

**KENNETH C. DAVIS & COMPANY, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANT**  
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November 11, 2011

To the Board of Trustees  
West Orange-Cove Consolidated ISD  
Orange, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove CISD for the year ended September 30, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2011. That letter stated our responsibility is to express opinions about whether the financial statements prepared by management are fairly presented, in all material respects, in conformity with United States generally accepted accounting principles. Professional standards also require that we communicate to you the following information related to our audit.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by West Orange-Cove CISD are described in Note A to the financial statements.

A new accounting policy is required to be adopted to implement GASB 54 (required for financial statements ending June 30, 2011) related to the classification of fund balances. See A(3)(h) in the Notes to the Financial Statements for more information. The Board of Trustees needs to formally adopt this new Fund Balance policy.

The application of other existing policies was not changed during fiscal year 2011. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the statements were:

Management's estimate of the useful lives of capital assets as based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements is:



The disclosure of long term debt in Note F to the financial statements.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

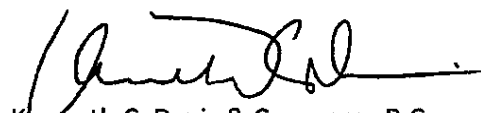
We have requested certain representations from management that are included in the management representation letter dated November 11, 2011.

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. One issue discussed during our audit fieldwork was the necessity of recording a prior period adjustment in the current year due to amounts identified in a prior year on WOCISD's bank reconciliation, but not recorded by WOCISD in the prior year. This adjustment reduces the fund balance of the General Fund at year end.

This information is intended solely for the use of the Board of Trustees and management of West Orange-Cove CISD and the Texas Education Agency (TEA) and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Kenneth C. Davis & Company, P.C.  
Huntsville, Texas



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**MANAGEMENT LETTER**

November 11, 2011

**CONFIDENTIAL**

Superintendent and Board of Trustees  
West Orange-Cove CISD  
Orange, Texas

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove Consolidated Independent School District (CISD) as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered West Orange-Cove CISD's internal control over financial reporting (internal control) 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 West Orange-Cove CISD's internal control. Accordingly, we do not express an opinion on the effectiveness of the West Orange Cove CISD's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we also take this opportunity to share our knowledge of the District, gained during our work, to make comments and suggestions that we hope can be useful to you.



Although not considered to be significant deficiencies, we noted certain matters involving internal controls and other operational matters, which are presented below for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve the District's internal controls or result in other operating efficiencies. We also present the status of prior year management letter comments (if any). We have not considered the District's internal controls since the date of our report.

### **Current Year Management Letter Comments**

#### Bank Reconciliations

##### Issue


During our audit we noted that bank reconciliations for the operating and payroll accounts had not been prepared as of year-end. Management is responsible for the proper monitoring of all financial functions. Two issues appear to have contributed to the lack of management oversight in this area during the current year: 1) additional time required of management due to the implementation of a new financial software system, and 2) additional duties (other than financial) assigned to the Director of Finance.

##### Recommendation:

We recommend that bank reconciliations be prepared timely and all reconciling items be investigated and necessary entries/transfers, etc. be made on a monthly basis. We also recommend that financial statements and other financial information be reviewed on a timely basis by management.

We appreciate the courteous and professional assistance that the District's personnel extended to us as we completed our audit. We would be pleased to discuss these comments and recommendations with you at any time.

This communication is intended solely for the information and use of management, Board of Trustees and others within the organization, and the Texas Education Agency (TEA) and is not intended to be and should not be used by anyone other than these specified parties.



Kenneth C. Davis & Company, P.C.  
Huntsville, Texas  
November 11, 2011





**WEST ORANGE-COVE CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT**

***ANNUAL FINANCIAL REPORT***

***FOR THE YEAR ENDED JUNE 30, 2011***

**PRELIMINARY DRAFT  
FOR DISCUSSION PURPOSES ONLY**

West Orange-Cove Consolidated Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2011

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West Orange-Cove Consolidated Independent School District  
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*Introductory Section*

CERTIFICATE OF BOARD

West Orange-Cove Consolidated Independent School Dist Orange  
Name of School District County

181-906  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_ approved \_\_\_\_\_ disapproved for the year ended June 30, 2011, at a meeting of the board of trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President.

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

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*Financial Section*

## **Independent Auditor's Report on Financial Statements**

Board of Trustees  
West Orange-Cove Consolidated Independent School District  
P.O. Box 1107  
Orange, Texas 77631

### **Members of the Board of Trustees:**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove Consolidated Independent School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Orange-Cove Consolidated Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 West Orange-Cove Consolidated Independent School District as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2011, on our consideration of West Orange-Cove Consolidated Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of



preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Orange-Cove Consolidated Independent School District's financial statements as a whole. The combining and individual nonmajor fund 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 also not a required part of the financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the 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.

Respectfully submitted,

Kenneth C. Davis & Company, P.C.

November 11, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of West Orange Cove Consolidated School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total combined net assets were \$8,468,618 at June 30, 2011.
- During the year, the District's expenses were \$458,219 more than the \$33,028,890 generated in local, state and federal revenues for governmental activities.
- The total cost of the District's programs was \$874,102 less than the previous year.
- The general fund reported a fund balance this year of \$8,706,766.

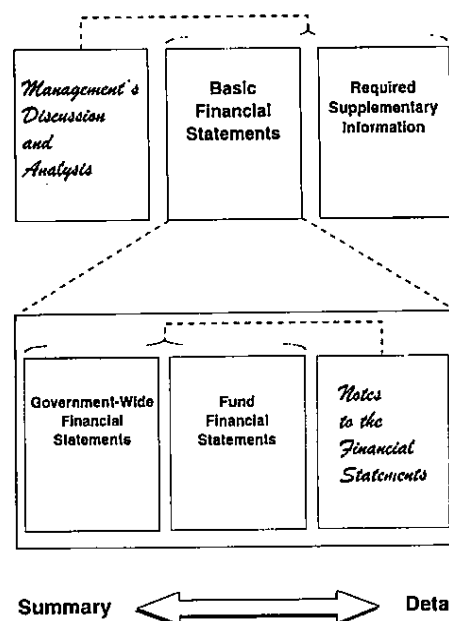
### OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government services* were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

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

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



### Government-wide Statements

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

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

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

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

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and when applicable by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net assets were \$8,468,618 at June 30, 2011. (See Table A-1).

**Table A-1**  
West Orange Cove Independent School District's Net Assets  
(In thousands dollars)

	Governmental Activities		
	2011	2010	Change 2011-10
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 1,992.7	\$ 5,321.5	\$ (3,328.8)
Current Investments	4,656.2	11,501.8	(6,845.6)
Property Taxes Receivable, Net	1,443.7	1,119.3	324.4
Due from Other Governments	5,779.2	3,384.2	2,395.0
Inventories	30.3	30.3	-
Other Assets	708.8	862.3	(153.5)
<b>Total Current Assets:</b>	<u>14,610.9</u>	<u>22,219.4</u>	<u>(7,608.5)</u>
<b>Non-Current Assets:</b>			
Capital Assets	105,195.2	101,859.2	3,336.0
Less Accumulated Depreciation	(44,817.1)	(42,155.2)	(2,661.9)
Restricted Assets	3,086.9	2,566.2	520.7
Other Long-Term Assets	9.1	6.3	2.8
<b>Total Non-Current Assets</b>	<u>63,474.1</u>	<u>62,276.5</u>	<u>1,197.6</u>
<b>Total Assets</b>	<u>78,085.0</u>	<u>84,495.9</u>	<u>(6,410.9)</u>
<b>Current Liabilities:</b>			
Accounts Payable & Accrued Liabilities	467.5	3,504.1	(3,036.6)
Interest Payable	833.7	843.3	(9.6)
Accrued Wages Payable	653.3	951.9	(298.6)
Due to Other Governments	59.5	390.4	(330.9)
Due to Student Groups	5.5	1.9	3.6
Deferred Revenue	2.8	0.0	2.8
<b>Total Current Liabilities</b>	<u>2,022.3</u>	<u>5,691.6</u>	<u>(3,669.3)</u>
<b>Long-Term Liabilities:</b>			
Bonds & Other Debt	67,594.1	69,702.9	(2,108.8)
<b>Total Liabilities</b>	<u>69,616.4</u>	<u>75,394.5</u>	<u>(5,778.1)</u>
<b>Net Assets:</b>			
Invested in Capital Assets, net	2,552.5	2,783.5	(231.0)
Restricted	5,574.7	4,390.9	1,183.8
Unrestricted	341.4	1,927.1	(1,585.7)
<b>Total Net Assets</b>	<u>\$ 8,468.6</u>	<u>\$ 9,101.5</u>	<u>\$ (632.9)</u>

Approximately \$5.6 million of the District's restricted net assets represent net assets for Debt Service and Food Service requirements. The \$4341.4 thousand of unrestricted net asset represents resources available to fund the programs of the District next year.

### Changes in net assets.

The District's total revenues were \$33.0 million. A significant portion, sixty (60) percent, of the District's revenue comes from taxes. Thirty-eight (38) percent comes from state aid – formula grants and the remaining two (2) percent relates to charges for services, investment earnings and miscellaneous revenue.

The total cost of all programs and services was \$33.5 million; forty-eight (48) percent of these costs are for instructional and student services.

**Governmental Activities**

- Property tax rates decreased six (6) percent from the prior year. This decrease generated property tax collections of \$476.4 thousand less than the prior year.

