

**GREENVILLE INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED AUGUST 31, 2007**

**RUTHERFORD, TAYLOR & COMPANY, P.C.**  
*Certified Public Accountants*  
2802 Washington Street  
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GREENVILLE INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED AUGUST 31, 2007

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**CERTIFICATE OF BOARD**

Greenville Independent School District  
Name of School District

Hunt  
County

116-905  
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's report of the above named school district was reviewed and \_\_\_\_\_ **approved**/ \_\_\_\_\_ **disapproved** for the year ended August 31, 2007, at a meeting of the board of school trustees of such school district on \_\_\_\_\_.

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

\*  
\_\_\_\_\_  
Signature of Board President

If the auditor's report was checked above as disapproved, the reasons(s) therefore is/are (attached list if necessary):

\_\_\_\_\_  
\* Signature on file with the Texas Education Agency

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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Board of School Trustees  
Greenville Independent School District

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Independent School District (District) as of and for the year ended August 31, 2007, which collectively comprise the District's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Independent School District as of August 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2007, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and budgetary comparison information identified as required supplementary information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditor's Report - Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules identified as other supplementary information in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic 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 component of the basic financial statements. Such information except for the fund balance and cash flow calculation worksheet which is marked "unaudited" and on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 9, 2007  
Greenville, Texas

\*

RUTHERFORD,  
TAYLOR &  
COMPANY, P.C.  
*Certified Public Accountants*

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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Board of School Trustees  
Greenville Independent School District

Members of the Board:

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greenville Independent School District (District) as of and for the year ended August 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 9, 2007. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's basic financial statements that are more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the District's basic financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose as described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

Report on Internal Control – Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of management, the Board of Trustees, the Texas Education Agency, and other grantors and is not intended to be and should not be used by anyone other than these specified parties.

November 9, 2007  
Greenville, Texas

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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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Board of School Trustees  
Greenville Independent School District

Members of the Board:

Compliance

We have audited the compliance of the Greenville Independent School District, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended August 31, 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express opinions on the District's compliance based on our audit.

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

In our opinion, the Greenville Independent School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended August 31, 2007.

Internal Control over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Internal Control over Compliance – Continued

A control deficiency in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program, such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

This report is intended solely for the information and use of management, the Board of Trustees, the Texas Education Agency, and other grantors, and is not intended to be and should not be used by anyone other than these specified parties.

November 9, 2007  
Greenville, Texas

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\* Signature on file with the Texas Education Agency

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COST  
 YEAR ENDED AUGUST 31, 2007

**Summary of Auditor's Results**

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Type of Report on Financial Statements	Unqualified Opinion
Reportable Conditions	None
Material Weakness Involving Reportable Conditions	None
Noncompliance Material to the Financial Statements	The level of noncompliance was not material in relation to the financial statements covering federal programs.
Type of Report on Compliance with Major Programs	Unqualified Opinion
Findings and Questioned Costs for Federal Awards on Determined in Section .510 (a), OMB Circular A-133	None
Dollar threshold considered Between Type A and B Federal Programs	\$ 300,000
Low Risk Auditee Statements	The District was classified as a low risk auditee in the context of OMB Circular A-133.
Major Federal Programs	Title I Part A – Improving Basic Programs (84.010) Title II Part A – Teacher & Principal Training & Recruiting (84.367)
Pass-through Entity	Texas Education Agency

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2007

**Schedule  
Reference  
Number**

**Findings**

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NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
STATUS OF PRIOR AUDIT FINDINGS  
YEAR ENDED AUGUST 31, 2007

**Schedule  
Reference  
Number**

**Prior Findings**

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**06-1**

**Expenditures over Appropriations**

The District overexpended functional expenditure categories during the year and at year end. The District took measures to ensure proper appropriations to every functional expenditure category.

Status: Complete

**06-2**

**Carl D. Perkins Vocational Basic Grant (0642000611690510)**

The District purchased an item in excess of \$ 5,000 without proper approval from TEA in the Carl D. Perkins Vocational Education, Title I Part C grant. Under TEA managed federal vocational programs, capital purchases must be pre-approved in the application process. The District took measures to ensure proper financial reporting is maintained in the financial records.

Status: Complete

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
YEAR ENDED AUGUST 31, 2007

**Schedule  
Reference  
Number**

**Actions Planned**

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NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2007

This section of Greenville Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2007. Please read it in conjunction with the District's basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

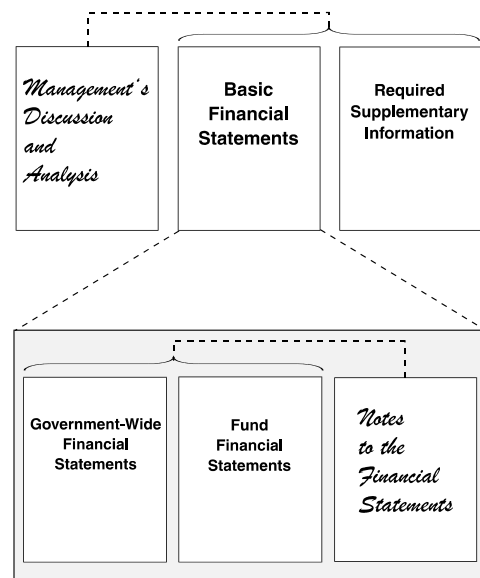
- The District's total combined net assets were \$ 18,427,134 at August 31, 2007.
- During the year, the District's expenses were \$ 1,116,054 less than the \$ 44,979,271 generated in local property taxes and other revenues for governmental activities.
- The total cost of the District's programs was virtually unchanged from last year, but a uniform, district wide curriculum management system was implemented.
- The general fund reported a fund balance this year of \$ 6,087,125.
- The District issued Unlimited Tax Refunding Bonds, Series 2006, totaling \$ 20,955,000 and entered into a capital lease to purchase voice over internet protocol equipment totaling \$ 240,018 during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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



**Summary** ↔ **Detail**

The basic financial statements also include notes that explain some of the information in the basic 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 basic financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

**GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2007**

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

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

**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.

<i>Type of Statements</i>	<b>Fund Statements</b>			
	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures &amp; changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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 and student population.

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

**FUND FINANCIAL STATEMENTS**

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

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

The District has the following kinds of funds:

- Governmental funds—Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explain the relationship (or differences) between them.



GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2007

- **Fiduciary funds**—The District is the trustee, or fiduciary, for certain funds. 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. 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**

The District's combined net assets were \$ 18,427,134 at August 31, 2007.

<b>Greenville Independent School District's Net Assets</b>			<b>Table A-1</b>
	Governmental Activities		Total
	2007	2006	Percentage
			Change
			2006-2007
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 7,799,254	\$ 7,144,906	9.16%
Other Assets	3,750,269	3,462,455	8.31%
Capital Assets less Accumulated Depreciation	35,859,014	37,419,150	-4.17%
<b>Total Assets</b>	<b>\$ 47,408,537</b>	<b>\$ 48,026,511</b>	<b>-1.29%</b>
<b>Liabilities:</b>			
Current Liabilities	\$ 1,953,083	\$ 1,985,977	-1.66%
Long-term Liabilities	27,028,320	27,821,282	-2.85%
<b>Total Liabilities</b>	<b>\$ 28,981,403</b>	<b>\$ 29,807,259</b>	<b>-2.77%</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	\$ 11,073,555	\$ 9,597,868	15.38%
Restricted	1,486,706	1,099,295	35.24%
Unrestricted	5,866,873	7,522,089	-22.00%
<b>Total Net Assets</b>	<b>\$ 18,427,134</b>	<b>\$ 18,219,252</b>	<b>1.14%</b>

Approximately \$ 1,486,706 of the District's restricted net assets represent proceeds for debt retirement. These proceeds are restricted for debt retirement. The 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 \$ 44,979,271. 40% of the District's revenue comes from property taxes (See Table A-3). 57% comes from state aid and federal grants, while only 3% relates to charges for services and other miscellaneous revenues including investment earnings.

The total cost of all programs and services was \$ 43,863,217. 58% of these costs are for instruction and related staff and student services.

The District's base tax collection percentage rate (current and delinquent – base tax only) was 100.29%. The total tax collection (base tax and penalty and interest) was 101.37%.

