

**GREENVILLE INDEPENDENT
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

YEAR ENDED AUGUST 31, 2012

RUTHERFORD, TAYLOR & COMPANY, P.C.
Certified Public Accountants
2802 Washington Street
Greenville, Texas 75401
(903) 455-6252

GREENVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2012

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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, 2012, at a meeting of the board of school trustees of such school district on 12-18-2012.



Signature of Board Secretary



Signature of Board President

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

FINANCIAL SECTION

RUTHERFORD,
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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, 2012, 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 the 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, 2012, 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 December 14, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 as a whole. The schedules identified as other supplementary information identified 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 the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Such information 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.

December 14, 2012
Greenville, Texas



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING 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 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2012. 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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control – Continued

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.

December 14, 2012
Greenville, Texas

A handwritten signature in blue ink that reads "Rutherford, Taylor & Company, P.C." The signature is written in a cursive style and is contained within a light blue rectangular box.

RUTHERFORD,
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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND 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 Greenville Independent School District's (District) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Internal Control over Compliance – Continued

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

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

The District's responses to the findings, if any, identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

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

December 14, 2012
Greenville, Texas

A handwritten signature in blue ink that reads "Rutherford, Taylor & Company PC". The signature is written in a cursive style and is located in the bottom right area of the page.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 YEAR ENDED AUGUST 31, 2012

Summary of Auditor's Results

Financial Statements –

Type of auditor's report issued	Unqualified Opinion
Internal Control over Financial Reporting: Material Weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to the financial statements noted	None

Federal Awards –

Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Type of Auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133	No
Identification of major programs	Head Start (93.600) ESEA Title I – Improving Basic Programs (84.010) 21 st Century Grant (84.287)
Dollar threshold used to distinguish between Type A and Type B programs	\$ 300,000
Entity qualified as a low risk auditee	Yes
Pass-through Entity	Texas Education Agency

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012

Financial Statement Findings (Section II)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012

Federal Award Findings and Questioned Costs (Section III)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012

Prior Year Findings (Section IV)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2012

Corrective Action Plans (Section V)

NONE

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

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, 2012. Please read it in conjunction with the District's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

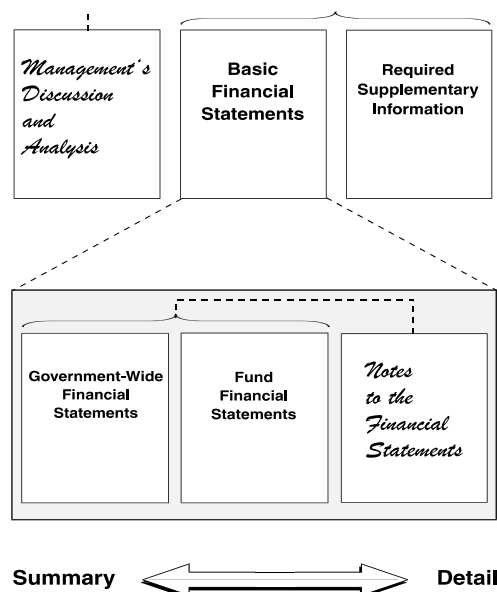
- The District's total combined net assets were \$ 21,811,644 at August 31, 2012.
- During the year, the District's expenses were \$ 1,488,716 more than the \$ 44,247,263 generated in local property taxes and other revenues for governmental activities.
- The total cost of the District's programs increased approximately 4.16% from last year. The District started an after school education program during the year.
- The District issued no new debt during the year ended August 31, 2012.
- The General Fund reported a fund balance this year of \$ 8,316,326.

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 a print shop.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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



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

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

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.

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

<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

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are

accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base 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, 2012

- 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 \$ 21,811,644 at August 31, 2012.

