

**GREENVILLE INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2008

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
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GREENVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2008

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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, 2008, 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

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, 2008, 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, 2008, 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 20, 2008, 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. 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 20, 2008
Greenville, Texas

*

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COMPANY, P.C.
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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*

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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 20, 2008. 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 or other matters 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 20, 2008
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

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, 2008. 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, 2008.

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 20, 2008
Greenville, Texas

*

* Signature on file with the Texas Education Agency

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 YEAR ENDED AUGUST 31, 2008

Summary of Auditor's Results

Type of Report on Financial Statements	Unqualified Opinion
Significant Deficiencies	None
Material Weakness Involving Significant Deficiencies	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 III Part A, Subpart B - Education of Homeless Children (84.196) Food Service Cluster: School Breakfast Program (10.553) National School Lunch Program (10.555)
Pass-through Entity	Texas Education Agency

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2008

**Schedule
Reference
Number**

Findings

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2008

**Schedule
Reference
Number**

Prior Findings

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED AUGUST 31, 2008

**Schedule
Reference
Number**

Actions Planned

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2008

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, 2008. 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 \$ 17,728,966 at August 31, 2008.
- During the year, the District's expenses were \$ 739,242 more than the \$ 43,002,695 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 \$ 5,613,880.

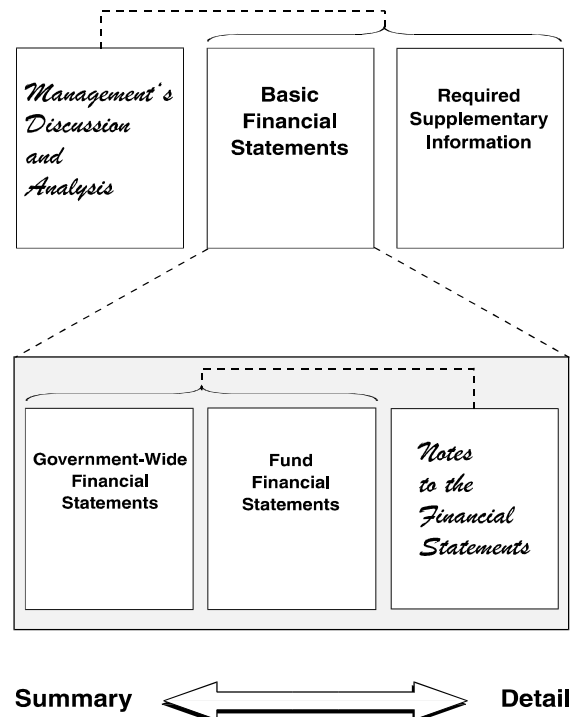
OVERVIEW OF THE FINANCIAL STATEMENTS

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.

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.

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



GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2008

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>	Fund Statements			
	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<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"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures & changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
<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, 2008

- **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 \$ 17,728,966 at August 31, 2008.

Greenville Independent School District's Net Assets				Table A-1
	Governmental Activities		Total	
	2008	2007	Percentage	
			Change	
			2007-2008	
Assets:				
Cash and Cash Equivalents	\$ 7,008,683	\$ 7,799,254	-10.14%	
Other Assets	2,860,127	3,750,269	-23.74%	
Capital Assets less Accumulated Depreciation	34,598,852	35,859,014	-3.51%	
Total Assets	\$ 44,467,662	\$ 47,408,537	-6.20%	
Liabilities:				
Current Liabilities	\$ 1,031,026	\$ 1,953,083	-47.21%	
Long-term Liabilities	25,707,670	27,028,320	-4.89%	
Total Liabilities	\$ 26,738,696	\$ 28,981,403	-7.74%	
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 11,219,475	\$ 11,073,555	1.32%	
Restricted	1,363,055	1,486,706	-8.32%	
Unrestricted	5,146,436	5,866,873	-12.28%	
Total Net Assets	\$ 17,728,966	\$ 18,427,134	-3.79%	

Approximately \$ 1,363,055 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 \$ 43,002,695. 34% of the District's revenue comes from property taxes (See Table A-3). 63% 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 \$ 43,741,937. 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 97.25%. The total tax collection (base tax and penalty and interest) was 98.78%.

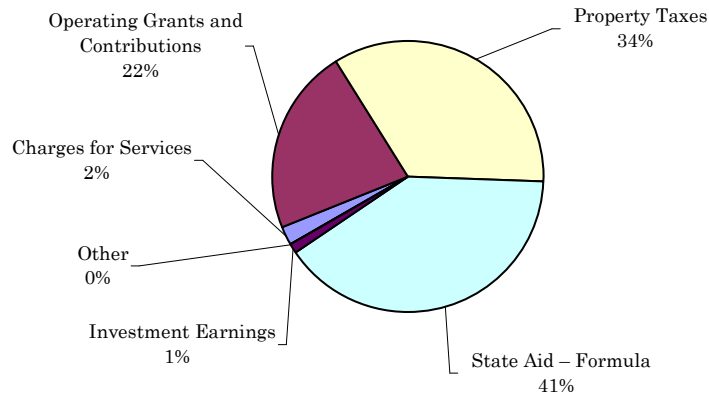
GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2008