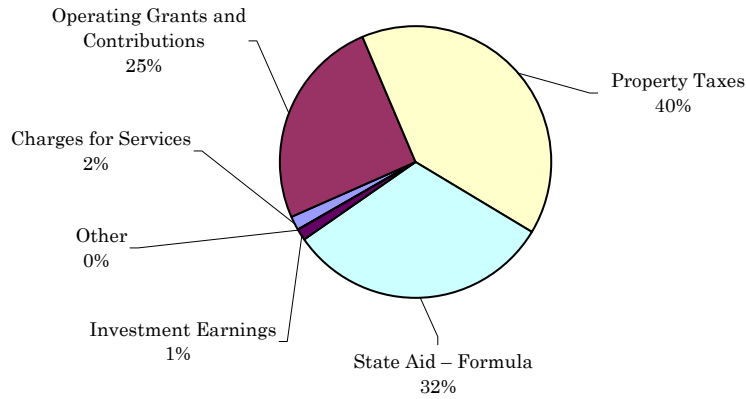
GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2007

GOVERNMENTAL ACTIVITIES

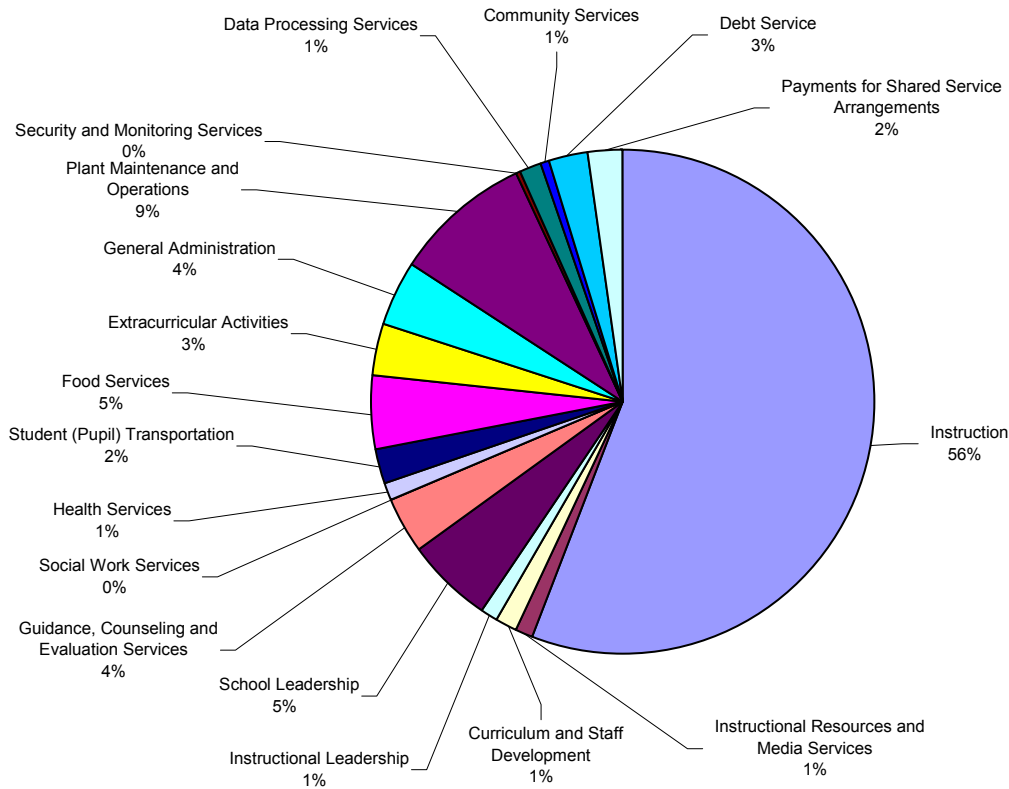
Changes in Greenville Independent School District's Net Assets			Table A-2
	Governmental Activities		Total Percentage Change
	2007	2006	2006-2007
Program Revenues:			
Charges for Services	\$ 740,454	\$ 811,344	-8.74%
Operating Grants and Contributions	11,365,184	11,412,016	-0.41%
General Revenues:			
Property Taxes	17,989,470	18,247,397	-1.41%
State Aid – Formula	14,233,786	11,698,665	21.67%
Investment Earnings	631,069	554,429	13.82%
Other	19,308	20,935	-7.77%
<b>Total Revenues</b>	<b>\$ 44,979,271</b>	<b>\$ 42,744,786</b>	<b>5.23%</b>
Expenses:			
Instruction	\$ 24,527,775	\$ 23,023,030	6.54%
Instructional Resources and Media Services	500,893	521,291	-3.91%
Curriculum and Staff Development	570,832	492,819	15.83%
Instructional Leadership	449,582	418,822	7.34%
School Leadership	2,408,163	1,970,704	22.20%
Guidance, Counseling and Evaluation Services	1,590,524	1,415,143	12.39%
Social Work Services	90,354	94,277	-4.16%
Health Services	441,198	463,084	-4.73%
Student (Pupil) Transportation	1,036,256	971,710	6.64%
Food Services	2,033,876	2,008,815	1.25%
Extracurricular Activities	1,381,301	1,263,226	9.35%
General Administration	1,871,788	1,558,900	20.07%
Plant Maintenance and Operations	3,890,486	4,486,985	-13.29%
Security and Monitoring Services	192,097	103,914	84.86%
Data Processing Services	510,290	1,047,315	-51.28%
Community Services	311,075	135,758	129.14%
Debt Service	1,111,420	1,426,046	-22.06%
Payments for Shared Service Arrangements	945,307	989,167	-4.43%
<b>Total Expenses</b>	<b>\$ 43,863,217</b>	<b>\$ 42,391,006</b>	<b>3.47%</b>
Excess (Deficiency) Before Other Resources, Uses and Transfers	\$ 1,116,054	\$ 353,780	215.47%
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 1,116,054</b>	<b>\$ 353,780</b>	<b>215.47%</b>
Net Assets - Beginning (September 1)	\$ 18,219,252	\$ 18,055,722	0.91%
Prior Period Adjustment	(908,172)	(190,250)	-377.36%
Net Assets - Beginning, as restated	\$ 17,311,080	\$ 17,865,472	-3.10%
<b>Net Assets - Ending (August 31)</b>	<b>\$ 18,427,134</b>	<b>\$ 18,219,252</b>	<b>1.14%</b>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 YEAR ENDED AUGUST 31, 2007

**Sources of Revenues for Fiscal Year 2007 - See Table A-2**



**Functional Expenses for Fiscal Year 2007 - See Table A-2**



**GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2007**

- Table A-3 presents the cost of selected 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 \$ 43,863,217.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$ 17,989,470.
- Some of the cost was paid by those who directly benefited from the programs, \$ 740,454, or
- By grants and contributions, \$ 11,365,184.

<b>Greenville Independent School District Net Cost of Selected District Functions</b>							<b>Table A-3</b>
	<u>Total Cost of Services</u>		% Change	<u>Net Cost of Services</u>		% Change	
	2007	2006		2007	2006		
Instruction	24,527,775	23,023,030	6.54%	17,315,132	16,850,219	2.76%	
School Leadership	2,408,163	1,970,704	22.20%	2,145,301	1,771,816	21.08%	
General Administration	1,871,788	1,558,900	20.07%	1,790,636	1,474,817	21.41%	
Plant Maintenance and Operations	3,890,486	4,486,985	-13.29%	3,604,798	4,155,721	-13.26%	
Debt Service	1,111,420	1,426,046	-22.06%	350,235	496,217	-29.42%	

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

Revenues from governmental fund types totaled \$ 44,832,366. Any increase in state revenues is a result of an increase of students in average daily attendance. Any decrease in federal revenues is primarily due to decrease in federal program revenue distributed through other agencies.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised its general fund budget several times. Even with these adjustments, actual expenditures were \$ 1,580,859 below general fund final budget amounts. The most significant positive variance resulted from instruction and support services.

Resources available were \$ 548,500 below the final general fund budgeted amount. The unfavorable variance was due to decreased state aid for average daily attendance.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At the end of 2007, the District had invested \$ 72,494,885 in a broad range of capital assets, including land, equipment, buildings, and vehicles (See Table A-4).

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2007

<b>Greenville Independent School District's Capital Assets</b>			<b>Table A-4</b>
	Governmental Activities		Total Percentage Change 2006-2007
	2007	2006	
Land	\$ 1,272,485	\$ 1,272,485	0.00%
Buildings and Improvements	66,533,080	66,231,568	0.46%
Vehicles	2,799,132	2,799,132	0.00%
Equipment	1,890,188	1,491,590	26.72%
Totals at Historical Cost	\$ 72,494,885	\$ 71,794,775	0.98%
Less Accumulated Depreciation	(36,635,871)	(35,192,965)	4.10%
Net Capital Assets	<u>\$ 35,859,014</u>	<u>\$ 36,601,810</u>	-2.03%

**LONG TERM DEBT**

At year-end the District had \$ 27,028,320 in debt outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the basic financial statements.