Greenville Independent School District's Net Assets			Table A-1
	Governmental Activities 2012	2011	Total Percentage Change 2011-2012
Assets:			
Cash and Investments	\$ 11,329,061	\$ 11,790,135	-3.91%
Other Assets	3,395,765	3,230,642	5.11%
Capital Assets less Accumulated Depreciation	33,056,680	34,447,637	-4.04%
Total Assets	\$ 47,781,506	\$ 49,468,414	-3.41%
Liabilities:			
Current Liabilities	\$ 2,445,141	\$ 1,206,444	102.67%
Long-term Liabilities	23,524,721	24,961,610	-5.76%
Total Liabilities	\$ 25,969,862	\$ 26,168,054	-0.76%
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 9,803,811	\$ 9,099,413	7.74%
Restricted	2,397,477	2,329,046	2.94%
Unrestricted	9,610,356	11,871,901	-19.05%
Total Net Assets	\$ 21,811,644	\$ 23,300,360	-6.39%

Approximately \$ 1,862,641 of the District's restricted net assets represent funds for debt retirement. Unrestricted net assets represents resources available to fund the programs of the District next year.

CHANGES IN NET ASSETS

The District's total revenues were \$ 44,247,263. 42% of the District's revenue comes from property taxes (See Table A-3). 55% 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 \$ 45,735,979. 60% of these costs are for instruction and instructional related staff and student services.

The District's base tax collection percentage rate (current and delinquent – base tax only) was 99.05%. The total tax collection percentage rate (base tax and penalty and interest) was 100.33%

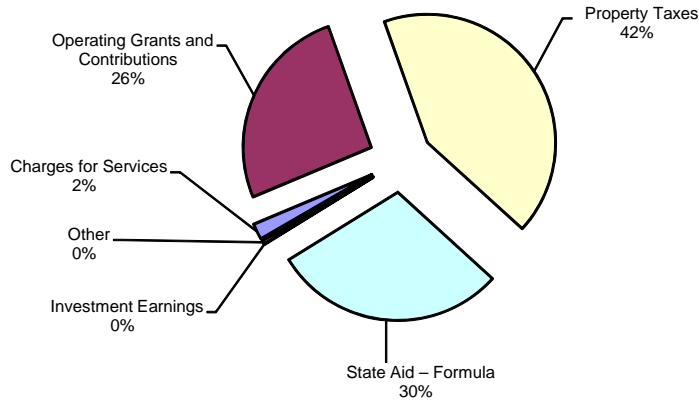
GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