GOVERNMENTAL ACTIVITIES

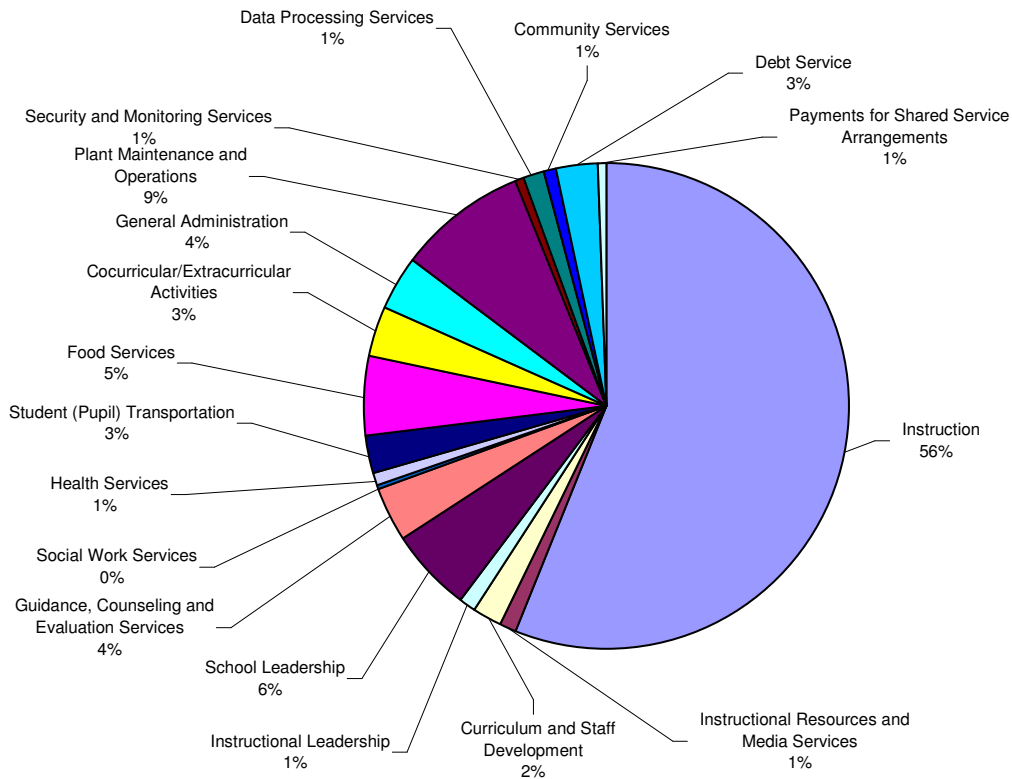
Changes in Greenville Independent School District's Net Assets			Table A-2
	Governmental Activities		Total Percentage Change
	2008	2007	2007-2008
Program Revenues:			
Charges for Services	\$ 947,463	\$ 740,454	27.96%
Operating Grants and Contributions	9,537,619	11,365,184	-16.08%
General Revenues:			
Property Taxes	14,807,693	17,989,470	-17.69%
State Aid – Formula	17,282,408	14,233,786	21.42%
Investment Earnings	406,768	631,069	-35.54%
Other	20,744	19,308	7.44%
Total Revenues	\$ 43,002,695	\$ 44,979,271	-4.39%
Expenses:			
Instruction	\$ 24,504,614	\$ 24,527,775	-0.09%
Instructional Resources and Media Services	523,906	500,893	4.59%
Curriculum and Staff Development	822,259	570,832	44.05%
Instructional Leadership	473,682	449,582	5.36%
School Leadership	2,412,497	2,408,163	0.18%
Guidance, Counseling and Evaluation Services	1,612,956	1,590,524	1.41%
Social Work Services	99,853	90,354	10.51%
Health Services	385,885	441,198	-12.54%
Student (Pupil) Transportation	1,098,857	1,036,256	6.04%
Food Services	2,382,476	2,033,876	17.14%
Cocurricular/Extracurricular Activities	1,390,071	1,381,301	0.63%
General Administration	1,633,182	1,871,788	-12.75%
Plant Maintenance and Operations	3,771,507	3,890,486	-3.06%
Security and Monitoring Services	219,124	192,097	14.07%
Data Processing Services	628,440	510,290	23.15%
Community Services	306,451	311,075	-1.49%
Debt Service	1,255,747	1,111,420	12.99%
Payments for Shared Service Arrangements	220,430	945,307	-76.68%
Total Expenses	\$ 43,741,937	\$ 43,863,217	-0.28%
Excess (Deficiency) Before Other Resources,			
Uses and Transfers	\$ (739,242)	\$ 1,116,054	-166.24%
Increase (Decrease) in Net Assets	\$ (739,242)	\$ 1,116,054	-166.24%
Net Assets - Beginning (September 1)			
Prior Period Adjustments	41,074	(908,172)	104.52%
Net Assets - Beginning, as restated	\$ 18,468,208	\$ 17,311,080	6.68%
Net Assets - Ending (August 31)	\$ 17,728,966	\$ 18,427,134	-3.79%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2008

Sources of Revenues for Fiscal Year 2008 - See Table A-2



Functional Expenses for Fiscal Year 2008 - See Table A-2



GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2008

- 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 \$ 43,741,937.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$ 14,807,693.
- Some of the cost was paid by those who directly benefited from the programs, \$ 947,463, or
- By grants and contributions, \$ 26,820,027.

Greenville Independent School District Net Cost of Selected District Functions							Table A-3
	<u>Total Cost of Services</u>		% Change	<u>Net Cost of Services</u>		% Change	
	2008	2007		2008	2007		
Instruction	24,504,614	24,527,775	-0.09%	18,894,766	17,315,132	9.12%	
School Leadership	2,412,497	2,408,163	0.18%	2,161,026	2,145,301	0.73%	
General Administration	1,633,182	1,871,788	-12.75%	1,552,522	1,790,636	-13.30%	
Plant Maintenance and Operations	3,771,507	3,890,486	-3.06%	3,343,389	3,604,798	-7.25%	
Debt Service	1,255,747	1,111,420	12.99%	707,789	350,235	102.09%	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$ 42,980,195. 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 \$ 1,261,130 below general fund final budget amounts. The most significant positive variance resulted from instruction and support services.

Resources available were \$ 800,841 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 2008, the District had invested \$ 72,454,378 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, 2008

Greenville Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total
	2008	2007	Percentage
			Change
			2007-2008
Land	\$ 1,411,360	\$ 1,272,485	10.91%
Buildings and Improvements	66,533,080	66,533,080	0.00%
Vehicles	2,596,159	2,799,132	-7.25%
Equipment	1,913,779	1,890,188	1.25%
Totals at Historical Cost	\$ 72,454,378	\$ 72,494,885	-0.06%
Less Accumulated Depreciation	(37,855,526)	(36,635,871)	3.33%
Net Capital Assets	\$ 34,598,852	\$ 35,859,014	-3.51%

LONG TERM DEBT

At year-end the District had \$ 25,707,670 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.

