

**EANES INDEPENDENT
SCHOOL DISTRICT**

**Annual Financial Report
for the Fiscal Year Ended
August 31, 2011**

EANES INDEPENDENT SCHOOL DISTRICT

Annual Financial Report Year Ended August 31, 2011 Table of Contents

	<u>Page</u>
CERTIFICATE OF BOARD	1
FINANCIAL SECTION	
Independent Auditors' Report	2-3
Management's Discussion and Analysis	4-10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	16
Statement of Net Assets - Proprietary Funds - Nonmajor Enterprise Funds	17
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds - Nonmajor Enterprise Funds	18
Statement of Cash Flows - Proprietary Funds - Nonmajor Enterprise Funds	19
Statement of Net Assets - Proprietary Fund - Internal Service Fund	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund - Internal Service Fund	21
Statement of Cash Flows - Proprietary Fund - Internal Service Fund	22
Statement of Fiduciary Net Assets - Fiduciary Funds	23
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	24
Notes to Basic Financial Statements	25-40
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	41
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	42
Combining Balance Sheet - Nonmajor Special Revenue Funds	43-45
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	46-48

EANES INDEPENDENT SCHOOL DISTRICT

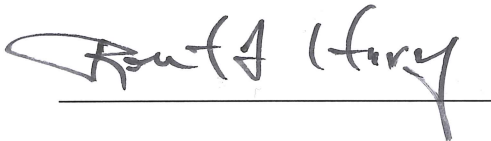
Annual Financial Report Year Ended August 31, 2011 Table of Contents

	<u>Page</u>
FINANCIAL SECTION (continued)	
Combining and Individual Fund Statements and Schedules (continued):	
Combining Statement of Net Assets - Nonmajor Enterprise Funds	49
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Enterprise Funds	50
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	51
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Child Nutrition Fund	53
Other Schedules:	
Schedule of Delinquent Taxes Receivable	54
Schedule of Expenditures for Computation of Indirect Cost for General and Special Revenue Funds	55
FEDERAL AWARDS SECTION	
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	56-57
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	58-59
Schedule of Expenditures of Federal Awards	60
Notes to the Schedule of Expenditures of Federal Awards	61
Schedule of Findings and Questioned Costs	62-63

CERTIFICATE OF BOARD

Eanes Independent School District Travis 227909
Name of School District County Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were 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 4 day of Dec, 2011.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Eanes Independent School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eanes 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 District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of August 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2011 on our consideration of the District's internal control over financial reporting and 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.

Affiliated Companies

ML&R PERSONNEL SOLUTIONS LLC

"The Resource for Direct Hire & Project Staffing"

ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

This firm is not a CPA firm

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

maxwell toche + pitter LLP

December 7, 2011

EANES INDEPENDENT SCHOOL DISTRICT MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of Eanes 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 District’s total combined net assets were \$90.4 million at August 31, 2011, an increase of \$1.7 million from the prior year.
- During the year, the District’s expenses were \$1.7 million less than the \$143.9 million generated in taxes and other revenues for governmental and business-type activities.
- The General Fund reported a fund balance this year of \$32.3 million which is a \$418 thousand decrease from the prior year.

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.
- *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *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 shows how the required parts of this annual report are arranged and related to one another.

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

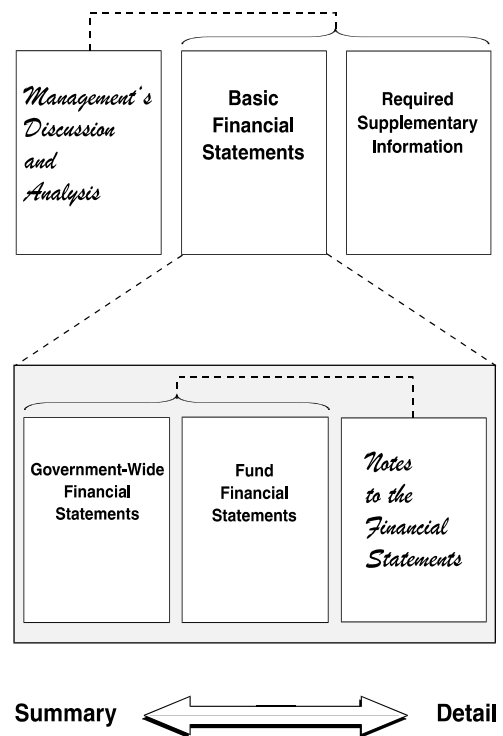


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District's (except fiduciary funds) and the Agency's component units	The activities of the District that are not proprietary or fiduciary	Activities the District operates similar to private businesses	Instances in which the District is the trustee or agent for someone else's resources
Required financial statements	<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 & changes in fund balances 	<ul style="list-style-type: none"> Statement of net assets Statement of net assets Statement of cash flows 	<ul style="list-style-type: none"> Statement of fiduciary net assets Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	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	All assets and liabilities, both financial and capital, and short term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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 of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities 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 - is one way to measure the District's financial health or *position*.

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

The government-wide financial statements of the District include the *Governmental Activities*. Most of 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 most significant *funds* - not the District as a whole. Funds are accounting devices that 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 money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following 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) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future 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.
- Proprietary funds** - Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- 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 of 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 \$90.4 million as of August 31, 2011. (See Table A-1).

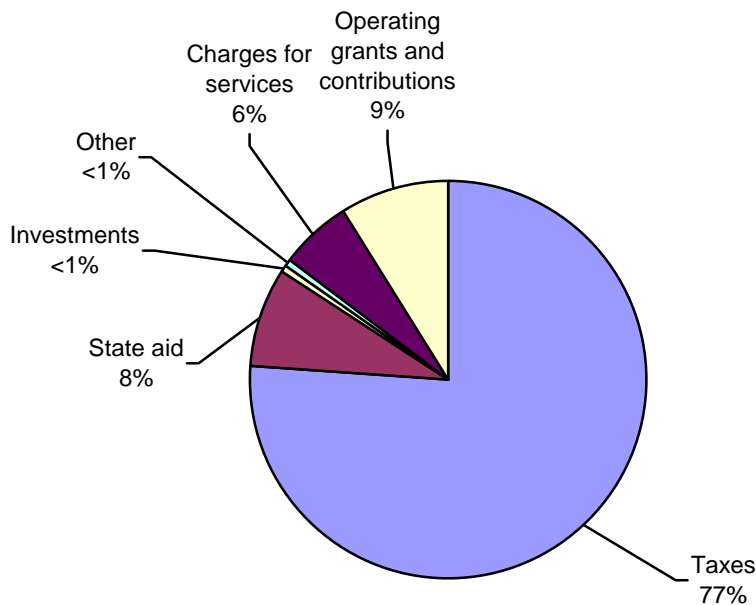
Table A-1
The District's Net Assets
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2011	2010	2011	2010	2011	2010	
Current and other assets	\$ 99.0	49.6	\$ 1.8	2.2	\$ 100.8	51.8	94.6%
Capital and non-current	160.3	163.0	0.7	0.4	161.0	163.4	(1.5%)
Total assets	259.3	212.6	2.5	2.6	261.8	215.2	21.7%
Current liabilities	6.7	17.3	0.9	0.8	7.6	18.1	(58.0%)
Non-current liabilities	163.8	108.5	-	-	163.8	108.5	51.0%
Total liabilities	170.5	125.8	0.9	0.8	171.4	126.6	35.4%
Net assets:							
Invested in capital assets, net of related debt	50.9	49.5	0.7	0.4	51.6	49.9	3.4%
Restricted	4.4	4.7	0.1	0.4	4.5	5.1	(11.8%)
Unrestricted	33.5	32.6	0.8	1.0	34.2	33.6	1.8%
Total net assets	\$ 88.8	86.8	\$ 1.6	1.8	\$ 90.4	88.6	2.0%

Net assets - Invested in Capital Assets, Net of Related Debt reflects that the book value of the District's capital assets is \$51.6 million more than the debt which financed those assets. The \$34.2 million of unrestricted net assets represents resources available to fund the programs of the District next year.

Changes in net assets - The District's total revenues were \$143.9 million. A significant portion, 77 percent, of the District's revenue comes from taxes (See Figure A-3), 8 percent comes from state aid - formula grants, 6 percent relates to charges for services, and 9 percent comes from operating grants and contributions.

Figure A-3
Sources of Revenue for
Fiscal Year 2011



The total cost of all programs and services was \$142.1 million; 37 percent of these costs are for instructional related services.

Governmental Activities

- Property tax rates remained consistent with the prior year at \$1.2025. With a slight decrease in property values there was a decrease of tax revenues of \$5.4 million to \$110.2 million, down from \$115.6 million in 2010.

Table A-2
The District's Change in Net Assets
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2011	2010	2011	2010	2011	2010	
<u>Program revenues</u>							
Charges for services	\$ 1.9	1.8	\$ 6.1	6.1	\$ 8.0	7.9	1.3%
Operating grants and contributions	12.7	11.5	0.4	0.3	13.1	11.8	11.0%
<u>General revenues</u>							
Property taxes	110.2	115.6	-	-	110.2	115.6	(4.7%)
State-aid formula	12.3	8.6	-	-	12.3	8.6	43.0%
Investment earnings and other	0.3	0.5	-	-	0.3	0.5	(40.0%)
Total revenues	137.4	138.0	6.5	6.4	143.9	144.4	(0.3%)
<u>Expenses</u>							
Instruction	48.9	48.5	-	-	48.9	48.5	0.8%
Instructional resources and media services	1.4	1.4	-	-	1.4	1.4	0.0%
Curriculum and staff development	1.6	1.6	-	-	1.6	1.6	0.0%
Instructional leadership	1.1	1.2	-	-	1.1	1.2	(8.3%)
School leadership	3.3	3.3	-	-	3.3	3.3	0.0%
Guidance, counseling and evaluation services	2.8	2.8	-	-	2.8	2.8	0.0%
Social work services	0.3	0.4	-	-	0.3	0.4	(25.0%)
Health services	0.6	0.7	-	-	0.6	0.7	(14.3%)
Student transportation	1.8	1.8	-	-	1.8	1.8	0.0%
Food service	0.1	0.1	3.2	3.3	3.5	3.4	2.9%
Extracurricular activities	2.3	2.3	-	-	2.3	2.3	0.0%
General administration	2.5	2.5	-	-	2.5	2.5	0.0%
Plant maintenance and operations	8.6	9.8	-	-	8.6	9.8	(12.2%)
Security and monitoring services	0.3	0.4	-	-	0.3	0.4	(25.0%)
Data processing services	1.7	1.3	-	-	1.7	1.3	30.8%
Community services	0.1	0.1	2.9	2.6	2.8	2.7	3.7%
Interest on long-term debt and other debt service	5.9	6.2	-	-	5.9	6.2	(4.8%)
Contract instruct services between schools	52.1	54.5	-	-	52.1	54.5	(4.4%)
Other intergovernmental charges	0.6	0.5	-	-	0.6	0.5	20.0%
Total expenses	136.0	139.4	6.1	5.9	142.2	145.3	(2.1%)
Transfers	0.6	0.6	(0.6)	(0.6)	-	-	0.0%
Change in net assets	\$ 2.0	(0.8)	\$ (0.2)	(0.1)	\$ 1.7	(0.9)	288.9%

The cost of all *governmental* activities this year was \$136 million. However, the amount that our taxpayers paid for these activities through property taxes was only \$110.2 million. Some of the cost was paid by those who directly benefited from the programs (\$1.9 million), or by grants and contributions (\$12.7 million).