GOVERNMENTAL ACTIVITIES

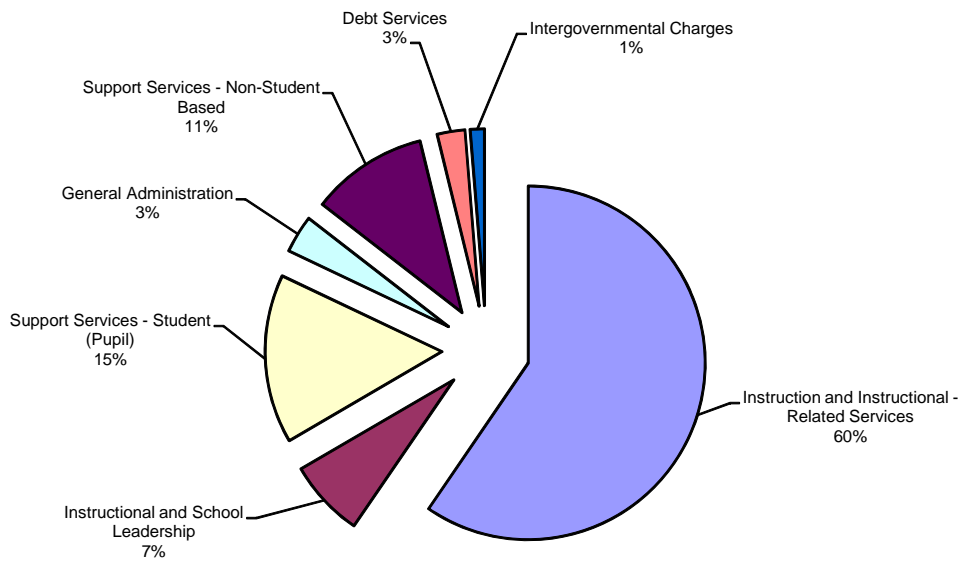
Changes in Greenville Independent School District's Net Assets			Table A-2
	Governmental Activities		Total Percentage Change
	2012	2011	2011-2012
Program Revenues:			
Charges for Services	\$ 888,687	\$ 854,542	4.00%
Operating Grants and Contributions	11,452,368	12,875,193	-11.05%
General Revenues:			
Property Taxes	18,667,023	18,766,229	-0.53%
State Aid – Formula	13,023,144	14,616,770	-10.90%
Investment Earnings	25,439	27,580	-7.76%
Other	190,602	57,481	231.59%
Total Revenues	<u>\$ 44,247,263</u>	<u>\$ 47,197,795</u>	-6.25%
Expenses:			
Instruction	\$ 24,920,982	\$ 24,511,702	1.67%
Instructional Resources and Media Services	482,126	491,906	-1.99%
Curriculum and Staff Development	1,830,805	973,688	88.03%
Instructional Leadership	632,016	554,287	14.02%
School Leadership	2,598,752	2,541,987	2.23%
Guidance, Counseling and Evaluation Services	1,529,817	1,480,402	3.34%
Social Work Services	79,238	85,423	-7.24%
Health Services	313,196	377,542	-17.04%
Student (Pupil) Transportation	1,168,883	1,145,293	2.06%
Food Services	2,363,146	2,378,161	-0.63%
Cocurricular/Extracurricular Activities	1,605,888	1,565,482	2.58%
General Administration	1,576,964	1,451,541	8.64%
Plant Maintenance and Operations	3,809,030	3,466,555	9.88%
Security and Monitoring Services	259,732	232,402	11.76%
Data Processing Services	619,030	683,414	-9.42%
Community Services	197,307	218,947	-9.88%
Debt Service	1,165,050	1,209,763	-3.70%
Payments for Shared Service Arrangements	227,889	197,831	15.19%
Other Intergovernmental Charges	356,128	342,153	4.08%
Total Expenses	<u>\$ 45,735,979</u>	<u>\$ 43,908,479</u>	4.16%
Excess (Deficiency) Before Other Resources, Uses and Transfers	<u>\$ (1,488,716)</u>	<u>\$ 3,289,316</u>	-145.26%
Increase (Decrease) in Net Assets	\$ (1,488,716)	\$ 3,289,316	-145.26%
Net Assets - Beginning (September 1)	<u>23,300,360</u>	<u>20,011,044</u>	16.44%
Net Assets - Ending (August 31)	<u><u>\$ 21,811,644</u></u>	<u><u>\$ 23,300,360</u></u>	-6.39%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

Sources of Revenue for Fiscal Year 2012 - See Table A-2



Functional Expenses for Fiscal Year 2012 - See Table A-2



GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

- 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 \$ 45,735,979.
- However, the amount that our taxpayers paid for these activities through property taxes was \$ 18,667,023.
- Some of the cost was paid by those who directly benefited from the programs, \$ 888,687, or
- By grants and contributions, \$ 11,452,368.

Greenville Independent School District Net Cost of Selected District Functions							Table A-3
	<u>Total Cost of Services</u>		% Change Change	<u>Net Cost of Services</u>		% Change Change	
	2012	2011		2012	2011		
Instruction	\$ 24,920,982	\$ 24,511,702	1.67%	\$ 18,450,564	\$ 16,145,735	14.28%	
School Leadership	2,598,752	2,541,987	2.23%	2,341,944	2,268,077	3.26%	
General Administration	1,576,964	1,451,541	8.64%	1,506,442	1,379,147	9.23%	
Plant Maintenance and Operations	3,809,030	3,466,555	9.88%	3,675,137	3,299,770	11.38%	
Debt Service	1,165,050	1,209,763	-3.70%	877,002	985,639	-11.02%	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues in the governmental funds totaled \$ 44,266,167. This represents a decrease of \$ 2,889,024 from the prior year revenues of \$ 47,155,191. The change represents reductions in state aid due to decreased enrollment and attendance. The expiring Recovery Act funding that was not reinstated by the federal government also attributed to the decrease in total revenues.

Expenditures in the governmental funds totaled \$ 45,764,956. This represents a decrease of \$ 2,251,470 from the prior year expenditures of \$ 48,016,426. The expiring Recovery Act funding that was not reinstated by the federal government reduced the operating costs for programs in the District.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised its General Fund budget several times. With these adjustments, actual expenditures were \$ 1,510,240 below final budget amounts. The most significant positive variance resulted from instruction expenditures.