Greenville Independent School District's Long Term Debt			Table A-5
	Governmental Activities		Total
	2008	2007	Percentage
			Change
			2007-2008
Bonds Payable	\$ 24,214,998	\$ 25,544,998	-5.21%
Capital Leases Payable	437,033	587,249	-25.58%
Other Debt Payable	1,055,639	896,073	17.81%
Total Debt Payable	\$ 25,707,670	\$ 27,028,320	-4.89%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's property valuation continues to increase as it has in prior years; however, local property tax rates are restricted by state statute, without local elections, to \$ 1.04 for maintenance and operation. The Trustees did ask the taxpayers to add an additional six cents to maintenance and operation rate, but the voters denied this increase. The additional pennies were earmarked for staff salary increases and deferred maintenance issues.

**GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2008**

Though property values may increase, the state funding formula does not allow for the majority of the increase in collected local taxes to benefit the District. There is an inverse relationship between local property tax revenue and state funding for schools. If property values increase, the state's obligation to provide funding to that district decreases.

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.

For the 2008-09 school year, the District appropriated general fund revenues and expenditures of \$ 32,942,859. 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. The District worked hard to produce a budget that is revenue neutral or budget balanced. When approving this budget, the District's Board of Trustees considered the following resource allocation priorities.

- Recruitment and retention of acute shortage areas with salary incentives for bilingual/foreign language, math and science teachers.
- Systemic staff development focusing on reading literacy.
- 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. Examples of this are the double digit increases in science and social studies scores, and the District is Exemplary at all grades in all subpopulations in writing.
- Maintaining administrative costs at a level of over 4% below state recommendations.
- Continued support of all academic co-curricular activities with success being emphasized at Greenville High School, who is home to the World Robotic Champions.

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: Shelly Tubbs, Chief Financial Officer, P.O. Box 1022, Greenville, TX 75401.

BASIC FINANCIAL STATEMENTS

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2008

Data Control Codes	1	Governmental Activities
ASSETS		
1110	Cash and Cash Equivalents	\$ 7,008,683
1225	Property Taxes Receivable, Net	1,140,596
1240	Due from Other Governments	1,433,621
1250	Accrued Interest Receivable	2,556
1300	Inventories, at Cost	9,593
1420	Capitalized Bond and Other Debt Issuance Costs, Net	273,761
	Capital Assets:	
1510	Land	1,411,360
1520	Buildings and Improvements, Net	31,860,482
1530	Furniture and Equipment, Net	1,327,010
1000	Total Assets	\$ 44,467,662
LIABILITIES		
2110	Accounts Payable	\$ 19,938
2140	Interest Payable	46,004
2165	Accrued Liabilities	852,681
2300	Unearned Revenue	112,403
	Noncurrent Liabilities:	
2501	Due within one year	1,535,665
2502	Due in more than one year	24,172,005
2000	Total Liabilities	\$ 26,738,696
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	\$ 11,219,475
	Restricted For:	
3850	Debt Service	1,363,055
3900	Unrestricted	5,146,436
3000	Total Net Assets	\$ 17,728,966

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2008

		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	\$ 24,504,614	\$ 152,287	\$ 5,457,561	\$ (18,894,766)
12	Instructional Resources and Media Services	523,906	-	27,255	(496,651)
13	Curriculum and Staff Development	822,259	-	610,437	(211,822)
21	Instructional Leadership	473,682	-	109,800	(363,882)
23	School Leadership	2,412,497	-	251,471	(2,161,026)
31	Guidance, Counseling and Evaluation Services	1,612,956	-	285,121	(1,327,835)
32	Social Work Services	99,853	-	7,904	(91,949)
33	Health Services	385,885	-	50,456	(335,429)
34	Student (Pupil) Transportation	1,098,857	-	50,314	(1,048,543)
35	Food Services	2,382,476	502,556	1,481,766	(398,154)
36	Cocurricular/Extracurricular Activities	1,390,071	103,108	96,204	(1,190,759)
41	General Administration	1,633,182	-	80,660	(1,552,522)
51	Plant Maintenance and Operations	3,771,507	189,512	238,606	(3,343,389)
52	Security and Monitoring Services	219,124	-	37,905	(181,219)
53	Data Processing Services	628,440	-	31,167	(597,273)
61	Community Services	306,451	-	173,034	(133,417)
72	Interest on Long-term Debt	1,238,899	-	547,958	(690,941)
73	Bond Issuance Costs and Fees	16,848	-	-	(16,848)
93	Payments for Shared Service Arrangements	220,430	-	-	(220,430)
TG	Total Government Activities	<u>\$ 43,741,937</u>	<u>\$ 947,463</u>	<u>\$ 9,537,619</u>	<u>\$ (33,256,855)</u>
TP	Total Primary Government	<u>\$ 43,741,937</u>	<u>\$ 947,463</u>	<u>\$ 9,537,619</u>	<u>\$ (33,256,855)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purpose				\$ 12,965,026
DT	Property Taxes, Levied for Debt Service				1,842,667
IE	Investment Earnings				406,768
GC	Grant and Contributions Not Restricted to Specific Programs				17,282,408
MI	Miscellaneous				20,744
TR	Total General Revenues and Transfers				<u>\$ 32,517,613</u>
CN	Change in Net Assets				<u>\$ (739,242)</u>
NB	Net Assets - Beginning (September 1)				\$ 18,427,134
PA	Prior Period Adjustments				41,074
	Net Assets - Beginning, as restated				<u>\$ 18,468,208</u>
NE	Net Assets - Ending (August 31)				<u>\$ 17,728,966</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 5,352,713	\$ 1,352,761	\$ 303,209	\$ 7,008,683
1225 Property Taxes Receivable, Net	1,007,363	133,233	-	1,140,596
1240 Due from Other Governments	1,088,653	-	-	1,088,653
1250 Accrued Interest Receivable	2,556	-	344,968	347,524
1300 Inventories, at Cost	9,593	-	-	9,593
1000 Total Assets	<u>\$ 7,460,878</u>	<u>\$ 1,485,994</u>	<u>\$ 648,177</u>	<u>\$ 9,595,049</u>
LIABILITIES				
Current Liabilities:				
2110 Accounts Payable	\$ 19,938	\$ -	\$ -	\$ 19,938
2160 Accrued Wages Payable	804,332	-	48,349	852,681
2300 Unearned Revenues	1,022,728	214,284	15,987	1,252,999
2000 Total Liabilities	<u>\$ 1,846,998</u>	<u>\$ 214,284</u>	<u>\$ 64,336</u>	<u>\$ 2,125,618</u>
FUND BALANCES				
Reserved Fund Balances:				
3410 Reserve for Inventory	\$ 9,593	\$ -	\$ -	\$ 9,593
3420 Debt Service	-	1,271,710	-	1,271,710
3450 Reserve for Food Service	-	-	299,225	299,225
3490 Other Reserves of Fund Balance	-	-	284,616	284,616
Designated Fund Balance:				
3590 Other Designated Fund Balance	500,000	-	-	500,000
3600 Unrestricted	5,104,287	-	-	5,104,287
3000 Total Fund Balance	<u>\$ 5,613,880</u>	<u>\$ 1,271,710</u>	<u>\$ 583,841</u>	<u>\$ 7,469,431</u>
4000 Total Liabilities and Fund Balances	<u>\$ 7,460,878</u>	<u>\$ 1,485,994</u>	<u>\$ 648,177</u>	<u>\$ 9,595,049</u>