**Bond Ratings -**  
The District's bonds presently carry "AAA" ratings.

<b>Greenville Independent School District's Long Term Debt</b>			<b>Table A-5</b>
	Governmental Activities		Total Percentage Change 2006-2007
	2007	2006	
Bonds Payable	\$ 25,544,998	\$ 26,914,998	-5.09%
Capital Leases Payable	587,249	464,790	26.35%
Other Debt Payable	896,073	441,495	102.96%
Total Debt Payable	<u>\$ 27,028,320</u>	<u>\$ 27,821,283</u>	-2.85%

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

The District's property valuation continues to increase as it has in prior years. Local property tax rates are restricted by state statute, without local elections, to \$1.04 for maintenance and operation. This is a reduction from the prior year's rate cap of \$1.37. The state funding formula was changed to provide state funds to replace the lost local property tax revenue. However, in Greenville's case this scenario is flawed. Local appraised values were not awarded by the state comptroller's office, though the District's appeal of these state values met with some success. Unfortunately, with the state anticipating our local collections to be higher, this creates a gap in revenue. For Greenville, the lost local property tax revenue is never recovered.

**GREENVILLE INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2007**

Just as our maintenance and operations collections are affected, so is our debt allocation from the state of Texas. The state has paid almost 38% of our debt in a single year from the eligible debt allocation funds set aside for this purpose. But again, the state believes we are collecting more local taxes than we actually are taxing and therefore, the state's contribution has decreased to only 25%.

Student enrollment is decreasing slightly with an improved attendance rate helping to maintain numbers. The economic outlook for the area is for growth to be level at a relatively slow rate. Housing is also stable with some retail and commercial growth in Greenville's forecast. When the local values and state values become aligned, the ability to remain constant with staffing and funding should be plausible.

For the 2007-08 school year, the District appropriated general fund revenues of \$ 33,536,635 and expenditures of \$ 34,335,845. The budget was developed to best serve the students of the District and utilize the available resources in a fiscally responsible matter for taxpayers now and in the future. When approving this budget, the District's Board of Trustees considered the following resource allocation priorities.

- A salary package that increased the District's minimum wage to \$ 7.25 an hour and a 5% of base raise for all employees with the exception of administration who received four.
- Recruitment and retention of acute shortage areas with salary incentives for bilingual/foreign language, math and science teachers.
- Continued focus on resources to compliment the success of Texas Assessment of Academic Skills (TAKS) score that have improved across all subject and student subgroups.
- District resources were focused on instruction with success being measured in the improved state and federal accountability ratings. The District is now rated Academically Acceptable by the state and Meets Adequate Yearly Progress by the federal government.
- Land purchase of \$ 130,000.

**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. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Superintendent, P.O. Box 1022, Greenville, TX 75401.

## BASIC FINANCIAL STATEMENTS

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AUGUST 31, 2007

1

Data Control Codes		Governmental Activities
<u>          </u>		<u>                  </u>
<b>ASSETS</b>		
1110	Cash and Cash Equivalents	\$ 7,799,254
1225	Property Taxes Receivable, Net	1,138,840
1240	Due from Other Governments	2,289,193
1250	Accrued Interest Receivable	10,089
1300	Inventories, at Cost	22,439
1420	Capitalized Bond and Other Debt Issuance Costs	289,708
	Capital Assets:	
1510	Land	1,272,485
1520	Buildings and Improvements, Net	33,017,105
1530	Furniture and Equipment, Net	<u>1,569,424</u>
<b>1000</b>	<b>Total Assets</b>	<b><u>\$ 47,408,537</u></b>
<b>LIABILITIES</b>		
2110	Accounts Payable	\$ 331,392
2140	Interest Payable	50,090
2165	Accrued Liabilities	1,003,187
2180	Due to Other Governments	462,464
2300	Unearned Revenue	105,950
	Noncurrent Liabilities:	
2501	Due within one year	1,483,867
2502	Due in more than one year	<u>25,544,453</u>
<b>2000</b>	<b>Total Liabilities</b>	<b><u>\$ 28,981,403</u></b>
<b>NET ASSETS</b>		
3200	Invested in Capital Assets, Net of Related Debt	\$ 11,073,555
	Restricted For:	
3850	Debt Service	1,486,706
3900	Unrestricted	<u>5,866,873</u>
<b>3000</b>	<b>Total Net Assets</b>	<b><u>\$ 18,427,134</u></b>

The accompanying notes are an integral part of this statement.



GREENVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2007

		1	3	4	Net (Expense) Revenue and Changes in Net Assets
		Program Revenues			
Data				Operating	
Control			Charges for	Grants and	Governmental
Codes	Functions/Programs	Expenses	Services	Contributions	Activities
	Government Activities:				
11	Instruction	\$ 24,527,775	\$ 81,070	\$ 7,131,573	\$ (17,315,132)
12	Instructional Resources and Media Services	500,893	-	26,036	(474,857)
13	Curriculum and Staff Development	570,832	-	342,124	(228,708)
21	Instructional Leadership	449,582	-	105,044	(344,538)
23	School Leadership	2,408,163	-	262,862	(2,145,301)
31	Guidance, Counseling and Evaluation Services	1,590,524	-	269,025	(1,321,499)
32	Social Work Services	90,354	-	18,878	(71,476)
33	Health Services	441,198	-	61,294	(379,904)
34	Student (Pupil) Transportation	1,036,256	-	39,062	(997,194)
35	Food Services	2,033,876	479,591	1,577,748	23,463
36	Extracurricular Activities	1,381,301	160,165	125,647	(1,095,489)
41	General Administration	1,871,788	-	81,152	(1,790,636)
51	Plant Maintenance and Operations	3,890,486	19,628	266,060	(3,604,798)
52	Security and Monitoring Services	192,097	-	10,371	(181,726)
53	Data Processing Services	510,290	-	106,096	(404,194)
61	Community Services	311,075	-	181,027	(130,048)
72	Interest on Long-term Debt	1,097,231	-	761,185	(336,046)
73	Bond Issuance Costs and Fees	14,189	-	-	(14,189)
93	Payments for Shared Service Arrangements	945,307	-	-	(945,307)
TG	Total Government Activities	<u>\$ 43,863,217</u>	<u>\$ 740,454</u>	<u>\$ 11,365,184</u>	<u>\$ (31,757,579)</u>
TP	Total Primary Government	<u>\$ 43,863,217</u>	<u>\$ 740,454</u>	<u>\$ 11,365,184</u>	<u>\$ (31,757,579)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purpose				\$ 16,244,793
DT	Property Taxes, Levied for Debt Service				1,744,677
IE	Investment Earnings				631,069
GC	Grant and Contributions Not Restricted to Specific Programs				14,233,786
MI	Miscellaneous				19,308
TR	Total General Revenues and Transfers				<u>\$ 32,873,633</u>
CN	Change in Net Assets				<u>\$ 1,116,054</u>
NB	Net Assets - Beginning (September 1)				\$ 18,219,252
PA	Prior Period Adjustments				<u>(908,172)</u>
	Net Assets - Beginning, as restated				<u>\$ 17,311,080</u>
NE	Net Assets - Ending (August 31)				<u>\$ 18,427,134</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
AUGUST 31, 2007

