented by purchase orders and contracts. An encumbrance represents a commitment of Board appropriation related to unperformed contracts for goods and services. The issuance of a purchase order or the signing of a contract creates an encumbrance, but does not represent an expenditure for the period, only a commitment to expend resources. Appropriations lapse at August 31 and encumbrances outstanding at that time are either cancelled or appropriately provided for in the subsequent year's budget.

Outstanding encumbrances at August 31, 2011 that were subsequently provided for in the 2012 budget as a September amendment for Board approval totaled \$41,215,080 in the General Fund.

L. Fund Equity

In the Governmental Fund financial statements, unassigned fund balances indicate available amounts for the budgeting of future operations. Restricted and assigned fund balances are that portion of fund equity which is not available for appropriation, or which has been legally separated for specific purposes. Designations of fund balance as nonspendable, restricted, committed, assigned, or unassigned are the representations of management for the utilization of financial resources in future periods.

M. Data Control Totals

Data control codes refer to the account code structure prescribed by TEA in the FAR. TEA requires school districts to display these codes in the financial statements filed with the agency in order to insure accuracy in building a statewide database for policy development and funding plans.

N. Deferred Revenue

The deferred revenue on the balance sheet of the General Fund and the nonmajor governmental funds primarily relates to uncollected property taxes, less the allowance for doubtful accounts. The remainder in the nonmajor governmental funds relates to donated commodity inventory, pre-payments for school lunch tickets in the child nutrition program special revenue fund, and deferred grant revenues.

O. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

3. Summary of Significant Accounting Policies (continued)

P. Use of Estimates

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

Q. Accrued Wages Payable

With state law changes that push the start of school to later in August, the actual number of days most employees work in August has decreased. In order for these employees' pay streams to be unaffected, most of which are teachers, they are still paid one-twelfth of their yearly contract amount in August, thus creating a "prepaid" in wages payable at August 31.

4. Deposits and Investments

Deposits

At August 31, 2011, all District deposits were with the contracted depository bank in accounts which were secured at the balance sheet date by Federal Deposit Insurance Corporation ("FDIC") coverage and by pledged securities, as approved by the School Depository Act, held by the District's agent, Bank of America, in the name of the District.

At August 31, 2011, the District had a general ledger balance of \$7,996,924 (excluding student activity fund balances of approximately \$5,138,600) while the total of bank balances equaled \$29,133,320. Of the bank balances, \$28,932,404 is covered by federal depository insurance, and the remainder was covered by \$1,104,916 of collateral pledged in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

1. Name of bank: Bank of America
2. The amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$1,206,081.
3. The largest deposit combined account balance amounted to \$34,304,277 and occurred during the month of June 2011.
4. Total amount of FDIC coverage at the time of the largest combined balance was \$33,098,896.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

4. Deposits and Investments (continued)

Investments

The District's temporary investments, including restricted assets, at August 31, 2011 are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Governmental activities:		
Fidelity Institutional Money Market Fund	\$ 5,079,137	\$ 5,079,137
Bank of America – repurchase agreement	2,307,176	2,576,242
U.S. government agency securities	3,431,483	3,501,649
JPMorgan Money Market Fund	19,363	19,363
Wells Fargo Money Market Fund	3,280,749	3,280,749
Lone Star Investment Pool	56,564,580	56,564,580
Texas Daily Investment Pool	28,683,637	28,683,637
Texas Local Government Investment Pool ("TexPool")	142,180,984	142,180,308
U.S. Bank – U.S. Treasury and Agency	<u>1,938,525</u>	<u>1,958,754</u>
Total governmental activities	<u>243,485,634</u>	<u>243,844,419</u>
Fiduciary fund:		
TexPool	3,008,355	3,008,355
Bank of America Money Market Fund	977,022	977,022
Savings accounts	<u>918,907</u>	<u>918,907</u>
Total fiduciary fund	<u>4,904,284</u>	<u>4,904,284</u>
Total investments	<u>\$ 248,389,918</u>	<u>\$ 248,748,703</u>

Investment Objectives

The primary objective of the District's investment activity is to provide the highest reasonable market return with the maximum security while meeting daily cash flow requirements and conforming to all applicable state laws.

The District's investment policy contains investment strategies for each accounting fund of the District. The investment portfolio shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issue, a specific class of securities, or a specific institution.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

4. Deposits and Investments (continued)

Interest Rate Risk

As a means of limiting the exposure to fair value losses that could occur from rising interest rates, the District's investment policy limits the maturity of investments to no longer than one year, except for the Capital Projects Fund, which is one and one-half years. The District's debt service fund holds \$5,370,008 in U.S. government agency and treasury securities at August 31, 2011, all of which mature in one year or less.

TexPool

TexPool is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed both of participants in TexPool and of other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard & Poors.

Although TexPool is not registered with the SEC as an investment company, the District believes it operates as a Rule 2a7-like pool, as described in GASB Statement No. 59. As such, the District uses amortized cost to report its investment.

Lone Star

The Lone Star Investment Pool ("Lone Star") is a public funds investment pool created pursuant to the Interlocal Cooperation Act, Chapter 791, of the Texas Government Code, and the Public Funds Investment Act, Texas Government Code, Chapter 2256. Lone Star is managed by an 11-member board of trustees and pursuant to the investment agreement, the board of trustees is authorized and directed to adopt and maintain bylaws consistent with the bylaws of the Texas School Cash Management Program. Pursuant to Section 2256.016(g) of the Public Funds Investment Act, Lone Star has established an advisory board. The purpose of the advisory board is to gather and exchange information from participants and nonparticipants relating to Lone Star's operations. The Board has entered into an agreement with the Texas Association of School Boards ("TASB"), a Texas nonprofit corporation, pursuant to which TASB serves as administrator of Lone Star's operations. Standard & Poor's rates money market funds and has rated Lone Star as AAA-

Although Lone Star is not registered with the SEC as an investment company, the District believes it operates as a Rule 2a7-like pool, as described in GASB Statement No. 59. As such, the District uses amortized cost to report its investment.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

4. Deposits and Investments (continued)

TexasTERM (TexasDAILY)

TexasDAILY is a public funds investment pool established by the TexasTERM Local Government Investment Pool ("TexasTERM") advisory board, pursuant to provisions of the TexasTERM Common Investment Contract that established the TexasTERM Local Government Investment Pool and the series known as TexasDAILY. TexasDAILY was organized in conformity with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. An advisory board, composed of participants and nonparticipant members elected by the participant shareholders of TexasTERM, is responsible for the overall management of TexasTERM, including formulation and implementation of its investment and operating policies. In addition, the advisory board members select and oversee the activities of the investment advisor and custodian of TexasTERM and monitor investment performance and the method of valuing the shares. The investment advisor and administrator for TexasDAILY is PFM Asset Management LLC. TexasTERM and TexasDAILY are rated AAAM by Standard & Poor's. Although TexasTERM is not registered with the SEC as an investment company, the District believes it operates as a Rule 2a7-like pool as described in GASB Statement No. 59. As such, the District uses amortized cost to report its investment.

Fidelity Institutional Money Market Fund

The Fidelity Institutional Money Market Fund (the "Fund") is an SEC registered money market mutual fund that operates under SEC Rule 2a-7 of the Investment Company Act of 1940. As such, the Fund uses amortized cost to report net assets and share prices since that amount approximates fair value. The District invests in the Government Portfolio of the Fund. The Government Portfolio normally invests at least 80% of its assets in U.S. Government securities and repurchase agreements for those securities. The Government Portfolio generally maintains a dollar-weighted average maturity of 60 days or less and does not have a credit rating issued by a national credit rating agency.

5. Property Taxes

Property taxes are levied as of October 1 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, including those property taxes expected to be collected during a 60-day period after the close of the District's fiscal year.