**Table A-2**  
Changes in West Orange Cove Independent School District's Net Assets  
(In thousands dollars)

	Governmental Activities		
	2011	2010	Change 2011-10
<b>Program Revenues:</b>			
Charges for Services	\$ 570.3	\$ 715.1	\$ (144.8)
Operating Grants and Contributions	9,728.8	11,975.1	(2,246.3)
<b>General Revenues</b>			
Property Taxes	19,779.8	20,256.3	(476.5)
State Aid – Formula	2,954.5	2,801.6	152.9
Investment Earnings	126.7	155.9	(29.2)
Other	(131.2)	66.4	(197.6)
<b>Total Revenues</b>	<u>33,028.9</u>	<u>35,970.4</u>	<u>(2,941.5)</u>
<b>Program Expenses:</b>			
Instruction	15,959.4	15,552.0	407.4
Instructional Resources and Media Services	430.8	402.2	28.6
Curriculum Dev. And Instructional Staff Dev.	427.8	440.2	(12.4)
Instructional Leadership	577.8	605.9	(28.1)
School Leadership	1,172.7	1,273.3	(100.6)
Guidance, Counseling and Evaluation Services	822.0	773.4	48.6
Social Work Services	146.9	113.0	33.9
Health Services	289.5	279.5	10.0
Student (Pupil) Transportation	1,436.8	1,466.5	(29.7)
Food Services	1,619.6	1,497.2	122.4
Curricular/Extracurricular Activities	1,385.3	1,031.3	354.0
General Administration	1,510.4	1,496.0	14.4
Plant Maintenance & Oper.	4,451.3	3,824.3	627.0
Security & Monitoring Svcs.	74.6	80.5	(5.9)
Data Processing Services	256.9	197.8	59.1
Community services	62.2	117.0	(54.8)
Interest and Fees on Long Term Debt	2,507.3	2,974.5	(467.2)
Bond Issuance Costs and Fees	4.8	47.2	(42.4)
Contracted Instructional Services Between Schools	119.0	2,139.3	(2,020.3)
Capital Outlay	-	50.0	(50.0)
Other Intergovernmental Charges	232.0	-	232.0
<b>Total Expenses</b>	<u>33,487.1</u>	<u>34,361.1</u>	<u>(874.0)</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$ (458.2)</u>	<u>\$ 1,609.3</u>	<u>\$ (2,067.5)</u>

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

- The cost of all *governmental* activities this year was \$33.5 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$19.8 million.
- Some of the cost was paid by those who directly benefited from the programs, \$580.3 thousand, and by grants and contributions \$9.7 million.

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

	Total Cost of Services			Net Cost of Services		
	2011	2010	Change 2011-10	2011	2010	Change 2011-10
Instruction	\$ 15,959.4	\$ 15,552.0	\$ 407.4	\$ 8,455.7	\$ 8,061.7	\$ 394.0
School administration	1,510.4	1,503.9	6.5	1,454.6	1,487.0	(32.4)
Plant Maintenance & Operations	4,451.3	3,824.3	627.0	4,382.0	1,767.9	2,614.1
Debt Service – Interest & Fiscal Charges	2,507.3	2,974.5	(467.2)	2,507.3	2,974.5	(467.2)

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

### General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, total expenditures were \$345.7 thousand below final budget amounts. The most significant positive variance resulted in student transportation category.

On the other hand, resources available were \$257.1 thousand less than final budgeted amounts.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2011, the District had invested \$105.2 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

**Table A-4**  
District's Capital Assets  
(In thousands of dollars)

	Governmental Activities		
	2011	2010	Change 2011-10
Land	\$ 1,962.4	\$ 1,962.4	\$ -
Construction in progress	5.4	41,844.2	(41,838.8)
Buildings and improvements	92,142.9	47,863.9	44,279.0
Vehicles	2,970.1	2,907.8	62.3
Equipment	8,114.5	7,280.9	833.6
Totals at historical cost	105,195.3	101,859.2	3,336.1
Total accumulated depreciation	(44,817.1)	(42,155.2)	(2,661.9)
Net capital assets	\$ 60,378.2	\$ 59,704.0	\$ 674.2

**Long Term Debt**

At year-end the District had outstanding debt as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table A-5**  
**District's Long Term Debt**  
(In thousands of dollars)

	Governmental Activities		
	2011	2010	Change 2011-10
Bonds payable	\$ 55,667.0	\$ 57,130.8	\$ (1,463.8)
Tax Notes Payable	2,887.2	3,182.2	(295.0)
Premiums & discounts	1,519.1	1,575.4	(56.3)
Accretion on CAB's	2,158.7	1,839.2	319.5
Due to TEA	102.6	718.4	(615.8)
FEMA Note	5,000.0	5,000.0	-
Compensated absences	259.5	267.1	(7.6)
<b>Total bonds &amp; notes payable</b>	<b>\$ 67,594.1</b>	<b>\$ 69,713.1</b>	<b>\$ (2,119.0)</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- Appraised values used for the 2012 budget preparation are expected to decrease by approximately 8% from the previous year.
- General operating fund spending per student increased in the 2012 budget from \$8,151 to \$8,549. This is a 4.8% increase.
- The District's 2012 refined average daily attendance is expected to be 2,231 which is the same as the 2011 budget.
- These indicators were taken into account when adopting the general fund budget for 2012. Amounts available for appropriation in the general fund budget are \$19.0 million remaining the same as the final 2011 budget of \$19.0 million. Property tax collections will decrease because of a decrease in the property values. The District will use existing fund balance to supplement any shortfalls.

Expenditures are budgeted to decrease nearly five (5%) percent to \$19.1 million. This decrease is due to a reduction in all areas for 2012. The District has added no major new programs or initiatives and all major construction projects are completed for the 2012 budget.

If these estimates are realized, the District's General Fund will break even for the 2012 budget leaving fund balance at the 2011 budget year levels.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

*Basic Financial Statements*



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

Data Control Codes		1	Governmental Activities
	<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$	1,992,672
1120	Current Investments		4,656,203
1225	Property Taxes Receivable		1,443,688
1240	Due from Other Governments		5,779,168
1300	Inventories		30,331
1420	Capitalized Bond and Other Debt Issuance Costs		708,826
	Capital Assets:		
1510	Land		1,962,372
1520	Buildings and Improvements, Net		52,954,268
1530	Furniture and Equipment, Net		5,456,079
1580	Construction in Progress		5,442
1800	Restricted Assets		3,086,889
1910	Long-Term Investments		9,069
1000	Total Assets		<u>78,085,007</u>
	<b>LIABILITIES:</b>		
2110	Accounts Payable		336,572
2140	Interest Payable		833,746
2165	Accrued Liabilities		784,172
2180	Due to Other Governments		59,490
2190	Due to Student Groups		5,499
2300	Unearned Revenue		2,773
	Noncurrent Liabilities:		
2501	Due Within One Year		1,977,394
2502	Due in More Than One Year		65,616,743
2000	Total Liabilities		<u>69,616,389</u>
	<b>NET ASSETS</b>		
3200	Invested in Capital Assets, Net of Related Debt		2,552,495
	Restricted For:		
3820	Federal and State Programs		142,007
3850	Debt Service		5,296,273
3860	Capital Projects		41,026
3870	Campus Activities		136,436
3900	Unrestricted		300,381
3000	Total Net Assets	\$	<u>8,468,918</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
			Charges for Services	Governmental Activities		
	<b>Governmental Activities:</b>					
11	<i>Instruction</i>	\$ 15,959,380	\$ 299,069	\$ 7,204,646	\$ (8,455,665)	
12	<i>Instructional Resources and Media Services</i>	430,822	--	26,420	(404,402)	
13	<i>Curriculum and Staff Development</i>	427,828	--	269,287	(158,541)	
21	<i>Instructional Leadership</i>	577,801	--	280,641	(297,160)	
23	<i>School Leadership</i>	1,172,727	--	63,783	(1,108,944)	
31	<i>Guidance, Counseling, &amp; Evaluation Services</i>	821,990	--	124,043	(697,947)	
32	<i>Social Work Services</i>	146,875	--	137,138	(9,737)	
33	<i>Health Services</i>	289,466	--	97,036	(192,430)	
34	<i>Student Transportation</i>	1,436,830	--	76,081	(1,360,749)	
35	<i>Food Service</i>	1,619,566	163,046	1,276,580	(179,940)	
36	<i>Cocurricular/Extracurricular Activities</i>	1,385,313	106,340	--	(1,278,973)	
41	<i>General Administration</i>	1,510,431	1,810	54,041	(1,454,580)	
51	<i>Plant Maintenance and Operations</i>	4,451,314	10	69,348	(4,381,956)	
52	<i>Security and Monitoring Services</i>	74,584	--	25,092	(49,492)	
53	<i>Data Processing Services</i>	256,945	--	4,469	(252,476)	
61	<i>Community Services</i>	62,172	--	20,188	(41,984)	
72	<i>Interest on Long-term Debt</i>	2,507,277	--	--	(2,507,277)	
73	<i>Bond Issuance Costs and Fees</i>	4,770	--	--	(4,770)	
91	<i>Contracted Instructional Services between Schools</i>	118,980	--	--	(118,980)	
99	<i>Other Intergovernmental Charges</i>	232,038	--	--	(232,038)	
TG	Total Governmental Activities	<u>33,487,109</u>	<u>570,275</u>	<u>9,728,793</u>	<u>(23,188,041)</u>	
TP	Total Primary Government	<u>\$ 33,487,109</u>	<u>\$ 570,275</u>	<u>\$ 9,728,793</u>	<u>(23,188,041)</u>	
	<b>General Revenues:</b>					
MT	<i>Property Taxes, Levied for General Purposes</i>				15,076,576	
DT	<i>Property Taxes, Levied for Debt Service</i>				4,703,231	
IE	<i>Investment Earnings</i>				126,714	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				2,954,528	
MI	<i>Miscellaneous</i>				(131,227)	
TR	Total General Revenues				<u>22,729,822</u>	
CN	Change in Net Assets				<u>(453,219)</u>	
NB	Net Assets - Beginning				9,101,468	
PA	Prior Period Adjustment				(174,631)	
	Net Assets - Beginning, as Restated				<u>8,926,837</u>	
NE	Net Assets - Ending				<u>\$ 8,468,618</u>	

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

Data Control Codes	10		
	General Fund	Head Start	
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 35,963	\$ --
1120	Current Investments	2,598,863	--
1225	Taxes Receivable, Net	1,251,578	--
1240	Due from Other Governments	1,509,589	109,339
1260	Due from Other Funds	7,248,521	1,012,995
1300	Inventories	--	--
1800	Restricted Assets	468,333	--
1000	Total Assets	<u>\$ 13,112,647</u>	<u>\$ 1,122,334</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 286,061	\$ --
2150	Payroll Deductions & Withholdings	110,441	2,458
2160	Accrued Wages Payable	383,825	28,527
2170	Due to Other Funds	2,309,230	1,091,349
2180	Due to Other Governments	59,490	--
2190	Due to Student Groups	5,458	--
2200	Accrued Expenditures	--	--
2300	Unearned Revenue	1,251,578	--
2000	Total Liabilities	<u>4,406,081</u>	<u>1,122,334</u>
<b>FUND BALANCES:</b>			
Nonspendable Fund Balances:			
3410	Inventories	--	--
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3470	Capital Acquisitions & Contractual Obligations	--	--
3480	Retirement of Long-Term Debt	--	--
Assigned Fund Balances:			
3590	Other Assigned Fund Balance	--	--
3600	Unassigned	8,706,766	--
3000	Total Fund Balances	<u>8,706,766</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 13,112,647</u>	<u>\$ 1,122,334</u>

The accompanying notes are an integral part of this statement.