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 5,629,779	\$ 1,287,033	\$ 882,442	\$ 7,799,254
1225 Property Taxes Receivable, Net	1,016,968	121,872	-	1,138,840
1240 Due from Other Governments	1,986,032	-	303,161	2,289,193
1250 Accrued Interest Receivable	10,089	-	-	10,089
1300 Inventories, at Cost	22,439	-	-	22,439
<b>1000 Total Assets</b>	<b><u>\$ 8,665,307</u></b>	<b><u>\$ 1,408,905</u></b>	<b><u>\$ 1,185,603</u></b>	<b><u>\$ 11,259,815</u></b>
<b>LIABILITIES</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 255,793	\$ -	\$ 75,599	\$ 331,392
2150 Payroll Deductions and Withholdings	826	-	-	826
2160 Accrued Wages Payable	844,014	-	158,347	1,002,361
2180 Due to Other Governments	447,464	-	15,000	462,464
2300 Unearned Revenues	1,030,085	204,887	9,818	1,244,790
<b>2000 Total Liabilities</b>	<b><u>\$ 2,578,182</u></b>	<b><u>\$ 204,887</u></b>	<b><u>\$ 258,764</u></b>	<b><u>\$ 3,041,833</u></b>
<b>FUND BALANCES</b>				
Reserved Fund Balances:				
3410 Reserve for Inventory	\$ 22,439	\$ -	\$ -	\$ 22,439
3420 Debt Service	-	1,204,018	-	1,204,018
3450 Reserve for Food Service	-	-	613,063	613,063
3490 Other Reserves of Fund Balance	-	-	313,776	313,776
Designated Fund Balance:				
3590 Other Designated Fund Balance	500,000	-	-	500,000
3600 Unrestricted	5,564,686	-	-	5,564,686
<b>3000 Total Fund Balance</b>	<b><u>\$ 6,087,125</u></b>	<b><u>\$ 1,204,018</u></b>	<b><u>\$ 926,839</u></b>	<b><u>\$ 8,217,982</u></b>
<b>4000 Total Liabilities and Fund Balances</b>	<b><u>\$ 8,665,307</u></b>	<b><u>\$ 1,408,905</u></b>	<b><u>\$ 1,185,603</u></b>	<b><u>\$ 11,259,815</u></b>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET (GOVERNMENTAL FUNDS)  
TO THE STATEMENT OF NET ASSETS  
AUGUST 31, 2007

Total fund balances - Balance Sheet (governmental funds)	\$ 8,217,982
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	35,859,014
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,138,840
Payables for bond principal which are not due in the current period are not reported in the funds.	(25,544,998)
Payables for capital leases which are not due in the current period are not reported in the funds.	(587,249)
Payables for debt interest which are not due in the current period are not reported in the funds.	(50,090)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(896,073)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	<u>289,708</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 18,427,134</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED AUGUST 31, 2007

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES</b>				
5700 Local and Intermediate Sources	\$ 16,802,206	\$ 1,847,919	\$ 848,065	\$ 19,498,190
5800 State Program Revenues	15,580,542	760,737	1,439,538	17,780,817
5900 Federal Program Revenues	153,125	-	7,400,234	7,553,359
<b>5020 Total Revenues</b>	<b>\$ 32,535,873</b>	<b>\$ 2,608,656</b>	<b>\$ 9,687,837</b>	<b>\$ 44,832,366</b>
<b>EXPENDITURES</b>				
Current:				
0011 Instruction	\$ 18,552,559	\$ -	\$ 5,284,643	\$ 23,837,202
0012 Instructional Resources and Media Services	466,056	-	2,569	468,625
0013 Curriculum and Staff Development	243,019	-	327,813	570,832
0021 Instructional Leadership	358,665	-	87,603	446,268
0023 School Leadership	2,215,885	-	177,962	2,393,847
0031 Guidance, Counseling and Evaluation Services	1,372,803	-	209,654	1,582,457
0032 Social Work Services	74,660	-	15,694	90,354
0033 Health Services	388,402	-	44,729	433,131
0034 Student (Pupil) Transportation	919,040	-	675	919,715
0035 Food Services	-	-	1,960,402	1,960,402
0036 Extracurricular Activities	1,029,387	-	56,808	1,086,195
0041 General Administration	1,861,305	-	3,960	1,865,265
0051 Plant Maintenance and Operations	4,285,986	-	109,953	4,395,939
0052 Security and Monitoring Services	185,694	-	6,403	192,097
0053 Data Processing Services	430,136	-	80,154	510,290
0061 Community Services	135,843	-	175,236	311,079
0071 Principal on Long-term Debt	117,559	1,370,000	-	1,487,559
0072 Interest on Long-term Debt	7,696	964,660	-	972,356
0073 Bond Issuance Cost and Fees	-	303,897	-	303,897
0093 Payments for Shared Service Arrangements	-	-	945,307	945,307
<b>6030 Total Expenditures</b>	<b>\$ 32,644,695</b>	<b>\$ 2,638,557</b>	<b>\$ 9,489,565</b>	<b>\$ 44,772,817</b>
<b>1100 Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (108,822)</b>	<b>\$ (29,901)</b>	<b>\$ 198,272</b>	<b>\$ 59,549</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
7911 Capital-Related Debt Issued (Regular Bonds)	\$ -	\$ 20,955,000	\$ -	\$ 20,955,000
7912 Sale of Real or Personal Property	6,285	-	-	6,285
7913 Proceeds from Capital Leases	240,018	-	-	240,018
7915 Transfers In	-	-	163,576	163,576
7916 Premium or Discount on Issuance of Bonds	-	1,301,319	-	1,301,319
8911 Transfers Out	(163,576)	-	-	(163,576)
8949 Other Uses	-	(21,935,857)	-	(21,935,857)
<b>7080 Net Other Financing Sources (Uses)</b>	<b>\$ 82,727</b>	<b>\$ 320,462</b>	<b>\$ 163,576</b>	<b>\$ 566,765</b>
1200 Net Changes in Fund Balances	\$ (26,095)	\$ 290,561	\$ 361,848	\$ 626,314
0100 Fund Balances - Beginning (September 1)	\$ 6,180,717	\$ 936,791	\$ 564,991	\$ 7,682,499
1300 Prior Period Adjustments	(67,497)	(23,334)	-	(90,831)
Fund Balances - Beginning, as restated	\$ 6,113,220	\$ 913,457	\$ 564,991	\$ 7,591,668
<b>3000 Fund Balances - Ending (August 31)</b>	<b>\$ 6,087,125</b>	<b>\$ 1,204,018</b>	<b>\$ 926,839</b>	<b>\$ 8,217,982</b>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED AUGUST 31, 2007

Net change in fund balances - total governmental funds	\$	626,318
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are not reported as expenses in the SOA.		700,111
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,442,907)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.		(6,286)
The gain or loss on the sale of capital assets is not reported in the funds.		6,286
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		140,620
Proceeds from bonds are other resources in the funds not in the SOA.		(22,256,319)
Proceeds from capital leases are other resources in the funds not in the SOA.		(240,018)
Expenditures requiring the use of current financial resources are not reported as expenses in the SOA.		22,195,834
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		1,370,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.		117,559
Bond issuance costs and similar items are amortized in the SOA but not in the funds.		(13,289)
The accretion of interest on capital appreciation bonds is not reported in the funds.		(91,097)
(Increase) decrease in accrued interest expense from beginning of period to end of period.		<u>9,242</u>
Change in net assets of governmental activities - Statement of Activities	\$	<u><u>1,116,054</u></u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
AUGUST 31, 2007

Data Control Codes		Private-Purpose Trust Funds	Agency Funds
		Scholarship Funds	Student Activity
<b>ASSETS</b>			
1110	Cash and Cash Equivalents	\$ 6,086	\$ 64,390
1800	Restricted Assets	190,938	-
<b>1000</b>	<b>Total Assets</b>	<b>\$ 197,024</b>	<b>\$ 64,390</b>
<b>LIABILITIES</b>			
Current Liabilities:			
2110	Accounts Payable	\$ -	\$ 1,750
2190	Due to Student Groups	-	62,640
<b>2000</b>	<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 64,390</b>
<b>NET ASSETS</b>			
3800	Held in Trust	\$ 197,024	\$ -
<b>3000</b>	<b>Total Net Assets</b>	<b>\$ 197,024</b>	<b>\$ -</b>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
YEAR ENDED AUGUST 31, 2007

	Private-purpose Trust Funds
	Scholarship Funds
<b>REVENUES</b>	
Investment Earnings - Interest Revenue	\$ 10,434
Donations	2,000
<b>Total Revenues</b>	<b>\$ 12,434</b>
<b>EXPENSES</b>	
Scholarship Payments	\$ 4,500
<b>Total Expenses</b>	<b>\$ 4,500</b>
<b>Changes in Net Assets</b>	\$ 7,934
Net Assets - Beginning (September 1)	<b>189,090</b>
<b>Net Assets - Ending (August 31)</b>	<b>\$ 197,024</b>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

A. Summary of Significant Accounting Policies

The basic financial statements of the Greenville Independent School District (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 (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 as a body corporate has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined by GASB in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

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

2. Basis of Presentation – Basis of Accounting

a. Basis of Presentation

*Government-wide Statements* – The statement of net assets (SNA) 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 (SOA) 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.

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.



GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

A. Summary of Significant Accounting Policies (Continued)

Debt Service Fund – This fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

In addition, the District reports the following fund types:

Fiduciary Funds – These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or other governments. These include private-purpose trust and agency funds. Private-purpose trust funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement, and are accounted for in essentially the same manner as proprietary funds. Agency funds are purely custodial and thus do not involve measurement of results of operations.

b. Measurement Focus – Basis of Accounting

*Government-wide and Fiduciary Fund Financial Statements* – These financial statements are reported using the economic resources measurement focus. The government-wide 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 considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. 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 long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease 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 future FASB Standards.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

A. Summary of Significant Accounting Policies (Continued)

3. Budgetary Data

The official budget was prepared for adoption for the general, food service and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the function level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

4. Encumbrance Accounting

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances that were provided for in the subsequent year's budget are:

General Fund	\$	-0-
Special Revenue Fund		-0-
Debt Service Fund		<u>-0-</u>
Total	<u>\$</u>	<u>-0-</u>

5. Financial Statement Amounts

Cash and Cash Equivalents

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and temporary investments.

For the purpose of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

A. Summary of Significant Accounting Policies (Continued)

Fund Equity

In the Fund Financial Statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves have been established for long-term debt, food service, inventory supplies and other fund balance reserves.

Debt Issuance Costs

Debt issuance costs are included in noncurrent assets. Unamortized premium or discounts and refunding gains or losses are reflected in net long-term obligations. Both debt issuance costs and other debts are amortized over the lives of the related debt issues using the straight-line method.

Inventories

The purchase method is used to account for inventories of school supplies, athletic equipment and food products. Under this method supplies and materials are debited as expenditures when purchased.

Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15-50
Vehicles	5-10
Other Equipment	3-15

Accretion

Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For governmental activities debt, the accreted value is recognized as it accrues by fiscal year.

6. 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

A. Summary of Significant Accounting Policies (Continued)

7. Interfund Activities

Interfund activity results from loans, service 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 "Transfer" 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.

8. Vacation, Sick Leave, and Other Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Sick leave accrues at various rates established by the State and adopted by the Board of Trustees. Sick leave does not vest but accumulates and is recorded as an expenditure as it is paid.

9. Use of Estimates

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

10. Data Control Codes

Data control codes refer to the account code structure prescribed by the Agency in the *Guide*. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

11. Accounting System

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Guide*. Mandatory codes are utilized in the form provided in that section.

B. Deposits, Securities, and Investments

The District's funds are deposited and invested under the terms of a depository contract. The contract requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. At August 31, 2007, all District cash deposits were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the name of the District. The District's deposits appear to have been properly secured throughout the fiscal year.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

B. Deposits, Securities and Investments (Continued)

State statutes and local policy authorize the District to invest in the following types of investment goods:

- a. obligations of the U.S. or its agencies or instrumentalities,
- b. obligations of the State of Texas or its agencies,
- c. obligations guaranteed by the U.S. or State of Texas or their agencies or instrumentalities,
- d. obligations of other states, agencies or political subdivisions having a national investment rating of "A" or greater,
- e. guaranteed or securitized certificates of deposit issued by a bank domiciled in the State of Texas, or
- f. fully collateralized repurchase agreements.

District investments include investments in external investment pools, MBIA and Lone Star Investment Pool. All MBIA and Lone Star Investment Pool investment accounts are reported at share price (fair value) and are presented as cash and cash equivalents.

The Lone Star Investment Pool is managed by the Board of Directors of the Texas Association of School Boards. This Board is comprised of elected members of the organization. An advisory board of qualified investment members advises the directors on investment decisions.

MBIA Asset Management is an asset management company over-seeing the operation of the MBIA fund created under the regulations of the Public Funds Investment Act.

Investments can be categorized according to three levels of custodial credit risk. These three levels of custodial risk are as follows:

Category 1	Insured or registered, or securities held by the District or it's agent in the District's name.
Category 2	Uninsured and unregistered, with securities held by the financial institution's trust department or agency in the District's name.
Category 3	Uninsured and unregistered, with securities held by the financial institution, or by its trust department or agent but not in the District's name.

The following table categorizes the District's investment at August 31, 2007, using these three levels of custodial credit risk.

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Lone Star Investment Pool *				\$ 1,848,299
MBIA *				<u>6,275,231</u>
Total				<u>\$ 8,123,530</u>

\* Local government pool investments are based upon a contract and not the security itself. Therefore, these type of investments are not categorized above.

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

- a. Name of bank: American National Bank, Greenville, Texas.
- b. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$ 2,820,405.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 1,110,900, and occurred during the month of November 2006.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 200,000.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

B. Deposits, Securities and Investments (Continued)

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 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.

Investment securities are exposed to custodial 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 Districts' 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.

C. Property Taxes

Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the October 1 levy date. 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 collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period.

Property taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Section 33.05, Property Tax Code, requires the tax collector for the District to cancel and remove from the delinquent tax rolls a tax on real property that has been delinquent for more than 20 years or a tax on personal property that has been delinquent for more than 10 years. Delinquent taxes meeting this criteria may not be canceled if litigation concerning these taxes is pending.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

C. Property Taxes (Continued)

The District levied taxes on property within the District at \$ 1.3710 to fund general operations and \$ .1443 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 1,171,126,707.

D. Capital Assets

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,272,485	\$ -0-	\$ -0-	\$ 1,272,485
Total capital assets not being depreciated	<u>\$ 1,272,485</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,272,485</u>
Capital assets being depreciated:				
Buildings and Improvements	\$ 66,231,568	\$ 301,512	\$ -0-	\$ 66,533,080
Equipment	1,491,590	398,598	-0-	1,890,188
Vehicles	<u>2,799,132</u>	<u>-0-</u>	<u>-0-</u>	<u>2,799,132</u>
Total capital assets being depreciated	<u>\$ 70,522,290</u>	<u>\$ 700,110</u>	<u>\$ -0-</u>	<u>\$ 71,222,400</u>
Less accumulated depreciation for:				
Buildings and Improvements	\$ 32,390,066	\$ 1,125,910	\$ -0-	\$ 33,515,976
Equipment	1,213,298	112,940	-0-	1,326,238
Vehicles	<u>1,589,601</u>	<u>204,056</u>	<u>-0-</u>	<u>1,793,657</u>
Total accumulated depreciation	<u>\$ 35,192,965</u>	<u>\$ 1,442,906</u>	<u>\$ -0-</u>	<u>\$ 36,635,871</u>
Total capital assets being depreciated, net	<u>\$ 35,329,325</u>	<u>\$ (742,796)</u>	<u>\$ -0-</u>	<u>\$ 34,586,529</u>
Governmental activities capital assets, net	<u>\$ 36,601,810</u>	<u>\$ (742,796)</u>	<u>\$ -0-</u>	<u>\$ 35,859,014</u>

Depreciation was charged to functions as follows:

Instruction	\$ 779,573
Instructional Resources and Media Services	32,268
Instructional Leadership	3,314
School Leadership	14,316
Guidance, Counseling and Evaluation Services	8,067
Health Services	8,067
Student (Pupil) Transportation	129,152
Food Services	84,316
Extracurricular Activities	329,947
General Administration	6,523
Plant Maintenance and Operations	<u>47,363</u>
Total	<u>\$ 1,442,906</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

E. Long Term Obligations

Long-Term Obligation Activity

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 26,914,998	\$20,955,000	\$22,325,000	\$ 25,544,998	\$ 1,330,000
Capital Leases Payable	464,790	240,018	117,559	587,249	153,867
Accreted Interest Payable	441,495	1,511,658	-0-	1,953,153	-0-
Bond Premium (Discount)	-0-	(124,713)	(5,470)	(119,243)	-0-
Refunding Gain (Loss)	-0-	(980,857)	(43,020)	(937,837)	-0-
Total Governmental Activities	<u>\$ 27,821,283</u>	<u>\$21,601,106</u>	<u>\$22,394,069</u>	<u>\$ 27,028,320</u>	<u>\$ 1,483,867</u>

Bonds

On September 16, 2006, the District issued "Greenville Independent School District Unlimited Tax Refunding Bonds, Series 2006," totaling \$ 20,955,000. The bonds require semi-annual interest payments at an average interest cost of 4.18% annually. Principal amounts vary over the life of the bonds with the final maturity in 2026.

The bonds were issued to refund previously issued bonds in the following series:

Unlimited Tax Refunding and School Building Bonds, Series 2001

The bonds were refunded to reduce the debt service payments of the District. The proceeds of the bonds were used to purchase US government securities, and those securities were placed in an irrevocable trust to provide for the payment of the bonds until their maturity or call date. This is considered an insubstance defeasance and the refunded bonds have been removed from the District's long-term debt.