The final assessed value at January 1, 2010, upon which the October 2010 levy was based, was approximately \$59,795,510,706.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

5. Property Taxes (continued)

The tax rates assessed for the year ended August 31, 2011, to finance General Fund operations, and the payment of principal and interest on general obligation long-term debt were \$1.079 and \$0.148 per \$100 valuation, respectively, for a total of \$1.227 per \$100 of assessed valuation.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles 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.

As of August 31, 2011, property taxes receivable, net of estimated uncollectible taxes, totaled \$8,486,829 and \$1,092,322 for the General and Debt Service Funds, respectively.

6. Receivables from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2011 for the District's major fund and non-major funds are summarized below. All federal grants shown below are passed through TEA and are reported in the basic financial statements as receivable from other governments.

<u>Fund</u>	<u>Local Entities</u>	<u>State Grants and Other</u>	<u>Federal Grants</u>	<u>Total</u>
General fund	\$ -	\$ 23,578,857	\$ 513,005	\$ 24,091,862
Nonmajor fund	<u>4,833,939</u>	<u>26,516,671</u>	<u>2,157,432</u>	<u>33,508,042</u>
	<u>\$ 4,833,939</u>	<u>\$ 50,095,528</u>	<u>\$ 2,670,437</u>	<u>\$ 57,599,904</u>

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

7. Changes in Capital Assets

The following summarizes the change in capital assets for the year ended August 31, 2011:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 53,558,267	\$ 154,044	\$ -	\$ 53,712,311
Construction in progress	129,260,976	47,366,679	(155,025,423)	21,602,232
Total capital assets not being depreciated	182,819,243	47,520,723	(155,025,423)	75,314,543
Capital assets being depreciated:				
Property under capital leases	15,759,460	-	-	15,759,460
Buildings and improvements	1,148,050,109	155,025,423	-	1,303,075,532
Furniture and equipment	73,352,619	8,980,451	(2,772,830)	79,560,240
Total capital assets being depreciated	1,237,162,188	164,005,874	(2,772,830)	1,398,395,232
Less accumulated depreciation for:				
Property under capital leases	15,759,460	-	-	15,759,460
Buildings and improvements	461,041,996	38,732,426	-	499,774,422
Furniture and equipment	43,598,925	7,322,616	(2,768,034)	48,153,507
Total accumulated depreciation	520,400,381	46,055,042	(2,768,034)	563,687,389
Total capital assets being depreciated – net	716,761,807	117,950,832	(4,796)	834,707,843
Governmental activities capital assets – net	\$ 899,581,050	\$ 165,471,555	\$ (155,030,219)	\$ 910,022,386

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

7. Changes in Capital Assets (continued)

Depreciation expense for the year ended August 31, 2011 was charged to functions/programs of primary government activities as follows:

Instruction	\$ 29,055,687
Instructional resources and media services	1,921,753
Curriculum and staff development	1,459
Instructional leadership	13,221
School leadership	2,044,591
Guidance, counseling, and evaluation services	219,935
Health services	71,740
Student (pupil) transportation	3,419,457
Food services	2,578,091
Curricular/extracurricular activities	1,420,003
General administration	34,503
Plant maintenance and operations	1,888,650
Security and monitoring services	273,878
Data processing services	1,141,108
Community services	3,214
Facilities acquisition and construction	1,469,412
Unallocated depreciation	<u>498,340</u>
	<u>\$ 46,055,042</u>

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

8. Long-Term Obligations

Long-term obligations include par bonds; capital appreciation (deep discount) serial bonds; and loans, leases, and self-insurance claims payable. At August 31, 2011, the District's debt limitation under local policies, which represents 10.0% of the District's total assessed property value for school tax purposes, is \$59,795,510,706, and the District's legal debt margin is 1.4%.

The following is a summary of changes in long-term obligations (including general obligation bonds, loans/leases, and self-insurance claims payable) for the year ended August 31, 2011:

	<u>Bonds Payable</u>	<u>Loans/ Leases Payable</u>	<u>Self-Insurance Claims Payable</u>
Balance, as reported at August 31, 2010	\$ 815,859,384	\$ 3,080,699	\$ 8,361,674
Additions – 2011 Unlimited Tax Refunding Bonds	91,625,000	-	-
Additions – accretion of discounts	1,557,514	-	-
Additions – bond premium	9,182,638	-	-
Current year claims and/or changes in estimates	-	-	73,466,645
Retirements	(52,617,633)	(1,044,639)	-
Claim payments	-	-	(68,689,403)
Amortized bond premium	(2,241,984)	-	-
Balance at August 31, 2011	<u>\$ 863,364,919</u>	<u>\$ 2,036,060</u>	<u>\$ 13,138,916</u>
Amount due within one year	<u>\$ 57,607,633</u>	<u>\$ 902,295</u>	<u>\$ 7,925,497</u>

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

8. Long-Term Obligations (continued)

Included in the District's long-term debt arising from refunding transactions are capital appreciation bonds ("CAB"), which are noninterest bearing and are discounted at issuance. CAB's are designed to accrete in value over time. The following is a summary of the interest rates and original issue amounts for the District's long-term debt as of August 31, 2011:

Description	Interest Rate Payable	Amounts Original Issue
Bonded indebtedness:		
1998 Unlimited Tax Refunding Bonds	3.10-5.00%	\$ 130,397,389
2002 Unlimited Tax School Building Bonds	3.50-4.75%	20,010,000
2002A Unlimited Tax School Building Bonds	3.00-5.00%	4,675,000
2002 Unlimited Tax School Qualified Zone Academy Bonds	4.11%	5,082,652
2004 Unlimited Tax School Building Bonds	2.25-5.00%	9,685,000
2004 Unlimited Tax Refunding Building Bonds	5.00-5.25%	111,935,000
2005 Unlimited Tax Refunding Building Bonds	2.50-5.00%	23,494,117
2005A Unlimited Tax School Building Bonds	3.35-6.125%	2,630,000
2005B Unlimited Tax School Qualified Zone Academy Bonds	3.01%	4,491,923
2006 Unlimited Tax Refunding Bonds	5.00-5.25%	54,375,000
2006 Unlimited Tax School Qualified Zone Academy Bonds	2.69%	6,408,071
2006A Unlimited Tax Refunding Bldg Bonds	4.00-5.00%	90,000,000
2006B Unlimited Tax Refunding Bonds	4.00-5.00%	31,460,000
2007 Unlimited Tax Refunding Bonds	3.00-5.00%	135,000,000
2008 Unlimited Tax School Qualified Zone Academy Bonds	0.00%	2,442,131
2008 Unlimited Tax Refunding Bonds	4.00-5.25%	100,000,000
2009 Unlimited Tax Refunding Bonds	2.00-5.00%	99,495,000
2010A Unlimited Tax Refunding Bonds	2.50-5.00%	25,165,000
2010B Unlimited Tax Refunding Bonds	3.68-5.24%	58,315,000
2011 Unlimited Tax Refunding Bonds	2.00-5.00%	91,625,000
		<u>\$ 1,006,686,283</u>