2009 Title XIV State Fiscal Stabilization	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 569,920	\$ 1,093,795	\$ 1,699,678
--	2,066,409	--	4,665,272
--	192,110	--	1,443,688
1,729,784	10,216	2,420,240	5,779,168
--	--	463,195	8,724,711
--	--	30,331	30,331
--	2,618,556	--	3,086,889
<u>1,729,784</u>	<u>5,457,211</u>	<u>4,007,561</u>	<u>25,429,737</u>
\$ --	\$ --	\$ 50,512	\$ 336,573
9,869	--	8,115	130,883
129,589	--	111,328	653,267
1,590,326	160,938	3,279,990	8,431,833
--	--	--	59,490
--	--	43	5,499
--	--	22	22
--	192,111	2,773	1,446,462
<u>1,729,784</u>	<u>353,049</u>	<u>3,452,781</u>	<u>11,064,029</u>
--	--	30,331	30,331
--	--	346,987	346,987
--	--	41,026	41,026
--	5,104,162	--	5,104,162
--	--	136,436	136,436
--	--	--	8,706,766
<u>--</u>	<u>5,104,162</u>	<u>554,780</u>	<u>14,365,708</u>
<u>1,729,784</u>	<u>5,457,211</u>	<u>4,007,561</u>	<u>25,429,737</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

Total fund balances - governmental funds balance sheet	\$ 14,365,708
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	60,378,161
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,443,688
The assets and liabilities of internal service funds are included in governmental activities in the SNA.	117
Payables for bond principal which are not due in the current period are not reported in the funds.	(59,344,793)
Payables for bond interest which are not due in the current period are not reported in the funds.	(833,746)
Payables for notes which are not due in the current period are not reported in the funds.	(7,887,240)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(259,468)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(102,636)
Franchise taxes receivable unavailable to pay for current period expenditures are not accrued in the funds.	<u>708,826</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 8,468,618</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	10	
	General Fund	Head Start
<b>REVENUES:</b>		
5700 Local and Intermediate Sources	\$ 15,302,953	\$ --
5800 State Program Revenues	3,642,656	--
5900 Federal Program Revenues	113,953	1,506,726
5020 Total Revenues	<u>19,059,562</u>	<u>1,506,726</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	8,575,678	835,973
0012 Instructional Resources and Media Services	310,766	26,420
0013 Curriculum and Staff Development	107,901	15,521
0021 Instructional Leadership	297,567	171,049
0023 School Leadership	1,107,676	49,716
0031 Guidance, Counseling, & Evaluation Services	665,435	46,289
0032 Social Work Services	9,737	137,138
0033 Health Services	183,550	80,060
0034 Student Transportation	1,037,078	29,530
0035 Food Service	--	--
0036 Cocurricular/Extracurricular Activities	757,310	--
0041 General Administration	1,297,191	39,408
0051 Plant Maintenance and Operations	4,029,362	69,276
0052 Security and Monitoring Services	49,890	--
0053 Data Processing Services	370,160	--
0061 Community Services	40,467	6,346
0071 Principal on Long-term Debt	295,000	--
0072 Interest on Long-term Debt	74,437	--
0073 Bond Issuance Costs and Fees	744	--
0081 Capital Outlay	--	--
0091 Contracted Instructional Services		
0091 Between Public Schools	734,784	--
0099 Other Intergovernmental Charges	232,038	--
6030 Total Expenditures	<u>20,176,771</u>	<u>1,506,726</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	<u>(1,117,209)</u>	<u>--</u>
Other Financing Sources and (Uses):		
7915 Transfers In	45,135	--
8911 Transfers Out	(330,579)	--
7080 Total Other Financing Sources and (Uses)	<u>(285,444)</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>(1,402,653)</u>	<u>--</u>
0100 Fund Balances - Beginning	10,284,050	--
1300 Prior Period Adjustment	(174,631)	--
Fund Balances - Beginning, as Restated	10,109,419	--
3000 Fund Balances - Ending	<u>\$ 8,706,766</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

2009 Title XIV State Fiscal Stabilization	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
\$ --	\$ 4,790,980	\$ 213,732	\$ 20,307,665
73,426	--	812,863	4,528,945
1,877,694	--	4,646,113	8,144,486
<u>1,951,120</u>	<u>4,790,980</u>	<u>5,672,708</u>	<u>32,981,096</u>
1,951,120	--	3,506,199	14,868,970
--	--	--	337,186
--	--	269,813	393,235
--	--	109,185	577,801
--	--	15,335	1,172,727
--	--	77,754	789,478
--	--	--	146,875
--	--	9,989	273,599
--	--	46,551	1,113,159
--	--	1,341,325	1,341,325
--	--	76,957	834,267
--	--	22,250	1,358,849
--	--	455	4,099,093
--	--	24,694	74,584
--	--	4,254	374,414
--	--	15,359	62,172
--	1,463,653	--	1,758,653
--	2,179,235	--	2,253,672
--	4,026	--	4,770
--	--	3,596,537	3,596,537
--	--	--	734,784
--	--	--	232,038
<u>1,951,120</u>	<u>3,646,914</u>	<u>9,116,657</u>	<u>36,398,188</u>
--	1,144,066	(3,443,949)	(3,417,092)
--	26,287	304,293	375,715
--	--	(45,136)	(375,715)
--	26,287	259,157	--
--	1,170,353	(3,184,792)	(3,417,092)
--	3,933,809	3,739,572	17,957,431
--	--	--	(174,631)
--	3,933,809	3,739,572	17,782,800
<u>\$ --</u>	<u>\$ 3,104,162</u>	<u>\$ 554,780</u>	<u>\$ 14,365,708</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Net change in fund balances - total governmental funds	\$ (3,417,092)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	3,933,287
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,996,393)
The gain or loss on the sale of capital assets is not reported in the funds.	(185,978)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(90,622)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	338,226
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,463,654
Repayment of note principal is an expenditure in the funds but is not an expense in the SOA.	910,804
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(153,450)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(319,455)
(Increase) decrease in accrued interest from beginning of period to end of period.	9,586
The net revenue (expense) of internal service funds is reported with governmental activities.	(4,523)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(2,528)
Bond premiums are reported in the funds but not in the SOA.	<u>56,264</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ (458,220)</u>

The accompanying notes are an integral part of this statement.



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUND**  
**JUNE 30, 2011**

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>ASSETS:</b>	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 292,995
	Total Current Assets	<u>292,995</u>
1000	Total Assets	<u>\$ 292,995</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2170	Due to Other Funds	\$ 292,878
	Total Current Liabilities	<u>292,878</u>
2000	Total Liabilities	<u>292,878</u>
	<b>NET ASSETS:</b>	
3000	Total Net Assets	<u>\$ 117</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET ASSETS - INTERNAL SERVICE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>OPERATING REVENUES:</b>	
5700	<i>Local and Intermediate Sources</i>	\$ 305,049
5020	Total Revenues	<u>305,049</u>
	<b>OPERATING EXPENSES:</b>	
6400	<i>Other Operating Costs</i>	309,572
6030	Total Expenses	<u>309,572</u>
1300	Change in Net Assets	(4,523)
0100	Total Net Assets - Beginning	4,640
3300	Total Net Assets - Ending	<u>\$ 117</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE TWELVE MONTHS ENDED JUNE 30, 2011**

	Nonmajor Internal Service Fund
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Received from User Charges</i>	\$ 404,194
<i>Cash Payments For Insurance Claims</i>	<u>(181,895)</u>
Net Cash Provided (Used) by Operating Activities	<u>222,299</u>
Net Increase (Decrease) in Cash and Cash Equivalents	222,299
Cash and Cash Equivalents at Beginning of Year	70,696
Cash and Cash Equivalents at End of Year	<u>\$ 292,995</u>
<b>Reconciliation of Operating Income to Net Cash</b>	
<b>Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ (14,523)
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Investments</i>	772
<i>Increase (Decrease) in Due To Other Funds</i>	<u>236,050</u>
Total Adjustments	<u>236,822</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 222,299</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2011**

Data Control Codes		Agency Fund
		Student Activity
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 43,321
1290	<i>Other Receivables</i>	1,972
1000	Total Assets	\$ 45,293
<b>LIABILITIES:</b>		
Current Liabilities:		
2190	<i>Due to Student Groups</i>	\$ 45,293
2000	Total Liabilities	45,293
<b>NET ASSETS</b>		
3000	Total Net Assets	\$ 0

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**A. Summary of Significant Accounting Policies**

The basic financial statements of West Orange-Cove Consolidated Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**1. Reporting Entity**

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No.39, and there are no component units included within the reporting entity.

**2. Basis of Presentation, Basis of Accounting**

**a. Basis of Presentation**

**Government-wide Financial Statements:** The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

**General Fund:** This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

**Head Start:** This special revenue fund accounts for the federal grant program for economically disadvantaged preschool children.

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**State Fiscal Stabilization Fund:** This special revenue fund was accounts for the federal funds passed from the State from the American Recovery and Reinvestment Act.

**Debt Service Fund:** This is the District's fund to account for debt service activity related to the repayment of long-term debt.

In addition, the District reports the following fund types:

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

**Agency Funds:** These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

**b. Measurement Focus, Basis of Accounting**

**Government-wide Financial Statements:** These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply

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future FASB standards.

**3. Financial Statement Amounts**

**a. Cash and Cash Equivalents**

For purposes of these financial statements, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. The District has investments in governmental investment pools which are classified as cash equivalents. The average maturity of investments in the pools is less than sixty days.

**b. Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

**c. Inventories and Prepaid Items**

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**d. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

**e. Receivable and Payable Balances**

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

**f. Compensated Absences**

On retirement or death of certain employees, the District pays any accrued sick leave in a lump sum payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

**g. Interfund Activity**

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

**h. Use of Estimates**

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

**i. Data Control Codes**

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

**h. Fund Balances - Governmental Funds**

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).



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Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

The District is in the process of adopting a minimum fund balance policy.