As a result of the advance refunding, the District decreased total debt service by \$ 1,223,448 which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$ 832,584.

The following issues are outstanding at August 31, 2007:

Description	Rate	Original	Balance
School Building and Refunding Bonds, Series 2001	5.02%	\$ 30,594,998	\$ 4,859,998
Unlimited Tax Refunding Bonds, Series 2006	4.18%	20,955,000	20,685,000
Total			<u>\$ 25,544,998</u>

Debt service requirements on bonds outstanding at August 31, 2007, are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2008	\$ 1,330,000	\$ 1,057,688	\$ 2,387,688
2009	1,375,000	1,005,320	2,380,320
2010	1,149,075	1,234,764	2,383,839
2011	290,923	2,088,141	2,379,064
2012	230,000	1,841,514	2,071,514
2013-2017	6,220,000	4,004,520	10,224,520
2018-2022	7,605,000	2,613,865	10,218,865
2023-2027	7,345,000	827,764	8,172,764
Totals	<u>\$ 25,544,998</u>	<u>\$ 14,673,576</u>	<u>\$ 40,218,574</u>



GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

E. Long Term Obligations (Continued)

Capital Leases

The following schedule lists personal property leased:

Description	Implicit Interest Rate	Date of Agreement	Original Property Value
The ANB Leasing Company – Buses	4.055%	08/14/06	\$ 800,000
Wells Fargo Financial Leasing – VOIP Equipment	5.714%	08/27/07	240,018

The lease term is for a term not exceeding four years. The term calls for annual payments over the life of the lease.

Commitments under the capitalized lease agreement for transportation vehicles provides for minimum future lease payments as of August 31, 2007, as follows:

Year Ending August 31	Total Requirements
2008	\$ 180,555
2009	180,555
2010	180,555
2011	55,300
2012	<u>55,300</u>
Total Minimum Lease Payment	\$ 652,265
Less Amount Representing Interest	<u>(65,016)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 587,249</u>

F. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (the “System”), a public employee retirement system. It is a cost-sharing, multiple-employer defined benefit pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code, Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System includes a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698 or by calling (800) 223-8778 or by downloading the report from the TRS internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS publication heading.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

F. Pension Plan (Continued)

2. Funding Policy

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.0% of the District's covered payroll. In certain instances, the District is required to make all or a portion of the State's 6% contribution. Contributions are not actuarially determined but are legally established each biennium by the legislature of the State of Texas. The District's employees contributions to the System for the periods ended August 31, 2007, 2006, and 2005 were \$ 1,690,894, \$ 1,516,117, and \$ 1,411,415, respectively. Contributions from private grants and from the District for salaries above the statutory minimum for the periods ended August 31, 2007, 2006, and 2005 were \$ 417,987, \$ 349,955, and \$ 323,049, respectively.

3. On-Behalf Payments

In accordance with GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 13,551,960 are reflected in the general fund basic financial statements.

G. Risk Management

Health Care

During the year ended August 31, 2007, employees of the Greenville Independent School District were covered by a health insurance plan (the Plan). The District paid premiums of \$ 289 per month per employee and employees, at their option, authorized payroll withholdings to provide dependents coverage under the Plan. All premiums were paid to TRS Active Care. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the Greenville Independent School District and TRS Active Care is renewable September 1 of each year and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the TRS Active Care are available for the year ended December 31, 2006, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

Other Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the District purchased commercial insurance to cover these liabilities. There were not significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. Litigation

The District has no pending litigation as of August 31, 2007.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

I. Prior Period Adjustments

*Government-wide Financial Statements:*

The Statement of Activities (Exhibit B-1) beginning fund balance was decreased \$ 817,341 for errors identified in the prior period. The capital assets were overstated due to errors in calculating accumulated depreciation in prior periods.

*Fund Financial Statements:*

The Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit C-3) for the General Fund was decreased \$ 90,831. This adjustment is due to the correction of state aid earned in the prior period.

J. Commitments and Contingencies

The District participates in numerous state and federal 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, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2007, 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 combined financial statements for such contingencies.

K. Shared Service Arrangements

The District participates in cooperative programs with other local districts. The District does not account for revenue or expenditures of these programs and does not disclose them in these financial statements.

<u>Shared Service Agreement</u>	<u>Fiscal Agent</u>	<u>Service</u>
Regional Day School for the Deaf	Greenville Independent School District	Deaf Education
Block Grant SSA	Education Service Center Region X	ESEA Title II ESEA Title IV ESEA Title VI
McKinney Homeless	Greenville Independent School District	Stewart B. McKinney Homeless Funds
Title III	Education Service Center Region X	ESL/Bilingual
Title I Part C	Education Service Center Region X	Migratory Children

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2007

L. Revenue from Local and Intermediate Sources

During the year ended August 31, 2007, the District received revenue from local and intermediate sources consisting of the following:

<u>Local Revenue Sources:</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Tax Collections – Current	\$ 15,610,753	\$ 1,672,134	\$ -0-	\$ 17,282,887
Property Tax Collections – Delinquent	294,808	28,785	-0-	323,593
Penalties, Interest and Other				
Tax-Related Income	218,162	24,206	-0-	242,368
Investment Income	479,687	122,794	28,588	631,069
Food Service Income	-0-	-0-	479,590	479,590
Gifts and Bequests	2,069	-0-	28,480	30,549
Extracurricular Activities	111,075	-0-	53,090	164,165
Other	85,652	-0-	258,317	343,969
	<u>\$ 16,802,206</u>	<u>\$ 1,847,919</u>	<u>\$ 848,065</u>	<u>\$ 19,498,190</u>
Total Local Revenue	<u>\$ 16,802,206</u>	<u>\$ 1,847,919</u>	<u>\$ 848,065</u>	<u>\$ 19,498,190</u>

M. Interfund Balances and Activities

Transfers To and From Other Funds

Transfer to and from other funds at August 31, 2007, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Campus Activity Fund	\$ 163,576	Reclassify campus funds

N. General Fund Federal Revenue Sources

The District recorded federal revenue in the General Fund from the following federal programs or services:

School Health & Related Services	\$ 74,587
Medicaid Reimbursements	2,647
Indirect Costs:	
ESEA Title I, Part A (84.010)	40,786
ESEA Title II, Part A (84.367)	7,134
ESEA Title II, Part D (84.318)	393
ESEA Title IV, Part A (84.186)	617
ESEA Title V, Part A (84.298)	456
IDEA Part B, Formula (84.027)	25,432
IDEA Part B, Preschool (84.173)	1,073
	<u>1,073</u>
Total	<u>\$ 153,125</u>