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

8. Long-Term Obligations (continued)

Description	Amounts Outstanding August 31, 2010	Additions Current Year	Retired Current Year	Amounts Outstanding August 31, 2011
Bonded indebtedness:				
Building bonds:				
1998 Unlimited Tax Refunding	\$ 99,888,937	\$ 1,466,641	* \$ (16,170,000)	\$ 85,185,578
2002 Unlimited Tax School	4,110,000	-	(1,310,000)	2,800,000
2002A Unlimited Tax School	1,110,000	-	(355,000)	755,000
2002 Unlimited Tax School	-	-	-	-
Qualified Zone Academy	5,082,652	-	-	5,082,652
2004 Unlimited Tax School	7,515,000	-	(405,000)	7,110,000
2004 Unlimited Tax Refunding	82,965,000	-	(13,035,000)	69,930,000
2005 Unlimited Tax Refunding	17,139,127	90,873	* (1,635,000)	15,595,000
2005A Unlimited Tax School	2,320,000	-	(110,000)	2,210,000
2005B Unlimited Tax School	-	-	-	-
Qualified Zone Academy	4,491,923	-	-	4,491,923
2006 Unlimited Tax Refunding	37,765,000	-	(5,515,000)	32,250,000
2006 Unlimited Tax School	-	-	-	-
Qualified Zone Academy	6,408,071	-	-	6,408,071
2006A Unlimited Tax Refunding	84,400,000	-	(2,690,000)	81,710,000
2006B Unlimited Tax Refunding	31,445,000	-	-	31,445,000
2007 Unlimited Tax Refunding	132,800,000	-	(4,040,000)	128,760,000
2008 Unlimited Tax School	-	-	-	-
Qualified Zone Academy	2,136,865	-	(152,633)	1,984,232
2008 Unlimited Tax Refunding	97,600,000	-	(2,505,000)	95,095,000
2009 Unlimited Tax Refunding	96,375,000	-	(3,120,000)	93,255,000
2010 Unlimited Tax Refunding	83,480,000	-	(1,575,000)	81,905,000
2011 Unlimited Tax Refunding	-	91,625,000	-	91,625,000
Bond premium	18,826,809	9,182,638	(2,241,984)	25,767,463
Total bond indebtedness	<u>\$ 815,859,384</u>	<u>\$ 102,365,152</u>	<u>\$ (54,859,617)</u>	<u>\$ 863,364,919</u>

*Represents accretion of discount on capital appreciation bonds.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

8. Long-Term Obligations (continued)

Presented below is a summary of general obligation bonds requirements to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ended August 31,			
2012	\$ 57,607,633	\$ 36,832,504	\$ 94,440,137
2013	46,808,592	47,554,144	94,362,736
2014	48,114,063	46,102,310	94,216,373
2015	62,797,633	30,644,476	93,442,109
2016	65,842,633	27,604,149	93,446,782
2017-2021	164,035,812	106,853,143	270,888,955
2022-2026	136,027,901	76,880,092	212,907,993
2027-2031	158,615,000	42,723,686	201,338,686
2032-2036	<u>75,255,000</u>	<u>9,309,653</u>	<u>84,564,653</u>
	<u>\$ 815,104,267</u>	<u>\$ 424,504,157</u>	<u>\$ 1,239,608,424</u>

For general obligations, included in interest is the future accretion of interest on capital appreciation bonds in the amount of \$22,493,189. This amount will be considered principal as it is accreted in the future.

In fiscal year 2011, the District issued one new series of bonded indebtedness as follows:

- The District entered into a contract, which was approved by the Board on June 20, 2011, to issue \$91,625,000 of Unlimited Tax Refunding Bonds, Series 2011, and deliver such bonds in August 2011 in order to retire a portion of the outstanding commercial paper balance. There is no economic gain or loss on this refinancing of commercial paper, since commercial paper is a short-term obligation and bonded indebtedness is a long-term obligation.

There are a number of limitations and restrictions contained in the District's general obligation bond indenture. Management of the District believes it is in compliance with all significant limitations and restrictions at August 31, 2011.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

8. Long-Term Obligations (continued)

The District entered into an unsecured loan agreement in 2001 with the State Energy Conservation Office – General Services Commission. The State Energy Conservation Office advanced the District funds to be used for the retrofitting of lighting fixtures and new air conditioning equipment. The District will repay the loan amount plus interest at 4.04%.

The loan will be repaid as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ <u>174,325</u>	\$ <u>2,629</u>	\$ <u>176,954</u>
	\$ <u><u>174,325</u></u>	\$ <u><u>2,629</u></u>	\$ <u><u>176,954</u></u>

The District entered into another loan agreement in November 2003 with the State Energy Conservation Office – General Services Commission. The District will repay the loan amount, plus interest at 3.00%. The loan will be repaid as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 727,970	\$ 47,667	\$ 775,637
2013	750,036	25,658	775,694
2014	<u>383,729</u>	<u>4,323</u>	<u>388,052</u>
	\$ <u><u>1,861,735</u></u>	\$ <u><u>77,648</u></u>	\$ <u><u>1,939,383</u></u>

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

9. Interfund Receivables and Payables

Interfund balances occur when one fund pays or receives resources for another fund. Interfund balances at August 31, 2011, consisted of the following fund receivables and payables:

	Due From	Due To
Major Fund – General Fund:		
Nonmajor	\$ 20,835,020	\$ -
Capital Projects	39,618	-
Internal Service	-	1,310,689
Agency	36,529	-
Total General Fund	20,911,167	1,310,689
Major Fund – Capital Projects:		
General	-	39,618
Internal Service	2,298	-
Total Capital Projects	2,298	39,618
Nonmajor Funds:		
General	-	20,835,020
Internal Service	-	12,877
Total Nonmajor Funds	-	20,847,897
Internal Service Fund:		
General	1,310,689	-
Nonmajor	12,877	-
Capital Projects	-	2,298
Total Internal Service Fund	1,323,566	2,298
Fiduciary Fund:		
General	-	36,529
Total Fiduciary Fund	-	36,529
Total all funds	\$ 22,237,031	\$ 22,237,031

During the year, the General Fund transferred \$48,182 to a nonmajor Internal Service Fund to partially fund courier and security services.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

10. Commitments and Contingencies

At August 31, 2011, the District is committed under contracts in the amount of approximately \$23,138,000. The commitments are for remaining work on various construction projects. These commitments are payable from the Capital Projects Fund.

The District participates in a number of federal financial assistance programs. Although the District's grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 and provisions OMB Circular A-133 through August 31, 2011, these programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

The District leases certain building facilities and equipment on a year-to-year basis. Total rent expenditures for the year ended August 31, 2011 was \$3,804,490. These leases are considered for accounting purposes to be operating leases.

The District has been named in several civil lawsuits. The outcome of these pending cases cannot presently be determined; however, the District plans to vigorously contest each action. In the opinion of management, disposition of these lawsuits will have no material adverse effect on the financial position of the District.

The Travis County Central Appraisal District is a defendant in various lawsuits involving the property values assigned to property located within the District's boundaries on which the District assesses property taxes. Assessed value of property values under suit as follows:

<u>Tax Year</u>	<u>Property Value</u>
2007	\$ 6,002,547,172
2008	1,105,588,893
2009	1,827,461,312
2010	1,848,056,258
2011	355,045,007

The District could be required to refund property taxes paid on values which were greater than the ultimate final assessed valuation assigned by the court. Such lawsuits could continue several years into the future.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

11. Retirement Plan

Plan Description

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

Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.000% of the member's annual compensation and a state contribution rate of not less than 6.000% and not more than 10.000% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.400% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal years 2011 and 2010 and 6.580% for fiscal year 2009. In certain instances, the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.400% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS, which were recognized as revenues and expenditures in the accompanying financial statements, made on behalf of the District's employees for the years ended August 31, 2011, 2010, and 2009 totaled \$34,821,455, \$34,766,312, and \$33,144,654, respectively. The District paid additional state contributions for the years ended August 31, 2011, 2010, and 2009 totaling \$3,323,045, \$3,321,581, and \$2,839,991, respectively, on the portion of the employees' salaries that exceeded the statutory minimum. The District made 100% of the required contributions for the years ended August 31, 2011, 2010, and 2009.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

12. Health Care Coverage

A. Health Insurance Plan

During the year ended August 31, 2011, employees of the District were covered by a self-funded health insurance plan. With the Blue Cross Blue Shield health plan, employees have a choice of three PPO plans, one of which offers a HSA. The District contributed \$440 per month, per employee to the plans, with the exception of \$359 per month, per employee to the PPO2 employee only premium. All contributions were paid to licensed insurers. The contracts between the District and the licensed insurers provide terms of coverage and contribution costs.

The latest financial statements for the insurance companies, available for the year ended December 31, 2011, are filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

B. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. These payments totaled \$1,239,031, \$1,324,796, and \$1,223,332 for fiscal years 2011, 2010, and 2009 respectively.