**B. Compliance and Accountability**

**1. Finance-Related Legal and Contractual Provisions**

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None Reported	

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported		

**C. Deposits and Investments**

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

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1. Cash Deposits:

At June 30, 2011, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,992,412 and the bank balance was \$2,573,276. The District's cash deposits at June 30, 2011 and during the year ended June 30, 2011, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

The District's investments at June 30, 2011 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Lone Star Investment Pool	N/A	\$ 4,656,203
Federal Home Loan Mtg Corp Disc Notes	12/01/2011	1,981
Federal Home Loan Mtg Corp Disc Notes	12/01/2011	466,352
Federal Home Loan Mtg Corp Disc Notes	12/01/2011	656,543
Federal Home Loan Mtg Corp Disc Notes	10/31/2011	1,962,013
Morgan Stanley Smith Barney	N/A	9,297
Total Investments		<u>\$ 7,752,389</u>

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Public Funds Investment Pools

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

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

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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,962,372	\$ --	\$ --	\$ 1,962,372
Construction in progress	41,844,243	3,026,915	44,865,716	5,442
Total capital assets not being depreciated	<u>43,806,615</u>	<u>3,026,915</u>	<u>44,865,716</u>	<u>1,967,814</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	47,863,911	44,875,928	596,913	92,142,926
Equipment	7,280,871	833,915	300	8,114,486
Vehicles	2,907,795	62,245	--	2,970,040
Total capital assets being depreciated	<u>58,052,577</u>	<u>45,772,088</u>	<u>597,213</u>	<u>103,227,452</u>
Less accumulated depreciation for:				
Buildings and improvements	(37,311,555)	(2,142,541)	(265,438)	(39,188,658)
Equipment	(3,871,863)	(508,769)	(69,005)	(4,309,627)
Vehicles	(971,737)	(347,083)	--	(1,318,820)
Total accumulated depreciation	<u>(42,155,155)</u>	<u>(2,996,393)</u>	<u>(334,443)</u>	<u>(44,817,105)</u>
Total capital assets being depreciated, net	<u>15,897,422</u>	<u>42,775,695</u>	<u>262,770</u>	<u>58,410,347</u>
Governmental activities capital assets, net	<u>\$ 59,704,037</u>	<u>\$ 45,802,610</u>	<u>\$ 45,128,486</u>	<u>\$ 60,378,181</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,083,362
Instructional Resources and Media Services	93,636
Curriculum and Staff Development	34,593
Guidance, Counseling, & Evaluation Services	32,512
Health Services	15,867
Student Transportation	323,671
Food Services	278,241
Extracurricular Activities	551,046
General Administration	71,494
Plant Maintenance and Operations	511,971
	<u>\$ 2,996,393</u>

**E. Interfund Balances and Activities**

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

Balances due to and due from other funds at June 30, 2011, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 6,632,854	Short-term loans.
Other Governmental Funds	General Fund	1,078,862	Short-term loans.
Other Governmental Funds	Internal Service Fund	--	Short-term loans.
Other Governmental Funds	Other Governmental Funds	1,012,995	Short-term loans.
	Total	<u>\$ 8,724,711</u>	

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2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2011, consisted of the following:

Transfers From	Transfers To	Amount	Reason
Special Revenue	General Fund	45,135	of certificates of participation
General fund	Food Service Fund	\$ 26,287	Supplement other funds sources
General fund	Special Revenue Fund	304,293	Supplement other funds sources
	Total	<u>\$ 375,715</u>	

F. Long-Term Obligations

1. Long-Term Obligation Activity

The District's long-term liabilities consist of general obligation bonds, refunding bonds, maintenance tax notes and accrued compensated absences. The general obligation bonds are issued to provide for the acquisition of capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The current requirements for the general obligation bonds are accounted for in the Debt Service Fund.

Long-term debt is summarized as follows:

Series	Original Issue	Final Maturity	Annual Installments	Percentage Rate	Outstanding Balance
2003 Capital Appreciation Bonds	\$ 5,094,852	2026	\$ 570,000 to 705,000	3.75% to 5.60%	\$ 4,233,319
2003 Qualified Zone Academy Bds	4,506,457	2018	4,506,457	0.2%	4,506,457
2005 Qualified Zone Academy Bds	1,478,543	2021	1,478,543	.00%	1,478,543
2005 Maintenance Tax Notes	1,197,240	2021	1,197,543	.00%	1,197,240
2008 Serial Bonds	37,040,000	2038	635,000 to 680,000	3.25% to 4.75%	35,380,000
2008 Capital Appreciation Bonds	959,323	2016	915,000	3.53% to 3.65%	959,323
2009 Unlimited Tax School Bldg	9,490,000	2039	190,000 to 580,000	3.50% to 4.95%	9,100,000
2009 Capital Appreciation Bonds	9,336	2017	5,865 to 3,471	2.95% to 3.20%	9,336
2009 Maintenance Tax Notes	2,245,000	2016	260,000 to 365,000	2.95% to 3.20%	1,690,000
					<u>\$ 58,554,218</u>

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Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2011, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 57,130,632	\$ --	\$ 1,463,654	\$ 55,666,978	\$ 1,473,943
Maintenance Tax Notes	3,182,240	--	295,000	2,887,240	310,000
Accretion on Capital					
Appreciation Bonds	1,839,231	319,455	--	2,158,686	--
Adjustments for:					
Discounts and premiums	1,575,393	--	56,264	1,519,129	--
Due to TEA	718,440	--	615,804	102,636	102,636
FEMA Disaster Loan	5,000,000	--	--	5,000,000	--
Compensated Absences *	256,940	2,528	--	259,468	90,815
Total governmental activities	<u>\$ 69,702,876</u>	<u>\$ 321,983</u>	<u>\$ 2,430,722</u>	<u>\$ 67,594,137</u>	<u>\$ 1,977,394</u>

\* Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund

2. Debt Service Requirements

Debt service requirements on general long-term bonded debt at June 30, 2011, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2012	\$ 1,783,943	\$ 2,253,172	\$ 4,037,115
2013	1,758,654	2,227,357	3,986,011
2014	1,817,602	2,201,623	4,019,225
2015	1,276,525	2,728,739	4,005,264
2016	1,225,015	2,779,798	4,004,813
2017-2021	12,170,583	11,884,871	24,055,454
2022-2026	10,038,175	10,313,770	20,351,945
2027-2031	9,617,375	6,733,902	16,351,277
2032-2036	11,625,000	3,858,052	15,483,052
2037-2041	9,000,000	932,177	9,932,177
Totals	<u>\$ 60,312,872</u>	<u>\$ 45,913,461</u>	<u>\$ 106,226,333</u>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

A portion of the bonds sold in the Series 2003 and 2008 bond issues were premium capital appreciation bonds. These obligations have par values of \$6,054,175 and maturity values of \$13,255,000. The interest on these obligations will be paid upon maturity in fiscal years ending June 30, 2010 through June 30, 2026. The accreted value of these bonds at June 30, 2011 is \$2,158,686, which has been recorded in the government-wide financial statements.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2011.

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**Sinking Fund Requirements**

The District is required to make sinking fund payments on the 2003 Qualified Zone Academy Bonds, 2005 Qualified Zone Academy Bonds, and 2005 Maintenance Tax Notes as part of the debt covenants. The payments are held in escrow and reflected as restricted assets in the fund financial statements. The District's sinking fund requirements on long-term debt at June 30, 2011, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2012	\$ 412,781
2013	412,781
2014	312,535
2015	312,535
2016	312,535
2017	312,535
2018	312,535
2019	71,609
2020	71,609
2021	71,609
	<u>\$ 2,603,064</u>

**3. Due to Texas Education Agency**

The District owes the Texas Education Agency ("TEA") \$102,636 of 2005-06 recapture payments. The District and TEA have agreed the District will pay the remaining balance in monthly payments of \$51,317 ending in July 2011.

**4. Federal Emergency Management Agency Disaster Loan**

The District has been approved to receive a \$5,000,000 Community Disaster Loan from the Federal Emergency Management Agency ("FEMA"). The funds are to be used to carry on existing operations or to expand the District's essential functions to meet disaster related needs related to Hurricane Ike. The term of the loan is five years, which can be extended to ten years. At June 30, 2011, the District had received \$5,000,000.

**G. Risk Management**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 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.

**Unemployment Compensation Pool**

During the year ended August 31, 2011, West Orange-Cove CISD provided unemployment compensation coverage to its employees through participation in the Texas Association of School Boards 'TASB' Risk Management Fund. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation Pool.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2010, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

H. Pension Plan

1. 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, TX 78701 or by calling at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trstate.tx.us](http://www.trstate.tx.us), under the TRS publications heading.

2. 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 contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action.

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.644% of the District's covered payroll. The District's employees' contributions to the System for the years ending June 30, 2011, 2010 and 2009 were \$964,432, \$976,865 and \$920,880, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending June 30, 2011, 2010 and 2009 were \$304,286, \$295,757 and \$305,431, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$576,891 for the year ended June 30, 2011.

I. Retiree Health Care Plan

1. Plan Description

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



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010 and 2009. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2011 and 2010, the State's contributions to TRS-Care were \$150,692 and \$152,634, respectively, the active member contributions were \$98,055 and \$99,212, respectively, and the District's contributions were \$82,968, \$83,950, and \$79,138, respectively, which equaled the required contributions each year.