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

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	2011	2010	% Change	2011	2010	% Change
Instruction	\$ 48.9	48.5	0.8%	\$ 40.4	40.8	(1.0%)
School leadership	3.3	3.3	0.0%	3.1	3.1	0.0%
Guidance, counseling, and evaluation services	2.8	2.8	0.0%	2.2	2.3	(4.4%)
General administration	2.5	2.5	0.0%	2.4	2.4	0.0%
Plant maintenance & operations	8.6	9.8	(12.2%)	7.4	8.4	(11.9%)
Contracted instructional services between schools	52.1	54.5	(4.4%)	52.1	54.5	(4.4%)

Business-type Activities

Revenues of the District's business-type activities increased 1.6 percent to \$6.5 million and expenses increased 3.4 percent to \$6.1 million. The Child Nutrition and Community Education enterprise funds experienced revenue increases this year while the Child Care Services enterprise fund experienced a revenue decrease. The business-type expenses increased 3 percent for food service and 4 percent for community services.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental funds totaled \$137.6 million, a decrease of 0.3 percent from the preceding year. The decrease in local revenues is a result of a decrease in property taxes received due to declining property values of the District. Corresponding to decreased local and State funding, Chapter 41 recapture costs decreased as reflected through expenditures in the General Fund.

For the year ended August 31, 2011, the District adopted Government Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, amounts that are appropriated by the Board or a Board designee that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

General Fund Budgetary Highlights

The District revised its budget over the course of the year. Even with the adjustments, actual expenditures were \$2.1 million below final budget amounts. The most significant positive variances resulted from plant maintenance and operations and staffing variances. Staffing is budgeted for full employment throughout the full year.

Resources available were \$2.5 million more than the final budgeted amount. The primary cause of the variance is a result of lower instruction, general administration, and plant maintenance and operations expenditures compared to the budgeted amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2011, the District had invested \$159.6 million in a broad range of capital assets, including land, construction in process, equipment, buildings, and vehicles for governmental activities. (See Table A-4). This amount represents a net decrease (including additions and deductions) of \$3.1 million or 2 percent compared to last year. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table A-4
The District's Capital Assets
(In millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2011	2010	2011	2010	2011	2010	
Land and land improvements	\$ 24.9	\$ 23.2	\$ -	\$ -	\$ 24.9	\$ 23.2	7.3%
Construction in progress	0.3	-	-	-	0.3	-	100%
Buildings and improvements	199.2	198.9	0.1	0.1	199.3	199.0	0.2%
Furniture and equipment	17.1	15.6	1.0	0.7	18.1	16.3	11.0%
Totals at historical cost	241.5	237.7	1.1	0.8	242.6	238.5	1.7%
Accumulated depreciation	(82.6)	(75.4)	(0.4)	(0.4)	(83.0)	(75.8)	9.5%
Net capital assets	<u>\$ 158.9</u>	<u>\$ 162.3</u>	<u>\$ 0.7</u>	<u>\$ 0.4</u>	<u>\$ 159.6</u>	<u>\$ 162.7</u>	<u>(1.9%)</u>

Long Term Debt

At year-end the District had \$163.8 million in bonds and other long-term liabilities outstanding as shown in Table A-5. The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Standard & Poor's "AA+" and Fitch "AA". More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5
The District's Long-Term Debt
(In millions of dollars)

	Governmental Activities		Total Percentage Change
	2011	2010	
Bonds and accretion payable	\$ 163.3	\$ 117.6	37.5%
Compensated absences	0.5	0.5	0.0%
Total long-term debt	<u>\$ 163.8</u>	<u>\$ 118.1</u>	<u>37.3%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Certified net taxable property value increased for tax year 2011 to \$8.5 billion, an increase of 0.4 percent.
- Estimated recapture of tax revenues through the purchase of attendance credits is \$53.8 million for 2012, up from \$52.1 million in 2011.
- The General Fund budget for operating expenditures per student is \$7,667 per pupil for 2012. Recapture expenditures are estimated at \$7,027 per student.
- The District is anticipating a slight increase in enrollment and average daily attendance for 2012.

These indicators and the requirements and changes resulting from the passage of House Bill 1 by the Texas Legislature in 2006 were taken into account when adopting the General Fund budget for 2012.

In the original approved budget, estimated revenues for 2012 are \$114.4 million. Expenditures of \$112.4 million are budgeted, including \$53.8 million for recapture. If these original estimates are realized, the District's budgetary fund balance is expected to increase approximately \$2 million.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to 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 Business Services Department, 601 Camp Craft Road, Austin, Texas 78746.

BASIC FINANCIAL STATEMENTS

EANES INDEPENDENT SCHOOL DISTRICT

Statement of Net Assets

August 31, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 957,337	580,612	1,537,949
Temporary investments	90,691,971	-	90,691,971
Receivables:			
Property taxes - delinquent	2,657,928	-	2,657,928
Allowance for uncollectible taxes	(1,846,024)	-	(1,846,024)
Due from other governments	6,993,960	4,530	6,998,490
Internal balances	(938,798)	1,000,000	61,202
Other receivables	178,121	113,147	291,268
Inventories, at cost	141,017	51,017	192,034
Deferred expenditures	184,061	404	184,465
Deferred charge - bond issue costs	1,335,420	-	1,335,420
Capital assets (net of accumulated depreciation):			
Land and land improvements	24,866,227	-	24,866,227
Construction in progress	310,048	-	310,048
Buildings and improvements	127,825,580	106,290	127,931,870
Furniture and equipment	5,954,833	582,756	6,537,589
Total assets	<u>\$ 259,311,681</u>	<u>2,438,756</u>	<u>261,750,437</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,203,822	172,201	2,376,023
Payroll deductions and withholdings payable	240,817	-	240,817
Accrued wages payable	2,082,865	92,786	2,175,651
Due to other governments	12,280	-	12,280
Deferred revenue	1,867,087	603,687	2,470,774
Bond interest payable	314,895	-	314,895
Accretion payable	40,000	-	40,000
Noncurrent liabilities:			
Bonds payable	163,259,602	-	163,259,602
Accretion payable	38,926	-	38,926
Compensated absences	466,960	-	466,960
Total liabilities	<u>170,527,254</u>	<u>868,674</u>	<u>171,395,928</u>
NET ASSETS			
Invested in capital assets, net of related debt	50,945,488	689,046	51,634,534
Restricted for:			
Debt service	4,377,380	-	4,377,380
Food service	-	124,925	124,925
Unrestricted	33,461,559	756,111	34,217,670
Total net assets	<u>\$ 88,784,427</u>	<u>1,570,082</u>	<u>90,354,509</u>

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

EANES INDEPENDENT SCHOOL DISTRICT
Statement of Activities
Year Ended August 31, 2011

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Instruction	\$ 48,881,452	199,947	8,220,055	(40,461,450)	-	(40,461,450)
Instructional resources and media services	1,381,576	-	139,873	(1,241,703)	-	(1,241,703)
Curriculum and staff development	1,556,536	-	1,183,803	(372,733)	-	(372,733)
Instructional leadership	1,095,059	-	77,462	(1,017,597)	-	(1,017,597)
School leadership	3,288,935	-	213,173	(3,075,762)	-	(3,075,762)
Guidance, counseling, and evaluation services	2,854,329	-	667,411	(2,186,918)	-	(2,186,918)
Social work services	337,501	-	337,501	-	-	-
Health services	608,210	-	32,735	(575,475)	-	(575,475)
Student transportation	1,796,193	-	915,775	(880,418)	-	(880,418)
Food service	126,716	-	-	(126,716)	-	(126,716)
Extracurricular activities	2,321,578	934,941	263,220	(1,123,417)	-	(1,123,417)
General administration	2,546,668	-	103,600	(2,443,068)	-	(2,443,068)
Plant maintenance and operations	8,559,683	742,063	459,121	(7,358,499)	-	(7,358,499)
Security and monitoring services	366,575	-	22,407	(344,168)	-	(344,168)
Data processing services	1,699,558	-	55,289	(1,644,269)	-	(1,644,269)
Community services	82,380	-	74,700	(7,680)	-	(7,680)
Interest on long-term debt	4,064,602	-	-	(4,064,602)	-	(4,064,602)
Other debt service	1,804,973	-	-	(1,804,973)	-	(1,804,973)
Facilities acquisition	12,801	-	-	(12,801)	-	(12,801)
Contracted instructional services between schools	52,064,040	-	-	(52,064,040)	-	(52,064,040)
Payments to JJAEP	5,609	-	-	(5,609)	-	(5,609)
Other intergovernmental charges	592,891	-	-	(592,891)	-	(592,891)
Total governmental activities	\$ 136,047,865	1,876,951	12,766,125	(121,404,789)	-	(121,404,789)
Business-type activities:						
Food service	\$ 3,433,017	3,244,006	251,641	-	62,630	62,630
Community services	2,668,485	2,871,196	115,444	-	318,155	318,155
Total business-type activities	\$ 6,101,502	6,115,202	367,085	-	380,785	380,785
Total primary government	\$ 142,149,367	7,992,153	13,133,210	(121,404,789)	380,785	(121,024,004)
General revenues:						
Property taxes, levied for general purposes	\$ 95,298,508	-	-	-	-	95,298,508
Property taxes, levied for debt service	14,881,225	-	-	-	-	14,881,225
State aid formula grants	12,284,337	-	-	-	-	12,284,337
Investment earnings	121,824	-	-	-	1,109	122,933
Miscellaneous	271,184	-	-	-	-	271,184
Loss on disposal of capital assets	(118,162)	-	-	-	-	(118,162)
Transfers	630,000	-	-	-	(630,000)	-
Total general revenues and other	123,368,916	-	-	-	(628,891)	122,740,025
Change in net assets	1,964,127	-	-	-	(248,106)	1,716,021
Net assets—beginning	86,820,300	-	-	-	1,818,188	88,638,488
Net assets—ending	\$ 88,784,427	-	-	-	1,570,082	90,354,509

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

EANES INDEPENDENT SCHOOL DISTRICT
Balance Sheet
Governmental Funds
August 31, 2011

	General Fund	Debt Service Fund	Major Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 33,687	-	-	914,041	947,728
Temporary investments	30,008,719	4,772,067	52,631,429	3,279,756	90,691,971
Receivables:					
Property taxes - delinquent	2,289,098	368,830	-	-	2,657,928
Allowance for uncollectible taxes	(1,586,882)	(259,142)	-	-	(1,846,024)
Due from other governments	5,386,853	-	-	1,607,107	6,993,960
Due from other funds	2,220,405	20,212	-	-	2,240,617
Other receivables	178,121	-	-	-	178,121
Inventories, at cost	141,017	-	-	-	141,017
Deferred expenditures	184,061	-	-	-	184,061
Total assets	<u>\$ 38,855,079</u>	<u>4,901,967</u>	<u>52,631,429</u>	<u>5,800,904</u>	<u>102,189,379</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 712,801	209,692	732,339	548,990	2,203,822
Payroll deductions and withholdings payable	240,817	-	-	-	240,817
Accrued wages payable	2,037,953	-	2,120	42,792	2,082,865
Due to other governments	-	-	-	12,280	12,280
Due to other funds	1,020,212	-	1,037,123	1,122,080	3,179,415
Deferred revenue	2,568,298	109,688	-	-	2,677,986
Total liabilities	<u>6,580,081</u>	<u>319,380</u>	<u>1,771,582</u>	<u>1,726,142</u>	<u>10,397,185</u>
Fund balances:					
Nonspendable:					
Inventories	141,017	-	-	-	141,017
Deferred expenditures	184,061	-	-	-	184,061
Restricted for:					
Debt service	-	4,582,587	-	-	4,582,587
Authorized construction	-	-	50,859,847	3,053,135	53,912,982
Committed to:					
Purchase of land and buildings	463,951	-	-	-	463,951
Campus activities	-	-	-	362,722	362,722
Assigned to:					
Outstanding purchase orders	34,175	-	-	-	34,175
Compensated absences	466,960	-	-	-	466,960
Special revenue funds	-	-	-	658,905	658,905
Unassigned	30,984,834	-	-	-	30,984,834
Total fund balances	<u>32,274,998</u>	<u>4,582,587</u>	<u>50,859,847</u>	<u>4,074,762</u>	<u>91,792,194</u>
Total liabilities and fund balances	<u>\$ 38,855,079</u>	<u>4,901,967</u>	<u>52,631,429</u>	<u>5,800,904</u>	

Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	158,956,688
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	810,899
The revenues and expenses of the internal service fund are distributed in the statement of activities but are not considered part of the governmental funds	9,609
The following liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable, including premiums	(165,230,411)
Less: Deferred charge for bond issuance costs	1,335,420
Less: Deferred charge on refunding	1,970,809
Bond interest payable	(314,895)
Accretion of interest	(78,926)
Compensated absences	(466,960)
Net assets of governmental activities	<u>\$ 88,784,427</u>

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

EANES INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended August 31, 2011

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Major Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local and intermediate sources	\$ 98,655,107	14,910,320	4,796	1,079,984	114,650,207
State program revenues	15,307,453	-	-	747,154	16,054,607
Federal program revenues	36,810	-	-	6,862,314	6,899,124
Total revenues	<u>113,999,370</u>	<u>14,910,320</u>	<u>4,796</u>	<u>8,689,452</u>	<u>137,603,938</u>
EXPENDITURES					
Current:					
Instruction	36,819,479	-	1,065,234	4,740,083	42,624,796
Instructional resources and media services	1,017,829	-	-	90,307	1,108,136
Curriculum and staff development	388,138	-	-	1,168,398	1,556,536
Instructional leadership	1,049,997	-	-	18,385	1,068,382
School leadership	3,129,184	-	-	39,704	3,168,888
Guidance, counseling, and evaluation services	2,268,362	-	-	539,282	2,807,644
Social work services	-	-	-	337,501	337,501
Health services	585,979	-	-	-	585,979
Student transportation	1,754,476	-	534,170	845,422	3,134,068
Extracurricular activities	2,117,944	-	-	200,382	2,318,326
General administration	2,379,897	-	45,177	42,304	2,467,378
Plant maintenance and operations	7,485,712	-	-	825,273	8,310,985
Security and monitoring services	351,359	-	-	38,061	389,420
Data processing services	1,357,464	-	555,734	-	1,913,198
Community services	8,089	-	-	74,291	82,380
Debt service:					
Principal on long-term debt	-	9,630,000	-	-	9,630,000
Interest on long-term debt	-	4,816,732	-	-	4,816,732
Other debt service expenditures	-	243,733	467,735	-	711,468
Capital outlay	1,676,368	-	476,899	347,327	2,500,594
Intergovernmental:					
Contracted instructional services between schools	52,064,040	-	-	-	52,064,040
Payments to JJAEP	5,609	-	-	-	5,609
Other intergovernmental charges	592,891	-	-	-	592,891
Total expenditures	<u>115,052,817</u>	<u>14,690,465</u>	<u>3,144,949</u>	<u>9,306,720</u>	<u>142,194,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,053,447)</u>	<u>219,855</u>	<u>(3,140,153)</u>	<u>(617,268)</u>	<u>(4,591,013)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds on sale of capital assets	5,191	-	-	-	5,191
Payment to refunded bond escrow agent	-	(23,720,809)	-	-	(23,720,809)
Face value of bonds issued	-	-	49,395,000	-	49,395,000
Proceeds of refunding bonds	-	21,640,000	-	-	21,640,000
Premiums on bonds issued	-	2,307,842	4,605,000	-	6,912,842
Transfers in	630,120	-	-	-	630,120
Transfers out	-	-	-	(120)	(120)
Total other financing sources (uses)	<u>635,311</u>	<u>227,033</u>	<u>54,000,000</u>	<u>(120)</u>	<u>54,862,224</u>
Net change in fund balances	(418,136)	446,888	50,859,847	(617,388)	50,271,211
Fund balances--beginning	32,693,134	4,135,699	-	4,692,150	41,520,983
Fund balances--ending	<u>\$ 32,274,998</u>	<u>4,582,587</u>	<u>50,859,847</u>	<u>4,074,762</u>	<u>91,792,194</u>

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

EANES INDEPENDENT SCHOOL DISTRICT
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended August 31, 2011

Net change in fund balances—total governmental funds	\$ 50,271,211
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>	
<p>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.</p>	
Capital outlay	4,239,703
Depreciation expense	(7,410,295)
Loss on disposal of capital assets	(123,353)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Change in deferred tax revenue	(103,784)
<p>The revenues and expenses of the internal service fund are distributed in the statement of net assets and are not considered a governmental fund. The difference is the amount of operating income.</p>	
	9,609
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Bond proceeds, including premiums	(77,947,842)
Issuance costs	697,424
Repayment of bond principal	9,630,000
Payment to refunded bond escrow agent	23,720,809
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	
Change in bond interest payable	130,373
Change in accretion payable	353,078
Amortization of bond issuance costs	(75,667)
Amortization of deferred charge on refunding	(1,768,327)
Amortization of bond premiums	321,744
Change in compensated absences	19,444
Change in net assets of governmental activities	\$ 1,964,127

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

EANES INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
Year Ended August 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local and intermediate sources	\$ 98,546,623	98,431,721	98,655,107	223,386
State program revenues	14,207,827	15,160,485	15,307,453	146,968
Federal program revenues	-	25,000	36,810	11,810
Total revenues	<u>112,754,450</u>	<u>113,617,206</u>	<u>113,999,370</u>	<u>382,164</u>
EXPENDITURES				
Current:				
Instruction	38,713,843	37,499,945	36,819,479	680,466
Instructional resources and media services	992,637	1,018,296	1,017,829	467
Curriculum and staff development	384,743	427,056	388,138	38,918
Instructional leadership	1,118,336	1,085,999	1,049,997	36,002
School leadership	3,178,403	3,172,501	3,129,184	43,317
Guidance, counseling, and evaluation services	2,280,294	2,287,720	2,268,362	19,358
Health services	587,527	604,158	585,979	18,179
Student transportation	1,967,560	1,818,375	1,754,476	63,899
Extracurricular activities	1,879,055	2,181,919	2,117,944	63,975
General administration	2,584,514	2,523,514	2,379,897	143,617
Plant maintenance and operations	8,450,144	8,264,180	7,485,712	778,468
Security and monitoring services	351,972	368,172	351,359	16,813
Data processing services	1,335,771	1,461,379	1,357,464	103,915
Community services	3,000	9,035	8,089	946
Capital outlay	-	1,671,469	1,676,368	(4,899)
Intergovernmental:				
Contracted instructional services between schools	53,238,651	52,118,451	52,064,040	54,411
Payments to JJAEP	-	8,712	5,609	3,103
Other intergovernmental charges	608,000	608,000	592,891	15,109
Total expenditures	<u>117,674,450</u>	<u>117,128,881</u>	<u>115,052,817</u>	<u>2,076,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,920,000)</u>	<u>(3,511,675)</u>	<u>(1,053,447)</u>	<u>2,458,228</u>
OTHER FINANCING SOURCES				
Proceeds on sale of capital assets	-	-	5,191	5,191
Transfers in	630,000	630,000	630,120	120
Total other financing sources	<u>630,000</u>	<u>630,000</u>	<u>635,311</u>	<u>5,311</u>
Net change in fund balance	<u>(4,290,000)</u>	<u>(2,881,675)</u>	<u>(418,136)</u>	<u>2,463,539</u>
Fund balance--beginning	<u>32,693,134</u>	<u>32,693,134</u>	<u>32,693,134</u>	<u>-</u>
Fund balance--ending	<u>\$ 28,403,134</u>	<u>29,811,459</u>	<u>32,274,998</u>	<u>2,463,539</u>

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

EANES INDEPENDENT SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

August 31, 2011

	Business-type Activities- Nonmajor Enterprise Funds
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 580,612
Due from other governments	4,530
Due from other funds	1,000,000
Other receivables	113,147
Inventories, at cost	51,017
Deferred expenditures	404
Total current assets	<u>1,749,710</u>
Noncurrent assets:	
Capital assets:	
Buildings and improvements	117,992
Furniture and equipment	995,409
Accumulated depreciation	<u>(424,355)</u>
Total noncurrent assets	<u>689,046</u>
Total assets	<u>2,438,756</u>
LIABILITIES	
Current liabilities:	
Accounts payable	172,201
Accrued wages payable	92,786
Deferred revenue	<u>603,687</u>
Total liabilities	<u>868,674</u>
NET ASSETS	
Invested in capital assets	689,046
Restricted for food service	124,925
Unrestricted	<u>756,111</u>
Total net assets	<u>\$ 1,570,082</u>

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

EANES INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended August 31, 2011

	Business-type Activities- Nonmajor Enterprise Funds
Operating revenues-	
Charges for services	<u>\$ 6,115,202</u>
Operating expenses:	
Payroll costs	3,584,127
Professional and contracted services	443,289
Supplies and materials	1,854,276
Other operating	160,530
Depreciation	<u>59,280</u>
Total operating expenses	<u>6,101,502</u>
Operating income	<u>13,700</u>
Nonoperating revenues:	
Investment income	1,109
State program revenues	200,404
Federal program revenues	<u>166,681</u>
Total nonoperating revenues	<u>368,194</u>
Income before transfer	381,894
Transfer out	<u>(630,000)</u>
Change in net assets	(248,106)
Total net assets—beginning	<u>1,818,188</u>
Total net assets—ending	<u><u>\$ 1,570,082</u></u>

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

EANES INDEPENDENT SCHOOL DISTRICT

Statement of Cash Flows Proprietary Funds Year Ended August 31, 2011

	Business-type Activities- Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers/contributors	\$ 6,659,937
Payments to suppliers	(2,445,038)
Payments to employees	(3,356,546)
Net cash provided by operating activities	858,353
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Transfers to other funds	(630,000)
State program revenues	6,832
Federal program revenues	104,110
Net cash used in noncapital financing activities	(519,058)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES-	
Purchase of capital assets	(340,824)
CASH FLOWS FROM INVESTING ACTIVITIES-	
Interest received	1,109
Net decrease in cash and cash equivalents	(420)
Cash and cash equivalents—beginning of the year	581,032
Cash and cash equivalents—end of the year	\$ 580,612
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 13,700
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	59,280
State on-behalf contributions	193,572
Federal commodities received	62,571
Increase in due from other governments	(707)
Decrease in due from other funds	462,159
Decrease in other receivables	14,429
Decrease in inventory	6,582
Increase in deferred expenditures	(28)
Decrease in accounts payable	(56,068)
Increase in accrued wages payable	34,009
Increase in deferred revenue	68,854
Net cash provided by operating activities	\$ 858,353

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

EANES INDEPENDENT SCHOOL DISTRICT
Statement of Net Assets
Proprietary Fund
August 31, 2011

	Governmental Activities- Internal Service Fund
	<u> </u>
ASSETS	
Current assets-	
Cash and cash equivalents	\$ 9,609
Total assets	<u>9,609</u>
NET ASSETS	
Unrestricted	<u>9,609</u>
Total net assets	<u><u>\$ 9,609</u></u>

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

EANES INDEPENDENT SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended August 31, 2011

	Governmental Activities- Internal Service Fund
Operating revenues-	
Charges for services	<u>\$ 9,895</u>
Operating expenses-	
Data processing services	<u>286</u>
Total operating expenses	<u>286</u>
Operating income	<u>9,609</u>
Change in net assets	9,609
Total net assets - beginning	<u>-</u>
Total net assets - ending	<u><u>\$ 9,609</u></u>

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

EANES INDEPENDENT SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
Year Ended August 31, 2011

	Governmental Activities- Internal Service Fund
Cash flows from operating activities:	
Receipts from students	\$ 9,895
Payments to vendors	(286)
Net cash provided by operating activities	9,609
Net change cash and cash equivalents	9,609
Cash and cash equivalents—beginning of the year	-
Cash and cash equivalents—end of the year	\$ 9,609
 Reconciliation of operating income to net cash provided by operating activities-	
Operating income	\$ 9,609
Net cash provided by operating activities	\$ 9,609

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

EANES INDEPENDENT SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Fiduciary Funds
August 31, 2011

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ -	\$ 524,569
Temporary investments	48,840	-
	48,840	-
Total assets	48,840	\$ 524,569
LIABILITIES		
Accounts payable	-	\$ 20,118
Due to student groups	-	439,676
Due to other governments	-	3,572
Due to other funds	-	61,202
	-	61,202
Total liabilities	-	\$ 524,568
NET ASSETS		
Held in trust for private purposes	\$ 48,840	

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

EANES INDEPENDENT SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended August 31, 2011

	Private Purpose Trust
ADDITIONS	
Investment income	\$ 68
DEDUCTIONS	
Change in net assets	68
Net assets - beginning of year	48,772
Net assets - end of the year	\$ 48,840

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

EANES INDEPENDENT SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

This report includes those activities, organizations and functions which are related to the Eanes Independent School District (the "District") and which are controlled by or dependent upon the District's governing body, the Board of School Trustees (the "Board"). The Board, a seven member group, is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District. Since the District receives funding from local, state and federal government sources, it must comply with the requirements of the entities providing those funds. However, the District is not included in any other governmental "reporting entity" as defined by Statement No. 14 of the Governmental Accounting Standards Board ("GASB"), since Board members are elected by the public and have decision making authority. There are no component units included within the reporting entity.