C. Retiree Health Plan

Plan Description

The District contributes to TRS-Care, a cost-sharing multiple-employer defined benefit postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under TRS. 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

12. Health Care Coverage (continued)

C. Retiree Health Plan (continued)

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 1.00% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010, and 2009. According to the 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, 2011, 2010, and 2009, the State's contributions to TRS-Care, which were recognized as revenues and expenditures in the accompanying financial statements, totaled \$510,123, \$517,127, and \$445,104, respectively, the active member contributions totaled \$3,406,675, \$3,401,279, and \$3,274,169, respectively, and the school district's contributions totaled \$2,882,571, \$2,878,327, and \$2,770,449, respectively, which equaled the required contributions each year.

13. Self Insurance

The District participates in the Texas Association of School Boards Modified Self-Funded Program for its vehicle liability insurance. In connection therewith, stop loss insurance for bodily injury over \$100,000 per person, \$300,000 per occurrence, and \$100,000 for personal property is maintained. The District is responsible for claims up to these amounts.

The District is self-insured for workers' compensation coverage. The District contributes amounts to the internal service fund based on an estimate of the ultimate cost of claims expected to be incurred each year and changes in amounts estimated in prior years. The District's retention under this program is limited to \$250,000 per occurrence (all claims relating to a related event are considered an occurrence). The District purchased excess coverage through Insurance Corporation of Hannover, a governmental risk pool, for losses in excess of \$250,000 up to the statutory limit as described by state law. The District has contracted with Republic Western Insurance Company, a commercial insurer licensed in the State of Texas, to provide the coverage per occurrence in excess of \$250,000 up to a statutory limit as described by state law.

During the year ended August 31, 2011, the District established a self funded health insurance program utilizing a plan provided by Blue Cross Blue Shield of Texas. District employees have a choice of three PPO plans, one of which offers a HSA. Claims administration is contracted from a third party administrator. Health benefit consultant services are contracted from an outside entity. The District maintains both aggregate and individual stop loss coverage for catastrophic losses exceeding \$300,000 per claim.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

13. Self Insurance (continued)

Changes in worker's compensation and health insurance claims liability amounts are as follows:

	<u>Worker's Compensation</u>	<u>Health Insurance</u>
Beginning of the year liability	\$ 8,361,674	\$ -
Current year claims and/or changes in estimates	1,967,254	71,499,391
Claim payments	<u>(2,115,509)</u>	<u>(66,573,894)</u>
End of the year liability	<u>\$ 8,213,419</u>	<u>\$ 4,925,497</u>

The end of the year liability includes claims incurred and reported and estimated claims incurred, but not reported, based on historical activity.

Due to the types of risk self-insured, the ultimate amount to be paid out may be more or less than the amount accrued at August 31, 2011. The District has a contingent liability in the event the insurer is unable to fulfill its responsibility under the contract or the incurred claims exceed the amounts covered by stop loss coverage. There have been no claim settlements exceeding the District's retention limits in the last three years.

14. Deficit Fund Balance

As of August 31, 2011, the Capital Projects Fund had a deficit fund balance of \$1,874,209. The deficit fund balance resulted from capital expenditures incurred in 2011, which are being financed by Commercial Paper on an interim basis. The District is utilizing the Commercial Paper program, which is more fully described in Note 15, rather than issuing a large amount of bonded indebtedness at the beginning of a construction program. The Commercial Paper program allows the District to issue smaller increments of short-term debt that more closely match the size and timing of its construction expenditures and thus, minimize the total amount of interest cost and bond issuances costs incurred on the construction program. The Commercial Paper balance at August 31, 2011 will be repaid from future bond issues and the deficit fund balance will be eliminated by the bond proceeds.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

15. Short-Term Debt

In June 2005, the Board approved the issuance of Austin Independent School District Commercial Paper Notes, Series A ("Commercial Paper") in an aggregate principal amount not to exceed \$150,000,000 for the purpose of funding new construction and rehabilitation and renovation of existing facilities. The Commercial Paper notes mature in not more than 270 days from issuance and are supported by a revolving credit agreement with Bank of America. The Commercial Paper is secured by a pledge of the proceeds of future general obligation bonds or loans issued by the District to pay the principal of the Commercial Paper or proceeds from ad valorem property taxes. As of August 31, 2011, the District has an outstanding balance of \$3.285 million of Commercial Paper, which is recorded in the Capital Projects Fund. Since the beginning of the Commercial Paper Program, the District has issued approximately \$600 million in bonds, using a portion of the proceeds from each of the bond issuances to partially refinance the Commercial Paper. As of August 31, 2011, \$582 million of bond proceeds have been used to refinance the Commercial Paper.

Changes in the Commercial Paper are as follows:

	<u>2011</u>	<u>2010</u>
Beginning of the year liability	\$ 95,000,000	\$ 20,000,000
Bonds issued	(175,000,000)	-
Commercial paper issuances	<u>83,285,000</u>	<u>75,000,000</u>
End of the year liability	<u>\$ 3,285,000</u>	<u>\$ 95,000,000</u>

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

16. Fund Balance

Designations of governmental fund balance as of August 31, 2011 were as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable:				
Inventories	\$ 1,091,747	\$ -	\$ 2,688,603	\$ 3,780,350
Restricted:				
Retirement of long-term debt	-	-	21,399,082	21,399,082
Federal and state funds grants	-	-	9,902,001	9,902,001
Assigned:				
High school redesign and dropout prevention	602,216	-	-	602,216
Library science	172,919	-	-	172,919
Reserve for self funded health insurance	7,000,000	-	-	7,000,000
School family and community	25,000	-	-	25,000
School turnaround project	1,548,914	-	-	1,548,914
Strategic compensation	4,916,869	-	-	4,916,869
Student discipline	77,571	-	-	77,571
Tactical compensation	118,633	-	-	118,633
Administration	80,207	-	-	80,207
Campus administration	53,880	-	-	53,880
Construction and maintenance projects	6,152,712	-	-	6,152,712
Data processing	2,286,054	-	-	2,286,054
Extracurricular activities	32,463	-	-	32,463
Health, guidance, and social services	120,661	-	-	120,661
Instructional	7,403,373	-	-	7,403,373
Security	12,972	-	-	12,972
Special projects	7,030,967	-	-	7,030,967
Student evaluation	240,000	-	-	240,000
Transportation	71,089	-	-	71,089
Unassigned	179,627,495	(1,874,209)	-	177,753,286
Total fund balances	\$ 218,665,742	\$ (1,874,209)	\$ 33,989,686	\$ 250,781,219

17. Shared Services Arrangement

The District is the fiscal agent for a Shared Services Arrangement (“SSA”), which provides deaf education services to member districts whose students are enrolled in the Regional Day School Program for the Deaf. In addition to the District, other member districts include Del Valle ISD, NYOS Charter School, and Harmony School of Excellence.

Austin Independent School District

Notes to Basic Financial Statements

August 31, 2011

17. Shared Services Arrangement (continued)

The District, acting as the fiscal agent, receives monies from the granting agencies and administers the program. The fiscal agent is responsible for employment of personnel, budgeting, accounting, and reporting. According to guidance provided in TEA's *Resource Guide*, the District has accounted for the activities of the SSA in the appropriate Special Revenue Funds. Additionally, the SSA is accounted for using the "Accounting and Reporting Treatment Guidance Section" of the *Resource Guide*.

According to the SSA agreement, costs incurred by the SSA shall be divided among the member districts in proportion to the number of students each member district has attending the Regional School Program.