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, 2008

Total fund balances - Balance Sheet (governmental funds)	\$	7,469,431
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.		34,598,852
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,140,597
Payables for bond principal which are not due in the current period are not reported in the funds.		(24,214,998)
Payables for capital leases which are not due in the current period are not reported in the funds.		(437,033)
Payables for debt interest which are not due in the current period are not reported in the funds.		(46,004)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		(1,055,640)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.		<u>273,761</u>
Net assets of governmental activities - Statement of Net Assets	\$	<u><u>17,728,966</u></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, 2008

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 13,657,432	\$ 1,909,504	\$ 650,293	\$ 16,217,229
5800 State Program Revenues	18,574,166	546,776	1,467,089	20,588,031
5900 Federal Program Revenues	184,896	-	5,990,039	6,174,935
5020 Total Revenues	\$ 32,416,494	\$ 2,456,280	\$ 8,107,421	\$ 42,980,195
EXPENDITURES				
Current:				
0011 Instruction	\$ 19,198,766	\$ -	\$ 4,526,274	\$ 23,725,040
0012 Instructional Resources and Media Services	488,616	-	3,022	491,638
0013 Curriculum and Staff Development	233,649	-	588,610	822,259
0021 Instructional Leadership	361,557	-	108,811	470,368
0023 School Leadership	2,245,183	-	152,998	2,398,181
0031 Guidance, Counseling and Evaluation Services	1,388,637	-	216,252	1,604,889
0032 Social Work Services	96,747	-	3,106	99,853
0033 Health Services	344,445	-	33,373	377,818
0034 Student (Pupil) Transportation	967,368	-	2,337	969,705
0035 Food Services	-	-	2,298,160	2,298,160
0036 Cocurricular/Extracurricular Activities	1,034,472	-	45,955	1,080,427
0041 General Administration	1,626,378	-	281	1,626,659
0051 Plant Maintenance and Operations	3,696,605	-	56,720	3,753,325
0052 Security and Monitoring Services	190,350	-	28,774	219,124
0053 Data Processing Services	628,440	-	-	628,440
0061 Community Services	140,379	-	166,072	306,451
0071 Principal on Long-term Debt	150,216	1,330,000	-	1,480,216
0072 Interest on Long-term Debt	25,731	1,057,688	-	1,083,419
0073 Bond Issuance Cost and Fees	-	900	-	900
0081 Capital Outlay	138,876	-	-	138,876
0093 Payments for Shared Service Arrangements	-	-	220,430	220,430
6030 Total Expenditures	\$ 32,956,415	\$ 2,388,588	\$ 8,451,175	\$ 43,796,178
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (539,921)	\$ 67,692	\$ (343,754)	\$ (815,983)
OTHER FINANCING SOURCES (USES)				
7912 Sale of Real or Personal Property	\$ 26,358	\$ -	\$ -	\$ 26,358
7080 Net Other Financing Sources (Uses)	\$ 26,358	\$ -	\$ -	\$ 26,358
1200 Net Changes in Fund Balances	\$ (513,563)	\$ 67,692	\$ (343,754)	\$ (789,625)
0100 Fund Balances - Beginning (September 1)	\$ 6,087,125	\$ 1,204,018	\$ 926,839	\$ 8,217,982
1300 Prior Period Adjustments	40,318	-	756	41,074
Fund Balances - Beginning, as restated	\$ 6,127,443	\$ 1,204,018	\$ 927,595	\$ 8,259,056
3000 Fund Balances - Ending (August 31)	\$ 5,613,880	\$ 1,271,710	\$ 583,841	\$ 7,469,431

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, 2008

Net change in fund balances - total governmental funds	\$	(789,625)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Capital outlays are not reported as expenses in the SOA.		175,564
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,430,111)
Trade-in or disposal of capital assets decrease net assets in the SOA but not in the funds.		(26,358)
The gain or loss on the sale of capital assets is not reported in the funds.		20,744
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		1,756
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.		(58,189)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		1,330,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.		150,216
Bond issuance costs and similar items are amortized in the SOA but not in the funds.		(15,947)
The accretion of interest on capital appreciation bonds is not reported in the funds.		(101,378)
(Increase) decrease in accrued interest expense from beginning of period to end of period.		<u>4,086</u>
Change in net assets of governmental activities - Statement of Activities	\$	<u><u>(739,242)</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, 2008