The accounting policies of the District substantially comply with the rules prescribed by the Texas Education Agency's Financial Accountability System Resource Guide. These accounting policies conform to generally accepted accounting principles applicable to state and local governments.

Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Major revenue sources considered susceptible to accrual include state and federal program revenues and interest income. No accrual for property taxes collected within sixty days of year end has been made as such amounts are deemed immaterial; delinquent property taxes at year end are reported as deferred revenue.

The District reports the following major governmental funds:

The General Fund includes financial resources used for general operations. It is a budgeted fund, and any fund balances are considered resources available for current operations.

The Debt Service Fund includes debt service taxes and other revenues collected to retire bond principal and to pay interest due. It is a budgeted fund.

The Major Capital Projects Fund includes the proceeds from the sale of Series 2011 bonds and other revenues to be used for authorized construction and other capital asset acquisitions.

Additionally, the District reports the following fund types:

Special Revenue Funds are governmental funds which include resources restricted, committed, or assigned for specific purposes by a grantor of the Board. Federally financed programs where unused balances are returned to the grantor at the close of specified project periods are accounted for in these funds. The District uses project accounting to maintain integrity for the various sources of funds.

Capital Projects Funds include the proceeds from sales of bonds and other revenues to be used for authorized construction and other capital asset acquisitions.

Enterprise Funds are proprietary funds used to account for the operations of the District's child nutrition program, its community education program and its child care services program.

The Internal Service Fund is a proprietary fund and is used to account for the District's self insurance related to computer equipment.

The Private Purpose Trust Fund is a fiduciary trust fund and is used to account for the principal and income that benefit individuals in the form of scholarships.

Agency Funds are unbudgeted funds and are used to account for activities of student groups and other types of activities requiring clearing accounts. These funds have no equity, assets are equal to liabilities, and they do not include revenues and expenditures for general operations of the District.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their proprietary funds, subject to this same limitation. The District has elected to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the District's internal service fund are from fees related to insurance for computer equipment. Operating expenses include data processing services.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Information

Budgets are prepared annually for the General Fund, the Debt Service Fund, and the Child Nutrition Fund on the modified accrual basis, which is consistent with generally accepted accounting principles. A formal budget is prepared by August 20th and is adopted by the Board at a public meeting after ten days public notice of the meeting has been given. The legal level of control for budgeted expenditures is the function level within the budgeted funds. Amendments to the budget are required prior to expending amounts greater than the budgeted amounts at the function level. Budgets are controlled at the departmental or campus level, the same level at which responsibility for operations is assigned. The budget was amended by the Board of Trustees on a monthly basis as needed. For the year ended August 31, 2011, capital outlay expenditures in the General Fund exceeded budgeted amounts by \$4,899.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31st, and encumbrances outstanding at that time are to be either canceled or provided for in the subsequent year's budget. Encumbrances outstanding of approximately \$34,175 at August 31, 2011 were provided for in the subsequent year's General Fund budget.

Assets, Liabilities, and Net Assets or Equity

Investments - Temporary investments throughout the year consisted of investments in external investment pools. The District is entitled to invest any and all of its funds in certificates of deposit, direct debt securities of the United States of America or the State of Texas, certain Federal agency securities and other types of municipal bonds, fully collateralized repurchase agreements, commercial paper and local government investment pools. The District's investment policies and types of investments are governed by Section 2256 of the Texas Government Code ("Public Funds Investment Act"). The District accrues interest on temporary investments based on the terms and effective interest rates of the specific investments.

Capital Assets - Capital assets, which include land, construction in progress, buildings and improvements and furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000. Such assets are recorded at historical cost if purchased, or estimated fair value at the date of donation if donated. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized. Capital assets (other than land and construction in progress) are depreciated using the straight line method over the following estimated useful lives: buildings and improvements - ten to fifty years, furniture and equipment - three to fifteen years.

Inventories - Inventories in the General Fund consist of expendable supplies held for consumption. Inventories are charged to expenditures when consumed. Supply and furniture and equipment inventory are recorded at cost (FIFO method) and are offset by a fund balance reserve which indicates that they do not represent "available expendable resources." Inventories in the Enterprise Fund consist of commodities, purchased food and supplies. Purchased food and supplies are recorded at cost (FIFO method) and charged to expense when consumed. The commodity portion of inventory is valued at estimated market values supplied by the Texas Department of Human Services.

Ad Valorem Property Taxes - 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.

Accumulated Sick Leave Liability - The State of Texas (the "State") has created a minimum sick leave program consisting of five days of sick leave per year with no limit on accumulation and transferability among districts for every person regularly employed in Texas public schools. Each district's local Board is required to establish a sick leave plan. Local school districts may provide additional sick leave beyond the state minimum. The District's policy is to reimburse teachers, upon resignation, who have been employed in the District for ten or more years for the number of unused local sick days equal to the number of remaining State days credited to the teacher since entering the District. Reimbursement is made at the daily rate of pay for a full-time substitute. The District's liability for accrued compensated absences as of August 31, 2011 was \$466,960 and is included in the government-wide financial statements. A liability is reported in governmental funds only if they matured, for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund.

Rebatable Arbitrage - The interest paid on most debt issued by state and local governments is exempt from federal income tax. As a result, purchasers of state and municipal debt are willing to accept lower interest rates than they would on taxable debt. State and local governments sometimes temporarily reinvest the proceeds of such tax-exempt debt in materially higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this practice as arbitrage. The District has no liability for rebatable arbitrage as of August 31, 2011. No recognition would be made in governmental funds until rebatable amounts are actually due and payable to the federal government.

Fund Equity - The District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. See Note 9 for additional information on those fund balance classifications.

Statement of Cash Flows - For purposes of the statement of cash flows of the Proprietary Funds, cash and cash equivalents include certificates of deposit and other short-term investments with original stated maturities of less than ninety days.

Change in Year End - In February 2011, the Board adopted a fiscal year end which begins July 1 of each calendar year and the District has notified the Texas Education Agency of their intent to change the fiscal year. Fiscal year 2011-2012 will begin September 1, 2011 and end June 30, 2012 with a 10 month reporting period.

2. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act authorizes the District to invest in funds under a written investment policy, which is approved annually by the Board of Trustees. The primary objectives of the District's investment strategy, in order of priority, are preservation and safety of principal, liquidity and yield.

The District is authorized to invest in the following investment instruments provided that they meet the guidelines established in the investment policy:

- Obligations of, or guaranteed by, governmental entities
- Certificates of deposit and share certificates
- Fully collateralized repurchase agreements
- Banker's acceptance
- Commercial paper
- Money market funds and no-load mutual funds
- A guaranteed investment contract as an investment vehicle for bond proceeds provided it meets the criteria and eligibility requirements.
- Public funds investment pools

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. Therefore the District is not exposed to custodial credit risk.

Under the depository contract, the District, at its own discretion, may invest funds in time deposits and certificates of deposit provided by the depository bank at interest rates approximating United States Treasury Bill rates.

At August 31, 2011, the carrying amount of the District's deposits was \$2,062,518 and the bank balance was \$1,048,166.

The District's deposits with financial institutions at August 31, 2011 and during the year ended August 31, 2011 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The deposits were collateralized in accordance with Texas law and the Texas Education Agency maintains copies of all safekeeping receipts in the name of the District.

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

- a. Name of depository bank: Bank of America.
- b. Largest cash, savings and time deposit combined account balance amounted to \$2,585,716 and occurred during the month of June 2011.
- c. At the time of the highest combined balance, the District's deposits were covered entirely by FDIC insurance under the Dodd Frank Act effective December 31, 2010 through December 31, 2012.

Investments held at August 31, 2011, consisted of the following:

Type	Fair Value	Weighted Average Maturity (Days)	Standard & Poor's Rating
Local Governmental Investment Pools:			
TexasDAILY	\$ 18,441,293	1	AAAm
Lone Star	16,763,551	1	AAAm
TexPool	55,535,967	1	AAAm
Total investments	\$ 90,740,811		

The District had investments in three external local governmental investment pools at August 31, 2011, consisting of the Texas Local Governmental Investment Pool ("TexPool"), Lone Star Investment Pool ("Lone Star"), and TexasDAILY Local Government Investment Pool ("TexasDAILY").

Although TexPool, TexasDAILY and Lone Star are not registered with the SEC as investment companies, they operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. These investments are stated at fair value which is the same as the value of the pool shares.

TexPool is overseen by the Texas State Comptroller of Public Accounts, who is the sole officer, director and shareholder of the Texas Treasury Safekeeping Trust Company which is authorized to operate TexPool. TexPool also has an advisory board to advise on TexPool's investment policy, which is made up equally of participants and nonparticipants who do not have a business relationship with TexPool. Federated Investors manages daily operations of TexPool under a contract with the Comptroller and is the investment manager for the pool. TexPool's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

TexasDAILY is a portfolio of TexasTERM Local Government Investment Pool ("TexasTERM") and provides daily access to funds. TexasTERM is organized in conformity with the Public Funds Investment Act. TexasTERM provides for a fixed rate, fixed-term investment for a period of 60 days to one year. TexasTERM is overseen by an advisory board composed of participants and non-participant members elected by the participant shareholders of TexasTERM. The advisory board 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. TexasTERM is a floating net assets value fund, which is a non-2a7 fund. It is a fundamental objective of TexasTERM to assure the return of principal and interest at the date planned for redemption of shares; however the net asset value of shares may fluctuate prior to the planned redemption date. GASB Statement No. 31 allows the value at maturity and fair market value to be the same for investment positions that mature within one year of the purchase date of the position. Therefore TexasTERM's fair market value and the value at maturity for the District's investment are the same.

Lone Star is governed by an eleven member board of trustees, in which all of the members are also participants in Lone Star. The board meets quarterly to review operations, adopt or make changes to the investment policy, review financial activity and approve contractor agreements. Lone Star also has an advisory board consisting of participants and nonparticipants. RBC Capital Markets, Inc. is an independent consultant for Lone Star that reviews daily operations, analyzes all investment transactions for compliance with the Public Funds Investment Act, and performs monitoring activities. The Bank of New York provides custody and valuation services for Lone Star. American Beacon Advisors and Standish Mellon provide other investment management services. Lone Star's investment policy stipulates that it must invest in accordance with the Public Funds Investment Act.

The investments are reported by the District at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At August 31, 2011, investments were included in a local governmental investment pool with ratings from Standard & Poor's in compliance with the District's investment policy.

Custodial Credit Risk - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the District, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At August 31, 2011, the District was not exposed to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. At August 31, 2011, all of the District's investments were with local government investment pools which are excluded from the concentration of credit risk calculation.

