

**CANYON INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2011**

**Brown, Graham & Company, P.C.**  
**3232 Hobbs**  
**Amarillo, Texas 79109**  
**(806)355-8241**

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**CERTIFICATE OF BOARD**

**CANYON INDEPENDENT SCHOOL DISTRICT**

Name of School District

**RANDALL**

County

**191-901**

Co-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  X  approved \_\_\_ disapproved for the year ended August 31, 2011, at a meeting of the board of trustees of such school district on the 9<sup>th</sup> day of January 2012.

/s/ Sam Spradlin

Signature of Board Secretary

/s/ Randy Darnell

Signature of Board President



**BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

3232 Hobbs • P.O. Box 9297 • 79105-9297  
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**UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS  
ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION  
AND OTHER SUPPLEMENTARY INFORMATION INCLUDING THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Independent Auditor's Report**

**Board of Trustees  
Canyon Independent School District  
Canyon, Texas**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canyon 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 administrators. Our responsibility is to express an opinion 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, each major fund, and the aggregate remaining fund information of Canyon Independent School District as of August 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2012, 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 read in conjunction with this report in assessing the results of our audit.

**Board of Trustees**  
**Canyon Independent School District**  
Page two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 14, and 50, respectively, 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 inquires 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 Canyon Independent School District's financial statements as a whole. The combining and individual nonmajor fund and internal service financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The required Texas Education Agency schedules listed in the table of contents are likewise presented for purposes of additional analysis and are not a part of the basic financial statements. The combining and individual nonmajor fund and internal service financial statements, the schedule of expenditures of federal awards, and the required TEA schedules are the responsibility of management and were derived from and related 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.

*Brown, Graham & Company, P.C.*

Amarillo, Texas  
January 9, 2012

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# Canyon Independent School District

**Randy McDowell**  
Assistant Superintendent  
Business & Operations

**Michael L. Wartes**  
Superintendent

## CANYON INDEPENDENT SCHOOL DISTRICT FISCAL YEAR ENDING AUGUST 31, 2010 MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, the administration of Canyon Independent School District discusses and analyzes the District's financial performance for the fiscal year ended August 31, 2010. This section should be read in conjunction with the independent auditors' report and the District's Basic Financial Statements, all of which follow this section.

### ABOUT THE SCHOOL DISTRICT

Canyon Independent School District, with a population near 50,000 citizens, encompasses over 720 square miles in Randall County, Texas. Canyon ISD serves both the City of Canyon, Texas and the south portion of the City of Amarillo, Texas. In addition, the district serves a growing rural population living in the unincorporated area between the cities of Amarillo and Canyon. Canyon, Texas, is the seat of government for Randall County and is also home of West Texas A&M University, which is part of the Texas A&M University System. Amarillo, with a population of nearly 190,000, serves as the retail, medical, and service center for a vast area of Texas, Oklahoma and New Mexico.

Enrollment in Canyon ISD is currently 8,824 which is an increase of 88 students from what was reported in last year's annual report. This reflects an increase of slightly more than 1%. However, as in years past, most of the growth in the district has been concentrated in the portion of the district that lies within the incorporated limits of the City of Amarillo. It appears that the district will experience unprecedented growth as the City of Amarillo continues to expand to the south and southwest areas, which are located in Canyon ISD. The district currently includes 16 TEA-registered campuses operating out of 17 educational facilities. The district maintains and operates over 1.4 million square feet of total building volume.

The district demographer has projected that Canyon ISD's enrollment will continue to accelerate and reach 10,000 students by the school year 2012-2013. The District will continue to monitor this growth and will likely begin plans for an additional bond election within the next five to seven years to construct additional intermediate and secondary campuses.

### FINANCIAL HIGHLIGHTS FOR FYE 08/31/10

- The District's net assets increased by \$4.19 million, or by 12.19% in fiscal year 2010. By comparison, as reported last year, net assets increased by \$3.97 million, or approximately 13.04% in fiscal year 2009.
- For the year, the District's *total* expenses increased by only \$3.09 million while *net* expense for governmental activities was \$685 thousand, before transfers and special items, more than in the



governmental activities was \$3.42 million, before transfers and special items, more than in the previous year. Overall, when taking into account program revenues and general revenues, revenues for governmental activities exceeded expenditures by \$1.59 million. By comparison, last year's revenues exceeded expenses by \$4.19 million. The District's general revenues for the year were \$815 thousand higher than in the previous year, primarily due to an increase in student enrollment.

- The General Fund ended the year with a fund balance of \$24,757,332, which is an increase from the prior year of \$2,590,324.

## **USING THIS ANNUAL REPORT**

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

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

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

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## **Reporting the District as a Whole**

### ***The Statement of Net Assets and the Statement of Activities***

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

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

Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the changes in and current value of the District's net assets. The District's net assets (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. It is important to realize that the District, since 2001, has undertaken efforts to replace a significant amount of obsolete or irreparable equipment in the District. Thus year-to-year changes in net assets are impacted by both the timing of the issuance of debt and the timing of capital and other expenditures directly related to that debt. Further, the impact of accumulated depreciation and the outstanding balances of bonds and notes will reduce the overall balance in net assets by directly offsetting or reducing the amount invested in capital assets, net of related debt. In general, however, over a longer horizon, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Assets and the Statement of Activities, most of the District's basic services are reported under Governmental Activities. These services include instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities. The District does not have any Enterprise Funds, which are used to account for Business-type Activities where a fee is charged to "customers" to help cover all or most of the cost of services provided in certain programs. The District also does not have any legally separate, non-fiduciary component units that it is financially accountable for, such as an Alumni Association or other type of activity similar in nature.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

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

- Governmental funds – most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Internal Service funds – these types of funds are one category of proprietary funds, although the activities accounted for in them are usually more governmental in nature as opposed to the business-type activities that are reported in true proprietary funds. The internal service fund is used to report the financing of goods and services for the District's other programs and activities – such as the District's self-insurance programs. In this case, the District accounts for its Workers Compensation and Cafeteria Plan Program in an internal service fund, the results of which are included in Exhibits D-1, D-2 and D-3 of the financial report.

## The District as Trustee

### *Reporting the District's Fiduciary Responsibilities*

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis of government-wide activities focuses on net assets and the changes in net assets resulting from the District's governmental activities. As noted earlier, net assets of the District's governmental activities, which were \$40,210,410 at August 31, 2011, increased from the prior year by \$1,586,058. This compares to an increase reported for the prior fiscal year (2010) of \$4,189,783. The net assets of governmental activities are affected by the net results of recording capital assets (net of depreciation) and long-term debt, as well as current year capital outlays and long-term debt principal payments.

The impact on net assets from various types of governmental activities of the District is summarized in the following tables. Table I illustrates the net effect of the aforementioned capital expenditures during the past year. The fact that the amount invested in capital assets, net of related debt, for the current year is relatively small when compared to the gross balance of the underlying assets, illustrates the impact of both accumulated depreciation and outstanding debt balances. It does not mean that the District lacks the necessary economic resources to function effectively and efficiently. This is a reflection of the impact of continuing, steady growth in population and enrollment, and the expansion of services that is required in order to effectively serve a growing student base. Moreover, the healthy increase in unrestricted net assets, previously noted, indicates a continuing improvement in the overall financial position of the District.

**Table I**  
**Canyon Independent School District**  
**NET ASSETS**

	Governmental Activities 2010	Governmental Activities 2011	Change from Prior Year
Current and other assets	31,848,038	35,644,855	3,796,817
Capital assets	107,429,546	102,051,089	(5,378,457)
Total assets	139,277,584	137,695,944	(1,581,640)
Long-term liabilities	5,074,757	5,913,581	838,824
Other liabilities	95,578,475	91,571,953	(4,006,522)
Total liabilities	100,653,232	97,485,534	(3,167,698)
Net Assets:			
Invested in capital assets net of related debt	12,272,107	10,869,421	(1,402,686)
Restricted	2,633,827	2,903,913	270,086
Unrestricted	23,718,418	26,437,076	2,718,658
Total net assets	38,624,352	40,210,410	1,586,058

Table II illustrates the change in net assets from the perspective of revenues and expenses attributed to the governmental activities of the District. The District receives revenues for its programs and services from fees it charges for services, grants and other contributions from organizations and agencies outside the District, and from taxes levied by the Board of Trustees. In addition, the District receives a substantial part of its total annual revenue from the Foundation School Fund of Texas. Overall, revenues to the District increased by 1.05% from the previous year. The majority of this overall increase in revenues is a result of increased student enrollment and grants received through the American Recovery and Reinvestment Act of 2009, ARRA. There was an increase in Maintenance and Operations taxes of \$1.02 million due to increased property values and a corresponding decrease in State Aid – formula grants that was a result in the increased values. The District’s values increased to the limit therefore, the District’s Existing Debt Allotment funds have decreased from \$413 thousand in 2010 to just \$24 thousand in 2011.

Total expenses increased by \$3.58 million or 5.15% from the prior year, as shown in the accompanying table. Increased costs are associated with expenditures of the grants received through the American Recovery and Reinvestment Act of 2009, ARRA, and salary increases. With these grant funds the District was able to purchase additional technology for Special Needs Students, as well as added additional staff to concentrate on Instructional Coaching.

Table II is followed by a chart that depicts the change from the prior year in both total and net cost of services provided by the District. By way of explanation, net cost of a service is the total actual cost of that service less any revenues or proceeds received from charges or fees, or operating grants and other contributions. The District receives both state and federal grants in each year for a variety of programs and services, such as Title I, IDEA, and Child Nutrition Programs. Most of these funds are recorded in what is referred to as “special revenue” funds, but a small amount is also recorded in the District’s General Fund. In addition to state and federal grants, the District charges fees for some of its activities. These fees are primarily related to food service operations as well as to athletic contests and events sponsored by the District during the year.