Expenditures allocated to the SSA members as of August 31, 2011 are summarized below:

	<u>All Districts</u>	<u>All Districts</u>	<u>Austin ISD</u>	<u>Austin ISD</u>	<u>Del Valle ISD</u>	<u>Del Valle ISD</u>
Number of Students	<u>74</u>		<u>70</u>		<u>4</u>	
Fund Year						
315 (in226)_0	\$ (4,991)		\$ (4,721)		\$ (270)	
315_1	36,446		34,476		1,970	
315_2	<u>619</u>		<u>585</u>		<u>34</u>	
Discretionary Deaf		\$ <u>32,074</u>		\$ <u>30,340</u>		\$ <u>1,734</u>
316 (in 227)_0	7,393		6,993		400	
316_1	45,380		42,927		2,453	
316_2	<u>1,523</u>		<u>1,441</u>		<u>82</u>	
Formula Deaf		<u>54,296</u>		<u>51,361</u>		<u>2,935</u>
317_1	6,509		6,157		352	
317_2	<u>561</u>		<u>531</u>		<u>30</u>	
Preschool Deaf		<u>7,070</u>		<u>6,688</u>		<u>382</u>
340_1	2,372		2,244		128	
340_2	<u>395</u>		<u>374</u>		<u>21</u>	
Early Intervention		<u>2,767</u>		<u>2,618</u>		<u>149</u>
435_0	(147)		(139)		(8)	
435_1	<u>440,935</u>		<u>417,101</u>		<u>23,834</u>	
State Deaf		<u>440,788</u>		<u>416,962</u>		<u>23,826</u>
Grand Total	\$ <u>536,995</u>	\$ <u>536,995</u>	\$ <u>507,969</u>	\$ <u>507,969</u>	\$ <u>29,026</u>	\$ <u>29,026</u>

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by GASB but not considered a part of the basic financial statements.

Austin Independent School District

Exhibit G-1 Budgetary Comparison Schedule – General Fund

Year Ended August 31, 2011

Data Control Codes	Budgeted Amounts			Variance With Final Budget Positive (Negative)	
	Original	Final	Actual		
Revenues					
5700	Local and intermediate sources	\$ 628,727,327	\$ 654,111,568	\$ 653,112,866	\$ (998,702)
5800	State program revenues	172,890,382	164,894,838	162,678,023	(2,216,815)
5900	Federal program revenues	<u>36,357,018</u>	<u>21,576,484</u>	<u>18,151,351</u>	<u>(3,425,133)</u>
5020	Total revenues	<u>837,974,727</u>	<u>840,582,890</u>	<u>833,942,240</u>	<u>(6,640,650)</u>
Expenditures					
Current:					
0011	Instruction	424,440,753	386,248,721	384,342,187	1,906,534
0012	Instructional resources and media services	12,481,072	12,218,317	12,248,576	(30,259)
0013	Curriculum and instructional staff development	16,402,676	14,346,101	14,351,184	(5,083)
0021	Instructional leadership	11,310,923	10,113,777	9,666,932	446,845
0023	School leadership	46,773,859	47,142,568	46,979,908	162,660
0031	Guidance, counseling, and evaluation services	20,419,601	19,309,273	19,417,525	(108,252)
0032	Social work services	3,145,130	3,031,713	3,040,797	(9,084)
0033	Health services	5,817,447	5,744,599	5,744,570	29
0034	Student (pupil) transportation	24,737,748	25,926,461	26,411,764	(485,303)
0036	Curricular/extracurricular activities	13,886,468	14,510,272	14,532,163	(21,891)
0041	General administration	17,390,323	16,470,638	16,532,881	(62,243)
0051	Plant maintenance and operations	78,821,960	78,073,524	68,393,496	9,680,028
0052	Security and monitoring services	9,643,313	9,251,005	9,023,850	227,155
0053	Data processing services	17,212,469	20,359,306	18,498,510	1,860,796
0061	Community services	5,765,867	5,700,759	5,389,751	311,008
0071	Principal and interest on long-term debt	1,194,300	1,194,300	1,129,400	64,900
0081	Capital outlay	1,320,000	2,509,380	2,101,447	407,933
0091	Contracted instructional services between schools	127,815,376	127,578,725	123,774,675	3,804,050
0093	Payments related to shared services arrangements	1,233,902	1,233,902	1,658,106	(424,204)
0099	Other intergovernmental charges	<u>4,417,540</u>	<u>4,417,540</u>	<u>4,150,819</u>	<u>266,721</u>
6030	Total expenditures	<u>844,230,727</u>	<u>805,380,881</u>	<u>787,388,541</u>	<u>17,992,340</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(6,256,000)</u>	<u>35,202,009</u>	<u>46,553,699</u>	<u>11,351,690</u>
Other Financing Sources and (Uses)					
7912	Sale of real or personal property	51,000	-	80,025	80,025
8911	Transfers out	-	-	(48,182)	(48,182)
8941	Litigation	<u>(95,000)</u>	-	<u>(54,896)</u>	<u>(54,896)</u>
7080	Total other financing sources and (uses)	<u>(44,000)</u>	<u>-</u>	<u>(23,053)</u>	<u>(23,053)</u>
1200	Net change in fund balances	(6,300,000)	35,202,009	46,530,646	11,328,637
0100	Fund balances at beginning of year	<u>172,135,096</u>	<u>172,135,096</u>	<u>172,135,096</u>	<u>-</u>
3000	Fund balances at end of year	<u>\$ 165,835,096</u>	<u>\$ 207,337,105</u>	<u>\$ 218,665,742</u>	<u>\$ 11,328,637</u>

The accompanying notes are an integral part of this statement.

Austin Independent School District

Exhibit G-1

Note to the Budgetary Comparison Schedule – General Fund

Year Ended August 31, 2011

Budgetary Data

Formal budgetary accounting is employed for the General Fund, as outlined in TEA's FAR. The budgetary comparison schedule is presented on the modified accrual basis of accounting consistent with GAAP. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis generally consistent with GAAP for the General Fund, Debt Service Fund, and the Food Service Special Revenue Fund. The remaining Special Revenue Funds and the Capital Projects Fund adopt project-length budgets, which do not correspond to the District's fiscal year. Each annual budget for these funds is presented on the modified accrual basis of accounting, which is consistent with GAAP. The Board amended the budget throughout the year. Such amendments are before the fact and are reflected in the official minutes of the Board.

Other Supplementary Information Section

This section includes financial information and disclosures not required by GASB and is not considered a part of the basic financial statements. It may, however, include information that is required by other entities.

Austin Independent School District

Exhibit J-1 Schedule of Delinquent Taxes Receivable

Year Ended August 31, 2011

Year Ended August 31,	Tax Rates		Appraised Value for School Tax Purposes	Beginning Balance at September 1, 2010	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance at August 31, 2011
	Maintenance	Debt Service							
2001 and prior years	Various	Various	\$ Various	\$ 10,608,506	\$ -	\$ 46,799	\$ 11,212	\$ (5,767)	\$ 10,544,728
2002	1.4522	0.0964	41,826,379,899	1,400,652	-	16,525	1,619	(13,549)	1,368,959
2003	1.5000	0.0964	40,424,012,912	1,269,197	-	18,229	1,786	(538)	1,248,644
2004	1.5000	0.0137	38,527,056,136	1,194,330	-	22,520	2,207	(43,476)	1,126,127
2005	1.5000	0.1230	38,334,394,797	1,208,196	-	39,166	3,838	(6,259)	1,158,933
2006	1.5000	0.1230	40,506,607,208	1,762,888	-	56,170	5,504	(40,510)	1,660,704
2007	1.3700	0.1230	46,891,428,945	1,842,288	-	41,481	4,065	(148,359)	1,648,383
2008	1.0400	0.1230	52,962,285,527	1,883,676	-	7,572	742	(310,550)	1,564,812
2009	1.0790	0.1230	58,836,304,076	3,702,688	-	789,271	77,338	(349,149)	2,486,930
2010	1.0790	0.1230	61,630,025,136	8,532,759	-	4,100,272	401,771	(361,605)	3,669,111
2011 (school year under audit)	1.0790	0.1480	59,795,510,706	-	733,690,916	659,069,801	64,579,868	(2,453,810)	7,587,437
1000 Totals				\$ 33,405,180	\$ 733,690,916	\$ 664,207,806	\$ 65,089,950	\$ (3,733,572)	\$ 34,064,768

See accompanying independent auditors' report.