Resources available were \$ 9,368 less than the final General Fund budgeted amount. The unfavorable variance was result of lower than expected property tax collections, and anticipated reductions in state program revenues.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2012, the District had invested \$ 76,447,963 in a broad range of capital assets, including land, equipment, buildings and vehicles (See Table A-4).

Greenville Independent School District's Capital Assets			Table A-4
	Governmental Activities		Total
	2012	2011	Percentage Change 2011-2012
Land	\$ 1,597,652	\$ 1,597,652	0.00%
Buildings and Improvements	69,770,657	69,770,657	0.00%
Vehicles	2,998,197	2,970,297	0.94%
Equipment	2,081,457	1,993,607	4.41%
Totals at Historical Cost	\$ 76,447,963	\$ 76,332,213	0.15%
Less Accumulated Depreciation	(43,391,283)	(41,884,576)	3.60%
Net Capital Assets	<u>\$ 33,056,680</u>	<u>\$ 34,447,637</u>	-4.04%

DEBT

At year-end the District had \$ 23,524,721 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 Debt			Table A-5
	Governmental Activities		Total
	2012	2011	Percentage Change 2011-2012
Bonds Payable	\$ 21,170,000	\$ 21,415,000	-1.14%
Capital Leases Payable	296,099	437,613	-32.34%
Loans Payable	2,810,000	3,020,000	-6.95%
Other Debt Payable	(751,378)	88,997	-944.27%
Total Debt Payable	<u>\$ 23,524,721</u>	<u>\$ 24,961,610</u>	-5.76%

GREENVILLE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED AUGUST 31, 2012

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's property valuation continues to hold steady despite overall economic shrinking of the market values. Local property tax rates are restricted by state statute, without local elections, to \$ 1.04 for maintenance and operations. The state funding formula was changed to provide state funds to replace the lost local property tax revenue. This change in funding and other legislative changes continue to impact the District's financial operations, including cash flows.

Changes in the student population will continue to affect state funding. Property values and student enrollments have remained stagnant over the last several years. Any gain or loss in appraised property values will not change the total revenue received by the District under the current state funding formula; they will simply cause a shift between State and local funding with the total revenue remaining the same. Only increases in student enrollment and attendance will increase the District's overall funding.

Student attendance rates have remained fairly steady throughout the recent periods and are expected to remain at the same level moving forward. The economic outlook for the area is for growth to continue at a relatively slow level.

The State has reduced funding levels for the 2011-2013 biennium which will affect the revenue levels of the District. With these reductions in funding, the District has taken action to reduce expenditures for future periods. The cuts in operations as well as staff positions are expected to mitigate the effects of reduced funding levels. However, some potential cash flow delays could require the District to use its available cash reserves. At period end, the District believes present cash balances are in place to withstand any potential delays.

Numerous districts across the state have joined in challenging the funding formula used by the state to provide for a public school system. The challenge is one of several proceeding through the legal system. The various cases are expected to be presented to the court in the 2013 fiscal year. Once a decision is made, the following years will likely bring challenges to arriving at a new equitable and sound financial support system. Until the challenges are resolved, expenditures will be monitored to ensure funding sources will provide for anticipated costs.

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: David Carter, Chief Financial Officer, P.O. Box 1022, Greenville, TX 75401.

BASIC FINANCIAL STATEMENTS

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2012

1

Data Control Codes		Governmental Activities
	ASSETS	
1110	Cash and Investments	\$ 11,329,061
1225	Property Taxes Receivable, Net	1,323,610
1240	Due from Other Governments	1,783,633
1250	Accrued Interest	7
1300	Inventories	16,663
1420	Capitalized Bond and Other Debt Issuance Costs	271,852
	Capital Assets:	
1510	Land	1,597,652
1520	Buildings and Improvements, Net	30,465,150
1530	Furniture and Equipment, Net	993,878
1000	Total Assets	\$ 47,781,506
	LIABILITIES	
2110	Accounts Payable	\$ 1,208,703
2140	Interest Payable	50,270
2165	Accrued Liabilities	698,221
2300	Unearned Revenue	487,947
	Noncurrent Liabilities:	
2501	Due within one year	1,473,751
2502	Due in more than one year	22,050,970
2000	Total Liabilities	\$ 25,969,862
	NET ASSETS	
3200	Invested in Capital Assets, Net of Related Debt	\$ 9,803,811
	Restricted For:	
3820	Federal and State Programs	526,881
3850	Debt Service	1,862,641
3890	Other Purposes	7,955
3900	Unrestricted	9,610,356
3000	Total Net Assets	\$ 21,811,644