**Table II**  
**Canyon Independent School District**

**CHANGES IN NET ASSETS**

	Governmental Activities 2010	Governmental Activities 2011	Change from Prior Year
<b>Revenues:</b>			
<b>Program Revenues:</b>			
Charges for Services	2,367,359	2,313,301	(54,058)
Operating grants and contributions	10,689,583	10,906,094	216,511
<b>General Revenues:</b>			
Maintenance and operations taxes	30,630,330	31,647,857	1,017,527
Debt service taxes	7,347,975	7,631,024	283,049
State aid - formula grants	21,721,766	20,800,168	(921,598)
Grants & Contributions not Restricted			
Investment Earnings	210,248	185,089	(25,159)
Miscellaneous	963,191	1,235,626	272,435
Special Item - Deed of Road to Randall County	(260,444)	-	260,444
Sale of Assets	71,504	-	(71,504)
Total Revenue	73,741,512	74,719,159	788,707
<b>Expenses:</b>			
Instruction, curriculum, and media services	40,282,337	42,640,503	2,358,166
Instructional and school leadership	4,533,614	4,720,009	186,395
Student support services	2,617,641	2,887,135	269,494
Student transportation	1,971,063	2,229,345	258,282
Child nutrition	3,610,655	3,765,937	155,282
Cocurricular activities	2,077,896	2,365,594	287,698
General administration	1,670,781	1,753,575	82,794
Plant maintenance, security & data processing	7,621,170	8,122,363	501,193
Community services	125,246	90,022	(35,224)
Debt services	4,240,287	4,075,034	(165,253)
Facilities, acquisition, construction	305,496	-	(305,496)
Other Governmental Charges	495,543	483,584	(11,959)
Total Expenses	69,551,729	73,133,101	3,581,372
Increase/(decrease) in net assets before transfers and special items	4,189,783	1,586,058	(2,603,725)
Transfers	-	-	-
Net assets at Prior FYE	34,434,569	38,624,352	4,189,783
Net assets at Audit FYE	38,624,352	40,210,410	1,586,058

The table that follows depicts the annual change in total and net cost of services. As with the previous table, the full cost of providing these services is reflected. Thus depreciation expense is allocated to most of the functions shown, and interest on long-term debt is likewise included. The percentage changes illustrate the impact of rising cost of services in critical functional areas resulting from continued growth in student enrollment (see previous discussion). These costs include not only the cost associated with maintaining a current level of effort, but also the incremental cost associated with opening and operating new facilities.

Expenditure Function By Category	Total Cost Of Services		Pct. Chg.	Net Cost Of Services		Pct. Chg.
	Prior FYE	Audit FYE		Prior FYE	Audit FYE	
Instruction Related	40,282,337	42,640,503	5.85%	33,255,568	35,244,527	5.98%
Curriculum/School Leadership	4,533,614	4,720,009	4.11%	3,927,151	4,147,313	5.61%
Counseling/Health Services	2,617,641	2,887,135	10.30%	1,942,421	1,975,225	1.69%
Student Transportation	1,971,063	2,229,345	13.10%	1,827,433	2,069,900	13.27%
Food Services	3,610,655	3,765,937	4.30%	113,101	354,582	213.51%
Co-Curricular Activities	2,077,896	2,365,594	13.85%	1,803,508	2,060,637	14.26%
General Administration	1,670,781	1,753,575	4.96%	1,521,243	1,587,149	4.33%
Plant Maintenance, Operations & Security	6,739,992	7,199,687	6.82%	6,476,515	6,958,446	7.44%
Data Processing	881,178	922,676	4.71%	570,554	907,346	59.03%
Community Services	125,246	90,022	-28.12%	15,967	49,963	212.91%
Interest on Long Term Debt	4,240,287	4,075,034	-3.90%	4,240,287	4,075,034	-3.90%
Facilities	305,496	-	100.00%	305,496	-	-100.00%
Other Governmental Charges	495,543	483,584	-2.41%	495,543	483,584	-2.41%
<b>Total</b>	<b>69,551,729</b>	<b>73,133,101</b>	<b>5.15%</b>	<b>56,494,786</b>	<b>59,913,705</b>	<b>6.05%</b>

Canyon ISD's local property values continue to grow at an annual pace greater than 3.5% per year. An unfortunate consequence of the Texas public school funding system is that a district such as Canyon ISD is forced each year to assume a greater share of the burden of the cost of education in the district because as local values increase, then state funding decreases a proportional amount.

### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds as presented in the balance sheet contained in the auditors' report show a combined fund balance of \$27.96 million, as compared to \$25.07 million reported in the prior year. Of the \$2.89 million increase in combined fund balance, \$2.59 million was increased in the general fund, \$169 thousand was increased in the debt service fund, and the remaining \$125 thousand was an increase in other funds including food service and technology allotment. Based on current monthly cash flow levels in the 2012 budget, the District's General Fund balance of \$24,757,332 represents a reserve of about 5 months.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At the end of 2011, the District had a total of \$152.76 million, before accumulated depreciation, invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. Total capital assets increased by \$478 thousand, or .31%, from the prior fiscal year, due to equipment purchases and facility improvements.

The capitalization threshold for the District is \$5,000. Assets of the District are categorized in general categories of land, buildings, equipment, and construction in progress. A summary of the total Capital Assets of the District allocated to governmental activities is shown in the table below.

Asset Category	Capital Assets		Percentage
	Governmental Activities		Change
	Fiscal Year 2010	Fiscal Year 2011	2010 to 2011
Land	3,987,796	3,987,796	0.00%
Buildings and Improvements	138,261,412	138,645,560	0.28%
Equipment	10,038,088	10,131,555	0.93%
Construction In Progress	-	-	
<b>Total</b>	<b>152,287,296</b>	<b>152,764,911</b>	<b>0.31%</b>

The amounts shown in the above table include additions and retirements that occurred during the year under audit. The District's comprehensive financial management software system includes a module for tracking, calculating, and posting depreciation expense. More detailed information about the District's capital assets, including a detail of current and accumulated depreciation, is presented in Note II-E to the financial statements.

## Debt

At year-end, the District had \$84.63 million in bonds and notes outstanding, compared to \$88.56 million at the end of last fiscal year, which is a decrease of \$3.93 million overall. The following table summarizes the District's long-term debt obligations at the end of the fiscal year:

Description of Debt	Outstanding Principal at		Change From	
	Fiscal Year End		Prior FYE	
	2010	2011	Amount	Percent
Series 2004 Maintenance Tax Notes	1,435,000	975,000	(460,000)	-32.06%
Series 2002 School Building ULT Bonds	720,000	370,000	(350,000)	-48.61%
Series 2002-A ULT R&I – General Obligation	8,514,442	6,481,276	(2,033,166)	-23.88%
Series 2007-R ULT Refunding Bonds	49,629,967	49,304,967	(325,000)	-0.65%
2007 Series School Building ULT Bonds	28,260,000	27,495,000	(765,000)	-2.70%
<b>Total Outstanding Debt at FYE</b>	<b>88,559,409</b>	<b>84,626,243</b>	<b>(3,933,166)</b>	<b>-4.44%</b>

The District's total outstanding debt as of August 31, 2011 includes an outstanding principal balance of \$975,000 in Notes and Obligations that are payable from a lien on and pledge of any available funds of the District, including the receipts from a tax levied in the District for the maintenance and operation of the District's school system. The total outstanding debt of the District currently includes \$83,651,243 of the principal amount of General Obligation bonds of the District. These bonds are payable from the interest and sinking ad valorem tax levied by the District and Existing Debt Allotment funding assistance from the State of

Texas. The interest and sinking ad valorem tax rate for 2011 was \$.25. The District's bonds are rated "AAA" by both Standard & Poor's Ratings Services and Fitch Inc. This rating is obtained by virtue of the guarantee of the Permanent School Fund of the State of Texas. The underlying credit ratings for the District are "AA" by Standard & Poor's and "AA" by Fitch.

**NEXT YEAR'S BUDGET**

The Board of Trustees adopted a General Fund Budget for FY 2012 of \$54.84 million in expenditures. The current General Fund budget represents a decrease of \$677 thousand over the FY 2011 original budget of \$55.52 million in expenditures, due to significant reductions in state funding cuts from the Texas Legislature. In 2010-2011, the District received over \$2.3 million in State Fiscal Stabilization Funds that was replaced for the 2011-2012 year with EduJobs Funding in the amount of \$1.35 million. The District also experienced a decrease in state funding of approximately 6% in the Foundation School Fund. In an attempt to balance the budget with the significant funding reductions, the District has reduced positions and operating budgets throughout the District by evaluating all job openings and a thorough budget analysis. A summary of the District's total budget commitments for 2012 are shown in the following table:

	<b>FYE 2011</b>	<b>FYE 2012</b>	<b>Chg. In \$</b>	<b>Chg. As %</b>
<b><u>REVENUES</u></b>				
General Fund	55,695,985	54,839,330	(856,655)	-1.54%
Food Services	3,336,400	3,581,542	320,142	9.60%
Debt Service Fund	7,540,555	7,535,630	(4,925)	-0.07%
<b>TOTAL</b>	<b>66,572,940</b>	<b>66,031,502</b>	<b>(541,438)</b>	<b>-0.81%</b>
<b><u>EXPENDITURES</u></b>				
General Fund	55,516,065	54,839,330	(676,735)	-1.22%
Food Services	3,336,400	3,656,542	245,142	7.35%
Debt Service Fund	7,540,555	7,535,630	(4,925)	-0.07%
<b>TOTAL</b>	<b>66,393,020</b>	<b>65,956,502</b>	<b>(436,518)</b>	<b>-0.66%</b>
Surplus/(Deficit)	179,920	(75,000)		

The 2012 budget reflects no change in property tax rate for maintenance and operations, and no change for the interest and sinking tax rate. An unfortunate consequence of the complex funding system for public education in Texas is that an increase in local property value does not automatically increase the capacity for increased revenues; moreover, the opposite is usually true as local districts seeing annual increases in property values receive less and less state funding.

<b>PROPERTY TAX RATES IN CANYON ISD</b>					
	<b>Tax Year 2008</b>	<b>Tax Year 2009</b>	<b>Tax Year 2010</b>	<b>Tax Year 2011</b>	<b>Tax Year 2012</b>
M&O Rate	1.04	1.04	1.04	1.04	1.04
I & S Rate	.25	.25	.25	.25	.25
<b>Total Rate</b>	<b>1.29</b>	<b>1.29</b>	<b>1.29</b>	<b>1.29</b>	<b>1.29</b>



## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show 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 Finance and Business Department at: Canyon Independent School District, 3301 N. 23<sup>rd</sup> St., Canyon, Texas, 79015. The telephone number for the District's financial offices is 806.677.2600. Also, please feel free to visit the District's website at [www.canyonisd.net](http://www.canyonisd.net) to learn more about the Canyon Independent School District and its programs and services.

