

**GREENVILLE INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2009

RUTHERFORD, TAYLOR & COMPANY, P.C.
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GREENVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2009

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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, 2009, 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, 2009, 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, 2009, 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 5, 2009, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Independent Auditor's Report - Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedules identified as other supplementary information in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required component of the basic financial statements. Such information, except for the fund balance and cash flow calculation worksheet which is marked "unaudited" and on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

November 5, 2009
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, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 5, 2009. 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 a 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 is 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 results 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*.

We noted certain matters that we reported to management of the District in a separate letter dated November 5, 2009.

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 5, 2009
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, 2009. 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, 2009.

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 grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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 5, 2009
Greenville, Texas

*

* Signature on file with the Texas Education Agency

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 YEAR ENDED AUGUST 31, 2009

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	Special Education Cluster: IDEA B – Formula (84.027) IDEA B – Preschool (84.173) IDEA B – Discretionary (84.027) IDEA B – Formula Deaf (84.027) IDEA B – Preschool Deaf (84.173) Head Start (93.600)
Pass-through Entity	Texas Education Agency

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2009

**Schedule
Reference
Number**

Findings

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
YEAR ENDED AUGUST 31, 2009

**Schedule
Reference
Number**

Prior Findings

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
YEAR ENDED AUGUST 31, 2009

**Schedule
Reference
Number**

Actions Planned

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009

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, 2009. 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 \$ 17,982,595 at August 31, 2009.
- During the year, the District's expenses were \$ 120,826 less than the \$ 42,738,689 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 \$ 5,838,170.

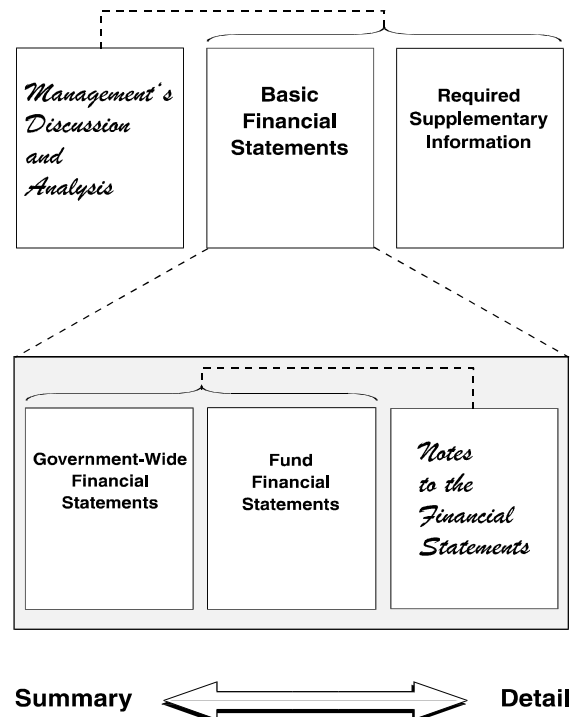
OVERVIEW OF THE FINANCIAL STATEMENTS

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, 2009

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, 2009

- **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 \$ 17,982,595 at August 31, 2009.

Greenville Independent School District's Net Assets			Table A-1
	Governmental Activities		Total
	2009	2008	Percentage
			Change
			2008-2009
Assets:			
Cash and Investments	\$ 9,612,548	\$ 7,008,683	37.15%
Other Assets	2,366,862	2,860,127	-17.25%
Capital Assets less Accumulated Depreciation	33,183,378	34,598,852	-4.09%
Total Assets	\$ 45,162,788	\$ 44,467,662	1.56%
Liabilities:			
Current Liabilities	\$ 2,844,371	\$ 1,031,026	175.88%
Long-term Liabilities	24,335,822	25,707,670	-5.34%
Total Liabilities	\$ 27,180,193	\$ 26,738,696	1.65%
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 11,265,533	\$ 11,219,475	0.41%
Restricted	1,501,703	1,363,055	10.17%
Unrestricted	5,215,359	5,146,436	1.34%
Total Net Assets	\$ 17,982,595	\$ 17,728,966	1.43%

Approximately \$ 1,501,703 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 \$ 42,738,689. 40% of the District's revenue comes from property taxes (See Table A-3). 57% comes from state aid and federal grants, while only 3% relates to charges for services and other miscellaneous revenues including investment earnings.

The total cost of all programs and services was \$ 42,617,863. 59% 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 99.15%. The total tax collection percentage rate (base tax and penalty and interest) was 100.64%

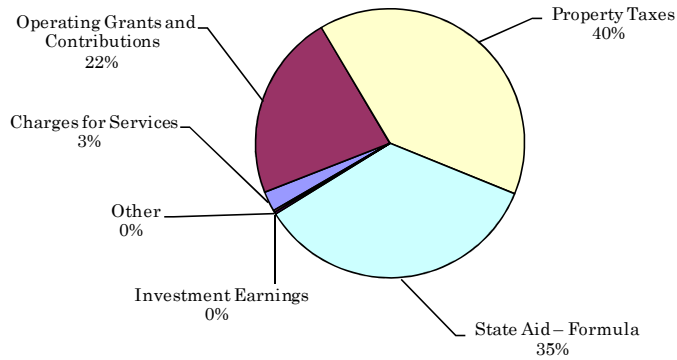
GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009