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2012

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Net (Expense) Revenue and Changes in Net Assets
			Charges for Services	Operating Grants and Contributions	
					Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 24,920,982	\$ 156,444	\$ 6,313,974	\$ (18,450,564)
12	Instructional Resources and Media Services	482,126	-	25,105	(457,021)
13	Curriculum and Staff Development	1,830,805	-	1,264,627	(566,178)
21	Instructional Leadership	632,016	-	123,569	(508,447)
23	School Leadership	2,598,752	-	256,808	(2,341,944)
31	Guidance, Counseling and Evaluation Services	1,529,817	-	358,067	(1,171,750)
32	Social Work Services	79,238	-	78,934	(304)
33	Health Services	313,196	-	45,687	(267,509)
34	Student (Pupil) Transportation	1,168,883	-	139,076	(1,029,807)
35	Food Services	2,363,146	390,712	1,995,664	23,230
36	Cocurricular/Extracurricular Activities	1,605,888	314,921	32,307	(1,258,660)
41	General Administration	1,576,964	-	70,522	(1,506,442)
51	Plant Maintenance and Operations	3,809,030	26,610	107,283	(3,675,137)
52	Security and Monitoring Services	259,732	-	2,534	(257,198)
53	Data Processing Services	619,030	-	24,673	(594,357)
61	Community Services	197,307	-	97,601	(99,706)
72	Interest on Long-term Debt	1,143,663	-	288,048	(855,615)
73	Debt Issuance Costs and Fees	21,387	-	-	(21,387)
93	Payments for Shared Service Arrangements	227,889	-	227,889	-
99	Other Intergovernmental Charges	356,128	-	-	(356,128)
TG	Total Governmental Activities	<u>\$ 45,735,979</u>	<u>\$ 888,687</u>	<u>\$ 11,452,368</u>	<u>\$ (33,394,924)</u>
TP	Total Primary Government	<u>\$ 45,735,979</u>	<u>\$ 888,687</u>	<u>\$ 11,452,368</u>	<u>\$ (33,394,924)</u>
	General Revenues:				
MT	Property Taxes, Levied for General Purpose				\$ 16,429,955
DT	Property Taxes, Levied for Debt Service				2,237,068
IE	Investment Earnings				25,439
GC	Grant and Contributions Not Restricted to Specific Programs				13,023,144
MI	Miscellaneous				190,602
TR	Total General Revenues and Transfers				<u>\$ 31,906,208</u>
CN	Change in Net Assets				<u>\$ (1,488,716)</u>
NB	Net Assets - Beginning (September 1)				<u>23,300,360</u>
NE	Net Assets - Ending (August 31)				<u>\$ 21,811,644</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
1110 Cash and Investments	\$ 9,583,263	\$ 1,745,798	\$ -	\$ 11,329,061
1225 Property Taxes Receivable, Net	1,161,962	161,648	-	1,323,610
1240 Due from Other Governments	-	-	1,783,633	1,783,633
1250 Accrued Interest	7	-	-	7
1260 Due from Other Funds	52,275	-	-	52,275
1300 Inventories	16,663	-	-	16,663
1000 Total Assets	<u>\$ 10,814,170</u>	<u>\$ 1,907,446</u>	<u>\$ 1,783,633</u>	<u>\$ 14,505,249</u>
LIABILITIES				
Current Liabilities:				
2110 Accounts Payable	\$ 134,875	\$ -	\$ 1,073,828	\$ 1,208,703
2150 Payroll Deductions and Withholdings	1,190	-	-	1,190
2160 Accrued Wages Payable	697,031	-	-	697,031
2170 Due to Other Funds	52,275	-	-	52,275
2300 Deferred Revenues	1,612,473	172,054	27,030	1,811,557
2000 Total Liabilities	<u>\$ 2,497,844</u>	<u>\$ 172,054</u>	<u>\$ 1,100,858</u>	<u>\$ 3,770,756</u>
FUND BALANCES				
Nonspendable Fund Balances:				
3410 Inventories	\$ 16,663	\$ -	\$ -	\$ 16,663
Restricted Fund Balances:				
3450 Federal/State Funds Grants	-	-	526,881	526,881
3480 Retirement of Long-Term Debt	-	1,735,392	-	1,735,392
3490 Other Restrictions of Fund Balance	-	-	7,955	7,955
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	147,939	147,939
Assigned Fund Balances:				
3590 Other Assigned Fund Balance	2,000,000	-	-	2,000,000
3600 Unassigned	6,299,663	-	-	6,299,663
3000 Total Fund Balances	<u>\$ 8,316,326</u>	<u>\$ 1,735,392</u>	<u>\$ 682,775</u>	<u>\$ 10,734,493</u>
4000 Total Liabilities and Fund Balances	<u>\$ 10,814,170</u>	<u>\$ 1,907,446</u>	<u>\$ 1,783,633</u>	<u>\$ 14,505,249</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, 2012