Data		Private-Purpose	
Control		Trust	Agency
<u>Codes</u>		<u>Funds</u>	<u>Funds</u>
		Scholarship	Student
		<u>Funds</u>	<u>Activity</u>
ASSETS			
1110	Cash and Cash Equivalents	\$ 28,944	\$ 64,654
1800	Restricted Assets	<u>169,931</u>	<u>-</u>
1000	Total Assets	<u>\$ 198,875</u>	<u>\$ 64,654</u>
LIABILITIES			
Current Liabilities:			
2190	Due to Student Groups	<u>\$ -</u>	<u>\$ 64,654</u>
2000	Total Liabilities	<u>\$ -</u>	<u>\$ 64,654</u>
NET ASSETS			
3800	Held in Trust	<u>\$ 198,875</u>	<u>\$ -</u>
3000	Total Net Assets	<u><u>\$ 198,875</u></u>	<u><u>\$ -</u></u>

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, 2008

		Private-purpose Trust Funds
		Scholarship Funds
REVENUES		
Investment Earnings - Interest Revenue	\$	6,716
Donations		2,250
Total Revenues	\$	8,966
EXPENSES		
Scholarship Payments	\$	7,406
Total Expenses	\$	7,406
Changes in Net Assets	\$	1,560
Net Assets - Beginning (September 1)		197,315
Net Assets - Ending (August 31)	\$	198,875

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2008

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, 2008

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, 2008

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 purposed 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		-0-
Total	\$	-0-

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, 2008

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, 2008

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, 2008, 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, 2008

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, 2008, 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 *				\$ 982,872
MBIA *				<u>6,005,879</u>
Total				<u>\$ 6,988,751</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 \$ 1,842,855.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 1,096,741, and occurred during the month of March 2008.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 100,834.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2008

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, 2008

C. Property Taxes (Continued)

The District levied taxes on property within the District at \$ 1.04000 to fund general operations and \$.14841 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 1,261,426,108.

D. Capital Assets

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental Activities:</u>				
Capital Assets not being depreciated:				
Land	\$ 1,272,485	\$ 138,875	\$ -0-	\$ 1,411,360
Total Capital Assets not being depreciated	<u>\$ 1,272,485</u>	<u>\$ 138,875</u>	<u>\$ -0-</u>	<u>\$ 1,411,360</u>
Capital Assets being depreciated:				
Buildings and Improvements	\$ 66,533,080	\$ -0-	\$ -0-	\$ 66,533,080
Equipment	1,890,188	36,689	13,098	1,913,779
Vehicles	<u>2,799,132</u>	<u>-0-</u>	<u>202,973</u>	<u>2,596,159</u>
Total Capital Assets being depreciated	<u>\$ 71,222,400</u>	<u>\$ 36,689</u>	<u>\$ 216,071</u>	<u>\$ 71,043,018</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 33,515,976	\$ 1,156,622	\$ -0-	\$ 34,672,598
Equipment	1,326,238	99,452	7,484	1,418,206
Vehicles	<u>1,793,657</u>	<u>174,038</u>	<u>202,973</u>	<u>1,764,722</u>
Total Accumulated Depreciation	<u>\$ 36,635,871</u>	<u>\$ 1,430,112</u>	<u>\$ 210,457</u>	<u>\$ 37,855,526</u>
Total Capital Assets being depreciated, net	<u>\$ 34,586,529</u>	<u>\$ (1,393,423)</u>	<u>\$ 5,614</u>	<u>\$ 33,187,492</u>
Governmental Activities Capital Assets, net	<u>\$ 35,859,014</u>	<u>\$ (1,254,548)</u>	<u>\$ 5,614</u>	<u>\$ 34,598,852</u>

Depreciation was charged to functions as follows:

Instruction	\$ 779,575
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
Cocurricular/Extracurricular Activities	317,152
General Administration	6,523
Plant Maintenance and Operations	<u>47,362</u>
Total	<u>\$ 1,430,112</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2008

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	\$ 25,544,998	\$ -0-	\$ 1,330,000	\$ 24,214,998	\$ 1,375,000
Capital Leases Payable	587,249	-0-	150,216	437,033	160,665
Accreted Interest Payable	1,953,154	101,378	-0-	2,054,532	-0-
Bond Premium (Discount)	(119,243)	-0-	(6,564)	(112,679)	-0-
Refunding Gain (Loss)	(937,837)	-0-	(51,623)	(886,214)	-0-
Total Governmental Activities	<u>\$ 27,028,321</u>	<u>\$ 101,378</u>	<u>\$ 1,422,029</u>	<u>\$ 25,707,670</u>	<u>\$ 1,535,665</u>

Bonds

The following issues are outstanding at August 31, 2008:

Description	Interest Rate	Original Balance	Outstanding Balance
School Building and Refunding Bonds, Series 2001	5.02%	\$ 30,594,998	\$ 3,714,998
Unlimited Tax Refunding Bonds, Series 2006	4.18%	20,955,000	<u>20,500,000</u>
Totals			<u>\$ 24,214,998</u>

Debt service requirements on bonds outstanding at August 31, 2008, are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
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	1,145,000	898,264	2,043,264
2014-2018	6,475,000	3,750,370	10,225,370
2019-2023	7,925,000	2,293,420	10,218,420
2024-2026	5,625,000	504,095	6,129,095
Totals	<u>\$ 24,214,998</u>	<u>\$ 13,615,888</u>	<u>\$ 37,830,886</u>

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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2008

E. Long Term Obligations (Continued)

The lease terms are for a term not exceeding five 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, 2008, as follows:

<u>Year Ending</u> <u>August 31</u>	<u>Total</u> <u>Requirements</u>
2009	\$ 180,555
2010	180,555
2011	55,300
2012	55,300
2013	<u>4,608</u>
Total Minimum Lease Payment	\$ 476,318
Less Amount Representing Interest	<u>(39,285)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 437,033</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, under the TRS publication heading.