Austin Independent School District

Exhibit J-2

Schedule of Expenditures for Computation of Indirect Cost for 2012-2013 – General Fund and Special Revenue Funds

Year Ended August 31, 2011

Function 41 and Related Function 53 & Function 99 – 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	\$ 62,706	\$ -	\$ 996,475	\$ 21,318,936	\$ 1,607,661	\$ -	\$ 23,985,778
6149	Fringe benefits – unused leave for separating employees in Function 41 and related Function 53	-	-	-	-	-	-	-
6149	Fringe benefits – unused leave for separating employees in all functions except Function 41 and related Function 53	-	-	-	-	-	-	-
6211	Legal services	-	-	-	-	1,019,458	-	1,019,458
6212	Audit services	-	-	-	167,067	-	-	167,067
6213	Tax appraisal and collection	-	4,150,819	-	-	-	-	4,150,819
621X	Other professional services	14,108	-	-	653,165	639	-	667,912
6220	Tuition and transfer payments	-	-	-	-	-	-	-
6230	Education service centers	-	-	-	-	-	-	-
6240	Construction, maintenance, and repair	-	-	-	-	1,531,858	-	1,531,858
6250	Utilities	-	-	-	-	200,591	-	200,591
6260	Rentals	1,489	-	3,425	125,620	18,096	-	148,630
6290	Miscellaneous construction	18,041	-	5,587	1,685,992	130,069	-	1,839,689
6310	Operational supplies and materials	162	-	1,219	9,444	2,336	-	13,161
6320	Textbooks and reading	-	-	-	-	-	-	-
6330	Testing materials	-	-	-	-	-	-	-
63XX	Other supplies and materials	7,863	-	53,964	5,180,129	47,982	-	5,289,938
6410	Travel, subsistence, and stipends	19,437	-	6,266	101,741	12,554	-	139,998
6420	Insurance and bonding costs	-	-	-	-	-	-	-
6430	Election costs	(2,493)	-	-	-	-	-	(2,493)
6490	Miscellaneous operating	106,912	-	20,182	199,014	59,563	-	385,671
6500	Debt service	-	-	-	-	-	-	-
6600	Capital outlay	-	-	-	-	-	359,324	359,324
Total		\$ 228,225	\$ 4,150,819	\$ 1,087,118	\$ 29,441,108	\$ 4,630,807	\$ 359,324	\$ 39,897,401

Total expenditures for General and Special Revenue Funds

\$ 959,209,853

Less deductions of unallowable costs

Fiscal Year

Total capital outlay (6600)	(10) \$ 3,869,099
Total debt and lease (6500)	(11) \$ 1,129,400
Plant maintenance (Function 51, 6100-6400)	(12) \$ 78,615,641
Food (Function 35, 6341, and 6499)	(13) \$ 11,489,419
Stipends (6413)	(14) \$ -
Column 4 (above) – total indirect cost	<u>\$ 29,441,108</u>

Subtotal

124,544,667

Net allowed direct cost

\$ 834,665,186

Cumulative

Total cost of buildings before depreciation (1520)	(15) \$ 1,303,075,532
Historical cost of buildings over 50 years old	(16) \$ 23,561,905
Amount of federal money in building cost (net of #16)	(17) \$ -
Total cost of furniture and equipment before depreciation (1530 and 1540)	(18) \$ 79,560,240
Historical cost of furniture and equipment over 16 years old	(19) \$ 1,461,335
Amount of federal money in furniture and equipment (net of #19)	(20) \$ 4,974,744

(8) Note A – There is \$18,957,037 of Function 53 expenditures included in this report as administrative costs.

\$4,150,819 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs

Austin Independent School District

Exhibit J-4

Budgetary Comparison Schedule Required By the Texas Education Agency – National School Breakfast and Lunch Program

Year Ended August 31, 2011

<u>Data Control Codes</u>	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)	
	1	2	3		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
Revenues					
5700	Local and intermediate sources	\$ 8,261,184	\$ 8,261,184	\$ 7,614,342	\$ (646,842)
5800	State program revenues	1,146,327	1,146,327	1,125,924	(20,403)
5900	Federal program revenues	<u>28,101,549</u>	<u>29,282,549</u>	<u>29,085,345</u>	<u>(197,204)</u>
5020	Total revenues	<u>37,509,060</u>	<u>38,690,060</u>	<u>37,825,611</u>	<u>(864,449)</u>
Expenditures					
Current:					
0035	Food service	36,481,722	37,662,722	37,130,629	532,093
0051	Plant maintenance and operations	<u>1,543,773</u>	<u>1,543,773</u>	<u>839,954</u>	<u>703,819</u>
6030	Total expenditures	<u>38,025,495</u>	<u>39,206,495</u>	<u>37,970,583</u>	<u>1,235,912</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(516,435)</u>	<u>(516,435)</u>	<u>(144,972)</u>	<u>371,463</u>
1200	Net change in fund balances	(516,435)	(516,435)	(144,972)	371,463
0100	Fund balances – beginning	<u>9,550,862</u>	<u>9,550,862</u>	<u>9,550,862</u>	<u>-</u>
3000	Fund balances – ending	<u>\$ 9,034,427</u>	<u>\$ 9,034,427</u>	<u>\$ 9,405,890</u>	<u>\$ 371,463</u>

Austin Independent School District

Exhibit J-5

Budgetary Comparison Schedule Required By the Texas Education Agency – Debt Service Fund

Year Ended August 31, 2011

<u>Data Control Codes</u>	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)	
	1	2	3		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
Revenues					
5700	Local and intermediate sources	\$ 85,618,820	\$ 85,618,820	\$ 88,542,044	\$ 2,923,224
5900	Federal program revenues	-	-	886,020	886,020
5020	Total revenues	<u>85,618,820</u>	<u>85,618,820</u>	<u>89,428,064</u>	<u>3,809,244</u>
Expenditures					
0071	Principal and interest on long-term debt	<u>91,058,764</u>	<u>91,058,764</u>	<u>88,634,106</u>	<u>2,424,658</u>
6030	Total expenditures	<u>91,058,764</u>	<u>91,058,764</u>	<u>88,634,106</u>	<u>2,424,658</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(5,439,944)</u>	<u>(5,439,944)</u>	<u>793,958</u>	<u>6,233,902</u>
1200	Net change in fund balances	(5,439,944)	(5,439,944)	793,958	6,233,902
0100	Fund balances – beginning	<u>20,605,125</u>	<u>20,605,125</u>	<u>20,605,125</u>	-
3000	Fund balances – ending	<u><u>\$ 15,165,181</u></u>	<u><u>\$ 15,165,181</u></u>	<u><u>\$ 21,399,083</u></u>	<u><u>\$ 6,233,902</u></u>

Federal Awards Section



Independent Auditors' 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
Austin Independent School District
Austin, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Austin Independent School District (the "District") as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 16, 2012. 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and the Public Funds Investment Act, 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* or the Public Funds Investment Act.

We noted certain matters that we reported to management of the District in a separate letter dated January 16, 2012.