Total fund balances - Balance Sheet (governmental funds)	\$	10,734,493
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital assets used in governmental activities are not reported in the funds.		33,056,680
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.		1,323,610
Payables for bond principal which are not due in the current period are not reported in the funds.		(21,170,000)
Payables for capital leases which are not due in the current period are not reported in the funds.		(296,099)
Payables for debt interest which are not due in the current period are not reported in the funds.		(50,270)
Payable for notes which are not due in the current period are not reported in the funds.		(2,810,000)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.		751,378
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.		<u>271,852</u>
Net assets of governmental activities - Statement of Net Assets	\$	<u>21,811,644</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, 2012

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES				
5700 Local and Intermediate Sources	\$ 16,945,304	\$ 2,242,756	\$ 764,621	\$ 19,952,681
5800 State Program Revenues	14,414,933	13,398	1,282,426	15,710,757
5900 Federal Program Revenues	604,684	-	7,998,045	8,602,729
5020 Total Revenues	\$ 31,964,921	\$ 2,256,154	\$ 10,045,092	\$ 44,266,167
EXPENDITURES				
Current:				
0011 Instruction	\$ 19,078,382	\$ -	\$ 5,094,258	\$ 24,172,640
0012 Instructional Resources and Media Services	453,832	-	-	453,832
0013 Curriculum and Staff Development	591,753	-	1,239,052	1,830,805
0021 Instructional Leadership	528,237	-	103,779	632,016
0023 School Leadership	2,444,776	-	142,351	2,587,127
0031 Guidance, Counseling and Evaluation Services	1,221,840	-	301,022	1,522,862
0032 Social Work Services	1,732	-	77,506	79,238
0033 Health Services	273,719	-	32,285	306,004
0034 Student (Pupil) Transportation	901,235	-	100,750	1,001,985
0035 Food Services	-	-	2,303,009	2,303,009
0036 Cocurricular/Extracurricular Activities	1,118,348	-	224,102	1,342,450
0041 General Administration	1,543,283	-	23,126	1,566,409
0051 Plant Maintenance and Operations	3,676,349	-	33,297	3,709,646
0052 Security and Monitoring Services	259,660	-	-	259,660
0053 Data Processing Services	630,965	-	-	630,965
0061 Community Services	105,624	-	91,683	197,307
0071 Principal on Long-term Debt	351,514	245,000	-	596,514
0072 Interest on Long-term Debt	176,839	1,810,631	-	1,987,470
0073 Debt Issuance Cost and Fees	300	700	-	1,000
0093 Payments for Shared Service Arrangements	-	-	227,889	227,889
0099 Other Intergovernmental Charges	356,128	-	-	356,128
6030 Total Expenditures	\$ 33,714,516	\$ 2,056,331	\$ 9,994,109	\$ 45,764,956
1100 Excess (Deficiency) of Revenues Over Expenditures	\$ (1,749,595)	\$ 199,823	\$ 50,983	\$ (1,498,789)
OTHER FINANCING SOURCES (USES)				
7915 Transfers In	\$ 182,260	\$ -	\$ -	\$ 182,260
8911 Transfers Out	-	-	(182,260)	(182,260)
7080 Net Other Financing Sources (Uses)	\$ 182,260	\$ -	\$ (182,260)	\$ -
1200 Net Changes in Fund Balances	\$ (1,567,335)	\$ 199,823	\$ (131,277)	\$ (1,498,789)
0100 Fund Balances - Beginning (September 1)	9,883,661	1,535,569	814,052	12,233,282
3000 Fund Balances - Ending (August 31)	\$ 8,316,326	\$ 1,735,392	\$ 682,775	\$ 10,734,493