*Submitted to Canyon ISD Board of Trustees on January 9, 2012 in Canyon, Texas \*

/s/ Michael L. Wartes

Michael L. Wartes  
Superintendent

/s/ Randy McDowell

Randy McDowell  
Assistant Superintendent of Business and Operations

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CANYON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2011

EXHIBIT A-1

Data Control Codes	Primary Government Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 10,139,178
1120 Current Investments	22,857,469
1210 Property Taxes - Current	874,184
1230 Allowance for Uncollectible Taxes	(340,303)
1240 Due from Other Governments	884,238
1250 Accrued Interest	7,674
1290 Other Receivables, net	250,842
1300 Inventories	469,427
1410 Deferred Expenses	111,861
1420 Capitalized Bond and Other Debt Issuance Costs	390,285
Capital Assets:	
1510 Land	3,987,796
1520 Buildings, Net	94,846,960
1530 Furniture and Equipment, Net	3,216,333
1000 Total Assets	137,695,944
<b>LIABILITIES</b>	
2110 Accounts Payable	709,571
2140 Interest Payable	190,935
2150 Payroll Deductions & Withholdings	626,471
2160 Accrued Wages Payable	2,073,482
2177 Due to Fiduciary Funds	662
2180 Due to Other Governments	2,156,280
2300 Deferred Revenues	156,180
Noncurrent Liabilities	
2501 Due Within One Year	4,003,153
2502 Due in More Than One Year	87,568,800
2000 Total Liabilities	97,485,534
<b>NET ASSETS</b>	
3200 Invested in Capital Assets, Net of Related Debt	10,869,421
3820 Restricted for Federal and State Programs	942,143
3850 Restricted for Debt Service	1,961,770
3900 Unrestricted Net Assets	26,437,076
3000 Total Net Assets	\$ 40,210,410

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

CANYON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets  Primary Gov. Governmental Activities
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 40,177,629	\$ 99,825	\$ 6,291,852	\$ (33,785,952)
12 Instructional Resources and Media Services	1,449,739	-	106,247	(1,343,492)
13 Curriculum and Staff Development	1,013,135	-	898,052	(115,083)
21 Instructional Leadership	816,477	-	397,682	(418,795)
23 School Leadership	3,903,532	-	175,014	(3,728,518)
31 Guidance, Counseling and Evaluation Services	2,209,019	-	543,270	(1,665,749)
33 Health Services	678,116	-	368,640	(309,476)
34 Student (Pupil) Transportation	2,229,345	-	159,445	(2,069,900)
35 Food Services	3,765,937	1,890,655	1,520,700	(354,582)
36 Extracurricular Activities	2,365,594	258,466	46,491	(2,060,637)
41 General Administration	1,753,575	-	166,426	(1,587,149)
51 Facilities Maintenance and Operations	7,090,297	64,355	176,886	(6,849,056)
52 Security and Monitoring Services	109,390	-	-	(109,390)
53 Data Processing Services	922,676	-	15,330	(907,346)
61 Community Services	90,022	-	40,059	(49,963)
72 Debt Service - Interest on Long Term Debt	4,071,434	-	-	(4,071,434)
73 Debt Service - Bond Issuance Cost and Fees	3,600	-	-	(3,600)
99 Other Intergovernmental Charges	483,584	-	-	(483,584)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 73,133,101</u>	<u>\$ 2,313,301</u>	<u>\$ 10,906,094</u>	<u>(59,913,706)</u>
Data Control Codes	<b>General Revenues:</b>			
	<b>Taxes:</b>			
MT	Property Taxes, Levied for General Purposes			31,647,857
DT	Property Taxes, Levied for Debt Service			7,631,024
SF	State Aid - Formula Grants			20,800,168
IE	Investment Earnings			185,089
MI	Miscellaneous Local and Intermediate Revenue			1,235,626
TR	<b>Total General Revenues</b>			<u>61,499,764</u>
CN	Change in Net Assets			1,586,058
NB	Net Assets--Beginning			38,624,352
NE	Net Assets--Ending			<u>\$ 40,210,410</u>

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

**FUND FINANCIAL STATEMENTS**

CANYON INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 7,665,550	\$ 64,402	\$ 1,390,099	\$ 9,120,051
1120	Investments - Current	21,007,469	1,850,000	-	22,857,469
1210	Property Taxes - Current	758,492	115,692	-	874,184
1230	Allowance for Uncollectible Taxes (Credit)	(295,383)	(44,920)	-	(340,303)
1240	Receivables from Other Governments	49,293	12,148	822,797	884,238
1250	Accrued Interest	7,674	-	-	7,674
1260	Due from Other Funds	774,175	-	337	774,512
1290	Other Receivables	85,884	-	34,459	120,343
1300	Inventories	469,427	-	-	469,427
1410	Deferred Expenditures	111,861	-	-	111,861
1000	<b>Total Assets</b>	<u>\$ 30,634,442</u>	<u>\$ 1,997,322</u>	<u>\$ 2,247,692</u>	<u>\$ 34,879,456</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
2110	Accounts Payable	\$ 559,977	\$ 2,500	\$ 37,712	\$ 600,189
2150	Payroll Deductions and Withholdings Payable	626,471	-	-	626,471
2160	Accrued Wages Payable	2,073,482	-	-	2,073,482
2170	Due to Other Funds	998	9,970	764,206	775,174
2180	Due to Other Governments	2,132,309	23,082	889	2,156,280
2300	Deferred Revenues	483,873	70,772	135,416	690,061
2000	<b>Total Liabilities</b>	<u>5,877,110</u>	<u>106,324</u>	<u>938,223</u>	<u>6,921,657</u>
<b>Fund Balances:</b>					
<b>Nonspendable Fund Balance:</b>					
3410	Inventories	469,427	-	-	469,427
3430	Prepaid Items	111,861	-	-	111,861
<b>Restricted Fund Balance:</b>					
3450	Federal or State Funds Grant Restriction	-	-	942,143	942,143
3480	Retirement of Long-Term Debt	-	1,890,998	-	1,890,998
<b>Committed Fund Balance:</b>					
3510	Construction	2,800,000	-	-	2,800,000
3530	Capital Expenditures for Equipment	1,076,000	-	-	1,076,000
3545	Other Committed Fund Balance	3,025,000	-	367,326	3,392,326
3600	Unassigned Fund Balance	17,275,044	-	-	17,275,044
3000	<b>Total Fund Balances</b>	<u>24,757,332</u>	<u>1,890,998</u>	<u>1,309,469</u>	<u>27,957,799</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 30,634,442</u>	<u>\$ 1,997,322</u>	<u>\$ 2,247,692</u>	<u>\$ 34,879,456</u>

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

CANYON INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
AUGUST 31, 2011

<b>Total Fund Balances - Governmental Funds</b>	\$	27,957,799
<b>1</b> The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase net assets.		1,040,244
<b>2</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$152,287,296 and the accumulated depreciation was \$44,857,750. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		12,080,404
<b>3</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2011 capital outlays and debt principal payments is to increase net assets.		5,096,003
<b>4</b> Retirement of accreted interest is shown as an expenditure on the fund financial statements, but is a reduction of the related liability on the government-wide financial statements. In addition, the accretion of interest on unmatured capital appreciation bonds is not included on the fund financial statements, but is included as an expense on the government-wide financial statements. The net effect of the accreted interest is to reduce net assets.		(51,596)
<b>5</b> The 2011 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(6,526,055)
<b>6</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		613,611
<b>19 Net Assets of Governmental Activities</b>	<u>\$</u>	<u>40,210,410</u>

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

CANYON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 33,168,338	\$ 7,683,823	\$ 2,228,473	\$ 43,080,634
5800	State Program Revenues	23,300,856	24,703	393,151	23,718,710
5900	Federal Program Revenues	447,783	-	7,513,419	7,961,202
5020	Total Revenues	<u>56,916,977</u>	<u>7,708,526</u>	<u>10,135,043</u>	<u>74,760,546</u>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	31,929,100	-	4,538,377	36,467,477
0012	Instructional Resources and Media Services	1,157,709	-	133,237	1,290,946
0013	Curriculum and Instructional Staff Development	98,583	-	897,351	995,934
0021	Instructional Leadership	457,797	-	348,268	806,065
0023	School Leadership	3,486,625	-	72,554	3,559,179
0031	Guidance, Counseling and Evaluation Services	1,556,288	-	450,601	2,006,889
0033	Health Services	607,853	-	9,425	617,278
0034	Student (Pupil) Transportation	2,105,966	-	84,243	2,190,209
0035	Food Services	58,747	-	3,333,559	3,392,306
0036	Extracurricular Activities	1,926,867	-	6,947	1,933,814
0041	General Administration	1,700,828	-	10,751	1,711,579
0051	Facilities Maintenance and Operations	7,020,110	-	23,366	7,043,476
0052	Security and Monitoring Services	109,390	-	-	109,390
0053	Data Processing Services	722,125	-	-	722,125
0061	Community Services	54,456	-	35,658	90,114
<b>Debt Service:</b>					
0071	Principal on Long Term Debt	460,000	3,473,166	-	3,933,166
0072	Interest on Long Term Debt	52,418	4,062,389	-	4,114,807
0073	Bond Issuance Cost and Fees	-	3,600	-	3,600
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	372,200	-	31,416	403,616
<b>Intergovernmental:</b>					
0099	Other Intergovernmental Charges	483,584	-	-	483,584
6030	Total Expenditures	<u>54,360,646</u>	<u>7,539,155</u>	<u>9,975,753</u>	<u>71,875,554</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,556,331</u>	<u>169,371</u>	<u>159,290</u>	<u>2,884,992</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	33,993	-	70,716	104,709
8911	Transfers Out (Use)	-	-	(104,709)	(104,709)
7080	Total Other Financing Sources (Uses)	<u>33,993</u>	<u>-</u>	<u>(33,993)</u>	<u>-</u>
1200	Net Change in Fund Balances	2,590,324	169,371	125,297	2,884,992
0100	Fund Balance - September 1 (Beginning)	<u>22,167,008</u>	<u>1,721,627</u>	<u>1,184,172</u>	<u>25,072,807</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 24,757,332</u>	<u>\$ 1,890,998</u>	<u>\$ 1,309,469</u>	<u>\$ 27,957,799</u>

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



CANYON INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2011

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	2,884,992
The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The net income of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net assets.		129,132
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2011 capital outlays and debt principal payments is to increase net assets.		5,096,003
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(6,526,055)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		1,986
<b>Change in Net Assets of Governmental Activities</b>	<u>\$</u>	<u>1,586,058</u>

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

CANYON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
AUGUST 31, 2011

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,019,127
Other Receivables	<u>130,499</u>
Total Assets	<u>1,149,626</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>109,382</u>
Total Liabilities	<u>109,382</u>
NET ASSETS	
Unrestricted Net Assets	<u>1,040,244</u>
Total Net Assets	<u><u>\$ 1,040,244</u></u>

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

CANYON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2011

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 719,029
Total Operating Revenues	<u>719,029</u>
OPERATING EXPENSES:	
Professional and Contracted Services	<u>589,922</u>
Total Operating Expenses	<u>589,922</u>
Operating Income	<u>129,107</u>
NONOPERATING REVENUES (EXPENSES):	
Earnings from Temporary Deposits & Investments	<u>25</u>
Total Nonoperating Revenues (Expenses)	<u>25</u>
Change in Net Assets	129,132
Total Net Assets - September 1 (Beginning)	<u>911,112</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 1,040,244</u></u>