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, 2008, 2007, and 2006 were \$ 1,735,354, \$ 1,690,894, and \$ 1,516,117, respectively. Contributions from private grants and from the District for salaries above the statutory minimum for the periods ended August 31, 2008, 2007, and 2006 were \$ 437,620, \$ 417,987, and \$349,955, 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 \$ 1,441,148 are reflected in the general fund basic financial statements.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2008

G. School District Retiree Health Plan

1. Plan Description

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

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2008, 2007, 2006. Per Texas Insurance Code, Chapters 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school.

3. On Behalf Payments

In accordance with GASB Statement 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$ 219,020 are reflected in the basic financial statements for Retiree Health Plan contributions. Additionally, the District benefited from payments made by the State totaling \$ 61,247 for subsidies for Medicare Part D.

H. Risk Management

Health Care

During the year ended August 31, 2008, 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, 2007, 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 2008, 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2008

I. Litigation

The District has no pending litigation as of August 31, 2008.

J. Prior Period Adjustments

The Statement of Activities (Exhibit B-1) beginning fund balance was increased \$ 41,074 for errors identified in the prior period. State aid allocations for prior years were adjusted to reflect tax collections and student attendance.

K. 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, 2008, 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.

L. 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, 2008

M. Revenue from Local and Intermediate Sources

During the year ended August 31, 2008, 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	\$ 12,552,950	\$ 1,782,810	\$ -0-	\$ 14,335,760
Property Tax Collections – Delinquent	243,710	25,798	-0-	269,508
Penalties, Interest and Other				
Tax-Related Income	177,969	22,698	-0-	200,667
Investment Income	328,570	78,198	15,072	421,840
Food Service Income	-0-	-0-	487,485	487,485
Gifts and Bequests	250	-0-	-0-	250
Extracurricular Activities	159,790	-0-	-0-	159,790
Other	194,193	-0-	147,736	341,929
Total Local Revenue	<u>\$ 13,657,432</u>	<u>\$ 1,909,504</u>	<u>\$ 650,293</u>	<u>\$ 16,217,229</u>

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	\$ 184,312
E-rate	<u>584</u>
Total	<u>\$ 184,896</u>

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED AUGUST 31, 2008

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 13,193,112	\$ 13,270,112	\$ 13,657,432	\$ 387,320
5800	State Program Revenues	20,208,523	19,812,223	18,574,166	(1,238,057)
5900	Federal Program Revenues	135,000	135,000	184,896	49,896
5020	Total Revenues	\$ 33,536,635	\$ 33,217,335	\$ 32,416,494	\$ (800,841)
EXPENDITURES					
0010	Instruction and Instructional Related Services:				
0011	Instruction	\$ 19,908,598	\$ 19,730,598	\$ 19,198,766	\$ 531,832
0012	Instructional Resources and Media Services	524,210	534,210	488,616	45,594
0013	Curriculum and Staff Development	329,580	242,580	233,649	8,931
	Total Instruction and Instr. Related Services	<u>\$ 20,762,388</u>	<u>\$ 20,507,388</u>	<u>\$ 19,921,031</u>	<u>\$ 586,357</u>
0020	Instructional and School Leadership:				
0021	Instructional Leadership	\$ 256,000	\$ 363,000	\$ 361,557	\$ 1,443
0023	School Leadership	2,303,710	2,275,710	2,245,183	30,527
	Total Instructional and School Leadership	<u>\$ 2,559,710</u>	<u>\$ 2,638,710</u>	<u>\$ 2,606,740</u>	<u>\$ 31,970</u>
0030	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	\$ 1,458,900	\$ 1,398,900	\$ 1,388,637	\$ 10,263
0032	Social Work Services	52,045	102,245	96,747	5,498
0033	Health Services	385,790	375,790	344,445	31,345
0034	Student (Pupil) Transportation	1,040,400	1,048,400	967,368	81,032
0036	Cocurricular/Extracurricular Activities	1,056,502	1,088,002	1,034,472	53,530
	Total Support Services - Student (Pupil)	<u>\$ 3,993,637</u>	<u>\$ 4,013,337</u>	<u>\$ 3,831,669</u>	<u>\$ 181,668</u>
0040	Administrative Support Services:				
0041	General Administration	\$ 1,749,880	\$ 1,676,180	\$ 1,626,378	\$ 49,802
	Total Administrative Support Services	<u>\$ 1,749,880</u>	<u>\$ 1,676,180</u>	<u>\$ 1,626,378</u>	<u>\$ 49,802</u>
0050	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	\$ 3,810,670	\$ 3,911,670	\$ 3,696,605	\$ 215,065
0052	Security and Monitoring Services	246,425	232,425	190,350	42,075
0053	Data Processing Services	705,135	716,635	628,440	88,195
	Total Support Services - Nonstudent Based	<u>\$ 4,762,230</u>	<u>\$ 4,860,730</u>	<u>\$ 4,515,395</u>	<u>\$ 345,335</u>
0060	Ancillary Services:				
0061	Community Services	\$ 197,000	\$ 200,000	\$ 140,379	\$ 59,621
	Total Ancillary Services	<u>\$ 197,000</u>	<u>\$ 200,000</u>	<u>\$ 140,379</u>	<u>\$ 59,621</u>
0070	Debt Service:				
0071	Principal on Long-term Debt	\$ 150,220	\$ 150,220	\$ 150,216	\$ 4
0072	Interest on Long-term Debt	25,755	25,755	25,731	24
0073	Bond Issuance Costs and Fees	5,025	5,025	-	5,025
	Total Debt Service	<u>\$ 181,000</u>	<u>\$ 181,000</u>	<u>\$ 175,947</u>	<u>\$ 5,053</u>
0080	Capital Outlay:				
0081	Capital Outlay	\$ 130,000	\$ 140,200	\$ 138,876	\$ 1,324
	Total Capital Outlay	<u>\$ 130,000</u>	<u>\$ 140,200</u>	<u>\$ 138,876</u>	<u>\$ 1,324</u>
6030	Total Expenditures	\$ 34,335,845	\$ 34,217,545	\$ 32,956,415	\$ 1,261,130
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (799,210)</u>	<u>\$ (1,000,210)</u>	<u>\$ (539,921)</u>	<u>\$ 460,289</u>
OTHER FINANCING SOURCES (USES)					
7912	Sale of Real or Personal Property	\$ -	\$ -	\$ 26,358	\$ 26,358
7080	Net Other Financing Sources (Uses)	\$ -	\$ -	\$ 26,358	\$ 26,358
1200	Net Change in Fund Balance	<u>\$ (799,210)</u>	<u>\$ (1,000,210)</u>	<u>\$ (513,563)</u>	<u>\$ 486,647</u>
0100	Fund Balance - Beginning (September 1)	\$ 6,087,125	\$ 6,087,125	\$ 6,087,125	\$ -
1300	Prior Period Adjustments	-	-	40,318	40,318
	Fund Balance - Beginning, as restated	<u>\$ 6,087,125</u>	<u>\$ 6,087,125</u>	<u>\$ 6,127,443</u>	<u>\$ 40,318</u>
3000	Fund Balance - Ending (August 31)	\$ 5,287,915	\$ 5,086,915	\$ 5,613,880	\$ 526,965