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. For the fiscal years ended June 30, 2009 and 2008, the subsidy payments received by TRS-Care on behalf of the District were \$32,566 and \$35,802, respectively,

J. Employee Health Care Coverage

During the year ended June 30, 2011, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the TRS Active Health Care are available for the year ended September 30, 2009, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

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

L. Prior Period Adjustment

The following discloses the restatement of governmental fund balance as of the beginning of the year:

	<u>General Fund</u>
Fund Balance, beginning of year, as previously stated:	\$ 10,284,050
Decrease resulting from an error in accounting for a payroll liability	<u>(174,631)</u>
Fund Balance, beginning of year, as restated:	<u>\$ 10,109,419</u>

### *Required Supplementary Information*

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

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**EXHIBIT G-1**  
Page 1 of 2

Data Control Codes		1		2		3		Variance with Final Budget Positive (Negative)
		Budgeted Amounts				Actual		
		Original	Final					
<b>REVENUES:</b>								
5700	Local and Intermediate Sources	\$ 15,770,318	\$ 15,770,318	\$ 15,302,954		\$ (467,364)		
5800	State Program Revenues	2,138,010	2,138,010	3,642,656		1,504,646		
5900	Federal Program Revenues	2,142,440	1,408,377	113,053		(1,294,424)		
5020	Total Revenues	20,050,768	19,316,705	19,059,563		(257,142)		
<b>EXPENDITURES:</b>								
Current:								
Instruction & Instructional Related Services:								
0011	Instruction	10,114,577	8,803,027	8,575,678		227,349		
0012	Instructional Resources and Media Services	354,625	307,981	310,766		(2,785)		
0013	Curriculum and Staff Development	100,234	109,111	107,901		1,210		
	Total Instruction & Instr. Related Services	10,569,436	9,220,118	8,994,345		225,773		
Instructional and School Leadership:								
0021	Instructional Leadership	287,441	296,726	297,567		(841)		
0023	School Leadership	1,200,882	1,099,939	1,107,578		(7,737)		
	Total Instructional & School Leadership	1,488,323	1,396,665	1,405,145		(8,578)		
Support Services - Student (Pupil):								
0031	Guidance, Counseling and Evaluation Services	557,037	663,297	665,435		(2,138)		
0032	Social Work Services	--	9,626	9,737		(111)		
0033	Health Services	173,013	182,180	183,550		(1,370)		
0034	Student (Pupil) Transportation	1,317,642	1,268,545	1,037,078		231,467		
0036	Cocurricular/Extracurricular Activities	664,633	750,963	757,310		(6,347)		
	Total Support Services - Student (Pupil)	2,712,325	2,874,612	2,653,110		221,502		
Administrative Support Services:								
0041	General Administration	1,612,951	1,331,101	1,297,191		33,910		
	Total Administrative Support Services	1,612,951	1,331,101	1,297,191		33,910		
Support Services - Nonstudent Based:								
0051	Plant Maintenance and Operations	3,909,698	4,066,390	4,029,362		37,028		
0052	Security and Monitoring Services	23,982	49,838	49,890		(52)		
0053	Data Processing Services	208,059	262,582	370,150		(107,578)		
	Total Support Services - Nonstudent Based	4,141,739	4,378,810	4,449,412		(70,602)		
Ancillary Services:								
0061	Community Services	36,003	40,083	40,467		(384)		
	Total Ancillary Services	36,003	40,083	40,467		(384)		
Debt Service:								
0071	Principal on Long-Term Debt	--	395,246	295,000		100,246		
0072	Interest on Long-Term Debt	75,000	37,219	74,437		(37,218)		
0073	Bond Issuance Costs and Fees	35,405	747	744		3		
	Total Debt Service	110,405	433,211	370,181		63,030		
Intergovernmental Charges:								
0091	Contracted Instr. Services Between Public Schools	--	615,804	734,784		(118,980)		
0099	Other Intergovernmental Charges	--	232,038	232,036		--		
	Total Intergovernmental Charges	--	847,842	966,820		(118,980)		
6030	Total Expenditures	20,671,182	20,522,442	20,176,774		345,671		

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**EXHIBIT G-1**  
**Page 2 of 2**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(620,414)	(1,205,737)	(1,117,208)	88,529
	Other Financing Sources (Uses):				
7915	Transfers In	--	--	45,135	45,135
8911	Transfers Out	--	--	(330,580)	(330,580)
7080	Total Other Financing Sources and (Uses)	--	--	(285,445)	(285,445)
1200	Net Change in Fund Balance	(620,414)	(1,205,737)	(1,402,653)	(196,916)
0100	Fund Balance - Beginning	10,284,050	10,284,050	10,284,050	--
1300	Prior Period Adjustment	--	--	(174,631)	(174,631)
0100	Fund Balance - Beginning, as Restated	10,284,050	10,284,050	10,109,419	(174,631)
3000	Fund Balance - Ending	\$ 9,663,636	\$ 9,078,313	\$ 8,706,766	\$ (371,547)

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**HEAD START**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**EXHIBIT G-2**

Data Control Codes		1		2		3		Variance with Final Budget Positive (Negative)
		Budgeted Amounts				Actual		
		Original	Final					
<b>REVENUES:</b>								
5900	Federal Program Revenues	\$ 1,495,712	\$ 1,497,854	\$ 1,506,726	\$ 8,872			\$ 8,872
5020	Total Revenues	1,495,712	1,497,854	1,506,726	8,872			8,872
<b>EXPENDITURES:</b>								
Current:								
Instruction & Instructional Related Services:								
0011	Instruction	839,919	842,061	835,973	6,088			6,088
0012	Instructional Resources and Media Services	26,073	26,073	26,420	(347)			(347)
0013	Curriculum and Staff Development	11,725	11,725	18,621	(3,796)			(3,796)
	Total Instruction & Instr. Related Services	877,717	879,859	877,914	1,945			1,945
Instructional and School Leadership:								
0021	Instructional Leadership	147,494	147,494	171,049	(23,555)			(23,555)
0023	School Leadership	42,603	42,603	49,716	(7,113)			(7,113)
	Total Instructional & School Leadership	190,097	190,097	220,765	(30,668)			(30,668)
Support Services - Student (Pupil):								
0031	Guidance, Counseling and Evaluation Services	52,381	52,381	46,289	6,092			6,092
0032	Social Work Services	135,117	135,117	137,138	(2,021)			(2,021)
0033	Health Services	85,182	85,182	80,000	5,122			5,122
0034	Student (Pupil) Transportation	35,270	35,270	29,530	5,740			5,740
	Total Support Services - Student (Pupil)	307,950	307,950	293,017	14,933			14,933
Administrative Support Services:								
0041	General Administration	28,844	28,844	39,408	(10,564)			(10,564)
	Total Administrative Support Services	28,844	28,844	39,408	(10,564)			(10,564)
Support Services - Nonstudent Based:								
0051	Plant Maintenance and Operations	79,804	79,804	69,276	10,528			10,528
	Total Support Services - Nonstudent Based	79,804	79,804	69,276	10,528			10,528
Ancillary Services:								
0061	Community Services	11,300	11,300	6,346	4,954			4,954
	Total Ancillary Services	11,300	11,300	6,346	4,954			4,954
6030	Total Expenditures	1,495,712	1,497,854	1,506,726	(8,872)			(8,872)
1100	Excess (Deficiency) of Revenues Over (Under)							
1100	Expenditures	--	--	--	--			--
0100	Fund Balance - Beginning	--	--	--	--			--
3000	Fund Balance - Ending	\$ --	\$ --	\$ --	\$ --			\$ --

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**ARRA OF 2009 TITLE XIV STATE FISCAL STABILIZATION FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**EXHIBIT G-3**

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES:</b>				
5800	\$ --	\$ --	\$ 73,426	\$ 73,426
5900	1,942,489	1,942,489	1,877,694	(64,795)
5020	<u>1,942,489</u>	<u>1,942,489</u>	<u>1,951,120</u>	<u>8,631</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction & Instructional Related Services:				
0011	1,942,489	1,942,489	1,951,120	(8,631)
	<u>1,942,489</u>	<u>1,942,489</u>	<u>1,951,120</u>	<u>(8,631)</u>
6030	<u>1,942,489</u>	<u>1,942,489</u>	<u>1,951,120</u>	<u>(8,631)</u>
1100				
1100	--	--		--
0100	--	--		--
3000	\$ --	\$ --	\$ --	\$ --

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*  
*FOR THE YEAR ENDED JUNE 30, 2011*

**Budgetary Data**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund, (which is included in the Special Revenue Funds). The District is required to present the adopted and final budgeted revenues and expenditures for the General Fund and final budgeted revenues and expenditures for the Debt Service and Food Service Funds. The District compares the final budget to actual revenues and expenditures. The General Fund budget report appears in Exhibit G-1 and the Debt Service Fund budget report and Food Service Fund budget report appear in Exhibits J-4 and J-5, respectively. The Major Funds Head Start and Title XIV Fiscal Stabilization Fund are reported in Exhibits G-2 and G-3.

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

- 1 Prior to June 30th, the District prepares a budget for the next succeeding fiscal year beginning July 1st. The operating budget includes proposed expenditures and the means of financing them.
- 2 A meeting of the Board of Trustees 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 July 1st, the budget is legally enacted through passage of a resolution by the Board of Trustees. Once a budget is approved, it can only be amended at the function level and fund level by approval of a majority of the members of the Board of Trustees. Amendments are presented to the Board of Trustees 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 budget coordinator at the revenue and expenditure function and object level. Budgeted amounts are amended by the Board of Trustees. All budget appropriations lapse at year end.

*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 1,052,785	\$ 41,010	\$ 1,093,795
1240	Due from Other Governments	2,420,240	--	2,420,240
1260	Due from Other Funds	463,179	16	463,195
1300	Inventories	30,331	--	30,331
1000	Total Assets	\$ 3,966,535	\$ 41,026	\$ 4,007,561
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 50,512	\$ --	\$ 50,512
2150	Payroll Deductions & Withholdings	8,115	--	8,115
2160	Accrued Wages Payable	111,326	--	111,326
2170	Due to Other Funds	3,279,990	--	3,279,990
2190	Due to Student Groups	43	--	43
2200	Accrued Expenditures	22	--	22
2300	Unearned Revenue	2,773	--	2,773
2000	Total Liabilities	3,452,781	--	3,452,781
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	30,331	--	30,331
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	346,987	--	346,987
3470	Capital Acquisitions & Contractual Obligations	--	41,026	41,026
Assigned Fund Balances:				
3590	Other Assigned Fund Balance	136,436	--	136,436
3000	Total Fund Balances	513,754	41,026	554,780
4000	Total Liabilities and Fund Balances	\$ 3,966,535	\$ 41,026	\$ 4,007,561

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 211,275	\$ 2,457	\$ 213,732
5800 <i>State Program Revenues</i>	812,863	--	812,863
5900 <i>Federal Program Revenues</i>	4,646,113	--	4,646,113
5020 <b>Total Revenues</b>	<u>5,670,251</u>	<u>2,457</u>	<u>5,672,708</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 <i>Instruction</i>	3,506,199	--	3,506,199
0013 <i>Curriculum and Staff Development</i>	269,813	--	269,813
0021 <i>Instructional Leadership</i>	109,185	--	109,185
0023 <i>School Leadership</i>	15,335	--	15,335
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	77,754	--	77,754
0033 <i>Health Services</i>	9,989	--	9,989
0034 <i>Student Transportation</i>	46,551	--	46,551
0035 <i>Food Service</i>	1,341,325	--	1,341,325
0036 <i>Cocurricular/Extracurricular Activities</i>	76,957	--	76,957
0041 <i>General Administration</i>	22,250	--	22,250
0051 <i>Plant Maintenance and Operations</i>	77	378	455
0052 <i>Security and Monitoring Services</i>	24,694	--	24,694
0053 <i>Data Processing Services</i>	4,254	--	4,254
0061 <i>Community Services</i>	15,359	--	15,359
0081 <i>Capital Outlay</i>	--	3,596,537	3,596,537
6030 <b>Total Expenditures</b>	<u>5,519,742</u>	<u>3,596,915</u>	<u>9,116,657</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	<u>150,509</u>	<u>(3,594,458)</u>	<u>(3,443,949)</u>
<b>Other Financing Sources and (Uses):</b>			
7915 <i>Transfers In</i>	4,293	300,000	304,293
8911 <i>Transfers Out</i>	(45,136)	--	(45,136)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>(40,843)</u>	<u>300,000</u>	<u>259,157</u>
1200 <b>Net Change in Fund Balances</b>	<u>109,666</u>	<u>(3,294,458)</u>	<u>(3,184,792)</u>
0100 <b>Fund Balances - Beginning</b>	<u>404,088</u>	<u>3,335,484</u>	<u>3,739,572</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 513,754</u>	<u>\$ 41,026</u>	<u>\$ 554,780</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