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts			Actual	Variance with Final Budget Positive (Negative)
	Original	Final			
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 16,525,705	\$ 16,525,705	\$ 16,802,206	\$ 276,501
5800	State Program Revenues	16,698,868	16,415,668	15,580,542	(835,126)
5900	Federal Program Revenues	143,000	143,000	153,125	10,125
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 33,367,573</b>	<b>\$ 33,084,373</b>	<b>\$ 32,535,873</b>	<b>\$ (548,500)</b>
<b>EXPENDITURES</b>					
0010	Instruction and Instructional Related Services:				
0011	Instruction	\$ 18,906,746	\$ 18,875,360	\$ 18,552,559	\$ 322,801
0012	Instructional Resources and Media Services	527,798	549,087	466,056	83,031
0013	Curriculum and Staff Development	284,331	252,911	243,019	9,892
	Total Instruction and Instr. Related Services	<b>\$ 19,718,875</b>	<b>\$ 19,677,358</b>	<b>\$ 19,261,634</b>	<b>\$ 415,724</b>
0020	Instructional and School Leadership:				
0021	Instructional Leadership	\$ 515,761	\$ 390,265	\$ 358,665	\$ 31,600
0023	School Leadership	2,033,492	2,377,517	2,215,885	161,632
	Total Instructional and School Leadership	<b>\$ 2,549,253</b>	<b>\$ 2,767,782</b>	<b>\$ 2,574,550</b>	<b>\$ 193,232</b>
0030	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	\$ 1,216,246	\$ 1,576,024	\$ 1,372,803	\$ 203,221
0032	Social Work Services	79,827	83,742	74,660	9,082
0033	Health Services	379,045	411,035	388,402	22,633
0034	Student (Pupil) Transportation	868,239	974,194	919,040	55,154
0035	Food Service	79,745	-	-	-
0036	Extracurricular Activities	1,229,586	1,232,303	1,029,387	202,916
	Total Support Services - Student (Pupil)	<b>\$ 3,852,688</b>	<b>\$ 4,277,298</b>	<b>\$ 3,784,292</b>	<b>\$ 493,006</b>
0040	Administrative Support Services:				
0041	General Administration	\$ 1,754,712	\$ 1,979,497	\$ 1,861,305	\$ 118,192
	Total Administrative Support Services	<b>\$ 1,754,712</b>	<b>\$ 1,979,497</b>	<b>\$ 1,861,305</b>	<b>\$ 118,192</b>
0050	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	\$ 4,736,475	\$ 4,527,386	\$ 4,285,986	\$ 241,400
0052	Security and Monitoring Services	53,228	230,906	185,694	45,212
0053	Data Processing Services	457,408	442,678	430,136	12,542
	Total Support Services - Nonstudent Based	<b>\$ 5,247,111</b>	<b>\$ 5,200,970</b>	<b>\$ 4,901,816</b>	<b>\$ 299,154</b>
0060	Ancillary Services:				
0061	Community Services	\$ 110,114	\$ 157,649	\$ 135,843	\$ 21,806
	Total Ancillary Services	<b>\$ 110,114</b>	<b>\$ 157,649</b>	<b>\$ 135,843</b>	<b>\$ 21,806</b>
0070	Debt Service:				
0071	Principal on Long-term Debt	\$ 135,000	\$ 165,000	\$ 117,559	\$ 47,441
0072	Interest on Long-term Debt	-	-	7,696	(7,696)
	Total Debt Service	<b>\$ 135,000</b>	<b>\$ 165,000</b>	<b>\$ 125,255</b>	<b>\$ 39,745</b>
<b>6030</b>	<b>Total Expenditures</b>	<b>\$ 33,367,753</b>	<b>\$ 34,225,554</b>	<b>\$ 32,644,695</b>	<b>\$ 1,580,859</b>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (180)	\$ (1,141,181)	\$ (108,822)	\$ 1,032,359
<b>OTHER FINANCING SOURCES (USES)</b>					
7912	Sale of Real or Personal Property	\$ -	\$ -	\$ 6,285	\$ 6,285
7913	Capital Lease Proceeds	-	241,000	240,018	(982)
8911	Transfers Out	-	-	(163,576)	(163,576)
<b>7080</b>	<b>Net Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ 241,000</b>	<b>\$ 82,727</b>	<b>\$ (158,273)</b>
1200	Net Change in Fund Balance	\$ (180)	\$ (900,181)	\$ (26,095)	\$ 874,086
0100	Fund Balance - Beginning (September 1)	\$ 6,180,717	\$ 6,180,717	\$ 6,180,717	\$ -
1300	Prior Period Adjustment	-	-	(67,497)	(67,497)
	Fund Balance - Beginning, as restated	<b>\$ 6,180,717</b>	<b>\$ 6,180,717</b>	<b>\$ 6,113,220</b>	<b>\$ (67,497)</b>
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<b>\$ 6,180,537</b>	<b>\$ 5,280,536</b>	<b>\$ 6,087,125</b>	<b>\$ 806,589</b>

OTHER SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 YEAR ENDED AUGUST 31, 2007

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2006	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2007
		Maintenance	Debt Service							
XXXX	1998 and Prior Years	Various	Various	Various	\$ 157,289	\$ -	\$ 1,944	\$ 3,966	\$ 43,332	\$ 194,711
1998	1999	1.2850	0.2650	812,134,185	21,755	-	2,191	471	4,151	23,244
1999	2000	1.4588	0.0850	829,085,295	30,112	-	2,760	168	1,216	28,400
2000	2001	1.5000	0.0816	866,353,448	35,099	-	2,913	166	1,485	33,505
2001	2002	1.5000	0.2500	878,828,290	48,086	-	5,009	859	8,091	50,309
2002	2003	1.5000	0.2500	904,223,029	82,894	-	26,297	4,406	17,723	69,914
2003	2004	1.5000	0.1847	951,470,470	104,894	-	36,497	4,658	20,275	84,014
2004	2005	1.5000	0.1500	1,006,091,212	162,866	-	73,443	7,508	34,243	116,158
2005	2006	1.5000	0.1410	1,009,459,841	466,134	-	381,462	35,882	176,614	225,404
2006	2007	1.3710	0.1443	1,171,126,707	-	17,746,083	15,568,116	1,639,417	(98,832)	439,718
<b>1000</b>	<b>TOTALS</b>				<b>\$ 1,109,129</b>	<b>\$ 17,746,083</b>	<b>\$ 16,100,632</b>	<b>\$ 1,697,501</b>	<b>\$ 208,298</b>	<b>\$ 1,265,377</b>



GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST  
 GENERAL AND SPECIAL REVENUE FUNDS  
 YEAR ENDED AUGUST 31, 2007

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number		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			\$ 227,482	\$ 839,963			\$ 1,067,445
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	\$ 12,953		\$ 124,403				\$ 137,356
6212	Audit Services				\$ 24,500			\$ 24,500
6213	Tax Appraisal and Collection		\$ 370,579					\$ 370,579
621X	Other Prof. Services				\$ 14,811			\$ 14,811
6220	Tuition and Transfer Payments							\$ -
6230	Education Service Centers				\$ 13,495			\$ 13,495
6240	Contr. Maint. And Repair					\$ 15,794		\$ 15,794
6250	Utilities							\$ -
6260	Rentals							\$ -
6290	Miscellaneous Contr.	\$ 1,601		\$ 14,579	\$ 60,450			\$ 76,630
6310	Operational Supplies, Materials							\$ -
6320	Textbooks and Reading			\$ 288				\$ 288
6330	Testing Materials							\$ -
63XX	Other Supplies, Materials	\$ 1,620		\$ 6,834	\$ 64,270		\$ 3,960	\$ 76,684
6410	Travel, Subsistence, Stipends	\$ 8,177		\$ 7,896	\$ 12,688			\$ 28,761
6420	Ins. And Bonding Costs							\$ -
6430	Election Costs	\$ 1,070						\$ 1,070
6490	Miscellaneous Operating			\$ 27,439	\$ 19,185			\$ 46,624
6500	Debt Service							\$ -
6600	Capital Outlay							\$ -
<b>TOTAL</b>		<b>\$ 25,421</b>	<b>\$ 370,579</b>	<b>\$ 408,921</b>	<b>\$ 1,049,362</b>	<b>\$ 15,794</b>	<b>\$ 3,960</b>	<b>\$ 1,874,037</b>

Total expenditures for General and Special Revenue Funds: (9) \$ 42,134,256

LESS: Deductions and Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 700,111
Total Debt & Lease (6500)	(11) \$ 125,255
Plant Maintenance (Function 51, 6100-6400)	(12) \$ 3,843,123
Food (Function XX, 6341 and 6499)	(13) \$ 726,597
Stipend (6413)	(14) \$ -
Column 4 (above) - Total Indirect Cost	\$ 1,049,362
Subtotal	6,444,448
Net Allowed Direct Cost	\$ 35,689,808

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15) \$ 66,533,080
Historical Cost of Buildings over 50 years old	(16) \$ 11,879,291
Amount of Federal Money in building Cost (Net of # 16)	(17) \$ -
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18) \$ 4,689,320
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ 134,106
Amount of Federal Money in Furniture & Equipment (Net of # 19)	(20) \$ -

(8) Note A - \$ 8,772 in Function 53 expenditures are included in this report on administrative costs.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET  
GENERAL FUND AS OF AUGUST 31, 2007

**“UNAUDITED”**

Data Control Code	Explanation	Amount
1.	Total General Fund Balance 8/31/07 (Exhibit C-1 object 3000 for the General Fund only)	\$ <u>6,087,125</u>
2.	Total General Fund Reserve Fund Balance (from Exhibit C-1 – total of object 3400s for the General Fund only)	\$ <u>22,438</u>
3.	Total General Fund Designated Fund Balance (from Exhibit C-1 – total of object 3500s for the General Fund only)	\$ <u>500,000</u>
4.	Estimate amount needed to cover fall cash flow deficits in General Fund (net of borrowed funds and funds representing deferred revenues)	\$ <u>-0-</u>
5.	Estimated of <b>one</b> month’s average cash disbursements during the regular school session (9/1/07 - 5/31/08)	\$ <u>2,720,391</u>
6.	Estimate of delayed payments from state sources (58XX) including August payment delay	\$ <u>1,986,032</u>
7.	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District’s calculated earned state aid amount.	\$ <u>-0-</u>
8.	Estimate of delayed payments from federal sources (59XX)	\$ <u>600,000</u>
9.	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	\$ <u>-0-</u>
10.	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	\$ <u>5,828,861</u>
11.	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (1-10)	\$ <u><u>258,264</u></u>