OTHER SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 YEAR ENDED AUGUST 31, 2008

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2007	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2008
		Maintenance	Debt Service							
XXXX	1999 and Prior Years	Various	Various	Various	\$ 217,955	\$ -	\$ 4,879	\$ 1,006	\$ (38,739)	\$ 173,331
1999	2000	1.4588	0.0850	829,085,295	28,400	-	1,558	91	(5,215)	21,536
2000	2001	1.5000	0.0816	866,353,448	33,505	-	2,934	171	(5,006)	25,394
2001	2002	1.5000	0.2500	878,828,290	50,309	-	3,244	541	(4,277)	42,247
2002	2003	1.5000	0.2500	904,223,029	69,914	-	5,191	865	(918)	62,940
2003	2004	1.5000	0.1847	951,470,470	84,014	-	9,796	1,206	2,558	75,570
2004	2005	1.5000	0.1500	1,006,091,212	116,158	-	21,117	2,111	1,536	94,466
2005	2006	1.5000	0.1410	1,009,459,841	225,404	-	52,875	4,969	(14,568)	152,992
2006	2007	1.3710	0.1443	1,171,126,707	439,718	-	178,466	18,799	(23,379)	219,074
2007	2008	1.0400	0.1484	1,261,426,108	-	14,990,914	12,487,748	1,780,703	(322,683)	399,780
1000	TOTALS				\$ 1,265,377	\$ 14,990,914	\$ 12,767,808	\$ 1,810,462	\$ (410,691)	\$ 1,267,330

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST
 GENERAL AND SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2008

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number		1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collection	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(Other) Misc.	Total
611X-6146	Payroll Costs	\$ -	\$ -	\$ 211,299	\$ 737,520	\$ -	\$ -	\$ 948,819
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	-		140,905				\$ 140,905
6212	Audit Services				25,600			\$ 25,600
6213	Tax Appraisal and Collection		344,446					\$ 344,446
621X	Other Prof. Services				4,237			\$ 4,237
6220	Tuition and Transfer Payments							\$ -
6230	Education Service Centers				5,529			\$ 5,529
6240	Contr. Maint. And Repair					27,011		\$ 27,011
6250	Utilities							\$ -
6260	Rentals				6,897			\$ 6,897
6290	Miscellaneous Contr.	700		5,685	8,744			\$ 15,129
6310	Operational Supplies, Materials							\$ -
6320	Textbooks and Reading			437				\$ 437
6330	Testing Materials							\$ -
63XX	Other Supplies, Materials	1,518		8,242	19,176			\$ 28,936
6410	Travel, Subsistence, Stipends	11,082		5,122	14,312			\$ 30,516
6420	Ins. And Bonding Costs	15,774			2,046			\$ 17,820
6430	Election Costs	2,583						\$ 2,583
6490	Miscellaneous Operating	6,805		13,532	7,457			\$ 27,794
6500	Debt Service							\$ -
6600	Capital Outlay							\$ -
TOTAL		\$ 38,462	\$ 344,446	\$ 385,222	\$ 831,518	\$ 27,011	\$ -	\$ 1,626,659

Total expenditures for General and Special Revenue Funds: (9) \$ 41,407,590

LESS: Deductions and Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 222,887
Total Debt & Lease (6500)	(11) \$ 175,947
Plant Maintenance (Function 51, 6100-6400)	(12) \$ 3,724,144
Food (Function XX, 6341 and 6499)	(13) \$ 960,192
Stipend (6413)	(14) \$ -
Column 4 (above) - Total Indirect Cost	\$ 831,518
Subtotal	5,914,688
Net Allowed Direct Cost	\$ 35,492,902

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) \$ 4,509,938
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, 2008

“UNAUDITED”

Data Control Codes	Explanation	Amount
1.	Total General Fund Balance 8/31/08 (Exhibit C-1 object 3000 for the General Fund only)	\$ <u>5,613,880</u>
2.	Total General Fund Reserve Fund Balance (from Exhibit C-1 – total of object 3400s for the General Fund only)	\$ <u>9,593</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 one month’s average cash disbursements during the regular school session (9/1/08 - 5/31/09)	\$ <u>3,100,000</u>
6.	Estimate of delayed payments from state sources (58XX) including August payment delay	\$ <u>1,090,000</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>350,000</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>5,049,593</u>
11.	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (1-10)	\$ <u><u>564,287</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, 2008