Interest Rate Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the District's investment policy requires that maturities will not exceed the weighted average maturity of 180 days for operating funds and 270 days for debt service funds. The District considers the holdings in the local governmental investment pools to have a one day weighted average maturity due to the fact that the share position can usually be redeemed each day at the discretion of the shareholders, unless there has been a significant change in value. At August 31, 2011, all investments had a weighted average maturity of one day.

The District's management believes that it complied with the requirements of the Public Funds Investment Act and the District's investment policy.

3. PROPERTY TAXES

The Texas Legislature in 1979 adopted a comprehensive Property Tax Code (the “Code”) which established a county-wide appraisal district and an appraisal review board in each county in the State. The Travis Central Appraisal District (the “Appraisal District”) is responsible for the recording and appraisal of all property in the District. Under the Code, the Board sets the tax rates on property and the Travis County Tax Office provides tax collection services. The Appraisal District is required under the Code to assess property at 100% of its appraised value. Further, real property must be reappraised at least every three years. Under certain circumstances, taxpayers and taxing units, including the District, may challenge orders of the Appraisal Review Board through various appeals and, if necessary, legal action.

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 and penalties and interest that are ultimately imposed. The assessed value at January 1, 2010, upon which the October 2010 levy was based was \$8,423,512,913. The District levied taxes based on a combined tax rate of \$1.2025 per \$100 of assessed valuation for local maintenance (general governmental services) and debt service.

In May 1993, the Texas Legislature passed Senate Bill 7. Senate Bill 7 significantly changed certain aspects of the school finance system relative to accountability, teacher appraisal, career ladder, funding allotments, district local share, distribution of Foundation School Funds, tax limitations and rollback tax provisions. Funding equalization for school districts is a major component of the bill. Districts with wealth per student in excess of \$476,500 are required to take action to bring their wealth down to the equalized State level. During the year ended August 31, 2011, the District was required to pay \$52,064,040 to purchase attendance credits to equalize its wealth per weighted average daily attendance (“WADA”). This purchase of WADA was made to the Texas Education Agency and was incorporated into the District’s budget.

In 2005, the Texas Legislature passed House Bill 1. House Bill 1 changed the way school districts receive revenue from both state and local sources. Districts that had reached the tax rate cap of \$1.50 per \$100 of assessed value for maintenance and operations were compressed to \$1.33 in 2006 and \$1.00 in 2007. Local school boards retained the option of adding up to four cents to the local compressed rate without voter approval, and the District has exercised that option for the 2010 tax levy.

4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds.” The composition of interfund balances as of August 31, 2011, is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 1,122,080
	Major Capital Project	1,037,123
	Agency	61,202
Debt Service	General	20,212
Nonmajor Enterprise	General	1,000,000
Total		<u>\$ 3,240,617</u>

During the year, the District transferred \$630,000 and \$120 from a nonmajor enterprise fund and a nonmajor governmental fund, respectively, to the General Fund to reimburse the General Fund for administrative and payroll costs.

5. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated-				
Land and land improvements	\$ 23,189,859	1,676,368	-	24,866,227
Construction in progress	-	310,048	-	310,048
Total capital assets, not being depreciated	<u>23,189,859</u>	<u>1,986,416</u>	<u>-</u>	<u>25,176,275</u>
Capital assets, being depreciated:				
Buildings and improvements	198,936,902	282,472	-	199,219,374
Furniture and equipment	15,581,296	1,970,815	(425,241)	17,126,870
Total capital assets being depreciated	<u>214,518,198</u>	<u>2,253,287</u>	<u>(425,241)</u>	<u>216,346,244</u>
Less accumulated depreciation for:				
Buildings and improvements	(65,737,824)	(5,655,970)	-	(71,393,794)
Furniture and equipment	(9,719,600)	(1,754,325)	301,888	(11,172,037)
Total accumulated depreciation	<u>(75,457,424)</u>	<u>(7,410,295)</u>	<u>301,888</u>	<u>(82,565,831)</u>
Total capital assets, being depreciated, net	<u>139,060,774</u>	<u>(5,157,008)</u>	<u>(123,353)</u>	<u>133,780,413</u>
Governmental activities capital assets, net	<u>\$ 162,250,633</u>	<u>(3,170,592)</u>	<u>(123,353)</u>	<u>158,956,688</u>
Business-type activities:				
Buildings and improvements	\$ 71,922	46,070	-	117,992
Furniture and equipment	700,655	294,754	-	995,409
Accumulated depreciation	(365,075)	(59,280)	-	(424,355)
Business-type activities capital assets, net	<u>\$ 407,502</u>	<u>281,544</u>	<u>-</u>	<u>689,046</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental activities:

Instruction	\$ 6,315,053
Instructional resources and media services	273,440
Instructional leadership	26,677
School leadership	120,047
Guidance, counseling, and evaluation services	46,685
Health services	22,231
Student transportation	23,713
Food service	126,716
Extracurricular activities	19,267
General administration	79,290
Plant maintenance and operations	357,176
Total depreciation expense - governmental activities	<u>\$ 7,410,295</u>

Business-type activities:

Food service	\$ 47,381
Community education	11,899
Total depreciation expense - business-type activities	<u>\$ 59,280</u>

6. LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended August 31, 2011:

	Beginning Balance	Additions	Retirements	Ending Balance
General obligation bonds	\$ 115,945,000	71,035,000	(31,380,000)	155,600,000
Premiums on bonds	3,039,313	6,912,842	(321,744)	9,630,411
Accretion payable	432,004	-	(353,078)	78,926
Deferred charges on refunding	(1,768,327)	(1,970,809)	1,768,327	(1,970,809)
Compensated absences	486,404	-	(19,444)	466,960
Total	<u>\$ 118,134,394</u>	<u>75,977,033</u>	<u>(30,305,939)</u>	<u>163,805,488</u>

Bonded debt consisted of the following at August 31, 2011:

General Obligation Bonds:

Series	Date of Issue	Amounts of Original Issue	Maturity Date	Interest Rate	Outstanding at 8-31-11	Current Portion
2002 School Building	12-04-02	30,480,000	2012	3.00-5.50%	1,630,000	-
2006 Refunding 2006 School Building	04-28-06	28,070,000	2017	3.79-5.00%	22,725,000	-
2009 Refunding	09-07-06	53,000,000	2024	4.125-4.50%	40,880,000	-
2011 School Building and Refunding	11-23-09	19,405,000	2021	4.00%	19,330,000	-
	07-26-11	71,035,000	2031	1.875-5.25%	71,035,000	-
Total		<u>\$201,990,000</u>			<u>\$155,600,000</u>	<u>-</u>

For the general obligation bonds, the District has pledged as collateral the proceeds of a continuing, direct annual tax levied against taxable property within the District without limitation as to rate. The Texas Education Code generally limits issuance of additional ad valorem tax bonds if the tax rate needed to pay aggregate principal and interest amounts of the District's tax bond indebtedness exceeds \$0.50 per \$100 of assessed valuation of taxable property within the District. The District currently has a debt service tax rate of \$0.1625.

On July 26, 2011, the District issued \$71,035,000 of Unlimited Tax School Building and Refunding Bonds. These bonds have an interest rate ranging from 1.875% to 5.25%.

The portion related to the Unlimited Tax School Building Bonds, \$49,395,000, will be used to provide funds for acquiring, constructing, renovating and equipping of school buildings in the District and the purchase of necessary sites therefore, and to pay the costs of issuance of the bonds. The net proceeds of \$53,688,665 (after payment of approximately \$462,106 in underwriting fees, insurance and other issuance costs) were used for the following: \$153,400 was deposited in the debt service fund for interest payments and \$53,535,265 was invested by the District to fund future construction.

The portion related to the Refunding Bonds, \$21,640,000, was used to advance refund \$21,750,000 of previously issued District bonds in order to lower its overall debt service requirements. The net proceeds of \$23,777,101 (after payment of \$229,662 in underwriting fees, insurance, and other issuance costs) were used for the following: \$23,720,809 was deposited with an escrow agent to provide the debt service payment on the portion of bonds advance refunded and \$56,292 was deposited in the debt service fund for interest payments. As a result, \$19,240,000 of bond principal is considered defeased and the liability for these bonds was removed from the basic financial statements. The remaining \$2,510,000 of bond principal that was refunded has been called and paid at August 31, 2011. The reacquisition price exceeded the amount of the old debt by \$1,970,809. The amount is netted against the new debt and amortized over the life of the new debt issued which is shorter than the life of the refunded debt. The advance refunding resulted in an economic gain of \$1,716,271.

In 2009 and prior years, the District defeased certain outstanding general obligation bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all the future debt service payments on the old bonds. Accordingly, the trust account assets and the defeased bonds are not included in the District's financial statements. At August 31, 2011, outstanding bonds of \$19,240,000 are considered defeased.

The annual principal installments for each of the outstanding issues vary each year. As of August 31, 2011, the debt service requirements of bonded indebtedness to maturity are as follows:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2012	\$ -	3,650,780	3,650,780
2013	8,960,000	6,680,800	15,640,800
2014	9,200,000	6,289,550	15,489,550
2015	9,775,000	5,900,372	15,675,372
2016	10,090,000	5,501,069	15,591,069
2017-2021	56,910,000	20,924,862	77,834,862
2022-2026	38,430,000	9,149,997	47,579,997
2027-2031	18,065,000	3,232,500	21,297,500
2032	4,170,000	88,613	4,258,613
Total	<u>\$ 155,600,000</u>	<u>61,418,543</u>	<u>217,018,543</u>

The outstanding 2009 Series Bonds include Capital Appreciation Bonds. The interest shown above, with respect to the Capital Appreciation Bonds, includes the interest to be paid on bonds maturing in the respective years and does not include accrued interest on bonds not maturing in those years.

At August 31, 2011, \$4,605,000 of general obligation bonds authorized by voters of the District have not been issued and are outstanding.

7. DEFERRED REVENUE

At August 31, 2011, deferred revenue in the governmental funds consisted of the following:

	Debt		Total
	General Fund	Service Fund	
Net tax revenue	\$ 701,211	109,688	810,899
Football season tickets	140,960	-	140,960
Eanes Education Foundation	1,100,000	-	1,100,000
Parking	96,118	-	96,118
Co-curricular fees	477,725	-	477,725
Other	52,284	-	52,284
Total	<u>\$ 2,568,298</u>	<u>109,688</u>	<u>2,677,986</u>

8. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES

For the year ended August 31, 2011, revenues from local and intermediate sources in the governmental funds consisted of the following:

	General Fund	Debt Service Fund	Major Capital Projects Fund	Other Governmental Funds	Total
Property taxes	\$ 94,984,424	14,841,415	-	-	109,825,839
Investment earnings	94,270	15,074	4,796	7,991	122,131
Penalties, interest, and other tax related income	403,847	53,831	-	-	457,678
Tuition and fees from patrons	199,947	-	-	-	199,947
Co-curricular student activities	934,941	-	-	-	934,941
Rent	742,063	-	-	-	742,063
Gifts and donations	1,024,430	-	-	667,967	1,692,397
Other	271,185	-	-	404,026	675,211
Total	<u>\$ 98,655,107</u>	<u>14,910,320</u>	<u>4,796</u>	<u>1,079,984</u>	<u>114,650,207</u>

9. FUND BALANCES

For the period ended August 31, 2011, the District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable - Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned - For the General Fund, the Board, or an official or body that has been delegated authority by the Board, may appropriate amounts that are to be used for a specific purpose. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned - Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

The detail of the fund balances is included in the Governmental Funds Balance Sheet on page 13. Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has delegated authority to the Superintendent or the Assistant Superintendent for Business Services to assign fund balance for a specific purpose. The details of assigned Special Revenue Funds fund balances are included in the Combining Balance Sheet - Nonmajor Special Revenue Funds on pages 43 through 45.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

10. RETIREMENT PLAN

The District's employees participate in the Teacher Retirement System of Texas ("the System"), a public employee retirement system ("PERS"). It is a cost-sharing multiple employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates under the authority of provisions contained primarily in Texas Government Code, Title 8, Public Retirement Systems, Subtitle C, Teacher Retirement System of Texas, which is subject to amendment by the Texas Legislature. During the year ended August 31, 2011, contributions of approximately \$3,194,000 were made by the State. These contributions made by the State on behalf of the District have been reflected in the basic financial statements as both revenue and expenditures. The System's annual financial report and other required disclosures are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, Texas 78701-2698 or by calling (800) 877-0123.