GOVERNMENTAL ACTIVITIES

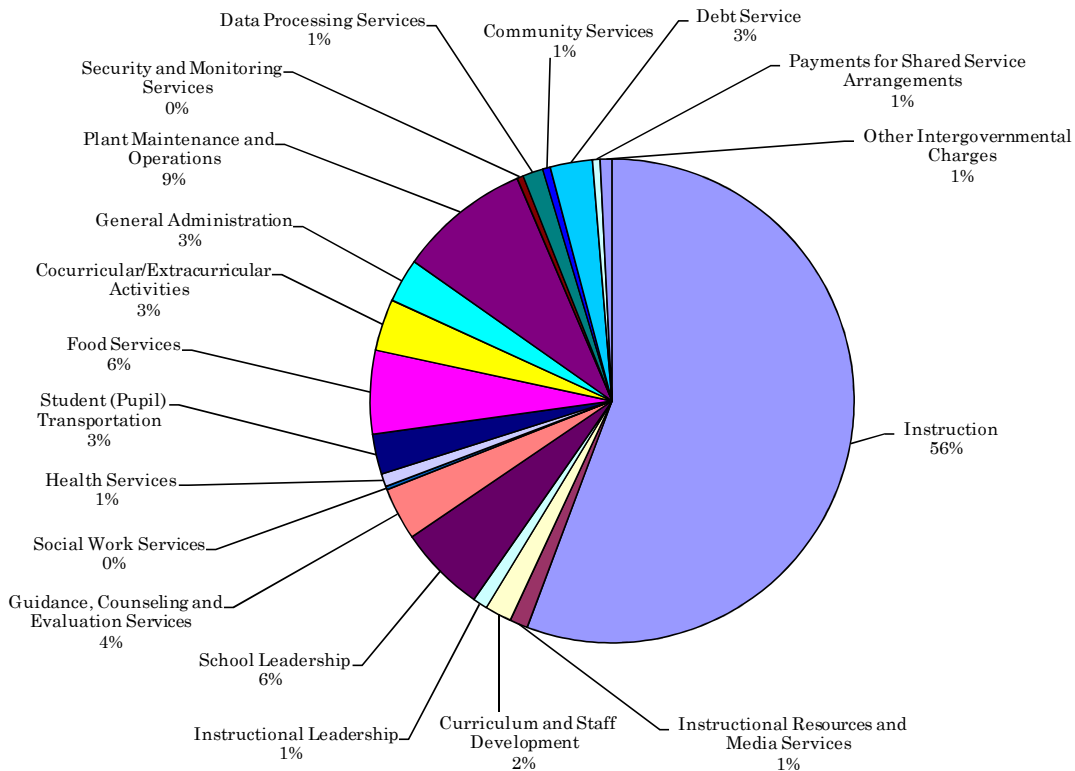
Changes in Greenville Independent School District's Net Assets			Table A-2
	Governmental Activities		Total Percentage Change 2008-2009
	2009	2008	
Program Revenues:			
Charges for Services	\$ 1,029,619	\$ 947,463	8.67%
Operating Grants and Contributions	9,573,106	9,537,619	0.37%
General Revenues:			
Property Taxes	16,951,198	14,807,693	14.48%
State Aid – Formula	14,973,980	17,282,408	-13.36%
Investment Earnings	110,649	406,768	-72.80%
Other	100,137	20,744	382.73%
Total Revenues	<u>\$ 42,738,689</u>	<u>\$ 43,002,695</u>	-0.61%
Expenses:			
Instruction	\$ 23,739,689	\$ 24,504,614	-3.12%
Instructional Resources and Media Services	518,225	523,906	-1.08%
Curriculum and Staff Development	760,574	822,259	-7.50%
Instructional Leadership	411,943	473,682	-13.03%
School Leadership	2,480,256	2,412,497	2.81%
Guidance, Counseling and Evaluation Services	1,505,121	1,612,956	-6.69%
Social Work Services	96,833	99,853	-3.02%
Health Services	365,817	385,885	-5.20%
Student (Pupil) Transportation	1,140,646	1,098,857	3.80%
Food Services	2,382,548	2,382,476	0.00%
Cocurricular/Extracurricular Activities	1,473,382	1,390,071	5.99%
General Administration	1,250,285	1,633,182	-23.44%
Plant Maintenance and Operations	3,760,877	3,771,507	-0.28%
Security and Monitoring Services	177,802	219,124	-18.86%
Data Processing Services	579,038	628,440	-7.86%
Community Services	217,395	306,451	-29.06%
Debt Service	1,202,635	1,255,747	-4.23%
Payments for Shared Service Arrangements	220,430	220,430	0.00%
Other Intergovernmental Charges	334,367	-	100.00%
Total Expenses	<u>\$ 42,617,863</u>	<u>\$ 43,741,937</u>	-2.57%
Excess (Deficiency) Before Other Resources, Uses and Transfers	<u>\$ 120,826</u>	<u>\$ (739,242)</u>	116.34%
Increase (Decrease) in Net Assets	<u>\$ 120,826</u>	<u>\$ (739,242)</u>	116.34%
Net Assets - Beginning (September 1)	\$ 17,728,966	\$ 18,427,134	-3.79%
Prior Period Adjustments	132,803	41,074	223.33%
Net Assets - Beginning, as restated	<u>\$ 17,861,769</u>	<u>\$ 18,468,208</u>	-3.28%
Net Assets - Ending (August 31)	<u>\$ 17,982,595</u>	<u>\$ 17,728,966</u>	1.43%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 YEAR ENDED AUGUST 31, 2009

Sources of Revenues for Fiscal Year 2009 - See Table A-2



Functional Expenses for Fiscal Year 2009 - See Table A-2



**GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2009**

- 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 \$ 42,617,863 .
- However, the amount that our taxpayers paid for these activities through property taxes was only \$ 16,951,198 .
- Some of the cost was paid by those who directly benefited from the programs, \$ 1,029,619, or
- By grants and contributions, \$ 9,573,106.

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
	2009	2008		2009	2008	
Instruction	23,739,689	24,504,614	-3.12%	18,136,192	18,894,766	-4.01%
School Leadership	2,480,256	2,412,497	2.81%	2,225,942	2,161,026	3.00%
General Administration	1,250,285	1,633,182	-23.44%	1,193,838	1,552,522	-23.10%
Plant Maintenance and Operations	3,760,877	3,771,507	-0.28%	3,512,639	3,343,389	5.06%
Debt Service	1,202,635	1,255,747	-4.23%	869,229	707,789	22.81%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$ 42,654,930. 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 \$ 760,670 below final budget amounts. The most significant positive variance resulted from instruction and support services.