Data Control Codes	206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ --	\$ 117,125	\$ --	\$ --
1240	Due from Other Governments	5,994	930,982	490,221	11,861
1260	Due from Other Funds	--	--	--	--
1300	Inventories	--	--	--	--
1000	<b>Total Assets</b>	<b>\$ 5,994</b>	<b>\$ 1,048,107</b>	<b>\$ 490,221</b>	<b>\$ 11,861</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
2110	Accounts Payable	\$ --	\$ 15,564	\$ 8,515	\$ --
2150	Payroll Deductions & Withholdings	--	4,685	1,321	--
2160	Accrued Wages Payable	--	66,558	17,552	--
2170	Due to Other Funds	5,994	961,302	462,808	11,861
2190	Due to Student Groups	--	--	--	--
2200	Accrued Expenditures	--	--	25	--
2300	Unearned Revenue	--	--	--	--
2000	<b>Total Liabilities</b>	<b>5,994</b>	<b>1,048,107</b>	<b>490,221</b>	<b>11,861</b>
<b>FUND BALANCES:</b>					
<b>Nonspendable Fund Balances:</b>					
3410	Inventories	--	--	--	--
<b>Restricted Fund Balances:</b>					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
<b>Assigned Fund Balances:</b>					
3590	Other Assigned Fund Balance	--	--	--	--
3000	<b>Total Fund Balances</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
1000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,994</b>	<b>\$ 1,048,107</b>	<b>\$ 490,221</b>	<b>\$ 11,861</b>

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	243 Career and Technical	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting
\$ 587,431	\$ 50,341	\$ --	\$ --	\$ --
--	--	13,405	54,074	176,846
--	38,570	--	--	1,000
30,331	--	--	--	--
<u>\$ 617,762</u>	<u>\$ 88,911</u>	<u>\$ 13,405</u>	<u>\$ 54,074</u>	<u>\$ 177,846</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	639
470,723	639	13,405	54,077	10,887
--	--	--	--	166,320
--	--	--	(3)	--
--	--	--	--	--
<u>470,723</u>	<u>639</u>	<u>13,405</u>	<u>54,074</u>	<u>177,846</u>
30,331	--	--	--	--
116,708	88,272	--	--	--
--	--	--	--	--
<u>147,039</u>	<u>88,272</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 617,762</u>	<u>\$ 88,911</u>	<u>\$ 13,405</u>	<u>\$ 54,074</u>	<u>\$ 177,846</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

Data Control Codes	265 21st Century Community Learning Centers	279 Enhancing Education thru Tech - ARRA	283 IDEA - Part B Formula - ARRA	284 IDEA - Part B Preschool - ARR	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240	Due from Other Governments	201,101	853	125,565	--
1260	Due from Other Funds	3,975	--	--	5,019
1300	Inventories	--	--	--	--
4000	<b>Total Assets</b>	<b>\$ 205,076</b>	<b>\$ 853</b>	<b>\$ 125,565</b>	<b>\$ 5,019</b>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
2110	Accounts Payable	\$ 5,070	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	200,006	853	125,565	2,246
2190	Due to Student Groups	--	--	--	--
2200	Accrued Expenditures	--	--	--	--
2300	Unearned Revenue	--	--	--	2,773
2000	<b>Total Liabilities</b>	<b>205,076</b>	<b>853</b>	<b>125,565</b>	<b>5,019</b>
<b>FUND BALANCES:</b>					
<b>Nonspendable Fund Balances:</b>					
3410	Inventories	--	--	--	--
<b>Restricted Fund Balances:</b>					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
<b>Assigned Fund Balances:</b>					
3590	Other Assigned Fund Balance	--	--	--	--
3000	<b>Total Fund Balances</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 205,076</b>	<b>\$ 853</b>	<b>\$ 125,565</b>	<b>\$ 5,019</b>

IA	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	288 Extended Child Care	394 Life Skills Program	397 Advanced Placement Incentives	404 Student Success Initiative
	\$ --	\$ 60,966	\$ --	\$ 3,746	\$ --
	42,115	--	17,272	--	154,868
	--	--	--	--	--
	--	--	--	--	--
	<u>42,115</u>	<u>60,966</u>	<u>17,272</u>	<u>3,746</u>	<u>154,868</u>
	\$ --	\$ --	\$ --	\$ --	\$ --
	--	--	12	--	--
	--	--	135	--	--
	42,115	1,510	6,185	1,290	154,868
	--	--	--	--	--
	--	--	--	--	--
	<u>42,115</u>	<u>1,510</u>	<u>6,332</u>	<u>1,290</u>	<u>154,868</u>
	--	--	--	--	--
	--	59,456	10,940	2,456	--
	--	--	--	--	--
	<u>--</u>	<u>59,456</u>	<u>10,940</u>	<u>2,456</u>	<u>--</u>
	<u>42,115</u>	<u>60,966</u>	<u>17,272</u>	<u>3,746</u>	<u>154,868</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2011**

Data Control Codes	409 Texas High School Project	410 State Textbook Fund	411 Technology Allotment	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ --	\$ 3,175	\$ 85,941
1240	Due from Other Governments	32,337	--	--
1260	Due from Other Funds	--	--	--
1300	Inventories	--	--	--
1000	Total Assets	\$ 32,337	\$ 3,175	\$ 85,941
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
2110	Accounts Payable	\$ 11	\$ --	\$ 11,144
2150	Payroll Deductions & Withholdings	--	--	--
2160	Accrued Wages Payable	--	--	--
2170	Due to Other Funds	32,326	--	18,884
2190	Due to Student Groups	--	--	--
2200	Accrued Expenditures	--	--	--
2300	Unearned Revenue	--	--	--
2000	Total Liabilities	32,337	--	30,028
<b>FUND BALANCES:</b>				
<b>Nonspendable Fund Balances:</b>				
3410	Inventories	--	--	--
<b>Restricted Fund Balances:</b>				
3450	Federal/State Funds Grant Restrictions	--	3,175	55,913
<b>Assigned Fund Balances:</b>				
3590	Other Assigned Fund Balance	--	--	--
3000	Total Fund Balances	--	3,175	55,913
4000	Total Liabilities and Fund Balances	\$ 32,337	\$ 3,175	\$ 85,941

415 Kindergarten and Prekindergarten Grants	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ --	\$ --	\$ 144,060	\$ 1,052,785
161,946	800	--	2,420,240
--	414,611	4	463,179
--	--	--	30,331
<u>\$ (161,946)</u>	<u>\$ 415,411</u>	<u>\$ 144,064</u>	<u>\$ 3,966,535</u>
\$ 5,712	\$ --	\$ 4,496	\$ 50,512
1,458	--	--	8,115
16,196	--	--	111,326
138,580	405,344	3,089	3,279,990
--	--	43	43
--	--	--	22
--	--	--	2,773
<u>161,946</u>	<u>405,344</u>	<u>7,628</u>	<u>3,452,781</u>
--	--	--	30,331
--	10,067	--	346,987
--	--	136,436	136,436
--	10,067	136,436	513,754
<u>\$ (161,946)</u>	<u>\$ 415,411</u>	<u>\$ 144,064</u>	<u>\$ 3,966,535</u>



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	204 ESEA Title IV SDFSC	206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	9,615	5,994	1,456,357	607,133
5020 <b>Total Revenues</b>	<u>9,615</u>	<u>5,994</u>	<u>1,456,357</u>	<u>607,133</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	7,143	5,994	1,380,169	522,723
0013 <i>Curriculum and Staff Development</i>	--	--	23,127	3,372
0021 <i>Instructional Leadership</i>	--	--	8,962	29,573
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	--	--	--	51,465
0033 <i>Health Services</i>	--	--	--	--
0034 <i>Student Transportation</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	8,284	--
0051 <i>Plant Maintenance and Operations</i>	--	--	--	--
0052 <i>Security and Monitoring Services</i>	2,472	--	22,222	--
0053 <i>Data Processing Services</i>	--	--	2,437	--
0061 <i>Community Services</i>	--	--	11,156	--
6030 <b>Total Expenditures</b>	<u>9,615</u>	<u>5,994</u>	<u>1,456,357</u>	<u>607,133</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>	--	--	--	--
1100 <b>Expenditures</b>	--	--	--	--
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	--
8911 <i>Transfers Out</i>	--	--	--	--
7080 <b>Total Other Financing Sources and (Uses)</b>	--	--	--	--
1200 <b>Net Change in Fund Balances</b>	--	--	--	--
0100 <b>Fund Balances - Beginning</b>	--	--	--	--
3000 <b>Fund Balances - Ending</b>	--	--	--	--