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

Padgett, Stratemann + Co., LLP

Certified Public Accountants
January 16, 2012

Independent Auditors' Report on Compliance With
Requirements That Could Have a Direct and Material
Effect on Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133

Board of Trustees
Austin Independent School District
Austin, Texas

Compliance

We have audited the compliance of Austin Independent School District (the "District") with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2011. The District's major federal programs are identified in the summary of auditors' 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 the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

Internal Control Over Compliance

Management of the 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 the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Padgett, Strutzmann & Co., LLP

Certified Public Accountants
January 16, 2012

Austin Independent School District

Schedule of Findings and Questioned Costs

Year Ended August 31, 2011

Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Type of auditors' 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

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Year Ended August 31, 2011

(1)			(2)	(3)	(4)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds	Pass-Through Amount Subrecipients
		United States Department of Education:			
		Direct Programs:			
S060A100771	289	Indian Education Formula Grants to LEAs	84.060A	\$ 48,086	\$ -
S060A110771	289	Indian Education Formula Grants to LEAs	84.060A	4,633	-
		Subtotal, Indian Education Formula Grants to LEAs		<u>52,719</u>	<u>-</u>
Q184L070214-09	289	Safe Schools/Healthy Students Grants	84.184L	965,772	-
Q184L070214-10	289	Safe Schools/Healthy Students Grants	84.184L	1,125,108	-
		Subtotal, Safe Schools/Healthy Students Grants		<u>2,090,880</u>	<u>-</u>
S215L070299	289	Smaller Learning Communities	84.215L	418,296	-
S215L070299A	289	Smaller Learning Communities (OESE)	84.215L	19,123	-
S215L070299-10	289	Smaller Learning Communities (OESE)	84.215L	973,920	-
		Subtotal, Small Learning Communities		<u>1,411,339</u>	<u>-</u>
U363A080139-09	289	Legacy Leadership: A Model for District Succession Planning	84.363A	99,559	-
U363A080139-10	289	Legacy Leadership: A Model for District Succession Planning	84.363A	633,527	-
		Subtotal, Legacy Leadership: A Model for District Succession Planning		<u>733,086</u>	<u>-</u>
S374A100010	289	REACH: Supporting and Rewarding Success in the Classroom	84.374A	733,849	-
		Total Direct Program		<u>5,021,873</u>	<u>-</u>
		Passed Through The University of Texas at Austin:			
P033A104173	199	Federal Work-Study Program	84.033	67,948	-
UTA10-000316	289	Texas Regional Collaboratives for Excellence in Science and Mathematics Teaching	84.366B	149,602	-
UTA11-000208	289	Texas Regional Collaboratives for Excellence in Science and Mathematics Teaching	84.366B	4,759	-
		Subtotal, Texas Regional Collaboratives for Excellence in Science and Mathematics Teaching		<u>154,361</u>	<u>-</u>
		Total Passed Through The University of Texas at Austin		<u>222,309</u>	<u>-</u>
		Passed Through the Texas Education Agency:			
114100087110362	220	Adult Education – English Literacy and Civics Education, Section 231	84.002A	108,734	-
124100087110422	220	Adult Education – English Literacy and Civics Education, Section 231	84.002A	8,389	-
		Subtotal, Adult Education – English Literacy and Civics Education, Section 231		<u>117,123</u>	<u>-</u>

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Year Ended August 31, 2011

(Continued)

(1)			(2)	(3)	(4)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds	Pass- Through Amount Subrecipients
10610101227901	211	ESEA, Title I, Part A – Improving Basic Programs	84.010A	16,772	\$ -
11610101227901	211	ESEA, Title I, Part A – Improving Basic Programs	84.010A	27,939,193	-
12610101227901	211	ESEA, Title I, Part A – Improving Basic Programs	84.010A	<u>1,306,445</u>	-
		Subtotal, ESEA Title I Part A – Improving Basic Programs		<u>29,262,410</u>	-
10610104227901058	211	Title I – School Improvement Program	84.010A	735	-
11610104227901004	211	Title I – School Improvement Program	84.010A	111,300	-
11610104227901006	211	Title I – School Improvement Program	84.010A	487,175	-
11610104227901007	211	Title I – School Improvement Program	84.010A	17,089	-
11610104227901048	211	Title I – School Improvement Program	84.010A	37,251	-
11610104227901058	211	Title I – School Improvement Program	84.010A	<u>338,639</u>	-
		Subtotal, ESEA Title I – School Improvement Program		<u>992,189</u>	-
11610103227901	211	ESEA Title I Part D, Subpart 2 – Delinquent Programs	84.010A	316,352	-
12610103227901	211	ESEA Title I Part D, Subpart 2 – Delinquent Programs	84.010A	<u>7,238</u>	-
		Subtotal, ESEA Title I Part D, Subpart 2 – Delinquent Programs		<u>323,590</u>	-
106600012279016600	224	IDEA – Part B, Formula	84.027A	13,817	-
116600012279016600	224	IDEA – Part B, Formula	84.027A	12,022,987	-
126600012279016600	224	IDEA – Part B, Formula	84.027A	<u>916,973</u>	-
		Subtotal, IDEA – Part B, Formula		<u>12,953,777</u>	-
106600022279016673	315	IDEA – Part B, Discretionary (Deaf)	84.027A	(4,991)	-
11660006227901	226	IDEA – Part B, High Cost Risk Pool	84.027A	141,715	-
116600022279016673	315	IDEA – Part B, Discretionary (Deaf)	84.027A	36,446	-
126600022279016673	315	IDEA – Part B, Discretionary (Deaf)	84.027A	<u>619</u>	-
		Subtotal, IDEA – Part B, Discretionary		<u>173,789</u>	-
106600012279016601	316	IDEA – Part B, Formula (Deaf)	84.027A	7,393	-
116600012279016601	316	IDEA – Part B, Formula (Deaf)	84.027A	45,380	-
126600012279016601	316	IDEA – Part B, Formula (Deaf)	84.027A	<u>1,523</u>	-
		Subtotal, IDEA – Part B, Formula (Deaf)		<u>54,296</u>	-
11420006227901	244	Carl D. Perkins Basic Grant Formula for CATE	84.048A	1,243,815	-
12420006227901	244	Carl D. Perkins Basic Grant Formula for CATE	84.048A	<u>42,155</u>	-
		Subtotal, Carl D. Perkins Basic Grant Formula for CATE		<u>1,285,970</u>	-
116610012279016610	225	IDEA – Part B, Preschool	84.173A	313,043	-
126610012279016610	225	IDEA – Part B, Preschool	84.173A	<u>29,431</u>	-
		Subtotal, IDEA – Part B, Preschool		<u>342,474</u>	-

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Year Ended August 31, 2011

(Continued)

(1)			(2)	(3)	(4)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds	Pass-Through Amount Subrecipients
116610012279016611	317	IDEA – Part B, Preschool (Deaf)	84.173A	6,509 \$	-
126610012279016611	317	IDEA – Part B, Preschool (Deaf)	84.173A	561	-
		Subtotal, IDEA – Part B, Preschool Deaf		<u>7,070</u>	<u>-</u>
113911012279013911	340	IDEA – Part C, Early Childhood Intervention (Deaf)	84.181A	2,372	-
123911012279013911	340	IDEA – Part C, Early Childhood Intervention (Deaf)	84.181A	395	-
		Subtotal, IDEA – C, Early Childhood Intervention (Deaf)		<u>2,767</u>	<u>-</u>
111704.01	243	Capital Area Tech Prep	84.243	8,781	-
096950137110002	265	21st Century Community Learning Centers CY 6 Yr 1	84.287C	2,123	-
106950117110004	265	21st Century Community Learning Centers CY 4 Yr 5	84.287C	449,460	-
106950117110006	265	21st Century Community Learning Centers CY 4 Yr 5	84.287C	444,181	-
106950117110005	265	21st Century Community Learning Centers CY 4 Yr 5	84.287C	445,951	-
106950137110004	265	21st Century Community Learning Centers CY 6 Yr 2	84.287C	1,824,368	-
116950167110015	265	21st Century Community Learning Centers CY 7 Yr 1	84.287C	41,711	-
126950177110004	265	21st Century Community Learning Centers CY 6 Yr 3	84.287C	57,543	-
		Subtotal, Texas 21st Century Community Learning Centers		<u>3,265,337</u>	<u>-</u>
10630001227901	262	ESEA Title II, Part D – Enhancing Education Through Technology	84.318X	(443)	-
10671001227901	263	Title III, Part A – LEP	84.365A	3,614	-
11671001227901	263	Title III, Part A – LEP	84.365A	1,990,872	-
12671001227901	263	Title III, Part A – LEP	84.365A	112,662	-
		Subtotal, Title III, Part A – LEP		<u>2,107,148</u>	<u>-</u>
10694501227901	255	ESEA Title II, Part A Teacher and Principal Training and Recruiting	84.367A	4,829	-
106945067110001	255	ESEA Title II, Part A Teacher and Principal Training and Recruiting	84.367A	85,955	-
11694501227901	255	ESEA Title II, Part A Teacher and Principal Training and Recruiting	84.367A	3,699,390	-
12694501227901	255	ESEA Title II, Part A Teacher and Principal Training and Recruiting	84.367A	275,759	-
		Subtotal, ESEA Title II, Part A		<u>4,065,933</u>	<u>-</u>
69550902	289	Summer School LEP	84.369A	7,781	-
69551002	289	Summer School LEP	84.369A	165,150	-
		Subtotal, Summer School LEP		<u>172,931</u>	<u>-</u>
10553001227901	279	ARRA – Title II, Part D – Technology	84.386A	359,493	-
105520017110003	286	Texas Title I Priority School Grants – ARRA – Reagan	84.388A	606,202	-
105520017110004	286	Texas Title I Priority School Grants – ARRA – Travis	84.388A	1,267,612	-
Not issued	286	Texas Title I Priority School Grants – ARRA – Martin	Not issued	6,529	-
		Subtotal, Texas Title I Priority School Grants – ARRA		<u>1,880,343</u>	<u>-</u>