Resources available were \$ 220,848 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 2009, the District had invested \$ 72,505,535 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, 2009

Greenville Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total Percentage Change
	2009	2008	2008-2009
Land	\$ 1,411,360	\$ 1,411,360	0.00%
Buildings and Improvements	66,533,080	66,533,080	0.00%
Vehicles	2,602,159	2,596,159	0.23%
Equipment	1,958,936	1,913,779	2.36%
Totals at Historical Cost	\$ 72,505,535	\$ 72,454,378	0.07%
Less Accumulated Depreciation	(39,322,157)	(37,855,526)	3.87%
Net Capital Assets	<u>\$ 33,183,378</u>	<u>\$ 34,598,852</u>	-4.09%

LONG TERM DEBT

At year-end the District had \$ 24,355,822 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 Percentage Change
	2009	2008	2008-2009
Bonds Payable	\$ 22,839,998	\$ 24,214,998	-5.68%
Capital Leases Payable	276,368	437,033	-36.76%
Other Debt Payable	1,219,456	1,055,639	15.52%
Total Debt Payable	<u>\$ 24,335,822</u>	<u>\$ 25,707,670</u>	-5.34%

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, 2009**

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 increasing slightly with an improved attendance rate helping to improve the average daily attendance. 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 2009-10 school year, the District appropriated General Fund expenditures of \$ 32,229,215 with revenues only estimated at \$ 31,535,857. The District recognizes that \$ 1,622,228 of the operating expenditures is being funded directly from federal revenues. It is concerning that the State of Texas has supplemented their contribution from federal funds. The budget was developed to best serve the students of the District and utilize the available resources in a fiscally responsible manner for taxpayers now and in the future. 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.
- 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. The District and two campuses earned higher ratings in the state school accountability system, and all schools are rated "Acceptable" with four being "Recognized". Out of 25 possible TAKS indicators, the District achieved "Recognized" or "Exemplary" status on 21, compared to 17 last year and 14 the year before.
- Maintenance of a low administrative cost ratio – 4% below the state's benchmark – that demonstrates expenditure-saving measures.
- Continued support of all academic co-curricular activities, with success being emphasized at Greenville High School, which is home to the 2008 World FIRST Robotic Champion, a nationally recognized FFA program, world-class Destination Imagination squads and award-winning Band and Choral Music programs.
- Backing for new district initiatives such as an expanding Robotics program at the middle school and elementary level, an expanding Elementary Suzuki Strings Program and a new high school Naval Junior Reserve Officers Training Program, as well as support for existing programs such as University Interscholastic League Academic competitions, dual enrollment programs with local colleges and career and technology programming.

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, 2009

Data Control Codes	1	Governmental Activities
ASSETS		
1110	Cash and Investments	\$ 9,612,548
1225	Property Taxes Receivable, Net	1,224,354
1240	Due from Other Governments	768,756
1250	Accrued Interest Receivable	2,702
1290	Other Receivables, Net	91,466
1300	Inventories, at Cost	21,770
1420	Capitalized Bond and Other Debt Issuance Costs, Net	257,814
	Capital Assets:	
1510	Land	1,411,360
1520	Buildings and Improvements, Net	30,707,561
1530	Furniture and Equipment, Net	1,064,457
1000	Total Assets	\$ 45,162,788
LIABILITIES		
2110	Accounts Payable	\$ 21,546
2140	Interest Payable	42,739
2165	Accrued Liabilities	767,599
2300	Unearned Revenue	2,012,487
	Noncurrent Liabilities:	
2501	Due within one year	1,317,070
2502	Due in more than one year	23,018,752
2000	Total Liabilities	\$ 27,180,193
NET ASSETS		
3200	Invested in Capital Assets, Net of Related Debt	\$ 11,265,533
	Restricted For:	
3850	Debt Service	1,501,703
3900	Unrestricted	5,215,359
3000	Total Net Assets	\$ 17,982,595

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2009

		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	\$ 23,739,689	\$ 184,925	\$ 5,418,572	\$ (18,136,192)
12	Instructional Resources and Media Services	518,225	-	31,397	(486,828)
13	Curriculum and Staff Development	760,574	-	543,081	(217,493)
21	Instructional Leadership	411,943	-	98,275	(313,668)
23	School Leadership	2,480,256	-	254,314	(2,225,942)
31	Guidance, Counseling and Evaluation Services	1,505,121	-	284,396	(1,220,725)
32	Social Work Services	96,833	-	40,027	(56,806)
33	Health Services	365,817	-	48,280	(317,537)
34	Student (Pupil) Transportation	1,140,646	-	46,286	(1,094,360)
35	Food Services	2,382,548	484,015	1,675,525	(223,008)
36	Cocurricular/Extracurricular Activities	1,473,382	321,752	105,831	(1,045,799)
41	General Administration	1,250,285	-	56,447	(1,193,838)
51	Plant Maintenance and Operations	3,760,877	38,927	209,311	(3,512,639)
52	Security and Monitoring Services	177,802	-	30,429	(147,373)
53	Data Processing Services	579,038	-	23,657	(555,381)
61	Community Services	217,395	-	153,442	(63,953)
72	Interest on Long-term Debt	1,185,762	-	333,406	(852,356)
73	Debt Issuance Costs and Fees	16,873	-	-	(16,873)
93	Payments for Shared Service Arrangements	220,430	-	220,430	-
99	Other Intergovernmental Charges	334,367	-	-	(334,367)
TG	Total Government Activities	<u>\$ 42,617,863</u>	<u>\$ 1,029,619</u>	<u>\$ 9,573,106</u>	<u>\$ (32,015,138)</u>
TP	Total Primary Government	<u>\$ 42,617,863</u>	<u>\$ 1,029,619</u>	<u>\$ 9,573,106</u>	<u>\$ (32,015,138)</u>
General Revenues:					
MT	Property Taxes, Levied for General Purpose				\$ 14,799,307
DT	Property Taxes, Levied for Debt Service				2,151,891
IE	Investment Earnings				110,649
GC	Grant and Contributions Not Restricted to Specific Programs				14,973,980
MI	Miscellaneous				100,137
TR	Total General Revenues and Transfers				<u>\$ 32,135,964</u>
CN	Change in Net Assets				<u>\$ 120,826</u>
NB	Net Assets - Beginning (September 1)				<u>\$ 17,728,966</u>
PA	Prior Period Adjustments				132,803
	Net Assets - Beginning, as restated				<u>\$ 17,861,769</u>
NE	Net Assets - Ending (August 31)				<u>\$ 17,982,595</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
1110 Cash and Investments	\$ 8,475,460	\$ 1,528,327	\$ (391,239)	\$ 9,612,548
1225 Property Taxes Receivable, Net	1,091,793	132,561	-	1,224,354
1240 Due from Other Governments	-	-	768,756	768,756
1250 Accrued Interest Receivable	2,702	-	-	2,702
1260 Due from Other Funds	22,096	-	-	22,096
1290 Other Receivables	2,338	-	89,128	91,466
1300 Inventories, at Cost	21,770	-	-	21,770
1000 Total Assets	<u>\$ 9,616,159</u>	<u>\$ 1,660,888</u>	<u>\$ 466,645</u>	<u>\$ 11,743,692</u>
LIABILITIES				
Current Liabilities:				
2110 Accounts Payable	\$ 21,546	\$ -	\$ -	\$ 21,546
2150 Payroll Deductions and Withholdings	2,332	-	-	2,332
2160 Accrued Wages Payable	765,267	-	-	765,267
2170 Due to Other Funds	22,096	-	-	22,096
2300 Unearned Revenues	2,966,748	252,211	17,882	3,236,841
2000 Total Liabilities	<u>\$ 3,777,989</u>	<u>\$ 252,211</u>	<u>\$ 17,882</u>	<u>\$ 4,048,082</u>
FUND BALANCES				
Reserved Fund Balances:				
3410 Reserve for Inventory	\$ 21,770	\$ -	\$ -	\$ 21,770
3420 Debt Service	-	1,408,677	-	1,408,677
3450 Reserve for Food Service	-	-	288,143	288,143
3490 Other Reserves of Fund Balance	-	-	160,620	160,620
Designated Fund Balance:				
3590 Other Designated Fund Balance	500,000	-	-	500,000
3600 Unrestricted	5,316,400	-	-	5,316,400
3000 Total Fund Balances	<u>\$ 5,838,170</u>	<u>\$ 1,408,677</u>	<u>\$ 448,763</u>	<u>\$ 7,695,610</u>
4000 Total Liabilities and Fund Balances	<u>\$ 9,616,159</u>	<u>\$ 1,660,888</u>	<u>\$ 466,645</u>	<u>\$ 11,743,692</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, 2009