225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	242 Summer Feeding Program	243 Career and Technical	244 Career and Tech Basic Grant
\$ --	\$ 163,382	\$ --	\$ --	\$ --
--	26,056	--	--	--
44,043	1,211,179	52,002	13,580	54,074
<u>44,043</u>	<u>1,400,617</u>	<u>52,002</u>	<u>13,580</u>	<u>54,074</u>
36,981	--	--	13,580	48,112
590	--	--	--	1,477
--	--	--	--	2,644
--	--	--	--	--
6,472	--	--	--	1,411
--	--	--	--	--
--	1,311,746	29,579	--	--
--	--	--	--	--
--	--	--	--	430
--	77	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>44,043</u>	<u>1,311,823</u>	<u>29,579</u>	<u>13,580</u>	<u>54,074</u>
--	88,794	22,423	--	--
--	--	--	--	--
--	--	--	--	--
--	88,794	22,423	--	--
--	58,245	65,849	--	--
<u>147,039</u>	<u>1,470,068</u>	<u>96,422</u>	<u>13,580</u>	<u>54,074</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	255 ESEA Title II Training & Recruiting	262 Enhancing Education through Technology	265 21st Century Community Learning Centers	279 Enhancing Education thru Tech - ARRA
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	37	--
5900 Federal Program Revenues	355,399	6,980	364,937	10,537
5020 Total Revenues	<u>355,399</u>	<u>6,980</u>	<u>364,974</u>	<u>10,537</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	146,423	2,823	246,930	--
0013 Curriculum and Staff Development	208,976	2,340	949	10,537
0021 Instructional Leadership	--	--	67,784	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	--	46,551	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	2,760	--
0051 Plant Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	--	1,817	--	--
0061 Community Services	--	--	--	--
6030 Total Expenditures	<u>355,399</u>	<u>6,980</u>	<u>364,974</u>	<u>10,537</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	--	--
8911 Transfers Out	--	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

283 IDEA - Part B Formula - ARRA	284 IDEA - Part B Preschool - ARRA	285 ESEA Title 1 Part A Improving Basic Programs - ARRA	287 Homeless Education Disaster Asst	288 Extended Child Care
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
206,256	1,243	27,111	218,599	--
<u>206,256</u>	<u>1,243</u>	<u>27,111</u>	<u>218,599</u>	<u>--</u>
181,378	1,243	18,575	193,215	39
--	--	--	--	--
--	--	222	--	--
24,878	--	--	--	1,268
--	--	--	--	--
--	--	--	--	--
--	--	6,037	--	--
--	--	--	--	--
--	--	--	--	--
--	--	2,277	--	1,926
<u>206,256</u>	<u>1,243</u>	<u>27,111</u>	<u>193,215</u>	<u>3,233</u>
--	--	--	25,384	(3,233)
--	--	--	--	--
--	--	--	(25,384)	--
--	--	--	(25,384)	--
--	--	--	--	(3,233)
--	--	--	--	62,689
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 59,456</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	289 Summer School LEP	394 Life Skills Program	397 Advanced Placement Incentives	401 Optional Extended Year Program
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	17,605	--	12,646
5900 Federal Program Revenues	1,074	--	--	--
5020 Total Revenues	<u>1,074</u>	<u>17,605</u>	<u>--</u>	<u>12,646</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	--	509	--	12,646
0013 Curriculum and Staff Development	--	1,766	--	--
0021 Instructional Leadership	--	--	--	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	--	--
0033 Health Services	--	4,390	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	--	--	--	--
0051 Plant Maintenance and Operations	--	--	--	--
0052 Security and Monitoring Services	--	--	--	--
0053 Data Processing Services	--	--	--	--
0061 Community Services	--	--	--	--
6030 Total Expenditures	<u>--</u>	<u>6,665</u>	<u>--</u>	<u>12,646</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>1,074</u>	<u>10,940</u>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):				
7915 Transfers In	--	--	--	--
8911 Transfers Out	(1,074)	--	--	--
7080 Total Other Financing Sources and (Uses)	<u>(1,074)</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 Net Change in Fund Balances	<u>--</u>	<u>10,940</u>	<u>--</u>	<u>--</u>
0100 Fund Balances - Beginning	--	--	2,456	--
3000 Fund Balances Ending	\$ --	\$ 10,940	\$ 2,456	\$ --

404 Student Success Initiative	409 Texas High School Project	410 State Textbook Fund	411 Technology Allotment	414 Reading, Math and Science Initiative
\$ --	\$ --	\$ --	\$ --	\$ --
162,869	68,838	3,175	65,621	5,050
--	--	--	--	--
<u>162,869</u>	<u>68,838</u>	<u>3,175</u>	<u>65,621</u>	<u>5,050</u>
162,869	68,838	--	29,434	7,987
--	--	--	878	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>162,869</u>	<u>68,838</u>	<u>--</u>	<u>30,312</u>	<u>7,987</u>
--	--	3,175	35,309	(2,937)
--	--	--	--	2,937
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,937</u>
--	--	3,175	35,309	--
--	--	--	20,604	--
<u>--</u>	<u>--</u>	<u>3,175</u>	<u>55,913</u>	<u>--</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Data Control Codes	415 Kindergarten and Prekindergarten Grants	428 High School Allotment
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --
5800 <i>State Program Revenues</i>	274,315	--
5900 <i>Federal Program Revenues</i>	--	--
5020 <b>Total Revenues</b>	<u>274,315</u>	<u>--</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	240,581	--
0013 <i>Curriculum and Staff Development</i>	15,801	--
0021 <i>Instructional Leadership</i>	--	--
0023 <i>School Leadership</i>	14,067	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	--	--
0033 <i>Health Services</i>	(873)	--
0034 <i>Student Transportation</i>	--	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--
0041 <i>General Administration</i>	4,739	--
0051 <i>Plant Maintenance and Operations</i>	--	--
0052 <i>Security and Monitoring Services</i>	--	--
0053 <i>Data Processing Services</i>	--	--
0061 <i>Community Services</i>	--	--
6030 <b>Total Expenditures</b>	<u>274,315</u>	<u>--</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>		
1100 <b>Expenditures</b>	<u>--</u>	<u>--</u>
Other Financing Sources and (Uses):		
7915 <i>Transfers In</i>	--	--
8911 <i>Transfers Out</i>	--	(18,678)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>(18,678)</u>
1200 <b>Net Change in Fund Balances</b>	<u>--</u>	<u>(18,678)</u>
0100 <b>Fund Balances - Beginning</b>	--	18,678
3000 <b>Fund Balances - Ending</b>	<u>\$ --</u>	<u>\$ --</u>

429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ 47,893	\$ 211,275
176,651	--	812,863
--	--	4,646,113
<u>176,651</u>	<u>47,893</u>	<u>5,670,251</u>
178,007	--	3,506,199
--	--	269,813
--	--	109,185
--	--	15,335
--	--	77,754
--	--	9,989
--	--	46,551
--	--	1,341,325
--	76,957	76,957
--	--	22,250
--	--	77
--	--	24,694
--	--	4,254
--	--	15,359
<u>178,007</u>	<u>76,957</u>	<u>5,519,742</u>
<u>(1,356)</u>	<u>(29,064)</u>	<u>150,509</u>
1,356	--	4,293
--	--	(45,136)
<u>1,356</u>	<u>--</u>	<u>(40,843)</u>
--	(29,064)	109,666
10,067	165,500	404,088
<u>10,067</u>	<u>165,500</u>	<u>404,088</u>



### *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Year Ended June 30	1		2		3 Assessed/Appraised Value For School Tax Purposes	
	Tax Rates					
	Maintenance		Debt Service			
2002 and Prior Years	\$	Various	\$	Various	\$	Various
2003		1.50		.0461		1,815,188,304
2004		1.50		.0736		1,607,805,730
2005		1.50		.0893		1,535,461,901
2006		1.4957		.0869		1,446,172,931
2007		1.4883		.0944		1,374,369,700
2008		1.0401		.0917		1,471,914,469
2009		1.0401		.2085		1,543,486,158
2010		1.172		.26		1,555,261,912
2011 (School Year Under Audit)		1.04		.3127		1,517,141,323

1000 Totals

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

10 Beginning Balance 7/1/10	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/11
\$ 286,390	\$ --	\$ 7,139	\$ 219	\$ (23,440)	\$ 234,592
49,059	--	2,128	66	(822)	46,043
62,623	--	2,716	133	(1,322)	58,452
76,767	--	6,376	380	(2,165)	67,848
102,563	--	9,116	530	231	93,148
111,836	--	15,998	1,014	7,897	102,721
117,290	--	19,786	1,745	6,324	102,083
189,751	--	38,995	7,818	6,403	148,341
424,838	--	118,466	21,076	(44,132)	241,164
--	20,798,100	15,368,804	4,621,055	(298,532)	500,709
<u>\$ 1,399,117</u>	<u>\$ 20,798,100</u>	<u>\$ 15,589,524</u>	<u>\$ 4,654,036</u>	<u>\$ (349,558)</u>	<u>\$ 1,604,089</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2012-2013  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

EXHIBIT J-2

**FUNCTION 41 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST**

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 138,101	\$ 489,667	\$ --	\$ 103,992	\$ 731,760
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)				--			--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)				--			--
6211	Legal Services	--	--	--		50,509		50,509
6212	Audit Services				37,500			37,500
6213	Tax Appraisal and Collection		381,584					381,584
621X	Other Prof. Services	--	--	--	1,305	--	64,126	65,431
6220	Tuition and Transfer Payments							--
6230	Education Service Centers	--	--	--	700	--	--	700
6240	Contr. Maint. and Repair							--
6250	Utilities							--
6260	Rentals	--	--	7,131	--	--	9,350	16,481
6290	Miscellaneous Contr.	--	--	7,317	55,315	--	912	63,544
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	429	429
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	4,765	--	5,384	17,164	--	14,920	42,233
6410	Travel, Subsistence, Stipends	8,518	--	5,226	7,573	--	2,518	23,835
6420	Ins. and Bonding Costs	--	--	--	--	--	4,053	4,053
6430	Election Costs	8,961						8,961
6490	Miscellaneous Operating	--	--	14,529	7,971	--	65,465	87,965
6500	Debt Service							--
6600	Capital Outlay						75,902	75,902

Total \$ 22,244 \$ 381,584 \$ 177,688 \$ 617,195 \$ 50,509 \$ 341,667 \$ 1,590,887

Total Expenditures for General and Special Revenue Funds (9) \$ 29,154,359

LESS: Deductions of Unallowable Costs

	FISCAL YEAR	
Total Capital Outlay (6600)	(10)	\$ 340,197
Total Debt & Lease (6500)	(11)	\$ 370,181
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 3,936,768
Food (Function 35, 6341 and 6499)	(13)	\$ 593,225
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 617,195
Subtotal		5,857,556
Net Allowed Direct Cost		\$ 23,296,803

	CUMULATIVE	
Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 92,142,926
Historical Cost of Buildings over 50 years old	(16)	14,598,286
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	11,084,526
Historical Cost of Furniture & Equipment over 16 years old	(19)	1,098,520
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ --

(8) Note A - No Function 53 expenditures and \$232,038 in Function 99 expenditures are included in this report on administrative costs.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)**  
**GENERAL FUND**  
**AS OF JUNE 30, 2011**