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

CANYON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2011

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 222,177
Cash Received from Assessments - Other Funds	501,801
Cash Payments for Insurance Claims	(562,491)
Net Cash Provided by Operating Activities	<u>161,487</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends on Investments	<u>25</u>
Net Increase in Cash and Cash Equivalents	161,512
Cash and Cash Equivalents at Beginning of the Year:	<u>857,615</u>
Cash and Cash Equivalents at the End of the Year:	<u><u>\$ 1,019,127</u></u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>    Provided by Operating Activities:</u>	
Operating Income:	\$ 129,107
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	4,766
Increase (decrease) in Accounts Payable	27,431
Decrease (increase) in due from other funds	183
Net Cash Provided by Operating Activities	<u><u>\$ 161,487</u></u>

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

CANYON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
AUGUST 31, 2011

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,788	\$ 386,100
Due from Other Funds	-	662
Other Receivables	-	48,858
Deferred Expenses	-	115
Total Assets	2,788	\$ 435,735
<b>LIABILITIES</b>		
Accounts Payable	-	\$ 547
Due to Other Governments	-	82,640
Due to Student Groups	-	352,548
Total Liabilities	-	\$ 435,735
<b>NET ASSETS</b>		
Restricted for Capital Projects	2,788	
Total Net Assets	\$ 2,788	

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

CANYON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2011

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 500
Total Additions	500
DEDUCTIONS:	
Other Operating Costs	500
Total Deductions	500
Change in Net Assets	-
Total Net Assets - September 1 (Beginning)	2,788
Total Net Assets - August 31 (Ending)	\$ 2,788

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

**NOTES TO THE FINANCIAL STATEMENTS**

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**I. Summary of Significant Accounting Policies:**

Canyon Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**A. Reporting Entity**

Because the Board is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and complies with the requirements of these funding source entities.

**B. Government-Wide and Fund Financial Statements**

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Canyon Independent School District non-fiduciary activities with the applicable inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. *Business-type activities* include operations that rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the district, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.



**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**I. Summary of Significant Accounting Policies (continued):**

**B. Government-Wide and Fund Financial Statements (continued)**

Inter-fund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance. All inter-fund transactions between governmental funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are non-operating.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**I. Summary of Significant Accounting Policies (continued):**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Proprietary Funds and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

**D. Fund Accounting**

The District reports the following major governmental funds:

- 1. The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- 2. Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Additionally, the District reports the following fund types:

Governmental Funds:

- 1. Capital Projects Fund** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital assets acquisitions are accounted for in a capital projects fund.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**I. Summary of Significant Accounting Policies (continued):**

**D. Fund Accounting (continued)**

Additionally, the District reports the following fund types (continued):

Governmental Funds (continued):

- 2. Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by a grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in Special Revenue Funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Proprietary Fund:

- 1. Internal Service Fund** - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in internal service funds. The District's Internal Service Funds are the Cafeteria Plan Fund and Self-Insured Worker's Compensation Fund.

Fiduciary Funds:

- 1. Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the Student Activity Fund, the textbook waiver refunds fund, and the central office agency fund. Financial resources for the agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. The student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board.
- 2. Private Purpose Trust Funds** - The District accounts for donations for which the donor has stipulated that the principal be expended for a specific purpose in private purpose trust funds. The District's private purpose trust funds are for a District baseball field and other donor stipulated purposes.

**E. Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, the Child Nutrition Program (which is included in the Special Revenue Funds), and the Debt Service Fund. At a minimum, the District is required to present the adopted and final amended budgeted revenues and expenditures compared to actual revenues and expenditures for these three funds. These comparisons are on Exhibits G-1, J-3 and J-4, respectively.

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**I. Summary of Significant Accounting Policies (continued):**

**E. Budgetary Data (continued)**

2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the District's administration at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

**F. Other Accounting Policies**

1. The Data Control Codes refer to the account code structure prescribed by the Texas Education Agency (the "TEA") in the Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to ensure accuracy in building a state-wide data base for policy development and funding plans.
2. The District records purchases of supplies as expenditures. If a material amount of supplies are on hand at the end of the year, their total cost is recorded as inventory and the fund balance is reported as nonspendable for the same amount. At August 31, 2011, the amount of supplies on hand is \$469,427.
3. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
4. The amounts on the statements have been rounded individually, consequently, some columns may not total and some schedules may not agree because of this rounding.
5. The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
6. The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2011, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**I. Summary of Significant Accounting Policies (continued):**

**F. Other Accounting Policies (continued)**

7. The District's fund balances for its governmental funds are presented in accordance with GASB 54, which classifies fund balance based on the level of constraints placed on the usage of fund resources. Under GASB 54, fund balances for governmental funds are reported in the following categories:

- **Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.
- **Restricted** – The restricted fund balance classification includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board. Formal action consists of a board resolution by a majority vote of the District's Board in a publicly held scheduled meeting. Committed fund balance amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (board resolution). Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- **Assigned** – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a publicly scheduled meeting. The Board has delegated the authority to make assignments of fund balance amounts to the District's Superintendent or the Assistant Superintendent of Business and Operations. There are no assigned fund balances as of year end.
- **Unassigned** – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged first to restricted balances, and then to unrestricted balances as they are needed. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed resources first, then to assigned resources and then to unassigned resources as they are needed.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**I. Summary of Significant Accounting Policies (continued):**

**F. Other Accounting Policies (continued)**

8. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid “grossing up” the revenues and expenses of the District as a whole.
9. Employees of the District are entitled to paid vacation and paid sick days depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The District’s policy is to recognize the costs of compensated absences when actually paid to employees.
10. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	15-65
Building improvements	20
Infrastructure	50
Vehicles, office equipment and computer equipment	5-10

11. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. If material, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups:**

**A. Cash and Investments**

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies.

Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds.

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit policy. That policy addresses the following risks:

- a. Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District is not exposed to custodial credit risk for its deposits as all are covered by depository insurance and pledged securities.
- b. Interest-rate Risk - Interest rate risk arises from investments in debt instruments and is defined as "the risk that changes in interest rates will adversely affect the fair value of an investment." The District has a policy of investing in short term investments.
- c. Custodial Credit Risk - Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District invests in Lone Star and TexPool investment pools that are on demand investments or in certificate of deposits that are insured by FDIC. TexPool and Lone Star investments are considered cash and cash equivalents in the financial statements.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**A. Cash and Investments (continued)**

Investments in Lone Star and TexPool are included in cash and cash equivalents in the financial statements due to their short term nature. The District's investments were as follows as of August 31, 2011:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Credit Ratings</u>
Lone Star Investment Pool:			
Corporate Overnight Plus Fund	\$ 5,257,233	\$ 5,258,842	AAAf
Government Overnight Fund	112,427	112,430	AAAm
TexPool:			
Prime Fund	4,227,836	4,227,836	AAAm
CDARS (certificates of deposit)	22,857,469	22,857,469	N/A
	<u>\$ 32,454,965</u>	<u>\$ 32,456,577</u>	

**B. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District 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 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

**C. Deferred Revenues**

Deferred revenues at year-end in the fund financial statements consisted of the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Other Funds</u>	<u>Total</u>
Property taxes	\$ 463,109	\$ 70,772	\$ -	\$ 533,881
Other	4,608	-	135,416	140,024
Student Fees	16,156	-	-	16,156
Totals	<u>\$ 483,873</u>	<u>\$ 70,772</u>	<u>\$ 135,416</u>	<u>\$ 690,061</u>



**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**D. Delinquent Taxes Receivable**

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes receivable within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible property taxes are periodically reviewed and written off, as required by statutory authority from the Texas Legislature.

**E. Capital Asset Activity**

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

	<u>Balance 9/1/10</u>	<u>Additions</u>	<u>Adjustment/ Retirement</u>	<u>Balance 8/31/11</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 3,987,796	\$ -	\$ -	\$ 3,987,796
Capital assets, being depreciated				
Buildings and improvements	138,261,412	403,617	(19,469)	138,645,560
Furniture and equipment	10,038,088	759,221	(665,754)	10,131,555
Total capital assets being depreciated	148,299,500	1,162,838	(685,223)	148,777,115
Less: Accumulated depreciation for:				
Buildings and improvements	38,006,966	5,809,443	(17,809)	43,798,600
Furniture and equipment	6,850,784	716,612	(652,174)	6,915,222
Total accumulated depreciation	44,857,750	6,526,055	(669,983)	50,713,822
Total capital assets, being depreciated, net	103,441,750	(5,363,217)	(15,240)	98,063,293
Governmental activities capital assets, net	\$ <u>107,429,546</u>	\$ <u>(5,363,217)</u>	\$ <u>(15,240)</u>	\$ <u>102,051,089</u>

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**E. Capital Asset Activity (continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 3,993,907
Instructional Resources and Media Services	160,145
Curriculum and Instruction Staff Development	18,395
Instructional Leadership	11,336
School Leadership	348,669
Guidance, Counseling and Evaluation Services	204,959
Health Services	61,610
Student (Pupil) Transportation	398,687
Food Services	400,467
Extracurricular Activities	448,069
General Administration	43,479
Facilities Maintenance and Operations	162,229
Data Processing Services	<u>274,103</u>
Total Depreciation Expense	<u><u>\$ 6,526,055</u></u>

**F. Cafeteria Plan**

During the year ended August 31, 2011, the District offered a cafeteria plan meeting the requirements of Section 125 of the Internal Revenue Code to all full-time employees. Under the cafeteria plan participants designate a portion of their salary to be contributed to the cafeteria plan to pay for selected unreimbursed expenses. Eligible unreimbursed expenses include medical expenses, child and dependent care costs, term life insurance costs, health insurance costs, cancer insurance cost and dental expenses. By contributing to the cafeteria plan, employees can receive certain income tax benefits. The results of the cafeteria plan are being reported in the Internal Service Fund.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**G. Bonds and Notes Payable**

A summary of changes in bonds payable for the year ended August 31, 2011, is as follows:

	<u>Interest Rate Payable</u>	<u>Original Amount</u>	<u>Interest Current Year</u>	<u>Payable Amounts Outstanding 9/1/10</u>	<u>New Issuance &amp; Accrued Interest</u>	<u>Retired</u>	<u>Payable Amounts Outstanding 8/31/11</u>
School Building							
Unlimited Tax	5.00% to						
Bonds 2002 Series	6.50%	\$ 16,500,000	\$ 33,575	\$ 720,000	\$ -	\$ 350,000	\$ 370,000
General Obligation							
Bonds 2002-A Series	3.0% to						
(CIB)	5.50%	45,155,000	105,300	3,135,000	-	1,005,000	2,130,000
Bonds 2002-A Series	3.0% to						
(CAB)	5.50%	13,283,921	421,834	5,379,442	-	1,028,166	4,351,276
Maintenance Tax							
Notes 2004 Series	4.35%	2,370,000	52,418	1,435,000	-	460,000	975,000
General Obligation							
Unlimited Tax							
Refunding Bonds							
Series 2007	4.0% to						
CAB	4.50%	549,967	-	549,967	-	-	549,967
Series 2007	4.0% to						
CIB	4.50%	49,985,000	2,159,437	49,080,000	-	325,000	48,755,000
School Building	4.25%						
Unlimited Tax	to						
Bonds Series 2007	5.25%	30,365,000	1,342,243	28,260,000	-	765,000	27,495,000
<b>Total</b>			<u>\$ 4,114,807</u>	<u>\$ 88,559,409</u>	<u>\$ -</u>	<u>\$ 3,933,166</u>	<u>\$ 84,626,243</u>
Accreted interest				<u>\$ 5,066,494</u>	<u>\$ 473,430</u>	<u>\$ 421,834</u>	<u>\$ 5,118,090</u>
Premium on issuance of debt				<u>\$ 1,952,572</u>	<u>\$ -</u>	<u>\$ 124,952</u>	<u>\$ 1,827,620</u>
Debt issuance cost				<u>\$ 421,036</u>	<u>\$ -</u>	<u>\$ 30,751</u>	<u>\$ 390,285</u>

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**H. Debt Service Requirements**

Debt service requirements for bonds and notes payable are as follows:

<b>Year Ended August 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2012	\$ 4,003,153	\$ 4,039,448	\$ 8,042,601
2013	4,074,488	3,961,977	8,036,465
2014	2,514,391	3,913,083	6,427,474
2015	2,533,496	3,893,428	6,426,924
2016	2,565,748	3,866,339	6,432,087
2017-2021	13,394,967	18,762,214	32,157,181
2022-2026	21,725,000	10,530,677	32,255,677
2027-2031	27,480,000	4,880,369	32,360,369
2032	6,335,000	150,225	6,485,225
<b>Total</b>	<b>\$ 84,626,243</b>	<b>\$ 53,997,760</b>	<b>\$ 138,624,003</b>

There are a number of limitations and restrictions contained in the bonds payable. Management believes that the District is in compliance with all significant limitations and restrictions at August 31, 2011.

**I. Commitments Under Operating Leases**

As of August 31, 2011, the District does not have any operating lease agreements with terms in excess of one year. Rental expenditures for the year ended August 31, 2011, were \$250,888.

**J. Interfund Balances and Transfers**

Interfund balances at August 31, 2011, consisted of the following amounts:

<b>Due to General Fund from:</b>		
Nonmajor Special Revenue Funds		\$ 764,206
Debt service fund		9,970
Total		<u>\$ 774,176</u>
<b>Due to Nonmajor Special Revenue Funds from:</b>		
General Fund		<u>\$ 337</u>
<b>Due to Agency Fund from:</b>		
General Fund		<u>\$ 662</u>

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**J. Interfund Balances and Transfers (continued)**

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

For the year ended August 31, 2011, transfers were used to move \$33,993 of revenues from the National School Lunch and Breakfast Special Revenue Fund to the General Fund and to move \$70,716 from the Vending Contracts Special Revenue Fund to the National School Lunch and Breakfast Special Revenue Fund.

**K. Defined Benefit Pension Plan**

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

Funding Policy - Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows. (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal years 2011 and 2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period from September through December, 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the District's employees for the years ended August 31, 2011, 2010 and 2009 were \$2,516,034, \$2,448,655, and \$2,296,269, respectively. The District paid additional state contributions for the years ended August 31, 2011, 2010 and 2009 in the amount of \$415,631, \$384,209, and \$334,615, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**L. Health Care Coverage**

The District elected to participate in the TRS Active Care Plan that is administered by the Teacher Retirement System of Texas, effective September 1, 2006. The TRS Active Care Plan is a fully funded plan; therefore, the District has no liabilities or claims payable for health insurance as of August 31, 2011. During the year ended August 31, 2011, the District provided medical benefits coverage (the "Plan") to its employees through the Teacher Retirement System (the "TRS"). The Plan was created and is operated under the provisions of the Texas Active School Employees Uniform Group Benefits Act (H.B. 3343) enacted by the 77th Texas Legislature. H.B. 3343 established a new statewide health coverage program for public school employees and their dependents. The TRS began administering the Plan, known as the TRS-ActiveCare, as of September 1, 2002. The Plan includes employees of most small to mid-size districts, charter schools, education service centers, and certain other employees.

Participants in the Plan can choose from several different benefit options, and must meet certain eligibility requirements. Currently, participants must either be an active, contributing to TRS member or must be employed for 10 or more hours each week to be eligible for coverage under the Plan.

Each member district is billed monthly based upon the number of employees participating in the Plan. For the year ended August 31, 2011, total payments to the Plan by the District were \$4,154,706, of which \$2,155,968 was paid by the District's employees, resulting in a net cost to the District for health benefit coverage of \$1,998,738.

According to the Plan's administrator, plan participants retain the risk associated with the Plan, with no risks being transferred or assumed by the TRS, member districts, or by the State of Texas. Additional information pertaining to the Plan can be obtained by contacting the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, by calling the TRS at 1-800-223-8778, or by downloading information from the TRS' website at [www.trs.state.tx.us](http://www.trs.state.tx.us).

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**M. Revenues from Local and Intermediate Sources**

During the current year, revenues from local and intermediate sources in the fund financial statements consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Property taxes	\$ 31,689,248	\$ 7,615,782	\$ -	\$ 39,305,030
Tuition and fees	24,921	-	-	24,921
Food sales	-	-	1,890,655	1,890,655
Investment income	171,793	12,438	858	185,089
Rent	64,355	-	-	64,355
Gifts and bequests	330,620	-	-	330,620
Penalties, interest, and other tax related income	309,162	55,603	-	364,765
Co-curricular student activities	258,466	-	-	258,466
Other	319,773	-	336,960	656,733
Totals	<u>\$ 33,168,338</u>	<u>\$ 7,683,823</u>	<u>\$ 2,228,473</u>	<u>\$ 43,080,634</u>

**N. Litigation and Contingencies**

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies.

Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2011 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

As of August 31, 2011, the District had no known or threatened pending litigation which would materially affect the District's financial condition.

**O. Receivables from Other Governments**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives grants from the State through the School Foundation and Per Capita Programs. Amounts due from (to) other governments as of August 31, 2011, are summarized below. All federal grants shown below are passed through the TEA and are reported on the fund financial statements as Receivables from Other Governments.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**O. Receivables from Other Governments (continued)**

	<b>State and Federal Grants</b>	<b>Local</b>	<b>Total</b>
General Fund	\$ -	\$ 49,293	\$ 49,293
Other Funds	822,797	-	822,797
Debt Service Fund	-	12,148	12,148
Total	<u>\$ 822,797</u>	<u>\$ 61,441</u>	<u>\$ 884,238</u>

**P. Disaggregation of Receivables and Payables**

Receivables in the fund financial statements at August 31, 2011, were as follows:

	<b>Property Taxes</b>	<b>Receivables from Other Governments</b>	<b>Due From Other Funds</b>	<b>Other</b>	<b>Total Receivables</b>
<b>Governmental Funds:</b>					
General Fund	\$ 758,492	\$ 49,293	\$ 774,175	\$ 85,884	\$ 1,667,844
Debt Service Fund	115,692	12,148	-	-	127,840
Other Funds	-	822,797	337	34,459	857,593
Total - Governmental Funds	<u>\$ 874,184</u>	<u>\$ 884,238</u>	<u>\$ 774,512</u>	<u>\$ 120,343</u>	<u>\$ 2,653,277</u>
Amounts not scheduled for collection during the subsequent year	\$ 340,303	\$ -	\$ -	\$ -	\$ 340,303

Payables in the fund financial statements at August 31, 2011, were as follows:

	<b>Accounts Payable</b>	<b>Due to Other Governments</b>	<b>Due to Other Funds</b>	<b>Salaries and Benefits</b>	<b>Total Payables</b>
<b>Governmental Funds:</b>					
General Fund	\$ 559,977	\$ 2,132,309	\$ 998	\$ 2,699,953	\$ 5,393,237
Debt Service	2,500	23,082	9,970	-	35,552
Other Funds	37,712	889	764,206	-	802,807
Total - Governmental Funds	<u>\$ 600,189</u>	<u>\$ 2,156,280</u>	<u>\$ 775,174</u>	<u>\$ 2,699,953</u>	<u>\$ 6,231,596</u>



**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**Q. General Fund Federal Source Revenue**

Federally financed programs are generally accounted for in the Special Revenue Funds of the District, except for indirect and other costs charged to federal programs which are accounted for in the General Fund as prescribed by the TEA. The District recognized in the General Fund such revenues for the year ended August 31, 2011, from various federal sources as follows:

<u>Program or Source</u>	<u>CFDA #</u>	<u>Amount</u>	<u>Total Grant</u>
Indirect costs:			
ESEA Title I, Part A, Improving			
Basic Programs	84.010A	\$ 12,109	\$ 726,716
ESEA Title I, Part D	84.010A	1,599	154,518
IDEA Part B, Formula	84.027	29,813	1,739,106
Vocational Education - Basic Grant	84.048	1,114	59,454
IDEA Part B, Preschool	84.173	950	53,122
ESEA Title II, Part A, Teacher and Principal			
Training and Recruiting	84.367A	3,811	269,854
ESEA Title II, Part D, Enhancing			
Education through Technology - ARRA	84.386A	27	11,527
ESEA Title I, Part D - ARRA	84.389	374	75,473
IDEA Part B, Formula - ARRA	84.391	19,669	1,581,606
IDEA Part B, Preschool - ARRA	84.392	230	41,116
Title XIV - ARRA State Stabilization	84.394	41,458	2,333,435
ESEA Title I, Part A, Improving			
Basic Programs - ARRA	84.389	2,249	367,699
Total indirect costs		<u>113,403</u>	
School Health and Related Services	N/A	334,380	N/A
Total General Fund Federal Revenues		<u>\$ 447,783</u>	

**R. Risk Management - Workers' Compensation Insurance**

On April 1, 2004, the District joined Workers Compensation Solutions (WCS). WCS is a modified self-funded workers' compensation program created in accordance with Article 8309h, Section 2.4 of Vernon's Annotated Texas Statutes. It is a member-owned and controlled program for Texas public entities and is governed by a board of trustees made up of members of the program. The program itself is administered and claims are paid and processed by Edwards Risk Management of Marble Falls, Texas.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**R. Risk Management - Workers' Compensation Insurance (continued)**

Under the program, each entity pays into the pool an amount for fixed costs, which covers the cost of program and claims administration, specific and aggregate stop loss insurance, financial audits, actuarial studies, and loss control programs. The amount of total fixed costs paid by a district is based, in part, on the estimated total payroll of the district for the coverage period. The District paid fixed costs of \$185,954 for the fiscal year ended August 31, 2011. In addition, a maximum loss fund is established for each district. This is an estimate of claims based on the experience of the district. Each district must fund 10% of the maximum loss fund at the beginning of the year. Claims incurred by employees of the district are funded from the maximum loss fund. The maximum loss fund for the District for year ended August 31, 2011 was \$264,527. As of August 31, 2011, the District had actual paid losses of \$88,373 and has an additional \$109,382 set aside as a loss reserve for claims incurred during that period.