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.644% of the District's covered payroll. The District's employees' contributions to the System for the years ended August 31, 2011, 2010 and 2009, were approximately \$3,165,000, \$3,171,000 and \$3,051,000, respectively, which were equal to the required contributions for the years. Other contributions made from federal grants and from the District for salaries above the statutory minimum for the year ended August 31, 2011, were approximately \$532,000 which were equal to the required contributions for the year.

11. DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan established in accordance with Internal Revenue Code Section 457. Assets and income of the District's plan are administered by a private corporation under contract with the District and are held for the exclusive benefit of the participants and their beneficiaries. Accordingly, the plan's assets and liabilities are not recorded in the District's basic financial statements.

12. HEALTH CARE COVERAGE

During the year ended August 31, 2011, employees of the District were covered by a health insurance plan. The District contributed \$385 per month per employee to the plan, and employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. All contributions were paid to a licensed insurer. The plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The District recognizes as revenues and expenditures retiree drug subsidy reimbursements under the provisions of Medicare Part D made by the federal government to the System on behalf of the District. For the year ended August 31, 2011, reimbursements of \$113,792 were received by the System and allocated to the District.

13. RISK MANAGEMENT

The District's risk management program includes coverages through third party insurance providers for property, automobile liability, school professional liability, crime, workers compensation and other miscellaneous bonds. During the year ended August 31, 2011, there were no significant reductions in insurance coverage from coverage in the prior year. Losses in excess of the various deductible levels are covered through traditional indemnity coverage for buildings and contents, and vehicle liability with various insurance firms. Settled claims have not exceeded insurance limits for the past five years.

14. COMMITMENTS AND CONTINGENCIES

The District participates in a number of federal financial assistance programs. Although the District grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through August 31, 2011, these programs are subject to financial and compliance audits. The amounts, 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.

Texas school districts with wealth per student in excess of \$476,500 are required to take action to bring their wealth down to the equalized State level. During the year ended August 31, 2011, the District was required to pay approximately \$52,064,000 to purchase attendance credits to equalize its wealth per WADA. The current year payments were made to the Texas Education Agency and were incorporated into the District's budget.

At August 31, 2011, the District is also committed under construction contracts with a remaining balance of approximately \$4,186,959.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

EANES INDEPENDENT SCHOOL DISTRICT**Combining Balance Sheet****Nonmajor Governmental Funds****August 31, 2011**

	Special Revenue Funds	660 Capital Projects Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 914,041	-	914,041
Temporary investments	221,920	3,057,836	3,279,756
Due from other governments	1,607,107	-	1,607,107
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,743,068</u>	<u>3,057,836</u>	<u>5,800,904</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 547,533	1,457	548,990
Accrued wages payable	42,792	-	42,792
Due to other governments	12,280	-	12,280
Due to other funds	1,118,836	3,244	1,122,080
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,721,441</u>	<u>4,701</u>	<u>1,726,142</u>
Fund balances:			
Restricted	-	3,053,135	3,053,135
Committed	362,722	-	362,722
Assigned	658,905	-	658,905
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,021,627</u>	<u>3,053,135</u>	<u>4,074,762</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 2,743,068</u>	<u>3,057,836</u>	<u>5,800,904</u>

EANES INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended August 31, 2011

	Special Revenue Funds	660 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES			
Local and intermediate sources	\$ 1,072,299	7,685	1,079,984
State program revenues	747,154	-	747,154
Federal program revenues	6,862,314	-	6,862,314
Total revenues	<u>8,681,767</u>	<u>7,685</u>	<u>8,689,452</u>
EXPENDITURES			
Current:			
Instruction	4,719,811	20,272	4,740,083
Instructional resources and media services	90,307	-	90,307
Curriculum and staff development	1,168,398	-	1,168,398
Instructional leadership	18,385	-	18,385
School leadership	39,704	-	39,704
Guidance, counseling and evaluation services	539,282	-	539,282
Social work services	337,501	-	337,501
Student transportation	828,218	17,204	845,422
Extracurricular activities	200,382	-	200,382
General administration	180	42,124	42,304
Plant maintenance and operations	269,938	555,335	825,273
Security and monitoring services	12,555	25,506	38,061
Community services	74,291	-	74,291
Capital outlay	<u>275,239</u>	<u>72,088</u>	<u>347,327</u>
Total expenditures	<u>8,574,191</u>	<u>732,529</u>	<u>9,306,720</u>
Excess (deficiency) of revenues over (under) expenditures	107,576	(724,844)	(617,268)
OTHER FINANCING USES			
Transfers out	(120)	-	(120)
Total other financing uses	<u>(120)</u>	<u>-</u>	<u>(120)</u>
Net change in fund balances	107,456	(724,844)	(617,388)
Fund balances--beginning	<u>914,171</u>	<u>3,777,979</u>	<u>4,692,150</u>
Fund balances--ending	<u>\$ 1,021,627</u>	<u>3,053,135</u>	<u>4,074,762</u>

EANES INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds
August 31, 2011

	204	211	224	225	226	244	255	263	266
	ESEA	ESEA	IDEA	IDEA	IDEA	Carl D.	ESEA	Title III -	State Fiscal
	Title IV	Title I, A	Part B,	Part B,	Part B,	Perkins,	Title II, A	English	Stabilization
	Safe & Drug	Improving	Part B,	Pre-School	Discretionary	Title I, Part C	Principal	Language	Fund
	Free Schools	Basic Program	Formula				Training	Acquisition	
ASSETS									
Cash and cash equivalents	\$ -	-	46,109	-	-	-	-	-	-
Temporary investments	-	-	-	-	-	-	-	-	-
Due from other governments	1,641	25,866	-	5,280	355,964	-	22,896	2,100	100,585
Total assets	<u>\$ 1,641</u>	<u>25,866</u>	<u>46,109</u>	<u>5,280</u>	<u>355,964</u>	<u>-</u>	<u>22,896</u>	<u>2,100</u>	<u>100,585</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ -	1,051	12,461	194	40,390	-	994	-	242
Accrued wages payable	-	10,145	21,368	4,294	-	-	6,392	-	-
Due to other governments	-	-	12,280	-	-	-	-	-	-
Due to other funds	1,641	14,670	-	792	315,574	-	15,510	2,100	100,343
Total liabilities	<u>1,641</u>	<u>25,866</u>	<u>46,109</u>	<u>5,280</u>	<u>355,964</u>	<u>-</u>	<u>22,896</u>	<u>2,100</u>	<u>100,585</u>
Fund balances:									
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,641</u>	<u>25,866</u>	<u>46,109</u>	<u>5,280</u>	<u>355,964</u>	<u>-</u>	<u>22,896</u>	<u>2,100</u>	<u>100,585</u>

(continued)

EANES INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
August 31, 2011

	280 "Making an Impact" Alcohol Abuse Reduction	283 IDEA-B Formula ARRA	286 Tech-Prep Capital Area College	289 Texas Propane Fleet Program, Recovery Act	385 Visually Impaired	393 Texas Successful Schools	397 Advanced Placement Initiatives	404 Accelerated Reading
ASSETS								
Cash and cash equivalents	\$ -	-	-	-	69	15,499	32,215	-
Temporary investments	-	-	-	-	-	-	-	-
Due from other governments	8,506	34,987	-	627,900	-	-	-	1,864
Total assets	<u>\$ 8,506</u>	<u>34,987</u>	<u>-</u>	<u>627,900</u>	<u>69</u>	<u>15,499</u>	<u>32,215</u>	<u>1,864</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 595	3,916	-	57	69	-	255	-
Accrued wages payable	-	-	-	-	-	-	-	483
Due to other governments	-	-	-	-	-	-	-	-
Due to other funds	7,911	31,071	-	627,843	-	-	-	1,381
Total liabilities	<u>8,506</u>	<u>34,987</u>	<u>-</u>	<u>627,900</u>	<u>69</u>	<u>-</u>	<u>255</u>	<u>1,864</u>
Fund balances:								
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	15,499	31,960	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,499</u>	<u>31,960</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 8,506</u>	<u>34,987</u>	<u>-</u>	<u>627,900</u>	<u>69</u>	<u>15,499</u>	<u>32,215</u>	<u>1,864</u>

(continued)

EANES INDEPENDENT SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
August 31, 2011

	411	427	429	461	495	496	499	Total
	Technology	TCEQ		Campus	Texas			Nonmajor
	Allotment	Clean Fleet	Other State	Activity	Community	TASB	Other Local	Special
		Program		Funds	Education	Loss		Revenue
					Association	Prevention		Funds
ASSETS								
Cash and cash equivalents	\$ 150,140	-	224	155,019	-	1,247	513,519	914,041
Temporary investments	-	-	-	221,920	-	-	-	221,920
Due from other governments	-	419,518	-	-	-	-	-	1,607,107
Total assets	<u>\$ 150,140</u>	<u>419,518</u>	<u>224</u>	<u>376,939</u>	<u>-</u>	<u>1,247</u>	<u>513,519</u>	<u>2,743,068</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 7,259	419,518	-	14,107	-	-	46,425	547,533
Accrued wages payable	-	-	-	110	-	-	-	42,792
Due to other governments	-	-	-	-	-	-	-	12,280
Due to other funds	-	-	-	-	-	-	-	1,118,836
Total liabilities	<u>7,259</u>	<u>419,518</u>	<u>-</u>	<u>14,217</u>	<u>-</u>	<u>-</u>	<u>46,425</u>	<u>1,721,441</u>
Fund balances:								
Committed	-	-	-	362,722	-	-	-	362,722
Assigned	142,881	-	224	-	-	1,247	467,094	658,905
Total fund balances	<u>142,881</u>	<u>-</u>	<u>224</u>	<u>362,722</u>	<u>-</u>	<u>1,247</u>	<u>467,094</u>	<u>1,021,627</u>
Total liabilities and fund balances	<u>\$ 150,140</u>	<u>419,518</u>	<u>224</u>	<u>376,939</u>	<u>-</u>	<u>1,247</u>	<u>513,519</u>	<u>2,743,068</u>

EANES INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended August 31, 2011

	204 ESEA Title IV Safe and Drug Free Schools	211 ESEA Title I, A Improving Basic Program	224 IDEA Part B, Formula	225 IDEA Part B, Pre-School	226 IDEA Part B, Discretionary	244 Carl D. Perkins, Title I, Part C	255 ESEA Title II, A Principal Training	263 Title III - English Language Acquisition	266 State Fiscal Stabilization Fund
REVENUES									
Local and intermediate sources	\$ -	-	-	-	-	-	-	-	-
State program revenues	-	-	-	-	-	-	-	-	99,041
Federal program revenues	15,809	202,049	1,011,883	36,222	2,085,802	52,927	195,571	13,879	1,853,765
Total revenues	<u>15,809</u>	<u>202,049</u>	<u>1,011,883</u>	<u>36,222</u>	<u>2,085,802</u>	<u>52,927</u>	<u>195,571</u>	<u>13,879</u>	<u>1,952,806</u>
EXPENDITURES									
Current:									
Instruction	-	202,049	591,765	36,222	2,085,802	46,748	194,971	11,359	679,252
Instructional resources and media services	-	-	-	-	-	-	-	-	-
Curriculum and staff development	-	-	12,395	-	-	3,114	600	2,370	1,025,829
Instructional leadership	-	-	16,150	-	-	-	-	150	-
School leadership	-	-	1,400	-	-	-	-	-	-
Guidance, counseling and evaluation services	12,949	-	319,061	-	-	3,065	-	-	-
Social work services	-	-	-	-	-	-	-	-	-
Student transportation	-	-	201	-	-	-	-	-	-
Extracurricular activities	-	-	262	-	-	-	-	-	-
Plant maintenance and operations	-	-	-	-	-	-	-	-	247,725
Security and monitoring services	2,860	-	-	-	-	-	-	-	-
Community services	-	-	70,649	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	<u>15,809</u>	<u>202,049</u>	<u>1,011,883</u>	<u>36,222</u>	<u>2,085,802</u>	<u>52,927</u>	<u>195,571</u>	<u>13,879</u>	<u>1,952,806</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-	-
Other financing uses-									
Transfers out	-	-	-	-	-	-	-	-	-
Other financing uses	-	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-	-
Beginning fund balances	-	-	-	-	-	-	-	-	-
Ending fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(continued)