Total fund balances - Balance Sheet (governmental funds)	\$	7,695,610
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.		33,183,378
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,224,354
Payables for bond principal which are not due in the current period are not reported in the funds.		(22,839,998)
Payables for capital leases which are not due in the current period are not reported in the funds.		(276,368)
Payables for debt interest which are not due in the current period are not reported in the funds.		(42,739)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		(1,219,456)
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.		<u>257,814</u>
Net assets of governmental activities - Statement of Net Assets	\$	<u><u>17,982,595</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, 2009

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 15,035,575	\$ 2,172,325	\$ 969,956	\$ 18,177,856
5800 State Program Revenues	16,111,988	332,527	1,505,285	17,949,800
5900 Federal Program Revenues	253,448	-	6,273,826	6,527,274
5020 Total Revenues	\$ 31,401,011	\$ 2,504,852	\$ 8,749,067	\$ 42,654,930
EXPENDITURES				
Current:				
0011 Instruction	\$ 18,169,886	\$ -	\$ 4,853,331	\$ 23,023,217
0012 Instructional Resources and Media Services	479,498	-	10,965	490,463
0013 Curriculum and Staff Development	197,132	-	563,442	760,574
0021 Instructional Leadership	328,883	-	83,060	411,943
0023 School Leadership	2,321,009	-	147,408	2,468,417
0031 Guidance, Counseling and Evaluation Services	1,272,786	-	225,513	1,498,299
0032 Social Work Services	59,561	-	37,272	96,833
0033 Health Services	325,538	-	33,220	358,758
0034 Student (Pupil) Transportation	1,000,486	-	948	1,001,434
0035 Food Services	-	-	2,273,600	2,273,600
0036 Cocurricular/Extracurricular Activities	994,889	-	216,226	1,211,115
0041 General Administration	1,220,135	-	4,099	1,224,234
0051 Plant Maintenance and Operations	3,672,443	-	40,606	3,713,049
0052 Security and Monitoring Services	152,985	-	23,634	176,619
0053 Data Processing Services	518,955	-	51	519,006
0061 Community Services	67,055	-	150,340	217,395
0071 Principal on Long-term Debt	160,666	1,375,000	-	1,535,666
0072 Interest on Long-term Debt	19,889	1,005,320	-	1,025,209
0073 Debt Issuance Cost and Fees	26	900	-	926
0093 Payments for Shared Service Arrangements	-	-	220,430	220,430
0099 Other Intergovernmental Charges	334,367	-	-	334,367
6030 Total Expenditures	\$ 31,296,189	\$ 2,381,220	\$ 8,884,145	\$ 42,561,554
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 104,822	\$ 123,632	\$ (135,078)	\$ 93,376
1200 Net Changes in Fund Balances	\$ 104,822	\$ 123,632	\$ (135,078)	\$ 93,376
0100 Fund Balances - Beginning (September 1)	\$ 5,613,880	\$ 1,271,710	\$ 583,841	\$ 7,469,431
1300 Prior Period Adjustments	119,468	13,335	-	132,803
Fund Balances - Beginning, as restated	\$ 5,733,348	\$ 1,285,045	\$ 583,841	\$ 7,602,234
3000 Fund Balances - Ending (August 31)	\$ 5,838,170	\$ 1,408,677	\$ 448,763	\$ 7,695,610

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, 2009

Net change in fund balances - total governmental funds	\$	93,376
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are not reported as expenses in the SOA.		51,157
The depreciation of capital assets used in governmental activities is not reported in the funds.		(1,466,631)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.		83,757
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.		(58,186)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.		1,375,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.		160,666
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.		(105,631)
(Increase) decrease in accrued interest expense from beginning of period to end of period.		<u>3,265</u>
Change in net assets of governmental activities - Statement of Activities	\$	<u><u>120,826</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, 2009

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 Investments	\$ 22,989	\$ 82,792
1800	Restricted Assets	<u>164,925</u>	<u>-</u>
1000	Total Assets	<u>\$ 187,914</u>	<u>\$ 82,792</u>
LIABILITIES			
Current Liabilities:			
2190	Due to Student Groups	<u>\$ -</u>	<u>\$ 82,792</u>
2000	Total Liabilities	<u>\$ -</u>	<u>\$ 82,792</u>
NET ASSETS			
3800	Held in Trust	<u>\$ 187,914</u>	<u>\$ -</u>
3000	Total Net Assets	<u><u>\$ 187,914</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, 2009

		Private-purpose Trust Funds
		Scholarship Funds
REVENUES		
Investment Earnings - Interest Revenue	\$	1,813
Donations		3,261
Total Revenues	\$	5,074
EXPENSES		
Scholarship Payments	\$	16,035
Total Expenses	\$	16,035
Changes in Net Assets	\$	(10,961)
Net Assets - Beginning (September 1)		198,875
Net Assets - Ending (August 31)	\$	187,914

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

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, 2009

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, 2009

A. Summary of Significant Accounting Policies (Continued)

3. Budgetary Data

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

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

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

4. Encumbrance Accounting

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

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

5. Financial Statement Amounts

Cash and Investments

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, 2009

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

On government-wide financial statements, inventories are presented at cost using the weighted average method and are expenses when used. On fund financial statements, inventories of governmental funds are valued at cost. For all funds, cost is determined using the weighted average method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they do not represent available spendable resources.