**S. Retiree Health Plan**

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

Funding Policy – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010, and 2009. Per Texas Insurance Code, Section 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2011, 2010, and 2009, the State's contributions to TRS-Care were \$419,331, \$408,129, and \$396,720, respectively; the active member contributions were \$272,565, \$265,284, and \$257,868, respectively; and the District's contributions were \$230,631, \$224,471, and \$218,196, respectively, which equaled the required contributions each year.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

**II. Detailed Notes on All Funds and Account Groups (continued):**

**T. Medicare Part D – On-Behalf Payments**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

These on-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. Payments made on-behalf of the District for the years ended August 31, 2011, 2010, and 2009 were \$96,857, \$102,598, and \$90,700, respectively.

**U. Fund Balance**

Fund balance for the District’s governmental funds as of August 31, 2011 was as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
Nonspendable:				
Inventories	\$ 469,427	\$ -	\$ -	\$ 469,427
Prepaid expenses	111,861	-	-	111,861
Restricted:				
Federal & State grant restrictions:				
National school breakfast & lunch program	-	-	525,965	525,965
Medicaid administrative claims program	-	-	38,652	38,652
Technology allotment	-	-	196,204	196,204
High school allotment	-	-	181,322	181,322
Retirement of long-term debt	-	1,890,998	-	1,890,998
Committed:				
Construction	2,800,000	-	-	2,800,000
Capital expenditures	1,076,000	-	-	1,076,000
Other purposes	3,025,000	-	-	3,025,000
Campus activity funds	-	-	217,258	217,258
Local grants	-	-	152	152
Drug prevention program	-	-	45,787	45,787
Americian Chemical Society grant	-	-	10	10
Vending contracts	-	-	102,830	102,830
Harrington Foundation grant	-	-	1,289	1,289
Assigned:				
None	-	-	-	-
Unassigned	17,275,044	-	-	17,275,044
Total fund balances	<u>\$ 24,757,332</u>	<u>\$ 1,890,998</u>	<u>\$ 1,309,469</u>	<u>\$ 27,957,799</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

CANYON INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 32,007,163	\$ 32,592,776	\$ 33,168,338	\$ 575,562
5800	State Program Revenues	23,648,822	23,648,822	23,300,856	(347,966)
5900	Federal Program Revenues	40,000	55,000	447,783	392,783
5020	Total Revenues	55,695,985	56,296,598	56,916,977	620,379
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	32,514,035	32,584,728	31,929,100	655,628
0012	Instructional Resources and Media Services	1,190,111	1,218,713	1,157,709	61,004
0013	Curriculum and Instructional Staff Development	173,370	153,986	98,583	55,403
0021	Instructional Leadership	524,228	524,228	457,797	66,431
0023	School Leadership	3,567,776	3,551,352	3,486,625	64,727
0031	Guidance, Counseling and Evaluation Services	1,596,065	1,596,194	1,556,288	39,906
0033	Health Services	594,116	613,279	607,853	5,426
0034	Student (Pupil) Transportation	2,339,332	2,366,554	2,105,966	260,588
0035	Food Services	65,840	65,840	58,747	7,093
0036	Extracurricular Activities	1,822,471	2,008,510	1,926,867	81,643
0041	General Administration	1,727,634	1,741,681	1,700,828	40,853
0051	Facilities Maintenance and Operations	7,455,702	7,524,729	7,020,110	504,619
0052	Security and Monitoring Services	132,079	132,079	109,390	22,689
0053	Data Processing Services	716,496	737,996	722,125	15,871
0061	Community Services	66,310	66,310	54,456	11,854
<b>Debt Service:</b>					
0071	Principal on Long Term Debt	460,000	460,000	460,000	-
0072	Interest on Long Term Debt	60,000	60,000	52,418	7,582
0073	Bond Issuance Cost and Fees	2,000	2,000	-	2,000
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	-	375,950	372,200	3,750
<b>Intergovernmental:</b>					
0099	Other Intergovernmental Charges	508,500	508,500	483,584	24,916
6030	Total Expenditures	55,516,065	56,292,629	54,360,646	1,931,983
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	179,920	3,969	2,556,331	2,552,362
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	(34,000)	33,993	67,993
7080	Total Other Financing Sources (Uses)	-	(34,000)	33,993	67,993
1200	Net Change in Fund Balances	179,920	(30,031)	2,590,324	2,620,355
0100	Fund Balance - September 1 (Beginning)	22,167,008	22,167,008	22,167,008	-
3000	Fund Balance - August 31 (Ending)	\$ 22,346,928	\$ 22,136,977	\$ 24,757,332	\$ 2,620,355

**OTHER SUPPLEMENTARY INFORMATION**

CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2011

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	205 Head Start	211 ESEA I, A Improving Basic Program	215 ESEA Title I Part D	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	-	106,781	16,937
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,781</u>	<u>\$ 16,937</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	-	106,781	16,937
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>106,781</u>	<u>16,937</u>
Fund Balances:					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,781</u>	<u>\$ 16,937</u>

216 ESEA Title I Part D ARRA	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	266 Title XIV ARRA State Stabilization
\$ -	\$ -	\$ -	\$ 574,117	\$ -	\$ -	\$ -	\$ -
-	260,719	8,727	58,486	-	38,183	-	151,058
-	-	-	337	-	-	-	-
-	-	-	34,459	-	-	-	-
<u>\$ -</u>	<u>\$ 260,719</u>	<u>\$ 8,727</u>	<u>\$ 667,399</u>	<u>\$ -</u>	<u>\$ 38,183</u>	<u>\$ -</u>	<u>\$ 151,058</u>
\$ -	\$ -	\$ -	\$ 37,148	\$ -	\$ -	\$ -	\$ -
-	260,719	8,727	-	-	38,183	-	151,058
-	-	-	-	-	-	-	-
-	-	-	104,286	-	-	-	-
<u>-</u>	<u>260,719</u>	<u>8,727</u>	<u>141,434</u>	<u>-</u>	<u>38,183</u>	<u>-</u>	<u>151,058</u>
-	-	-	525,965	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>525,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 260,719</u>	<u>\$ 8,727</u>	<u>\$ 667,399</u>	<u>\$ -</u>	<u>\$ 38,183</u>	<u>\$ -</u>	<u>\$ 151,058</u>



CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2011

Data Control Codes	272 Medicaid Admin. Claim MAC	279 Title II, D ARRA - Ed. Technology	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 38,652	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	-	756	130,980	9,761
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 38,652</u>	<u>\$ 756</u>	<u>\$ 130,980</u>	<u>\$ 9,761</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ 73	\$ -
2170	Due to Other Funds	-	756	130,907	9,761
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>756</u>	<u>130,980</u>	<u>9,761</u>
Fund Balances:					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	38,652	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>38,652</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 38,652</u>	<u>\$ 756</u>	<u>\$ 130,980</u>	<u>\$ 9,761</u>

285 ESEA I,A Improving Basic Program	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	428 High School Allotment	429 Other State Special Revenue Funds	461 Campus Activity Funds	480 Local Grants
\$ -	\$ 30,966	\$ -	\$ 197,093	\$ 181,322	\$ 132	\$ 217,749	\$ 152
20,739	-	19,638	-	-	32	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 20,739</u>	<u>\$ 30,966</u>	<u>\$ 19,638</u>	<u>\$ 197,093</u>	<u>\$ 181,322</u>	<u>\$ 164</u>	<u>\$ 217,749</u>	<u>\$ 152</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 491	\$ -
20,739	-	19,638	-	-	-	-	-
-	-	-	889	-	-	-	-
-	30,966	-	-	-	164	-	-
<u>20,739</u>	<u>30,966</u>	<u>19,638</u>	<u>889</u>	<u>-</u>	<u>164</u>	<u>491</u>	<u>-</u>
-	-	-	196,204	181,322	-	-	-
-	-	-	-	-	-	217,258	152
-	-	-	196,204	181,322	-	217,258	152
<u>\$ 20,739</u>	<u>\$ 30,966</u>	<u>\$ 19,638</u>	<u>\$ 197,093</u>	<u>\$ 181,322</u>	<u>\$ 164</u>	<u>\$ 217,749</u>	<u>\$ 152</u>

CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 AUGUST 31, 2011

Data Control Codes	481 Drug Prevention Program	482 American Chemical Society Grant	490 Vending Contracts	497 Harrington Foundation Grant	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 45,787	\$ 10	\$ 102,830	\$ 1,289
1240	Receivables from Other Governments	-	-	-	-
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1000	Total Assets	<u>\$ 45,787</u>	<u>\$ 10</u>	<u>\$ 102,830</u>	<u>\$ 1,289</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2170	Due to Other Funds	-	-	-	-
2180	Due to Other Governments	-	-	-	-
2300	Deferred Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	<u>45,787</u>	<u>10</u>	<u>102,830</u>	<u>1,289</u>
3000	Total Fund Balances	<u>45,787</u>	<u>10</u>	<u>102,830</u>	<u>1,289</u>
4000	Total Liabilities and Fund Balances	<u>\$ 45,787</u>	<u>\$ 10</u>	<u>\$ 102,830</u>	<u>\$ 1,289</u>

Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 1,390,099	\$ -	\$ 1,390,099
822,797	-	822,797
337	-	337
34,459	-	34,459
<u>\$ 2,247,692</u>	<u>\$ -</u>	<u>\$ 2,247,692</u>
\$ 37,712	\$ -	\$ 37,712
764,206	-	764,206
889	-	889
135,416	-	135,416
<u>938,223</u>	<u>-</u>	<u>938,223</u>
942,143	-	942,143
367,326	-	367,326
<u>1,309,469</u>	<u>-</u>	<u>1,309,469</u>
<u>\$ 2,247,692</u>	<u>\$ -</u>	<u>\$ 2,247,692</u>

CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	204 ESEA Title IV Safe & Drug Free Schools	205 Head Start	211 ESEA I, A Improving Basic Program	215 ESEA Title I Part D	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	379	61,206	617,043	81,609
5020	Total Revenues	<u>379</u>	<u>61,206</u>	<u>617,043</u>	<u>81,609</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	-	61,206	599,193	33,051
0012	Instructional Resources and Media Services	-	-	400	-
0013	Curriculum and Instructional Staff Development	-	-	150	3,294
0021	Instructional Leadership	379	-	9,240	-
0023	School Leadership	-	-	-	1,167
0031	Guidance, Counseling and Evaluation Services	-	-	356	44,097
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0061	Community Services	-	-	7,704	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>379</u>	<u>61,206</u>	<u>617,043</u>	<u>81,609</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

216 ESEA Title I Part D ARRA	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	262 Title II, D Education Technology	266 Title XIV ARRA State Stabilization
\$ -	\$ -	\$ -	\$ 1,891,458	\$ -	\$ -	\$ -	\$ -
-	-	-	18,544	-	-	-	-
33,230	1,518,142	48,392	1,444,413	56,154	194,368	103	2,291,977
33,230	1,518,142	48,392	3,354,415	56,154	194,368	103	2,291,977
19,170	1,292,522	48,392	-	49,599	34,513	-	1,596,267
14,060	-	-	-	-	-	-	21,554
-	5,587	-	-	3,645	155,848	-	321,322
-	-	-	-	2,910	2,107	103	316,178
-	-	-	-	-	1,900	-	-
-	220,033	-	-	-	-	-	28,958
-	-	-	-	-	-	-	7,698
-	-	-	-	-	-	-	-
-	-	-	3,333,559	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
33,230	1,518,142	48,392	3,333,559	56,154	194,368	103	2,291,977
-	-	-	20,856	-	-	-	-
-	-	-	70,716	-	-	-	-
-	-	-	(33,993)	-	-	-	-
-	-	-	36,723	-	-	-	-
-	-	-	57,579	-	-	-	-
-	-	-	468,386	-	-	-	-
\$ -	\$ -	\$ -	\$ 525,965	\$ -	\$ -	\$ -	\$ -

CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	272 Medicaid Admin. Claim MAC	279 Title II, D ARRA - Ed. Technology	283 IDEA, Pt. B ARRA Formula	284 IDEA, Pt. B ARRA Preschool	
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	7,685	7,457	1,023,596	12,311
5020	Total Revenues	<u>7,685</u>	<u>7,457</u>	<u>1,023,596</u>	<u>12,311</u>
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	-	731	528,399	8,662
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	-	6,726	338,597	3,649
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	156,600	-
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0061	Community Services	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>-</u>	<u>7,457</u>	<u>1,023,596</u>	<u>12,311</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,685</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	7,685	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>30,967</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 38,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

285 ESEA I,A Improving Basic Program	397 Advanced Placement Incentives	404 Student Success Initiative	411 Technology Allotment	428 High School Allotment	429 Other State Special Revenue Funds	461 Campus Activity Funds	480 Local Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 244,836	\$ 4,900
-	5,215	33,553	249,869	-	85,970	-	-
115,354	-	-	-	-	-	-	-
<u>115,354</u>	<u>5,215</u>	<u>33,553</u>	<u>249,869</u>	<u>-</u>	<u>85,970</u>	<u>244,836</u>	<u>4,900</u>
16,636	5,215	32,816	100,245	47,144	-	53,928	5,248
-	-	-	-	-	-	97,223	-
57,354	-	-	-	-	-	1,179	-
10,358	-	-	-	-	-	-	-
2,902	-	737	-	-	-	65,848	-
279	-	-	-	-	-	278	-
-	-	-	-	-	1,727	-	-
-	-	-	-	-	84,243	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	6,947	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
27,825	-	-	-	-	-	129	-
-	-	-	-	-	-	-	-
<u>115,354</u>	<u>5,215</u>	<u>33,553</u>	<u>100,245</u>	<u>47,144</u>	<u>85,970</u>	<u>225,532</u>	<u>5,248</u>
-	-	-	149,624	(47,144)	-	19,304	(348)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	149,624	(47,144)	-	19,304	(348)
-	-	-	46,580	228,466	-	197,954	500
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,204</u>	<u>\$ 181,322</u>	<u>\$ -</u>	<u>\$ 217,258</u>	<u>\$ 152</u>



CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	481 Drug Prevention Program	482 American Chemical Society Grant	490 Vending Contracts	497 Harrington Foundation Grant
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 20,000	\$ 1,450	\$ 65,773	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>20,000</u>	<u>1,450</u>	<u>65,773</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	4,000	1,440	-	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	6,993	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	10,751	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>10,993</u>	<u>1,440</u>	<u>10,751</u>	<u>-</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,007</u>	<u>10</u>	<u>55,022</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
8911 Transfers Out (Use)	-	-	(70,716)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(70,716)</u>	<u>-</u>
1200 Net Change in Fund Balance	9,007	10	(15,694)	-
0100 Fund Balance - September 1 (Beginning)	<u>36,780</u>	<u>-</u>	<u>118,524</u>	<u>1,289</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 45,787</u>	<u>\$ 10</u>	<u>\$ 102,830</u>	<u>\$ 1,289</u>

Total Nonmajor Special Revenue Funds	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ 2,228,417	\$ 56	\$ 2,228,473
393,151	-	393,151
7,513,419	-	7,513,419
<u>10,134,987</u>	<u>56</u>	<u>10,135,043</u>
4,538,377	-	4,538,377
133,237	-	133,237
897,351	-	897,351
348,268	-	348,268
72,554	-	72,554
450,601	-	450,601
9,425	-	9,425
84,243	-	84,243
3,333,559	-	3,333,559
6,947	-	6,947
10,751	-	10,751
-	23,366	23,366
35,658	-	35,658
-	31,416	31,416
<u>9,920,971</u>	<u>54,782</u>	<u>9,975,753</u>
214,016	(54,726)	159,290
70,716	-	70,716
(104,709)	-	(104,709)
<u>(33,993)</u>	<u>-</u>	<u>(33,993)</u>
180,023	(54,726)	125,297
<u>1,129,446</u>	<u>54,726</u>	<u>1,184,172</u>
<u>\$ 1,309,469</u>	<u>\$ -</u>	<u>\$ 1,309,469</u>

CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 AUGUST 31, 2011

	753 Employee Benefit Fund	755 Public Entity Risk Pool Fund	Total Internal Service Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 19,038	\$ 1,000,089	\$ 1,019,127
Other Receivables	13,847	116,652	130,499
Total Assets	<u>32,885</u>	<u>1,116,741</u>	<u>1,149,626</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	-	109,382	109,382
Total Liabilities	<u>-</u>	<u>109,382</u>	<u>109,382</u>
<b>NET ASSETS</b>			
Unrestricted Net Assets	<u>32,885</u>	<u>1,007,359</u>	<u>1,040,244</u>
Total Net Assets	<u>\$ 32,885</u>	<u>\$ 1,007,359</u>	<u>\$ 1,040,244</u>

CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2011

	753 Employee Benefit Fund	755 Public Entity Risk Pool Fund	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Local and Intermediate Sources	\$ 236,024	\$ 483,005	\$ 719,029
Total Operating Revenues	<u>236,024</u>	<u>483,005</u>	<u>719,029</u>
<b>OPERATING EXPENSES:</b>			
Professional and Contracted Services	<u>237,021</u>	<u>352,901</u>	<u>589,922</u>
Total Operating Expenses	<u>237,021</u>	<u>352,901</u>	<u>589,922</u>
Operating Income (Loss)	<u>(997)</u>	<u>130,104</u>	<u>129,107</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Earnings from Temporary Deposits & Investments	<u>25</u>	<u>-</u>	<u>25</u>
Total Nonoperating Revenues (Expenses)	<u>25</u>	<u>-</u>	<u>25</u>
Change in Net Assets	(972)	130,104	129,132
Total Net Assets - September 1 (Beginning)	<u>33,857</u>	<u>877,255</u>	<u>911,112</u>
Total Net Assets - August 31 (Ending)	<u>\$ 32,885</u>	<u>\$ 1,007,359</u>	<u>\$ 1,040,244</u>

CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2011

	753	755	
	Employee	Public	Total
	Benefit	Entity Risk	Internal
	Fund	Pool Fund	Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 222,177	\$ -	\$ 222,177
Cash Received from Assessments - Other Funds	183	501,618	501,801
Cash Payments for Insurance Claims	(237,021)	(325,470)	(562,491)
Net Cash Provided by (Used for) Operating Activities	<u>(14,661)</u>	<u>176,148</u>	<u>161,487</u>
<u>Cash Flows from Investing Activities:</u>			
Interest and Dividends on Investments	<u>25</u>	<u>-</u>	<u>25</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(14,636)	176,148	161,512
Cash and Cash Equivalents at Beginning of the Year:	<u>33,674</u>	<u>823,941</u>	<u>857,615</u>
Cash and Cash Equivalents at the End of the Year:	<u>\$ 19,038</u>	<u>\$ 1,000,089</u>	<u>\$ 1,019,127</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss):	\$ (997)	\$ 130,104	\$ 129,107
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Receivables	(13,847)	18,613	4,766
Increase (decrease) in Accounts Payable	-	27,431	27,431
Decrease (increase) in due from other funds	<u>183</u>	<u>-</u>	<u>183</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (14,661)</u>	<u>\$ 176,148</u>	<u>\$ 161,487</u>

CANYON INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET ASSETS  
PRIVATE PURPOSE TRUST FUNDS  
AUGUST 31, 2011

	807 Randall Baseball Trust Fund	816 Scholarship Trust Fund	Total Private Purpose Trust Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 2,788	\$ -	\$ 2,788
Total Assets	<u>2,788</u>	<u>-</u>	<u>2,788</u>
<b>NET ASSETS</b>			
Restricted for Capital Projects	<u>2,788</u>	<u>-</u>	<u>2,788</u>
Total Net Assets	<u>\$ 2,788</u>	<u>\$ -</u>	<u>\$ 2,788</u>

CANYON INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PRIVATE PURPOSE TRUST FUNDS  
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	807 Randall Baseball Trust Fund	816 Scholarship Trust Fund	Total Private Purpose Trust Funds
<b>ADDITIONS:</b>			
Local and Intermediate Sources	\$ -	\$ 500	\$ 500
Total Additions	<u>-</u>	<u>500</u>	<u>500</u>
<b>DEDUCTIONS:</b>			
Other Operating Costs	-	500	500
Total Deductions	<u>-</u>	<u>500</u>	<u>500</u>
Change in Net Assets	-	-	-
Total Net Assets - September 1 (Beginning)	<u>2,788</u>	<u>-</u>	<u>2,788</u>
Total Net Assets - August 31 (Ending)	<u>\$ 2,788</u>	<u>\$ -</u>	<u>\$ 2,788</u>