EANES INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
Year Ended August 31, 2011

	280 "Making an Impact" Alcohol Abuse Reduction	283 IDEA-B Formula ARRA	286 Tech-Prep Capital Area College	289 Texas Propane Fleet Program, Recovery Act	385 Visually Impaired	393 Texas Successful Schools	397 Advanced Placement Initiatives	404 Accelerated Reading
REVENUES								
Local and intermediate sources	\$ -	-	-	-	-	-	-	-
State program revenues	-	-	-	-	2,800	-	3,600	3,409
Federal program revenues	337,501	426,159	2,847	627,900	-	-	-	-
Total revenues	<u>337,501</u>	<u>426,159</u>	<u>2,847</u>	<u>627,900</u>	<u>2,800</u>	<u>-</u>	<u>3,600</u>	<u>3,409</u>
EXPENDITURES								
Current:								
Instruction	-	395,102	2,847	-	952	-	16,271	3,409
Instructional resources and media services	-	-	-	-	-	-	-	-
Curriculum and staff development	-	9,899	-	-	1,248	-	14,082	-
Instructional leadership	-	1,431	-	-	-	-	-	-
School leadership	-	-	-	-	-	-	-	-
Guidance, counseling and evaluation services	-	19,101	-	-	600	-	-	-
Social work services	337,501	-	-	-	-	-	-	-
Student transportation	-	-	-	407,900	-	-	-	-
Extracurricular activities	-	-	-	-	-	-	-	-
Plant maintenance and operations	-	-	-	-	-	-	-	-
Security and monitoring services	-	-	-	-	-	-	-	-
Community services	-	626	-	-	-	-	-	-
Capital outlay	-	-	-	220,000	-	-	-	-
Total expenditures	<u>337,501</u>	<u>426,159</u>	<u>2,847</u>	<u>627,900</u>	<u>2,800</u>	<u>-</u>	<u>30,353</u>	<u>3,409</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	(26,753)	-
Other financing uses-								
Transfers out	-	-	-	-	-	-	-	-
Other financing uses	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	(26,753)	-
Beginning fund balances	-	-	-	-	-	15,499	58,713	-
Ending fund balances	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,499</u>	<u>31,960</u>	<u>-</u>

(continued)

EANES INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
Year Ended August 31, 2011

	411	427	429	461	495	496	499	Total
	Technology	TCEQ		Campus	Texas	TASB		Nonmajor
	Allotment	Texas	Other State	Activity	Community	Loss	Other Local	Special
		Clean Fleet		Funds	Education	Prevention		Revenue
		Program			Association			Funds
REVENUES								
Local and intermediate sources	\$ -	-	-	404,332	-	-	667,967	1,072,299
State program revenues	213,589	419,518	4,412	455	-	-	330	747,154
Federal program revenues	-	-	-	-	-	-	-	6,862,314
Total revenues	<u>213,589</u>	<u>419,518</u>	<u>4,412</u>	<u>404,787</u>	<u>-</u>	<u>-</u>	<u>668,297</u>	<u>8,681,767</u>
EXPENDITURES								
Current:								
Instruction	76,232	-	1,364	74,169	-	-	301,297	4,719,811
Instructional resources and media services	8,500	-	293	74,430	-	-	7,084	90,307
Curriculum and staff development	43,792	-	-	5,985	-	-	49,084	1,168,398
Instructional leadership	654	-	-	-	-	-	-	18,385
School leadership	-	-	-	34,486	-	-	3,818	39,704
Guidance, counseling and evaluation services	-	-	-	184,506	-	-	-	539,282
Social work services	-	-	-	-	-	-	-	337,501
Student transportation	-	419,518	-	599	-	-	-	828,218
Extracurricular activities	-	-	610	17,677	-	-	181,833	200,382
General administration	-	-	-	-	-	-	180	180
Plant maintenance and operations	-	-	-	1,420	-	-	20,793	269,938
Security and monitoring services	-	-	2,210	1,090	-	1,030	5,365	12,555
Community services	-	-	-	1,200	1,500	-	316	74,291
Capital outlay	-	-	-	-	-	-	55,239	275,239
Total expenditures	<u>129,178</u>	<u>419,518</u>	<u>4,477</u>	<u>395,562</u>	<u>1,500</u>	<u>1,030</u>	<u>625,009</u>	<u>8,574,191</u>
Excess (deficiency) of revenues over (under) expenditures	84,411	-	(65)	9,225	(1,500)	(1,030)	43,288	107,576
Other financing uses-								
Transfers out	-	-	-	-	-	-	(120)	(120)
Other financing uses	-	-	-	-	-	-	(120)	(120)
Net change in fund balances	84,411	-	(65)	9,225	(1,500)	(1,030)	43,168	107,456
Beginning fund balances	58,470	-	289	353,497	1,500	2,277	423,926	914,171
Ending fund balances	<u>\$ 142,881</u>	<u>-</u>	<u>224</u>	<u>362,722</u>	<u>-</u>	<u>1,247</u>	<u>467,094</u>	<u>1,021,627</u>

EANES INDEPENDENT SCHOOL DISTRICT**Combining Statement of Net Assets****Nonmajor Enterprise Funds****August 31, 2011**

	701 Child Nutrition	711 Community Education	712 Child Care Services	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 41,136	394,823	144,653	580,612
Due from other governments	4,530	-	-	4,530
Due from other funds	700,000	-	300,000	1,000,000
Other receivables	-	-	113,147	113,147
Inventories, at cost	51,017	-	-	51,017
Deferred expenditures	199	177	28	404
Total current assets	<u>796,882</u>	<u>395,000</u>	<u>557,828</u>	<u>1,749,710</u>
Noncurrent assets:				
Capital assets:				
Buildings and improvements	117,992	-	-	117,992
Furniture and equipment	935,912	59,497	-	995,409
Accumulated depreciation	<u>(375,544)</u>	<u>(48,811)</u>	<u>-</u>	<u>(424,355)</u>
Total noncurrent assets	<u>678,360</u>	<u>10,686</u>	<u>-</u>	<u>689,046</u>
Total assets	<u>1,475,242</u>	<u>405,686</u>	<u>557,828</u>	<u>2,438,756</u>
LIABILITIES				
Current liabilities:				
Accounts payable	149,680	16,717	5,804	172,201
Accrued wages payable	68,566	-	24,220	92,786
Deferred revenue	<u>453,711</u>	<u>-</u>	<u>149,976</u>	<u>603,687</u>
Total liabilities	<u>671,957</u>	<u>16,717</u>	<u>180,000</u>	<u>868,674</u>
NET ASSETS				
Invested in capital assets	678,360	10,686	-	689,046
Restricted for food service	124,925	-	-	124,925
Unrestricted	<u>-</u>	<u>378,283</u>	<u>377,828</u>	<u>756,111</u>
Total net assets	<u>\$ 803,285</u>	<u>388,969</u>	<u>377,828</u>	<u>1,570,082</u>

EANES INDEPENDENT SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
Year Ended August 31, 2011

	701 Child Nutrition	711 Community Education	712 Child Care Services	Total Nonmajor Enterprise Funds
Operating revenues-				
Charges for services	\$ 3,244,006	971,730	1,899,466	6,115,202
Operating expenses:				
Payroll costs	1,467,979	398,478	1,717,670	3,584,127
Professional and contracted services	98,162	337,407	7,720	443,289
Supplies and materials	1,757,279	62,688	34,309	1,854,276
Other operating	62,216	33,086	65,228	160,530
Depreciation	47,381	11,899	-	59,280
Total operating expenses	3,433,017	843,558	1,824,927	6,101,502
Operating income (loss)	(189,011)	128,172	74,539	13,700
Nonoperating revenues:				
Investment income	1,109	-	-	1,109
State program revenues	84,960	26,721	88,723	200,404
Federal program revenues	166,681	-	-	166,681
Total nonoperating revenues	252,750	26,721	88,723	368,194
Income before transfer	63,739	154,893	163,262	381,894
Transfer out	-	(293,333)	(336,667)	(630,000)
Change in net assets	63,739	(138,440)	(173,405)	(248,106)
Total net assets - beginning	739,546	527,409	551,233	1,818,188
Total net assets - ending	\$ 803,285	388,969	377,828	1,570,082

EANES INDEPENDENT SCHOOL DISTRICT
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended August 31, 2011

	701	711	712	Total
	Child	Community	Child Care	Nonmajor
	Nutrition	Education	Services	Enterprise
	Funds			Funds
Cash flows from operating activities:				
Receipts from customers/contributors	\$ 3,046,445	1,415,725	2,197,767	6,659,937
Payments to suppliers	(1,917,269)	(419,194)	(108,575)	(2,445,038)
Payments to employees	(1,376,717)	(371,757)	(1,608,072)	(3,356,546)
Net cash provided by (used in) operating activities	(247,541)	624,774	481,120	858,353
Cash flows from noncapital financing activities:				
Transfer to other funds	-	(293,333)	(336,667)	(630,000)
State program revenues	6,832	-	-	6,832
Federal program revenues	104,110	-	-	104,110
Net cash provided by (used in) noncapital financing activities	110,942	(293,333)	(336,667)	(519,058)
Cash flows from capital and related financing activities-				
Purchase of capital assets	(340,824)	-	-	(340,824)
Cash flows from investing activities-				
Interest received	1,109	-	-	1,109
Net change cash and cash equivalents	(476,314)	331,441	144,453	(420)
Cash and cash equivalents—beginning of the year	517,450	63,382	200	581,032
Cash and cash equivalents—end of the year	\$ 41,136	394,823	144,653	580,612
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (189,011)	128,172	74,539	13,700
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	47,381	11,899	-	59,280
State on-behalf contributions	78,128	26,721	88,723	193,572
Federal commodities received	62,571	-	-	62,571
Increase in due from other governments	(707)	-	-	(707)
(Increase) decrease in due from other funds	(197,325)	443,995	215,489	462,159
Decrease in other receivables	-	-	14,429	14,429
Decrease in inventory	6,582	-	-	6,582
Increase in deferred expenditures	-	-	(28)	(28)
Increase (decrease) in accounts payable	(68,765)	13,987	(1,290)	(56,068)
Increase in accrued wages payable	13,134	-	20,875	34,009
Increase in deferred revenue	471	-	68,383	68,854
Net cash provided by (used in) operating activities	\$ (247,541)	624,774	481,120	858,353