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, 2009

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, 2009, all District cash deposits were not 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 not 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, 2009

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, such as Texas CLASS and Lone Star Investment Pool, and certificates of deposit. All external investment pools and certificates of deposits are reported at share price (fair value) and are presented as cash and investments.

The Lone Star Investment Pool is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors and BNY Mellon Cash Investment Strategies – Investment Managers, RBC Wealth Management – Investment Consultant, Bank of New York Mellon – Custodian, First Public – Administration. In combination with these third party organizations, the pool has received a AAAM rating from Standard and Poor's. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS), was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the "Participants"), MBIA Municipal Investors Service Corporation as Program Administrator (the "Program Administrator"), and Wells Fargo Bank Texas, NA as Custodian (the "Custodian").

Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian.

The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the Investment Policy and Investment Strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

The Fund is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

B. Deposits, Securities and Investments (Continued)

The following table lists the District's investment at August 31, 2009:

	<u>Credit Rating</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAm	\$ 3,534,776
Texas CLASS	AAAm	6,070,590
Certificates of Deposit	n/a	<u>501,943</u>
Totals		<u>\$ 10,107,309</u>

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 \$ 1,672,936.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 662,574, and occurred during the month of February 2009.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 253,467.

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 District's name. At year end, the District had minimal exposure 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

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.

The District levied taxes on property within the District at \$ 1.0400 to fund general operations and \$.1525 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 1,405,504,654.

D. Capital Assets

Capital asset activities during the year ended August 31, 2009 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets not Being Depreciated:				
Land	\$ 1,411,360	\$ -	\$ -	\$ 1,411,360
Total Capital Assets not being Depreciated	\$ 1,411,360	\$ -	\$ -	\$ 1,411,360
Capital Assets being Depreciated:				
Building and Improvements	\$ 66,533,080	\$ -	\$ -	\$ 66,533,080
Equipment and Vehicles	1,913,779	45,157	-	1,958,936
Vehicles	2,596,159	6,000	-	2,602,159
Total Capital Assets being Depreciated	\$ 71,043,018	\$ 51,157	\$ -	\$ 71,094,175
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 34,672,598	\$ 1,152,921	\$ -	\$ 35,825,519
Equipment and Vehicles	1,418,206	145,052	-	1,563,258
Vehicles	1,764,722	168,658	-	1,933,380
Total Accumulated Depreciation	\$ 37,855,526	\$ 1,466,631	\$ -	\$ 39,322,157
Total Capital Assets being Depreciated, Net	\$ 33,187,492	\$ (1,415,474)	\$ -	\$ 31,772,018
Governmental Activities Capital Assets, Net	\$ 34,598,852	\$ (1,415,474)	\$ -	\$ 33,183,378

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

D. Capital Assets (Continued)

Depreciation was charged to functions as follows:

Instruction	\$ 800,892
Instructional Resources and Media Services	29,682
School Leadership	12,319
Guidance, Counseling and Evaluation Services	7,302
Health Services	7,539
Student (Pupil) Transportation	135,355
Food Services	113,748
Co-curricular/Extracurricular Activities	272,603
General Administration	20,158
Plant Maintenance and Operations	66,961
Security and Monitoring Services	<u>72</u>
 Total	 <u><u>\$ 1,466,631</u></u>

E. Long Term Obligations

Long-Term Obligation Activity

Long-term obligation activities during the year ended August 31, 2009 were as follows:

	Beginning			Ending	Amounts
	Balance	Increases	Decreases	Balance	Due Within
	<hr/>				One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 24,214,998	\$ -	\$ 1,375,000	\$ 22,839,998	\$ 1,149,075
Capital Leases Payable	437,033	-	160,665	276,368	167,995
Accreted Interest Payable	2,054,532	105,631	-	2,160,163	-
Bond Premium (Discount)	(112,679)	-	(6,562)	(106,117)	-
Refunding Gain (Loss)	(886,214)	-	(51,624)	(834,590)	-
	<hr/>				
Total Governmental Activities	<u>\$ 25,707,670</u>	<u>\$ 105,631</u>	<u>\$ 1,477,479</u>	<u>\$ 24,335,822</u>	<u>\$ 1,317,070</u>

Bonds

The District has issued various series of general obligation bonds to fund facility construction and improvements. Bonds mature at various times with varying rates of interest. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

E. Long Term Obligations (Continued)

The following bonded debt issues are outstanding at August 31, 2009:

Description	Interest Rate	Original Balance	Outstanding Balance
Unlimited School Building and Refunding Bonds, Series 2001	5.02%	\$ 30,594,998	\$ 2,529,998
Unlimited Tax Refunding Bonds, Series 2006	4.18%	20,955,000	20,310,000
Totals			<u>\$ 22,839,998</u>

Maturity requirements on bonds outstanding at August 31, 2009, are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
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	1,195,000	851,764	2,046,764
2015-2019	6,735,000	3,485,370	10,220,370
2020-2024	8,265,000	1,955,157	10,220,157
2025-2029	3,830,000	255,594	4,085,594
Totals	<u>\$ 22,839,998</u>	<u>\$ 12,610,568</u>	<u>\$ 35,450,566</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. The District appears to be in compliance with all significant limitations and restrictions as of August 31, 2009.

Capital Leases

The District is obligated under certain leases accounted for as capital leases. The leases recorded here meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following schedule lists personal property leased:

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

The lease terms are for a term not exceeding five years. The term calls for annual payments over the life of the lease.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

E. Long Term Obligations (Continued)

Commitments under the capitalized lease agreement for transportation vehicles and VOIP Equipment provide for minimum future lease payments as of August 31, 2009, as follows:

Year Ending August 31	Total Requirements
2010	\$ 180,555
2011	55,300
2012	55,300
2013	4,608
Total Minimum Lease Payment	\$ 295,763
Less Amount Representing Interest	(19,395)
Present Value of Net Minimum Lease Payments	<u>\$ 276,368</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

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provided for a member contribution rate of 6.4% for fiscal year 2009, 2008 and 2007, and a state contribution rate of 6.58% for fiscal years 2009 and 2008 and 6.0% for fiscal year 2007. In certain instances the reporting district is required to make all or a portion of the state's 6.58% contribution for fiscal years 2009 and 2008 and 6.00% for fiscal year 2007. The District's employees' contributions to the System for the periods ended August 31, 2009, 2008, and 2007 were \$ 1,658,271, \$ 1,735,354, and \$ 1,690,894, respectively. Contributions from private grants and from the District for salaries above the statutory minimum for the periods ended August 31, 2009, 2008, and 2007 were \$ 419,789, \$ 437,620, and \$ 417,987, respectively.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

F. Pension Plan (Continued)

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 \$ 1,313,543 are reflected in the general fund basic financial statements.