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Year Ended August 31, 2011

(Continued)

(1)	(2)	(3)	(4)		
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds	Pass- Through Amount Subrecipients
10551001227901	285	ARRA – ESEA Title I, Part A – Improving Basic Programs	84.389	12,476,144	\$ -
10551003227901	285	ARRA – Title I, Part D, Subpart 2	84.389A	202,963	-
10551004227901004	285	ARRA – ESEA, Title I, School Improvement Program	84.389A	2	-
10551004227901006	285	ARRA – ESEA, Title I, School Improvement Program	84.389A	(1,673)	-
10551004227901007	285	ARRA – ESEA, Title I, School Improvement Program	84.389A	(2,131)	-
10551004227901043	285	ARRA – ESEA, Title I, School Improvement Program	84.389A	(29,529)	-
11551004227901006	285	ARRA – ESEA, Title I, School Improvement Program	84.389A	42,911	-
11551004227901007	285	ARRA – ESEA, Title I, School Improvement Program	84.389A	7,819	-
11551004227901048	285	ARRA – ESEA, Title I, School Improvement Program	84.389A	44,045	-
11551004227901058	285	ARRA – ESEA, Title I, School Improvement Program	84.389A	21,039	-
11551004227901150	285	ARRA – ESEA, Title I, School Improvement Program	84.389A	39,078	-
		Subtotal, ARRA – ESEA Title I – School Improvement Program		121,561	-
10554001227901	283	ARRA – IDEA – Part B, Formula – LEA	84.391A	9,190,747	-
10555001227901	284	ARRA – IDEA – Part B, Formula – LEA	84.392A	375,226	-
10557001227901	266	ARRA – Title XIV State Fiscal Stabilization Funds	84.394A	1,600,439	-
11557001227901	266	ARRA – Title XIV State Fiscal Stabilization Funds	84.394A	22,680,502	-
		Subtotal, ARRA – Title XIV State Fiscal Stabilization Funds		24,280,941	-
		Total Passed Through the Texas Education Agency		104,022,560	-
		Passed Through the Education Service Center, Region 10:			
00-015	206	Education for Homeless Children and Youth	84.196A	497	-
00-015	206	Education for Homeless Children and Youth	84.196A	180,001	-
		Subtotal, Education for Homeless Children and Youth		180,498	-
A09-022	280	ARRA – Education for Homeless Children and Youth	84.387	130,061	-
		Total Passed Through the Education Service Center, Region 10		310,559	-
		Passed Through the Education Service Center, Region 13:			
S010A090043		TTIPS Strategic Planning Grant	84.010A	228,472	-
0966002271213		IDEA – Part B, Discretionary – RF Tracker	84.027	13,972	-
1166002271213		IDEA – Part B, Discretionary – RF Tracker	84.027	1,194	-
		Subtotal, IDEA – Part B, Discretionary – RF Tracker		15,166	-
		Total Passed Through the Education Service Center, Region 13		243,638	-
		Total United States Department of Education		109,820,939	-

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Year Ended August 31, 2011

(Continued)

(1)			(2)	(3)	(4)
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds	Pass- Through Amount Subrecipients
		<u>United States Department of Agriculture:</u>			
		Passed Through the Texas Department of Agriculture:			
71401101	240	School Breakfast Program	10.553	6,021,014 \$	-
227003A	240	Donated Commodities National School Lunch Program	10.555	1,211,676	-
71301101	240	National School Lunch Program	10.555	21,607,380	-
71301101	240	After-School Snack Program	10.555	245,275	-
2271011	242	Summer Food Service Program for Children	10.559	<u>525,041</u>	-
		Total Passed Through Texas Department of Agriculture		<u>29,610,386</u>	-
		Total United States Department of Agriculture		<u>29,610,386</u>	-
		<u>United States Department of Defense:</u>			
N/A	199	R.O.T.C.	12.000	<u>176,162</u>	-
		Total United States Department of Defense		<u>176,162</u>	-
		<u>United States Department of Health and Human Services:</u>			
		Passed Through the Department of State Health Services:			
2011-037906-001	289	Heart Disease and Stroke Prevention Worksite Wellness Collaborative	93.283	5,000	-
2011-037129-001	289	Communities Putting Prevention to Work 2011	93.723	<u>6,000</u>	-
		Total Passed Through Texas Department of State Health Services		<u>11,000</u>	-
		Passed Through the City of Austin:			
330000	289	Communities Putting Prevention to Work – Tobacco Use Cessation Program	93.724	<u>16,997</u>	-
		Total Passed Through City of Austin		<u>16,997</u>	-
		Passed Through The Texas Health and Human Services Commission:			
529-11-0029-00007	289	Refugee School Impact Discretionary Grant	93.576	86,633	-
529-07-0157-00112	199	Medicaid Administration	93.778	<u>300,000</u>	-
		Total Passed Through The Texas Health and Human Services Commission		<u>386,633</u>	-

Austin Independent School District

Exhibit K-1 Schedule of Expenditures of Federal Awards

Year Ended August 31, 2011

(Continued)

(1)	(2)	(3)	(4)		
Project Number	Data Control Codes	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Expenditures Indirect Costs and Refunds	Pass- Through Amount Subrecipients
Passed Through the Education Center					
Region XIII:					
106921047110001	289	Characteristics of an Effective School Health Advisory Council	93.938	4,092	\$ -
				<u>4,092</u>	<u>-</u>
Total Passed Through the Education Center Region XIII					
Total United States Department of Health and Human Services				<u>418,722</u>	<u>-</u>
<u>Corporation for National and Community Service:</u>					
Passed Through Education Service Center					
Region XIV:					
09KSWTX001	222	Learn and Serve Texas	94.004	19,540	-
09KSWTX001	222	Learn and Serve Texas	94.004	106,597	-
				<u>126,137</u>	<u>-</u>
Total Passed Through Education Service Center Region XIV					
Total Corporation for National and Community Service				<u>126,137</u>	<u>-</u>
Total Federal Assistance				<u>\$ 140,152,346</u>	<u>\$ -</u>

Austin Independent School District

Notes to Schedule of Expenditures of Federal Awards

Year Ended August 31, 2011

1. General

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. Basis of Accounting

The accounting and financial reporting treatment applied to Special Revenue Funds is the current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, except for indirect cost reimbursement and impact aid, which are in the General Fund. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the Special Revenue Fund. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when matured, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financing resources.

Federal grant funds are considered to be earned as soon as all eligibility requirements imposed by the provider are met and expenditures have been incurred, and, accordingly, when such funds are received in advance, they are recorded as deferred revenues until earned.

3. General Fund Reimbursements

The General Fund receives reimbursement from the federal government for the following activities which are not required to be presented on the Schedule of Expenditures of Federal Awards: Medicaid reimbursement, school health and related services, and Troops to Teachers Program.

4. Noncash Federal Awards

The District received noncash awards in the form of food commodities totaling \$1,211,676 for the year ended August 31, 2011.