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
5700 Local and Intermediate Sources	\$ 525,000	\$ 525,000	\$ 502,556	\$ (22,444)
5800 State Program Revenues	-	17,000	17,118	118
5900 Federal Program Revenues	<u>1,450,950</u>	<u>1,510,950</u>	<u>1,464,648</u>	<u>(46,302)</u>
5020 Total Revenues	<u>\$ 1,975,950</u>	<u>\$ 2,052,950</u>	<u>\$ 1,984,322</u>	<u>\$ (68,628)</u>
EXPENDITURES				
Current:				
0030 Support Services - Student (Pupil):				
0035 Food Service	<u>\$ 1,975,950</u>	<u>\$ 2,370,950</u>	<u>\$ 2,298,160</u>	<u>\$ 72,790</u>
Total Support Services - Student (Pupil)	<u>\$ 1,975,950</u>	<u>\$ 2,370,950</u>	<u>\$ 2,298,160</u>	<u>\$ 72,790</u>
6030 Total Expenditures	<u>\$ 1,975,950</u>	<u>\$ 2,370,950</u>	<u>\$ 2,298,160</u>	<u>\$ 72,790</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (318,000)</u>	<u>\$ (313,838)</u>	<u>\$ 4,162</u>
1200 Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (318,000)</u>	<u>\$ (313,838)</u>	<u>\$ 4,162</u>
0100 Fund Balance - Beginning (September 1)	\$ 584,601	\$ 584,601	\$ 584,601	\$ -
1300 Prior Period Adjustments	<u>-</u>	<u>-</u>	<u>28,462</u>	<u>(28,462)</u>
Fund Balance - Beginning, restated	<u>\$ 584,601</u>	<u>\$ 584,601</u>	<u>\$ 613,063</u>	<u>\$ (28,462)</u>
3000 Fund Balance - Ending (August 31)	<u><u>\$ 584,601</u></u>	<u><u>\$ 266,601</u></u>	<u><u>\$ 299,225</u></u>	<u><u>\$ 32,624</u></u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2008

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget	
	Original	Final		Positive (Negative)	
REVENUES					
5700	Local and Intermediate Sources	\$ 1,748,969	\$ 1,748,969	\$ 1,909,504	\$ 160,535
5800	State Program Revenues	<u>641,719</u>	<u>641,719</u>	<u>546,776</u>	<u>(94,943)</u>
5020	Total Revenues	<u>\$ 2,390,688</u>	<u>\$ 2,390,688</u>	<u>\$ 2,456,280</u>	<u>\$ 65,592</u>
EXPENDITURES					
0070	Debt Service:				
0071	Principal on Long-term Debt	\$ 1,330,000	\$ 1,330,000	\$ 1,330,000	\$ -
0072	Interest on Long-term Debt	1,057,688	1,057,688	1,057,688	-
0072	Bond Issuance Costs and Fees	<u>3,000</u>	<u>3,000</u>	<u>900</u>	<u>2,100</u>
	Total Debt Service	<u>\$ 2,390,688</u>	<u>\$ 2,390,688</u>	<u>\$ 2,388,588</u>	<u>\$ 2,100</u>
6030	Total Expenditures	<u>\$ 2,390,688</u>	<u>\$ 2,390,688</u>	<u>\$ 2,388,588</u>	<u>\$ 2,100</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,692</u>	<u>\$ 67,692</u>
1200	Net Change in Fund Balance	\$ -	\$ -	\$ 67,692	\$ 67,692
0100	Fund Balance - Beginning (September 1)	<u>1,204,018</u>	<u>1,204,018</u>	<u>1,204,018</u>	<u>-</u>
3000	Fund Balance - Ending (August 31)	<u>\$ 1,204,018</u>	<u>\$ 1,204,018</u>	<u>\$ 1,271,710</u>	<u>\$ 67,692</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2008

<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?	\$ 2,054,532

FEDERAL AWARDS SECTION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2008

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through the Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs	84.010	08610101116905	\$ 1,803,095
ESEA Title I Part A - Improving Basic Programs	84.010	09610101116905	36,265
ESEA Title I - School Improvement	84.348	08610104116905108	93,937
ESEA Title I - School Improvement	84.348	09610104116905108	4,567
ESEA Title II Part D - Enhanced Education through Technology	84.318	08630001116905	16,486
ESEA Title II Part A - Teacher & Principal Training	84.367	08694501116905	356,315
ESEA Title IV Part A - Safe and Drug Free Schools	84.186	08691001116905	28,774
Carl D. Perkins Vocational Education	84.048	0842000611690510	66,461
Carl D. Perkins Vocational Education	84.048	0942000611690510	5,712
IDEA-B Formula	84.027	086600011169056600	888,749
IDEA-B Formula	84.027	096600011169056600	10,059
IDEA-B Discretionary (Deaf)	84.027	086600021169056673	6,882
IDEA-B Formula (Deaf)	84.027	086600011169056601	10,556
IDEA-B Preschool	84.173	086610011169056610	40,598
IDEA-B Preschool (Deaf)	84.173	086610011169056611	2,120
ESEA Title V Part A - Innovative Programs	84.298	08685001116905	11,396
Total passed through the Texas Education Agency			<u>\$ 3,381,972</u>
Passed through Education Service Center - Region X:			
ESEA Title III Part A - English Language Acquisition	84.365	116-905	\$ 51,227
ESEA Title III Subpart B - Homeless Children and Youth*	84.196	55027	75,676
Total passed through Education Service Center - Region X			<u>\$ 126,903</u>
Total Department of Education			<u>\$ 3,508,875</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, 2008

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Program:			
Head Start	93.600	07CH6997/08	\$ 991,692
Head Start	93.600	07CH6997/09	<u>24,824</u>
Total Department of Health and Human Services			<u>\$ 1,016,516</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program*	10.553	116-905	\$ 328,107
National School Lunch Program*	10.555	116-905	<u>1,070,705</u>
Total passed through the Texas Department of Agriculture			<u>\$ 1,398,812</u>
Passed through the Texas Department of Human Services:			
USDA Commodity Food Distribution	10.565	116006A	<u>\$ 65,836</u>
Total passed through the Texas Department of Human Services			<u>\$ 65,836</u>
Total Department of Agriculture			<u>\$ 1,464,648</u>
Total Expenditure of Federal Awards			<u>\$ 5,990,039</u>

* Denotes Major Programs

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, 2008

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, 2008.

C. Subrecipients

The District provided federal awards to subrecipients as follows:

Commerce Independent School District	\$	136,834
Quinlan Independent School District		<u>83,596</u>
Total	\$	<u>220,430</u>