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 2009, 2008 and 2007. 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 \$ 199,627 are reflected in the basic financial statements for Retiree Health Plan contributions. Additionally, the District benefited from payments made by the State totaling \$ 58,878 for subsidies for Medicare Part D.

H. Risk Management

Health Care

During the year ended August 31, 2009, 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

H. Risk Management (Continued)

Latest financial statements for the TRS Active Care are available for the year ended December 31, 2008, 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 2009, 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.

I. Litigation

The District does not appear to have pending litigation as of August 31, 2009.

J. Prior Period Adjustments

Government-wide Financial Statements

The increase or decrease in net assets identified on Exhibit B-1 includes the following corrections of errors in prior periods:

Recognition and receipt of state aid funding not recognized as earned in the prior period	\$ 132,803
	<u>132,803</u>
Total Prior Period Adjustments	<u>\$ 132,803</u>

Governmental Funds

The increase or decrease in various major funds as identified on Exhibit C-3 includes the following corrections of errors in prior periods:

General Fund -	
Recognition and receipt of state aid funding	\$ 119,468
Debt Service Fund -	
Recognition and receipt of state aid funding	<u>13,335</u>
Total Prior Period Adjustments	<u>\$ 132,803</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

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, 2009, 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 ESEA Title III ESEA Title I, Part C
McKinney Homeless	Greenville Independent School District	Stewart B. McKinney Homeless Funds

M. Revenue from Local and Intermediate Sources

During the year ended August 31, 2009, the District received revenue from local and intermediate sources consisting of the following:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Property Tax Collections - Current	\$ 14,275,985	\$ 2,093,402	\$ -	\$ 16,369,387
Property Tax Collections - Delinquent	227,205	28,592	-	255,797
Penalties, Interest and Other				
Tax Related Income	211,687	30,569	-	242,256
Investment Income	88,046	19,762	2,842	110,650
Food Service Income	-	-	692,554	692,554
Gifts and Bequests	75	-	-	75
Cocurricular/Extracurricular Activities	113,213	-	-	113,213
Other	119,364	-	274,560	393,924
Total Local Revenue	\$ 15,035,575	\$ 2,172,325	\$ 969,956	\$ 18,177,856

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2009

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	\$	250,752
E-rate		<u>2,696</u>
Total	\$	<u>253,448</u>

O. Receivables

Receivables at August 31, 2009 for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts, are as follows:

<u>Receivables:</u>	General Fund	Debt Service Fund	Other Governmental Funds	Total
Due from Other Governments	\$ -	\$ -	\$ 768,756	\$ 768,756
Property Taxes	1,213,103	147,290	-	1,360,393
Less Allowance for Uncollectible Property Taxes	(121,310)	(14,729)	-	(136,039)
Other Receivables	2,338	-	89,128	91,466
Accrued Interest Receivable	2,702	-	-	2,702
Net Receivables	<u>\$ 1,096,833</u>	<u>\$ 132,561</u>	<u>\$ 857,884</u>	<u>\$ 2,087,278</u>

P. Interfund Balances

Interfund Receivable and Payables

The composition of interfund receivable and payable balances as of August 31, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Payroll Clearing Fund	General Fund	\$ 22,096

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 14,764,518	\$ 14,944,518	\$ 15,035,575	\$ 91,057
5800	State Program Revenues	19,125,341	16,452,341	16,111,988	(340,353)
5900	Federal Program Revenues	175,000	225,000	253,448	28,448
5020	Total Revenues	\$ 34,064,859	\$ 31,621,859	\$ 31,401,011	\$ (220,848)
EXPENDITURES					
0010	Instruction and Instructional Related Services:				
0011	Instruction	\$ 18,836,225	\$ 18,514,225	\$ 18,169,886	\$ 344,339
0012	Instructional Resources and Media Services	511,074	501,074	479,498	21,576
0013	Curriculum and Staff Development	263,924	223,924	197,132	26,792
	Total Instruction and Instr. Related Services	\$ 19,611,223	\$ 19,239,223	\$ 18,846,516	\$ 392,707
0020	Instructional and School Leadership:				
0021	Instructional Leadership	\$ 338,568	\$ 373,568	\$ 328,883	\$ 44,685
0023	School Leadership	2,441,014	2,341,014	2,321,009	20,005
	Total Instructional and School Leadership	\$ 2,779,582	\$ 2,714,582	\$ 2,649,892	\$ 64,690
0030	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	\$ 1,295,900	\$ 1,317,900	\$ 1,272,786	\$ 45,114
0032	Social Work Services	65,244	65,244	59,561	5,683
0033	Health Services	365,790	345,790	325,538	20,252
0034	Student (Pupil) Transportation	1,103,400	1,023,400	1,000,486	22,914
0036	Cocurricular/Extracurricular Activities	1,036,324	1,063,324	994,889	68,435
	Total Support Services - Student (Pupil)	\$ 3,866,658	\$ 3,815,658	\$ 3,653,260	\$ 162,398
0040	Administrative Support Services:				
0041	General Administration	\$ 1,410,224	\$ 1,235,224	\$ 1,220,135	\$ 15,089
	Total Administrative Support Services	\$ 1,410,224	\$ 1,235,224	\$ 1,220,135	\$ 15,089
0050	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	\$ 4,982,670	\$ 3,732,670	\$ 3,672,443	\$ 60,227
0052	Security and Monitoring Services	219,422	169,422	152,985	16,437
0053	Data Processing Services	566,555	541,555	518,955	22,600
	Total Support Services - Nonstudent Based	\$ 5,768,647	\$ 4,443,647	\$ 4,344,383	\$ 99,264
0060	Ancillary Services:				
0061	Community Services	\$ 97,925	\$ 77,925	\$ 67,055	\$ 10,870
	Total Ancillary Services	\$ 97,925	\$ 77,925	\$ 67,055	\$ 10,870
0070	Debt Service:				
0071	Principal on Long-term Debt	\$ 160,700	\$ 160,700	\$ 160,666	\$ 34
0072	Interest on Long-term Debt	19,900	19,900	19,889	11
0073	Debt Issuance Costs and Fees	-	-	26	(26)
	Total Debt Service	\$ 180,600	\$ 180,600	\$ 180,581	\$ 19
0090	Intergovernmental Charges:				
0099	Other Intergovernmental Charges	\$ 350,000	\$ 350,000	\$ 334,367	\$ 15,633
	Total Intergovernmental Charges	\$ 350,000	\$ 350,000	\$ 334,367	\$ 15,633
6030	Total Expenditures	\$ 34,064,859	\$ 32,056,859	\$ 31,296,189	\$ 760,670
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (435,000)	\$ 104,822	\$ 539,822
1200	Net Change in Fund Balance	\$ -	\$ (435,000)	\$ 104,822	\$ 539,822
0100	Fund Balance - Beginning (September 1)	\$ 5,613,880	\$ 5,613,880	\$ 5,613,880	\$ -
1300	Prior Period Adjustments	-	-	119,468	119,468
	Fund Balance - Beginning, as restated	\$ 5,613,880	\$ 5,613,880	\$ 5,733,348	\$ 119,468
3000	Fund Balance - Ending (August 31)	\$ 5,613,880	\$ 5,178,880	\$ 5,838,170	\$ 659,290