The excess fund balance will be used to cover future instructional expenditures, as well as, future capital expenditures.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM  
 BUDGETARY COMPARISON SCHEDULE  
 YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
5700 Local and Intermediate Sources	\$ 508,200	\$ 533,200	\$ 507,866	\$ (25,334)
5800 State Program Revenues	16,000	16,750	16,752	2
5900 Federal Program Revenues	<u>1,306,000</u>	<u>1,526,000</u>	<u>1,521,217</u>	<u>(4,783)</u>
<b>5020 Total Revenues</b>	<u>\$ 1,830,200</u>	<u>\$ 2,075,950</u>	<u>\$ 2,045,835</u>	<u>\$ (30,115)</u>
<b>EXPENDITURES</b>				
Current:				
0030 Support Services - Student (Pupil):				
0035 Food Service	<u>\$ 1,828,200</u>	<u>\$ 2,073,950</u>	<u>\$ 1,939,126</u>	<u>\$ 134,824</u>
Total Support Services - Student (Pupil)	<u>\$ 1,828,200</u>	<u>\$ 2,073,950</u>	<u>\$ 1,939,126</u>	<u>\$ 134,824</u>
0050 Support Services - Nonstudent Based:				
0051 Plant Maintenance and Operations	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>
Total Support Services - Nonstudent Based	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>
<b>6030 Total Expenditures</b>	<u>\$ 1,830,200</u>	<u>\$ 2,075,950</u>	<u>\$ 1,939,126</u>	<u>\$ 136,824</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,709</u>	<u>\$ 106,709</u>
1200 Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,709</u>	<u>\$ 106,709</u>
0100 Fund Balance - Beginning (September 1)	<u>477,892</u>	<u>477,892</u>	<u>477,892</u>	<u>-</u>
<b>3000 Fund Balance - Ending (August 31)</b>	<u><u>\$ 477,892</u></u>	<u><u>\$ 477,892</u></u>	<u><u>\$ 584,601</u></u>	<u><u>\$ 106,709</u></u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED AUGUST 31, 2007

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES</b>					
5700	Local and Intermediate Sources	\$ 1,725,591	\$ 1,725,591	\$ 1,847,919	\$ 122,328
5800	State Program Revenues	827,356	827,356	760,737	(66,619)
<b>5020</b>	<b>Total Revenues</b>	<b>\$ 2,552,947</b>	<b>\$ 2,552,947</b>	<b>\$ 2,608,656</b>	<b>\$ 55,709</b>
<b>EXPENDITURES</b>					
0070	Debt Service:				
0071	Principal on Long-term Debt	\$ 1,100,000	\$ 1,100,000	\$ 1,370,000	\$ (270,000)
0072	Interest on Long-term Debt	1,448,447	1,448,447	964,660	483,787
0072	Bond Issuance Costs and Fees	4,500	324,962	303,897	21,065
	Total Debt Service	<u>\$ 2,552,947</u>	<u>\$ 2,873,409</u>	<u>\$ 2,638,557</u>	<u>\$ 234,852</u>
<b>6030</b>	<b>Total Expenditures</b>	<b>\$ 2,552,947</b>	<b>\$ 2,873,409</b>	<b>\$ 2,638,557</b>	<b>\$ 234,852</b>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (320,462)</u>	<u>\$ (29,901)</u>	<u>\$ 290,561</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
7911	Capital-Related Debt Issued (Regular Bonds)	\$ -	\$ 20,979,659	\$ 20,955,000	\$ (24,659)
7916	Premium or Discount on Issuance of Bonds	-	1,301,319	1,301,319	-
8949	Other Uses	-	(21,935,857)	(21,935,857)	-
<b>7080</b>	<b>Net Other Financing Sources and (Uses)</b>	<u>\$ -</u>	<u>\$ 345,121</u>	<u>\$ 320,462</u>	<u>\$ (24,659)</u>
1200	Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 24,659</u>	<u>\$ 290,561</u>	<u>\$ 265,902</u>
0100	Fund Balance - Beginning (September 1)	\$ 936,791	\$ 936,791	\$ 936,791	\$ -
1300	Prior Period Adjustment	-	-	(23,334)	(23,334)
	Fund Balance - Beginning, as restated	<u>\$ 936,791</u>	<u>\$ 936,791</u>	<u>\$ 913,457</u>	<u>\$ (23,334)</u>
<b>3000</b>	<b>Fund Balance - Ending (August 31)</b>	<b><u>\$ 936,791</u></b>	<b><u>\$ 961,450</u></b>	<b><u>\$ 1,204,018</u></b>	<b><u>\$ 242,568</u></b>

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
 AS OF AUGUST 31, 2007

<u>Data Control Codes</u>		<u>Response</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 weakness in internal codes?	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?	\$ 1,953,153

FEDERAL AWARDS SECTION

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2007

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<b><u>U.S. DEPARTMENT OF EDUCATION:</u></b>			
Passed through the Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs	84.010	07610101116905	\$ 1,780,634
ESEA Title I Part A - Improving Basic Programs	84.010	08610101116905	77,737
ESEA Title I - School Improvement	84.010	07610104116905108	282,275
ESEA Title II Part D - Enhanced Education through Technology	84.318	07630001116905	16,551
ESEA Title II Part A - Teacher & Principal Training	84.367	07694501116905	361,551
ESEA Title II Part A - Teacher & Principal Training	84.367	08694501116905	11,817
ESEA Title IV Part A - Safe and Drug Free Schools	84.186	07691001116905	28,119
Carl D. Perkins Vocational Education	84.048	0742000611690510	71,832
IDEA-B Formula	84.027	076600011169056600	1,058,313
IDEA-B Formula	84.027	086600011169056600	53,461
IDEA-B Discretionary (Deaf)	84.027	076600021169056673	14,609
IDEA-B Discretionary (Deaf)	84.027	086610011169056601	541
IDEA-B Preschool	84.173	076610011169056610	43,206
IDEA-B Preschool	84.173	086610011169056610	1,991
IDEA-B Preschool (Deaf)	84.173	076610011169056611	18,272
IDEA-B Preschool (Deaf)	84.173	086610011169056611	422
IDEA-C Early Intervention (Deaf)	84.181	073911011169053911	459
ESEA Title V Part A - Innovative Programs	84.298	07685001116905	19,205
Total passed through the Texas Education Agency			<u>\$ 3,840,995</u>
Passed through Education Service Center - Region X:			
ESEA Title III Part A - English Language Acquisition	84.365	07671001116905	\$ 51,018
ESEA Title III Part A - English Language Acquisition	84.365	08671001116905	784
ESEA Title III Subtitle B - Homeless Children and Youth	84.196	55027	89,778
Total passed through Education Service Center - Region X			<u>\$ 141,580</u>
<b>Total Department of Education</b>			<u><b>\$ 3,982,575</b></u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2007

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>			
Direct Program:			
Head Start	93.600	07CH6997/08	\$ 1,819,115
Head Start	93.600	07CH6997/09	<u>39,938</u>
<b>Total Department of Health and Human Services</b>			<b><u>\$ 1,859,053</u></b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>			
Passed through the Texas Education Agency:			
School Breakfast Program	10.553	116-905	\$ 331,642
National School Lunch Program	10.555	116-905	<u>1,094,516</u>
Total passed through the Texas Education Agency			<u>\$ 1,426,158</u>
Passed through the Texas Department of Human Services:			
Summer Feeding Program	10.559	116-1002	\$ 37,389
USDA Commodity Food Distribution	10.565	116006A	<u>95,059</u>
Total passed through the Texas Department of Human Services			<u>\$ 132,448</u>
<b>Total Department of Agriculture</b>			<b><u>\$ 1,558,606</u></b>
<b>Total Expenditure of Federal Awards</b>			<b><u><u>\$ 7,400,234</u></u></b>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this statement.



GREENVILLE INDEPENDENT SCHOOL DISTRICT  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED AUGUST 31, 2007

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Greenville Independent School District and is presented on the modified accrual basis of accounting. Expenditures are recognized in the accounting period in which a fund liability occurs. Funds are considered earned to the extent of expenditures made.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, 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 basic financial statements.

B. Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. No provision has been made for amounts on hand at August 31, 2007.

C. Subrecipients

The District provided federal awards to subrecipients as follows:

Commerce Independent School District	\$	106,182
Quinlan Independent School District		<u>53,650</u>
Total	\$	<u>159,832</u>