EANES INDEPENDENT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Debt Service Fund
Year Ended August 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local and intermediate sources	\$ 14,955,019	14,855,019	14,910,320	55,301
Total revenues	<u>14,955,019</u>	<u>14,855,019</u>	<u>14,910,320</u>	<u>55,301</u>
EXPENDITURES				
Principal on long-term debt	9,630,000	9,630,000	9,630,000	-
Interest on long-term debt	5,383,209	4,816,732	4,816,732	-
Other debt service expenditures	17,100	247,763	243,733	4,030
Total expenditures	<u>15,030,309</u>	<u>14,694,495</u>	<u>14,690,465</u>	<u>4,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(75,290)</u>	<u>160,524</u>	<u>219,855</u>	<u>59,331</u>
OTHER FINANCING SOURCES (USES)				
Payment to refunded bond escrow agent	-	(23,720,809)	(23,720,809)	-
Proceeds of refunding bonds	-	21,640,000	21,640,000	-
Premiums on bonds issued	-	2,310,471	2,307,842	(2,629)
Total other financing sources, net	<u>-</u>	<u>229,662</u>	<u>227,033</u>	<u>(2,629)</u>
Net change in fund balance	<u>(75,290)</u>	<u>390,186</u>	<u>446,888</u>	<u>56,702</u>
Fund balance--beginning	<u>4,135,699</u>	<u>4,135,699</u>	<u>4,135,699</u>	<u>-</u>
Fund balance--ending	<u><u>\$ 4,060,409</u></u>	<u><u>4,525,885</u></u>	<u><u>4,582,587</u></u>	<u><u>56,702</u></u>

EANES INDEPENDENT SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Child Nutrition Fund
Year Ended August 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local and intermediate sources	\$ 3,227,800	3,227,800	3,245,115	17,315
State program revenues	114,700	114,700	84,960	(29,740)
Federal program revenues	163,200	163,200	166,681	3,481
Total revenues	<u>3,505,700</u>	<u>3,505,700</u>	<u>3,496,756</u>	<u>(8,944)</u>
EXPENDITURES				
Food service	3,406,100	3,456,100	3,433,017	23,083
Plant maintenance and operations	90,000	90,000	-	90,000
Total expenditures	<u>3,496,100</u>	<u>3,546,100</u>	<u>3,433,017</u>	<u>113,083</u>
Change in net assets	9,600	(40,400)	63,739	104,139
Total net assets - beginning	<u>739,546</u>	<u>739,546</u>	<u>739,546</u>	<u>-</u>
Total net assets - ending	<u>\$ 749,146</u>	<u>699,146</u>	<u>803,285</u>	<u>104,139</u>

OTHER SCHEDULES

EANES INDEPENDENT SCHOOL DISTRICT
Schedule of Delinquent Taxes Receivable
Year Ended August 31, 2011

Last Ten Years Ended August 31	Tax Rates		Assessed/ Appraised Value for School Tax Purposes	Beginning Balance 8/31/2010	Current Year's Total Levy	Maintenance Total Collections	Debt Service Total Collections	Entire Year's Adjustment	Ending Balance 8/31/2011
	Maintenance	Debt Service							
2002 and earlier	Various	Various	5,804,005,088	\$ 426,372	-	1,048	238	5,117	419,969
2003	1.5000	0.2312	6,326,596,203	194,415	-	211	33	5,066	189,105
2004	1.5000	0.2778	6,067,342,850	163,376	-	1,012	187	1,820	160,357
2005	1.5000	0.1705	6,127,907,064	75,578	-	591	67	-	74,920
2006	1.5000	0.1610	6,569,049,970	132,609	-	(1,629)	(175)	8,236	126,177
2007	1.3700	0.1925	7,479,404,127	129,212	-	3,763	529	12,575	112,345
2008	1.0400	0.1625	7,967,529,842	178,296	-	14,450	2,258	14,653	146,935
2009	1.0400	0.1625	8,823,427,049	347,421	-	73,559	11,494	30,846	231,522
2010	1.0400	0.1625	8,911,089,447	913,380	-	402,593	62,905	46,792	401,090
2011	1.0400	0.1625	8,423,512,913	-	110,301,313	94,488,826	14,763,879	253,100	795,508
Totals				<u>\$ 2,560,659</u>	<u>110,301,313</u>	<u>94,984,424</u>	<u>14,841,415</u>	<u>378,205</u>	<u>2,657,928</u>

EANES INDEPENDENT SCHOOL DISTRICT
Schedule of Expenditures for Computation of Indirect Cost
for General and Special Revenue Funds
Year Ended August 31, 2011

FUNCTION 41 AND RELATED FUNCTION 53 AND 99 - GENERAL ADMINISTRATION

Account Number	Account Name	702 A School Board	703 B Tax Collection	701 C Supt's Office	750 D Indirect Cost	720 E Direct	other F Miscellaneous	G Total
611x-6146	Payroll costs	\$ -	-	376,898	1,124,425	138,911	76,733	1,716,967
6149	Fringe benefits (unused leave for separating employees in function 41 and related 53)	-	-	-	-	-	-	-
6149	Fringe benefits (unused leave for separating employees in all functions except function 41 and related 53)	-	-	-	-	-	-	-
6211	Legal services	-	-	-	-	269,796	-	269,796
6212	Audit services	-	-	-	45,920	-	-	45,920
6213	Tax appraisal and collection	-	592,891	-	-	-	-	592,891
621x	Other professional services	-	18,262	-	-	-	-	18,262
6220	Tuition and transfer payments	-	-	-	-	-	-	-
6230	Education service centers	-	-	-	4,147	-	300	4,447
6240	Contr. maintenance and repairs	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	7,515	16,311	4	-	23,830
6290	Miscellaneous contracted services	-	-	6,044	11,671	2,850	10,077	30,642
6320	Textbooks and reading	-	-	282	370	875	418	1,945
6330	Testing materials	-	-	-	-	-	-	-
63xx	Other supplies, materials	1,050	-	7,637	41,051	1,977	5,105	56,820
6410	Travel, subsistence, stipends	7,177	-	9,027	13,723	1,816	458	32,201
6420	Insurance and bonding costs	-	-	-	-	-	-	-
6430	Election costs	19,973	-	-	-	-	-	19,973
6490	Miscellaneous operating	2,861	-	20,489	53,499	771	2,095	79,715
6500	Debt service	-	-	-	-	-	-	-
6600	Capital outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 31,061	611,153	427,892	1,311,117	417,000	95,186	2,893,409

Total expenditures/expenses for General and Special Revenue Funds **\$ 123,627,008**

Less: Deductions of Unallowable Costs **-**

FISCAL YEAR

Total Capital Outlay (6600)	\$ 4,239,703
Total Debt & Lease (6500)	15,158,200
Plant Maintenance (Function 51, 6100-6400)	8,202,506
Food (Function 35, 6341 and 6499)	1,590,595
Stipends (6413)	-
Total Indirect Cost	1,311,117
Subtotal	30,502,121

Net Allowed Direct Cost **\$ 93,124,887**

CUMULATIVE

Total Cost of Buildings before Depreciation	\$ 199,219,374
Historical Cost of Buildings over 50 Years Old	\$ -
Amount of Federal Money in Building Cost (Net of Above)	\$ -
Total Cost of Furniture & Equipment before Depreciation	\$ 17,126,870
Historical Cost of Furniture & Equipment Over 16 Years Old	\$ -
Amount of Federal Money in Furniture & Equipment (Net of Above)	\$ -

Note A - \$592,891 in Function 99 expenditures are included in this report on administrative costs.

Note B - This schedule is included to satisfy Texas Education Agency reporting requirements.

FEDERAL AWARDS SECTION



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**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**

The Board of Trustees of
Eanes Independent School District:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eanes 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 December 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purposes 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.

Affiliated Companies

ML&R PERSONNEL SOLUTIONS LLC

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ML&R WEALTH MANAGEMENT LLC

"A Registered Investment Advisor"

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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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

maxwell joche + pitter LLP

December 7, 2011



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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

The Board of Trustees of
Eanes Independent School District:

Compliance

We have audited Eanes Independent School District's (the "District") compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of 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 of 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.

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Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 a 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 the Board of Trustees, management, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Maxwell Toche + Aitter LLP

December 7, 2011

EANES INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED AUGUST 31, 2011

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Project Number	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<u>Direct Program:</u>			
"Making an Impact" Alcohol Abuse Reduction	84.184A	Q184A080046	\$ 11,567
"Making an Impact" Alcohol Abuse Reduction	84.184A	Q184A080046-09	33,137
"Making an Impact" Alcohol Abuse Reduction	84.184A	Q184A080046-10	329,607
Total CFDA Number 84.184A			374,311
<u>Passed Through Texas Education Agency:</u>			
ESEA Title I, Part A, Improving Basic Programs	84.010A	11610101227909	191,904
ESEA Title I, Part A, Improving Basic Programs	84.010A	12610101227909	10,145
Total CFDA Number 84.010A			202,049
IDEA - Part B, Formula	84.027A	106600012279096600	5,235
IDEA - Part B, Formula	84.027A	116600012279096600	985,128
IDEA - Part B, Formula	84.027A	126600012279096600	21,520
IDEA - Part B, Discretionary Residential	84.027A	11660002279096677	333,729
IDEA - Part B, High Cost Risk Pool	84.027A	11660006227909	1,752,073
Total CFDA Number 84.027A			3,097,685
Carl D. Perkins, Title I, Part C	84.048A	11420006227909	52,927
IDEA - Part B, Preschool	84.173A	116610012279096610	31,928
IDEA - Part B, Preschool	84.173A	126610012279096610	4,294
Total CFDA Number 84.173A			36,222
ESEA Title IV, Part A, Safe & Drug-Free Schools	84.186A	11691001227909	15,809
ESEA Title III, Part A, LEP, English Language	84.365A	11671001227909	13,879
State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394A	11557001227909	1,853,765
IDEA - Part B, Formula, Recovery Act	84.391A	10554001227909	426,159
ESEA Title II, Part A, Teacher & Principal Training	84.367A	11694501227909	189,179
ESEA Title II, Part A, Teacher & Principal Training	84.367A	12694501227909	6,392
Total CFDA Number 84.367A			195,571
Total Passed Through Texas Education Agency			5,894,066
<u>Passed Through Austin Community College-</u>			
Capital Area College Tech Prep	84.243		2,847
TOTAL DEPARTMENT OF EDUCATION			6,271,224
<u>U.S. DEPARTMENT OF ENERGY</u>			
<u>Passed Through Railroad Commission of Texas -</u>			
Texas Propane Fleet Pilot Program, Recovery Act	81.086	DE-EE0002564; 167806	627,900
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<u>Passed Through Texas Education Agency-</u>			
National School Lunch Program	10.555	71300901	104,110
<u>Passed Through the Texas Department of Human Services-</u>			
Non-cash assistance - Food Distribution Program	10.555	71300901	62,571
TOTAL DEPARTMENT OF AGRICULTURE			166,681
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 7,065,805

The accompanying notes are an integral part of this schedule.

EANES INDEPENDENT SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED AUGUST 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - The accompanying schedule of expenditures of federal awards presents all federal expenditures of the Eanes Independent School District (the "District").

Basis of Accounting - The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting, with the exception of the National School Lunch Program and the Food Distribution Program. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which they become available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable. Expenditures in the National School Lunch Program and the Food Distribution Program are not specifically attributable to this revenue source and are shown on the accompanying schedule of expenditures of federal awards in an amount equal to revenue for balancing purposes only.

Relationship to Basic Financial Statements - Expenditures of federal awards are reported in the District's basic financial statements in the special revenue funds, with the exception of the National School Lunch Program and the Food Distribution Program which are accounted for in an enterprise fund.

Relationship to Federal Financial Reports - Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports in all significant respects.

Valuation of Non-Cash Programs - The District values revenues and expenditures for the Food Distribution Program based on the value of commodities received.

EANES INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED AUGUST 31, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted?

yes no

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditors' report issued on compliance for major programs:

Texas Propane Fleet Pilot Program, Recovery Act
State Fiscal Stabilization Fund, Recovery Act

Unqualified
Unqualified

Any audit findings disclosed that are required to be reported with section 510(a) of Circular A-133?

yes no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
81.086	Texas Propane Fleet Pilot Program, Recovery Act
84.394A	State Fiscal Stabilization Fund, Recovery Act

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

Auditee qualified as low-risk auditee? yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings or questioned costs required to be reported in accordance with Government Auditing Standards for the years ended August 31, 2011 and 2010.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133 for the years ended August 31, 2011 and 2010.