OTHER SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
YEAR ENDED AUGUST 31, 2009

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates		3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2008	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2009
		Maintenance	Debt Service							
XXXX	2000 and Prior Years	Various	Various	Various	\$ 194,867	\$ -	\$ 6,199	\$ 362	\$ (20,859)	\$ 167,447
2000	2001	1.5000	0.0816	866,353,448	25,394	-	677	40	(2,243)	22,434
2001	2002	1.5000	0.2500	878,828,290	42,247	-	1,711	285	(2,542)	37,709
2002	2003	1.5000	0.2500	904,223,029	62,940	-	2,748	458	(4,360)	55,374
2003	2004	1.5000	0.1847	951,470,470	75,570	-	7,300	899	(7,770)	59,601
2004	2005	1.5000	0.1500	1,006,091,212	94,466	-	12,078	1,208	(4,097)	77,083
2005	2006	1.5000	0.1410	1,009,459,841	152,992	-	26,215	2,463	(6,478)	117,836
2006	2007	1.3710	0.1443	1,171,126,707	219,074	-	60,627	6,386	(3,217)	148,844
2007	2008	1.0400	0.1484	1,261,426,108	399,780	-	175,522	25,029	(29,342)	169,887
2008	2009	1.0400	0.1525	1,405,504,654	-	16,760,643	14,205,011	2,082,946	31,492	504,178
1000	TOTALS				\$ 1,267,330	\$ 16,760,643	\$ 14,498,088	\$ 2,120,076	\$ (49,416)	\$ 1,360,393

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST
 GENERAL AND SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2009

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	\$ -	\$ -	\$ 210,077	\$ 704,131	\$ -	\$ -	\$ 914,208
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			52,160				\$ 52,160
6212	Audit Services				26,200			\$ 26,200
6213	Tax Appraisal and Collection		38,726					\$ 38,726
621X	Other Prof. Services				930			\$ 930
6220	Tuition and Transfer Payments							\$ -
6230	Education Service Centers	740		400	6,938			\$ 8,078
6240	Contr. Maint. And Repair					22,655		\$ 22,655
6250	Utilities							\$ -
6260	Rentals				4,278			\$ 4,278
6290	Miscellaneous Contr.	700		4,179	27,247			\$ 32,126
6310	Operational Supplies, Materials							\$ -
6320	Textbooks and Reading			654				\$ 654
6330	Testing Materials							\$ -
63XX	Other Supplies, Materials			4,751	33,469			\$ 38,220
6410	Travel, Subsistence, Stipends	13,310		17,577	10,695			\$ 41,582
6420	Ins. And Bonding Costs	16,384			2,132			\$ 18,516
6430	Election Costs	3,649						\$ 3,649
6490	Miscellaneous Operating	606		3,299	18,347			\$ 22,252
6500	Debt Service							\$ -
6600	Capital Outlay							\$ -
TOTAL		\$ 35,389	\$ 38,726	\$ 293,097	\$ 834,367	\$ 22,655	\$ -	\$ 1,224,234

Total expenditures for General and Special Revenue Funds: (9) \$ 40,180,335

LESS: Deductions and Unallowable Costs
 FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 51,157
Total Debt & Lease (6500)	(11) \$ 180,581
Plant Maintenance (Function 51, 6100-6400)	(12) \$ 3,694,396
Food (Function XX, 6341 and 6499)	(13) \$ 935,791
Stipend (6413)	(14) \$ -
Column 4 (above) - Total Indirect Cost Subtotal	\$ 834,367
	5,696,292
Net Allowed Direct Cost	<u>\$ 34,484,043</u>

CUMULATIVE	
Total Cost of Buildings Before Depreciation (1520)	(15) \$ 66,533,080
Historical Cost of Buildings over 50 years old	(16) \$ 13,711,759
Amount of Federal Money in building Cost (Net of # 16)	(17) \$ -
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18) \$ 4,562,095
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ 818,959
Amount of Federal Money in Furniture & Equipment (Net of # 19)	(20) \$ -

(8) Note A - No Function 53 expenditures and no Function 99 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, 2009

"UNAUDITED"