## **REQUIRED TEA SCHEDULES**



CANYON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2011

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2002 and prior years	Various	Various	\$ Various
2003	1.407790	0.198810	1,699,374,374
2004	1.407790	0.290000	1,798,000,387
2005	1.462460	0.276730	1,975,818,555
2006	1.497500	0.193910	2,119,618,679
2007	1.327800	0.182020	2,311,478,467
2008	1.040000	0.250000	2,612,961,002
2009	1.040000	0.250000	2,877,537,140
2010	1.040000	0.250000	3,065,468,149
2011 (School year under audit)	1.040000	0.250000	3,177,983,825
1000 TOTALS			

(10) Beginning Balance 9/1/2010	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2011
\$ 131,748	\$ -	\$ 1,000	\$ 138	\$ (16,225)	\$ 114,385
43,579	-	936	132	-	42,511
27,607	-	2,330	480	(40)	24,757
29,217	-	2,061	390	(197)	26,569
49,383	-	5,983	775	(1,851)	40,774
52,553	-	7,567	1,037	(1,414)	42,535
55,927	-	8,964	2,155	(2,501)	42,307
118,536	-	42,229	10,151	(1,758)	64,398
388,471	-	200,007	48,079	(17,304)	123,081
-	39,416,029	31,418,171	7,552,445	(92,546)	352,867
<u>\$ 897,021</u>	<u>\$ 39,416,029</u>	<u>\$ 31,689,248</u>	<u>\$ 7,615,782</u>	<u>\$ (133,836)</u>	<u>\$ 874,184</u>

CANYON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2012-2013  
 GENERAL AND SPECIAL REVENUE FUNDS  
 AUGUST 31, 2011

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 246,998	\$ 986,532	\$ -	\$ -	\$ 1,233,530
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	-	-	46,817	-	46,817
6212	Audit Services	-	-	-	58,000	-	-	58,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	483,584	-	-	-	-	483,584
621X	Other Professional Services	-	-	-	52,829	798	-	53,627
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	750	-	-	750
6240	Contr. Maint. and Repair	-	-	-	-	54,201	-	54,201
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	-	24,614	-	24,614
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	565	426	-	-	991
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	144	-	3,271	42,780	55,458	-	101,653
6410	Travel, Subsistence, Stipends	6,198	-	11,774	23,366	-	-	41,338
6420	Ins. and Bonding Costs	-	-	-	51,768	-	-	51,768
6430	Election Costs	11,564	-	-	-	-	-	11,564
6490	Miscellaneous Operating	21,012	-	35,175	25,506	16,844	-	98,537
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	<b>TOTAL</b>	<b>\$ 38,918</b>	<b>\$ 483,584</b>	<b>\$ 297,783</b>	<b>\$ 1,241,957</b>	<b>\$ 198,732</b>	<b>\$ -</b>	<b>\$ 2,260,974</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 64,281,619

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,131,421
Total Debt & Lease(6500)	(11)	512,418
Plant Maintenance (Function 51, 6100-6400)	(12)	6,939,226
Food (Function 35, 6341 and 6499)	(13)	7,357
Stipends (6413)	(14)	71,795
Column 4 (above) - Total Indirect Cost		1,241,957

SubTotal: 9,904,173

Net Allowed Direct Cost \$ 54,377,446

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 138,645,560
Historical Cost of Building over 50 years old	(16)	\$ 9,854,463
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 10,131,555
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 1,047,221
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 386,564

(8) NOTE A: \$65,809 in Function 53 expenditures are included in this report on administrative costs.  
 \$483,584 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

CANYON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 1,990,000	\$ 1,990,000	\$ 1,891,458	\$ (98,542)
5800	State Program Revenues	18,400	18,400	18,544	144
5900	Federal Program Revenues	1,328,000	1,328,000	1,444,413	116,413
5020	Total Revenues	3,336,400	3,336,400	3,354,415	18,015
<b>EXPENDITURES:</b>					
0035	Food Services	3,336,400	3,372,400	3,333,559	38,841
6030	Total Expenditures	3,336,400	3,372,400	3,333,559	38,841
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(36,000)	20,856	56,856
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	-	(70,000)	70,716	140,716
7961	Transfers Out (Use)	-	(34,000)	(33,993)	7
7080	Total Other Financing Sources (Uses)	-	(104,000)	36,723	140,723
1200	Net Change in Fund Balances	-	(140,000)	57,579	197,579
0100	Fund Balance - September 1 (Beginning)	468,386	468,386	468,386	-
3000	Fund Balance - August 31 (Ending)	\$ 468,386	\$ 328,386	\$ 525,965	\$ 197,579

CANYON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 7,531,055	\$ 7,531,055	\$ 7,683,823	\$ 152,768
5800	State Program Revenues	9,500	9,500	24,703	15,203
5020	Total Revenues	7,540,555	7,540,555	7,708,526	167,971
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	3,473,166	3,473,166	3,473,166	-
0072	Interest on Long Term Debt	4,062,389	4,062,389	4,062,389	-
0073	Bond Issuance Cost and Fees	5,000	5,000	3,600	1,400
6030	Total Expenditures	7,540,555	7,540,555	7,539,155	1,400
1200	Net Change in Fund Balances	-	-	169,371	169,371
0100	Fund Balance - September 1 (Beginning)	1,721,627	1,721,627	1,721,627	-
3000	Fund Balance - August 31 (Ending)	\$ 1,721,627	\$ 1,721,627	\$ 1,890,998	\$ 169,371

**OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION**



## **BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

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### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Board of Trustees  
Canyon Independent School District  
Canyon, Texas**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canyon Independent School District (the "District") as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

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 District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and 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*.

**Board of Trustees**  
**Canyon Independent School District**  
Page two

We noted certain matters that we reported to management of the District in a separate letter dated January 9, 2012.

This report is intended for the information of the District's Trustees, the administration, Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

*Brown, Graham & Company, P.C.*

Amarillo, Texas  
January 9, 2012





## **BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION  
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Amarillo, Texas 79105 • 806-355-8241 • FAX 806-355-6415

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Trustees  
Canyon Independent School District  
Canyon, Texas**

#### **Compliance**

We have audited Canyon 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 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 auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Canyon Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2011.

#### **Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with 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 Canyon Independent School District's internal control over compliance.

**Board of Trustees**  
**Canyon Independent School District**  
Page two

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

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

This report is intended for the information of the District's Trustees, the administration, Texas Education Agency, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

*Brown, Graham & Company, P.C.*

Amarillo, Texas  
January 9, 2012

**CANYON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2011**

I. Summary of the Auditor's Results:

- a. The type of report issued on the basic financial statements: Unqualified.
- b. No control deficiencies, significant deficiencies, or material weaknesses in internal control were disclosed by the audit of the basic financial statements.
- c. The audit did not disclose any noncompliance which is material to the basic financial statements.
- d. No control deficiencies, significant deficiencies, or material weaknesses in internal control over major programs were disclosed by the audit.
- e. Type of auditor's report on compliance for major programs: Unqualified
- f. Did the audit disclose findings which are required to be reported under Sec. 510(a): No.
- g. Major programs include:
  - 84.027 IDEA, Part B, Formula
  - 84.173 IDEA, Part B, Preschool
  - 84.391 IDEA, Part B, Formula ARRA
  - 84.392 IDEA, Part B, Preschool - ARRA
  - 84.394 ARRA of 2009 Title XIV, State Fiscal Stabilization Funds
- h. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- i. Low risk auditee: Yes.

II. Findings Relating to the Basic Financial Statements Which are Required to Be Reported in Accordance with *Generally Accepted Government Auditing Standards*:

The audit disclosed no finding required to be reported.

II. Findings Relating to the Federal Awards Required to be Reported in Accordance with *OMB Circular A-133*

The audit disclosed no finding required to be reported.

**CANYON INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2011**

There were no control deficiencies, significant deficiencies, material weaknesses, findings or questioned costs in the prior year. Therefore, there is nothing to report on this schedule.

**CANYON INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED AUGUST 31, 2011**

There were no control deficiencies, significant deficiencies, material weaknesses, findings or questioned costs reported in the current year; therefore, no corrective action plan is required.

CANYON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2011

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
*ESEA Title I, Part D - ARRA	84.389A	10551001191901	\$ 33,230
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	11610101191901	617,043
*ESEA Title I, Part D	84.010A	11610103191901	81,609
Total CFDA Number 84.010A			698,652
*ESEA, Title I, A - ARRA -Improving Basic Programs	84.389A	10551001191901	115,354
Total Title I, Part A Cluster			847,236
*IDEA - Part B, Formula	84.027	116600011919016000	1,518,142
*IDEA - Part B, Preschool	84.173	116610011919016000	48,392
*IDEA, Part B, Formula - ARRA	84.391	10554001191901	1,023,596
*IDEA, Part B, Preschool - ARRA	84.392	10555001191901	12,311
Total Special Education Cluster (IDEA)			2,602,441
Career and Technical - Basic Grant	84.048	11420006191901	56,154
ESEA Title IV, Pt. A - Safe and Drug-Free Schools	84.186A	10691001191901	379
*Title II, Part D -Enhancing Ed Through Technology	84.318	10630001191901	103
*Title II D Enhancing Ed Through Technology - ARRA	84.386	10553001191901	7,457
Total Educational Technology State Grants Cluster			7,560
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	11694501191901	194,368
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	11557001191901	2,291,977
Total Passed Through State Department of Education			\$ 6,000,115
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 6,000,115</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	191901	\$ 7,685
Total Passed Through Texas Dept of Human Services			\$ 7,685
<u>Passed Through State Department of Education</u>			
Head Start	93.600	1106CH0219/27	\$ 61,206
Total Passed Through State Department of Education			\$ 61,206
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 68,891</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401101	\$ 315,533
*National School Lunch Program - Cash Assistance	10.555	71301001	997,857
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301001	131,023
Total CFDA Number 10.555			1,128,880
Total Child Nutrition Cluster			1,444,413
Total Passed Through the State Department of Agriculture			\$ 1,444,413
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<b>\$ 1,444,413</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 7,513,419</b>

CANYON INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED AUGUST 31, 2011

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures

\*Clustered Programs

Note A - According to the Texas Education Agency's Financial Accountability System Resource Guide (FASRAG), funds received from the School Health and Related Services (SHARS) program of \$334,380 represent reimbursements to the District for school-based health services, which are provided to special education students enrolled in the Medicaid Program, and these revenues are not considered federal financial assistance for inclusion in the Schedule of Expenditures of Federal Awards.

Note B - \$113,403 of indirect costs are not considered federal financial assistance for inclusion in the Schedule of Expenditures of Federal Awards. These indirect costs revenues are reported in the General Fund.

**CANYON INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2011**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Private Purpose Trust Fund are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in Special Revenue Funds which are a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

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

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.