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2011 (Exhibit C-1 object 3000 for the General Fund only)	\$ 8,716,766
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	3,000,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	3,500,000
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	800,000
10	Estimate of delayed payments from federal sources (59XX)	1,500,000
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	8,800,000
13	Excess (Deficit) Undesignated General Fund Fund Balance (1-12)	\$ (83,234)

If Item 11 is a Positive Number

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

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DIS**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT J-4

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	<i>Local and Intermediate Sources</i>	\$ 232,215	\$ 232,215	\$ 183,382		\$ (68,833)	
5800	<i>State Program Revenues</i>	9,807	9,807	26,056		16,249	
5900	<i>Federal Program Revenues</i>	1,169,114	1,169,114	1,211,179		42,065	
5020	<b>Total Revenues</b>	<u>1,411,136</u>	<u>1,411,136</u>	<u>1,400,617</u>		<u>(10,519)</u>	
<b>EXPENDITURES:</b>							
Current:							
Support Services - Student (Pupil):							
0035	<i>Food Services</i>	1,357,283	1,356,945	1,311,746		45,199	
	<b>Total Support Services - Student (Pupil)</b>	<u>1,357,283</u>	<u>1,356,945</u>	<u>1,311,746</u>		<u>45,199</u>	
Support Services - Nonstudent Based:							
0051	<i>Plant Maintenance and Operations</i>	50,000	50,338	77		50,261	
	<b>Total Support Services - Nonstudent Based</b>	<u>50,000</u>	<u>50,338</u>	<u>77</u>		<u>50,261</u>	
6030	<b>Total Expenditures</b>	<u>1,407,283</u>	<u>1,407,283</u>	<u>1,311,823</u>		<u>95,460</u>	
1100	Excess (Deficiency) of Revenues Over (Under)						
1100	Expenditures	3,853	3,853	68,794		84,941	
1200	Net Change in Fund Balance	3,853	3,853	68,794		84,941	
0100	Fund Balance - Beginning	58,245	58,245	58,245		--	
3000	Fund Balance - Ending	\$ 62,098	\$ 62,098	\$ 127,039		\$ 94,941	

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT J-5

Data Control Codes	1		2		3		Variance with Final Budget Positive (Negative)
	Budgeted Amounts				Actual		
	Original	Final					
<b>REVENUES:</b>							
5700	<i>Local and Intermediate Sources</i>	\$ 4,751,547	\$ 4,751,547	\$ 4,790,980	\$ 39,433		
5020	<b>Total Revenues</b>	<u>4,751,547</u>	<u>4,751,547</u>	<u>4,790,980</u>	<u>39,433</u>		
<b>EXPENDITURES:</b>							
<i>Debt Service:</i>							
0071	<i>Principal on Long-Term Debt</i>	1,776,188	1,776,188	1,463,653	312,535		
0072	<i>Interest on Long-Term Debt</i>	2,161,803	2,179,235	2,179,235	--		
0073	<i>Bond Issuance Costs and Fees</i>	5,000	4,026	4,026	--		
	<b>Total Debt Service</b>	<u>3,942,991</u>	<u>3,959,449</u>	<u>3,646,914</u>	<u>312,535</u>		
6030	<b>Total Expenditures</b>	<u>3,942,991</u>	<u>3,959,449</u>	<u>3,646,914</u>	<u>312,535</u>		
1100	<b>Excess (Deficiency) of Revenues Over (Under)</b>						
1100	<b>Expenditures</b>	<u>808,556</u>	<u>792,098</u>	<u>1,144,066</u>	<u>351,968</u>		
<i>Other Financing Sources (Uses):</i>							
7915	<i>Transfers In</i>	--	--	26,287	26,287		
7080	<b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>--</u>	<u>26,287</u>	<u>26,287</u>		
1200	<b>Net Change in Fund Balance</b>	<u>808,556</u>	<u>792,098</u>	<u>1,170,353</u>	<u>378,255</u>		
0100	<b>Fund Balance - Beginning</b>	<u>3,933,809</u>	<u>3,933,809</u>	<u>3,933,809</u>	<u>--</u>		
3000	<b>Fund Balance - Ending</b>	<u>\$ 4,742,365</u>	<u>\$ 4,725,907</u>	<u>\$ 5,104,162</u>	<u>\$ 378,255</u>		

## Independent Auditor's Report

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees  
West Orange-Cove Consolidated Independent School District  
P.O. Box 1107  
Orange, Texas 77631

#### Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove Consolidated Independent School District as of and for the year ended June 30, 2011, which collectively comprise the West Orange-Cove Consolidated Independent School District's basic financial statements and have issued our report thereon dated November 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Orange-Cove Consolidated Independent School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Orange-Cove Consolidated Independent School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Orange-Cove Consolidated Independent School District's internal control over financial reporting.

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Orange-Cove Consolidated Independent School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or



other matters that are required to be reported under *Government Auditing Standards*.

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

Respectfully submitted,

Kenneth C. Davis & Company, P.C.

November 11, 2011

## Independent Auditor's Report

### Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Trustees  
West Orange-Cove Consolidated Independent School District  
P.O. Box 1107  
Orange, Texas 77631

Members of the Board of Trustees:

#### Compliance

We have audited West Orange-Cove Consolidated Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Orange-Cove Consolidated Independent School District's major federal programs for the year ended June 30, 2011. West Orange-Cove Consolidated Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of West Orange-Cove Consolidated Independent School District's management. Our responsibility is to express an opinion on West Orange-Cove Consolidated Independent School District's compliance based on our audit.

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

In our opinion, West Orange-Cove Consolidated Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2011-1.

#### Internal Control Over Compliance

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

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

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

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

West Orange-Cove Consolidated Independent School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit West Orange-Cove Consolidated Independent School District's responses and, accordingly, we express no opinion on the responses.

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

Respectfully submitted,

Kenneth C. Davis & Company, P.C.

November 11, 2011

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?      Yes   X   No

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

Noncompliance material to financial statements noted?      Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?      Yes   X   No

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?   X   Yes      No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Feeding Program
84.010	Title 1, Part A
84.027	IDEA-B Formula
84.394	Title XIV SFSF - ARRA
84.367	Improving Teacher Quality

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

Auditee qualified as low-risk auditee?      Yes   X   No

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**B. Financial Statement Findings**

None

**C. Federal Award Findings and Questioned Costs**

Findiing 2011-1:

Criteria:

Title I Part A program requires teachers that teach core subjects be highly qualified and the Texas Education Agency requires all teachers to be certified by the State.

Condition:

The district had a non certified classroom teacher on staff in a Title I program.

Effect:

The questioned cost of \$32,255 from our testing resulted in one teacher from Title 1 Part A program who was not certified or highly qualified.

Context:

Our test of payroll included teachers from three federally funded major programs for one month's payroll. Compliance requirements, including whether or not teachers were certified and highly qualified, were tested.

Cause:

The staff was from out of state and communicated to the District they were working with TEA to obtain the necessary certification.

Recommendation:

We recommend reviewing current procedures to ensure this problem will not happen in the future.

Management's Response:

The District did not contract with the teacher the following year.

Contact Person Responsible for Corrective Action:

Anitrea Goodwin, Executive Director of Human Resources

Current Status:

The District will implement changes in procedures to continue monitoring teacher qualifications.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None.		

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT K-1  
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>Direct Programs:</b>			
<i>Head Start *</i>	93.600	06CH5405/43	\$ 122,135
<i>Head Start *</i>	93.600	06CH5405/44	1,384,591
<b>Total Direct Programs</b>			<u>1,506,726</u>
<b>Passed Through State Department of Education:</b>			
Medicaid Assistance Program *	93.778	181-906	76,918
<b>Total U. S. Department of Health and Human Services</b>			<u>1,583,644</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
<b>Direct Program:</b>			
<i>Homeless Education Disaster Assistance</i>	84.383	181-906	218,598
<b>Passed Through State Department of Education :</b>			
<i>IDEA-B Formula *</i>	84.027	1166000118190666	607,133
<b>Passed Through State Department of Education:</b>			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010	11610101181906	1,456,357
<i>Career and Technical - Basic Grant</i>	84.048	11420006181906	54,074
<i>IDEA-B Preschool</i>	84.173	1166100118190	44,043
<i>ESEA Title IV Part A-Safe &amp; Drug-Free Schools &amp; Communities Act</i>	84.186	10691001181906	9,615
<i>ESEA Title X Part C - Education for Homeless Children</i>	84.196	181-906	5,994
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287	09695012711002	364,938
<i>Title II Part D Enhancing Education Through Technology</i>	84.318	10630001181906	6,980
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367	1069450118190	355,399
Summer School LEP	84.369	369A080045	1,074
<i>ARRA - Title II Part D Subpart 1-Enhancing Education Through Tech</i>	84.386	10553001181906	10,537
<i>ARRA - ESEA, Title I, Part A - Improving Basic Programs</i>	84.389	10551001181906	27,111
<i>ARRA - IDEA-Part B Formula</i>	84.391	10554001181906	206,256
<i>ARRA - IDEA Part B, Preschool</i>	84.392	105550011819	1,243
<i>ARRA of 2009 Title XIV State Fiscal Stabilization Fund *</i>	84.394	10557001181906	1,914,729
<b>Total Passed Through State Department of Education</b>			<u>5,284,081</u>
<b>Passed Through Lamar State College - Orange:</b>			
<i>Career and Technical - Technical Preparation</i>	84.243	181-906 2010	13,580
<b>Total U. S. Department of Education</b>			<u>5,297,661</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
<b>Passed Through State Department of Education:</b>			
School Breakfast Program *	10.553	71401001	315,863
National School Lunch Program *	10.555	71301001	821,079

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

EXHIBIT K-1  
 Page 2 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Summer Feeding Program *	10.559	181-906	52,002
Commodity Supplemental Food Program	10.565	021003A	74,237
Total Passed Through State Department of Education			<u>1,263,181</u>
Total U. S. Department of Agriculture			<u>1,263,181</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b><u>\$ 144,486</u></b>

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

The accompanying notes are an integral part of this schedule.



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED JUNE 30, 2011*

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of West Orange-Cove Consolidated Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements. The District's federal awards are accounted for in the Special Revenue funds.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund types and expendable trusts are accounted for using a current financial resources measurement focus. Governmental type funds use the modified accrual basis of accounting where revenues are recognized when measureable and available. All federal awards are accounted for in Special Revenue funds, which are governmental type funds.

The information presented in this schedule is prepared in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**AS OF JUNE 30, 2011**

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 2,158,686