Data Control Codes	Explanation	Amount
1	Total General Fund Balance August 31, 2009 (Exhibit C-1 object 3000 for the General Fund only)	<u>\$ 5,838,170</u>
2	Total General Fund Reserve Fund Balance (from Exhibit C-1 - total of object 3400s for the General Fund only)	\$ 21,770
3	Total General Fund Designated Fund Balance (from Exhibit C-1 - total of object 3500s for General Fund only)	500,000
4	Estimated amount needed to cover fall cash flow deficit in General Fund (net of borrowed funds and funds representing deferred revenues)	2,000,000
5	Estimate of one month's average cash disbursements during the regular school session (9/1/09 - 5/31/10)	3,400,000
6	Estimate of delayed payments from state sources (58XX) including August payment delay	-
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.	-
8	Estimate of delayed payments from federal sources (59XX)	770,000
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>-</u>
10	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9)	<u>\$ 6,691,770</u>
11	Excess (Deficit) Undesignated Unreserved General Fund Fund Balance (1-10)	<u><u>\$ (853,600)</u></u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
5700 Local and Intermediate Sources	\$ 747,000	\$ 747,000	\$ 586,992	\$ (160,008)
5800 State Program Revenues	17,510	17,510	15,727	(1,783)
5900 Federal Program Revenues	<u>1,552,750</u>	<u>1,752,750</u>	<u>1,659,798</u>	<u>(92,952)</u>
5020 Total Revenues	<u>\$ 2,317,260</u>	<u>\$ 2,517,260</u>	<u>\$ 2,262,517</u>	<u>\$ (254,743)</u>
EXPENDITURES				
Current:				
0030 Support Services - Student (Pupil):				
0035 Food Service	<u>\$ 2,289,808</u>	<u>\$ 2,489,808</u>	<u>\$ 2,273,600</u>	<u>\$ 216,208</u>
Total Support Services - Student (Pupil)	<u>\$ 2,289,808</u>	<u>\$ 2,489,808</u>	<u>\$ 2,273,600</u>	<u>\$ 216,208</u>
6030 Total Expenditures	<u>\$ 2,289,808</u>	<u>\$ 2,489,808</u>	<u>\$ 2,273,600</u>	<u>\$ 216,208</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 27,452</u>	<u>\$ 27,452</u>	<u>\$ (11,083)</u>	<u>\$ (38,535)</u>
1200 Net Change in Fund Balance	\$ 27,452	\$ 27,452	\$ (11,083)	\$ (38,535)
0100 Fund Balance - Beginning (September 1)	<u>299,225</u>	<u>299,225</u>	<u>299,225</u>	<u>-</u>
3000 Fund Balance - Ending (August 31)	<u><u>\$ 326,677</u></u>	<u><u>\$ 326,677</u></u>	<u><u>\$ 288,142</u></u>	<u><u>\$ (38,535)</u></u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2009

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 2,037,688	\$ 2,037,688	\$ 2,172,325	\$ 134,637
5800	State Program Revenues	350,000	350,000	332,527	(17,473)
5020	Total Revenues	\$ 2,387,688	\$ 2,387,688	\$ 2,504,852	\$ 117,164
EXPENDITURES					
0070	Debt Service:				
0071	Principal on Long-term Debt	\$ 1,375,000	\$ 1,375,000	\$ 1,375,000	\$ -
0072	Interest on Long-term Debt	1,011,788	1,011,788	1,005,320	6,468
0072	Debt Issuance Costs and Fees	900	900	900	-
	Total Debt Service	\$ 2,387,688	\$ 2,387,688	\$ 2,381,220	\$ 6,468
6030	Total Expenditures	\$ 2,387,688	\$ 2,387,688	\$ 2,381,220	\$ 6,468
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ 123,632	\$ 123,632
1200	Net Change in Fund Balance	\$ -	\$ -	\$ 123,632	\$ 123,632
0100	Fund Balance - Beginning (September 1)	\$ 1,271,710	\$ 1,271,710	\$ 1,271,710	\$ -
1300	Prior Period Adjustments	-	-	13,335	13,335
	Fund Balance - Beginning, as restated	\$ 1,271,710	\$ 1,271,710	\$ 1,285,045	\$ 13,335
3000	Fund Balance - Ending (August 31)	\$ 1,271,710	\$ 1,271,710	\$ 1,408,677	\$ 136,967

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2009

<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?	\$ 2,160,163

FEDERAL AWARDS SECTION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2009

(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	84.389	10551003116905	\$ 109,720
ESEA Title I Part A - Improving Basic Programs	84.010	09610101116905	1,693,801
ESEA Title I Part A - Improving Basic Programs	84.010	10610101116905	45,401
Title I Part D - Delinquent Programs	84.010	09610103116905	15,433
Title I SIP Academy Grant	84.377	09610701116905001	8,450
Title I SIP Academy Grant	84.377	09610701116905002	7,050
ESEA Title II Part D - Enhancing Education through Technology	84.318	09630001116905	15,146
ESEA Title II Part A - Teacher & Principal Training	84.367	09694501116905	331,674
ESEA Title IV Part A - Safe and Drug Free Schools	84.186	09691001116905	23,634
Carl D. Perkins Vocational Education	84.048	0942000611690510	82,778
IDEA-B Formula *	84.027	096600011169056600	905,529
IDEA-B Formula *	84.027	106600011169056600	6,946
IDEA-B Discretionary (Deaf) *	84.027	096600021169056673	10,670
IDEA-B Formula (Deaf) *	84.027	096600011169056601	13,535
IDEA-B Preschool *	84.173	096610011169056610	42,427
IDEA-B Preschool (Deaf) *	84.173	096610011169056611	3,835
IDEA-C ECI	84.181	093911011169053911	114
IDEA-B ARRA	84.391	10554001116905	65,994
Summer School LEP	84.365	116-905	4,412
Reading First Grant	84.377	09610701116905001	72,570
Total passed through the Texas Education Agency			<u>\$ 3,459,119</u>
Passed through Education Service Center - Region X:			
ESEA Title III Part A - English Language Acquisition	84.365	116-905	\$ 74,843
ESEA Title III Subpart B - Homeless Children and Youth	84.196	55027	67,500
Total passed through Education Service Center - Region X			<u>\$ 142,343</u>
Total Department of Education			<u>\$ 3,601,462</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, 2009

(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	\$ 15,760
Head Start *	93.600	07CH6997/09	<u>996,806</u>
Total Department of Health and Human Services			<u>\$ 1,012,566</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program	10.553	116-905	\$ 374,456
National School Lunch Program	10.555	116-905	<u>1,185,787</u>
Total passed through the Texas Department of Agriculture			<u>\$ 1,560,243</u>
Passed through the Texas Department of Human Services:			
USDA Commodity Food Distribution	10.565	116006A	<u>\$ 99,555</u>
Total passed through the Texas Department of Human Services			<u>\$ 99,555</u>
Total Department of Agriculture			<u>\$ 1,659,798</u>
Total Expenditure of Federal Awards			<u><u>\$ 6,273,826</u></u>

* Denotes Major Programs

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2009

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, 2009.

C. Subrecipients

The District provided federal awards to subrecipients as follows:

Commerce Independent School District	\$	136,834
Quinlan Independent School District		83,596
Total	\$	220,430