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, 2012

Net change in fund balances - total governmental funds	\$ (1,498,789)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the SOA.	115,750
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,506,707)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(18,904)
Expenses not requiring the use of current financial resources are not reported as expenditures in the funds.	(57,133)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	245,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	141,514
Repayment of loan principal is an expenditure in the funds but is not reported in the funds.	210,000
Debt issuance costs and similar items are amortized in the SOA but not in the funds.	(20,387)
The accretion of interest on capital appreciation bonds is not reported in the funds.	897,508
(Increase) decrease in accrued interest expense from beginning of period to end of period.	<u>3,432</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ (1,488,716)</u>

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
AUGUST 31, 2012

Data Control Codes		Private-Purpose Trust Funds	Agency Funds
		Scholarship Funds	Student Activity
ASSETS			
1110	Cash and Investments	\$ 23,776	\$ 67,293
1800	Restricted Assets	161,591	-
1000	Total Assets	\$ 185,367	\$ 67,293
LIABILITIES			
Current Liabilities:			
2190	Due to Student Groups	\$ -	\$ 67,293
2000	Total Liabilities	\$ -	\$ 67,293
NET ASSETS			
3800	Held in Trust	\$ 185,367	\$ -
3000	Total Net Assets	\$ 185,367	\$ -

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, 2012

	Private-Purpose Trust Funds
	Scholarship Funds
REVENUES	
Donations	\$ 4,646
Investment Earnings - Interest Revenue	199
	199
Total Revenues	\$ 4,845
EXPENSES	
Scholarship Payments	\$ 500
	500
Total Expenses	\$ 500
Changes in Net Assets	\$ 4,345
Net Assets - Beginning (September 1)	181,022
	181,022
Net Assets - Ending (August 31)	\$ 185,367
	185,367

The accompanying notes are an integral part of this statement.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

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, 2012

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:

Special Revenue Funds – The District accounts for resources restricted to or designated for specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a special revenue fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods. The Board can commit specific types of resources to specific purposes which are included as special revenue funds.

Capital Projects Fund – This fund is used to account for proceeds of long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

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.

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		-0-
		<hr/>
Total	\$	<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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

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.

Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance – represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed fund balance – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

Assigned fund balance – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Superintendent.

Unassigned fund balance – represents the residual classification for the general fund or deficit balances in other funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

The following schedule provides information about the specific fund balance classification by fund:

	General Fund	Debt Service Fund	Other Governmental Funds	Total
Nonspendable				
Inventory	\$ 16,663	\$ -	\$ -	\$ 16,663
Restricted				
Child Nutrition Program	-	-	521,352	521,352
AP Incentives	-	-	4,956	4,956
Ready to Read	-	-	573	573
Regional School for the Deaf	-	-	7,955	7,955
Retirement of Long Term Debt	-	1,735,392	-	1,735,392
Committed				
Campus Activity Funds	-	-	147,939	147,939
Assigned				
Other Assigned	2,000,000	-	-	2,000,000
Unassigned	6,299,663	-	-	6,299,663
Totals	<u>\$ 8,316,326</u>	<u>\$ 1,735,392</u>	<u>\$ 682,775</u>	<u>\$ 10,734,493</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

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 \$ 10,000 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.

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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies (Continued)

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 and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these 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, 2012, all District cash deposits were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the name of the District. The District's deposits appear to have been properly secured throughout the fiscal year.

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

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 secured 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

B. Deposits, Securities and Investments (Continued)

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.

The following table lists the District's investment at August 31, 2012:

	<u>Credit Rating</u>	<u>Fair Value</u>
Lone Star Investment Pool	AAAM	\$ 5,169,416
Texas CLASS	AAAM	4,850,852
Certificates of Deposit	n/a	484,732
Totals		<u>\$ 10,505,000</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 \$ 3,712,451.
- c. Largest cash, savings and time deposit combined account balances amounted to \$ 1,361,027, and occurred during the month of September, 2011.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$ 283,099.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

B. Deposits, Securities and Investments (Continued)

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

a. Credit Risk

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

b. Custodial Credit Risk

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

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District had no 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.

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 \$ 0.14164 for the payment of principal and interest on long term debt. The rates were levied on property assessed totaling \$ 1,576,137,330.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

D. Capital Assets

Capital asset activities during the year ended August 31, 2012 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balances
<u>Governmental Activities</u>				
Capital Assets not Being Depreciated:				
Land	\$ 1,597,652	\$ -	\$ -	\$ 1,597,652
Total Capital Assets not being Depreciated	\$ 1,597,652	\$ -	\$ -	\$ 1,597,652
Capital Assets being Depreciated:				
Building and Improvements	\$ 69,770,657	\$ -	\$ -	\$ 69,770,657
Equipment	1,993,607	87,850	-	2,081,457
Vehicles	2,970,297	27,900	-	2,998,197
Total Capital Assets being Depreciated	\$ 74,734,561	\$ 115,750	\$ -	\$ 74,850,311
Less Accumulated Depreciation for :				
Buildings and Improvements	\$ 38,073,543	\$ 1,231,964	\$ -	\$ 39,305,507
Equipment	1,740,843	101,580	-	1,842,423
Vehicles	2,070,190	173,163	-	2,243,353
Total Accumulated Depreciation	\$ 41,884,576	\$ 1,506,707	\$ -	\$ 43,391,283
Total Capital Assets being Depreciated, Net	\$ 32,849,985	\$ (1,390,957)	\$ -	\$ 31,459,028
Governmental Activities Capital Assets, Net	\$ 34,447,637	\$ (1,390,957)	\$ -	\$ 33,056,680

Depreciation was charged to governmental activities functions as follows:

Instruction	\$ 748,342
Instructional Resources and Media Services	28,294
School Leadership	11,625
Guidance, Counseling and Evaluation Services	6,955
Health Services	7,192
Student (Pupil) Transportation	166,898
Food Services	84,887
Co-curricular/Extracurricular Activities	263,438
General Administration	10,555
Plant Maintenance and Operations	176,784
Security and Monitoring Services	72
Data Processing	1,665
Total	<u>\$ 1,506,707</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

E. Long Term Obligations

Long-Term Obligation Activity

Long-term obligation activities during the year ended August 31, 2012 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 21,415,000	\$ -	\$ 245,000	\$ 21,170,000	\$ 1,160,000
Capital Leases Payable	437,613	-	141,514	296,099	103,751
Loans	3,020,000	-	210,000	2,810,000	210,000
Accreted Interest Payable	897,508	42,492	940,000	-	-
Bond Premium (Discount)	(52,549)	-	(3,868)	(48,681)	-
Refunding Gain (Loss)	(755,962)	-	(53,265)	(702,697)	-
Total Governmental Activities	<u>\$ 24,961,610</u>	<u>\$ 42,492</u>	<u>\$ 1,479,381</u>	<u>\$ 23,524,721</u>	<u>\$ 1,473,751</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.

The following bonded debt issues are outstanding at August 31, 2012:

Description	Interest Rate	Original Balance	Outstanding Balance
Unlimited Tax Refunding Bonds, Series 2011	2.96%	\$ 1,505,000	\$ 1,380,000
Unlimited Tax Refunding Bonds, Series 2006	4.18%	20,955,000	19,790,000
Totals			<u>\$ 21,170,000</u>

Maturity requirements on bonds outstanding at August 31, 2012, are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2013	\$ 1,160,000	\$ 869,031	\$ 2,029,031
2014	1,205,000	824,331	2,029,331
2015	1,250,000	777,731	2,027,731
2016	1,300,000	729,431	2,029,431
2017	1,355,000	679,231	2,034,231
2018-2022	7,600,000	2,549,000	10,149,000
2023-2026	7,300,000	808,874	8,108,874
Totals	<u>\$ 21,170,000</u>	<u>\$ 7,237,629</u>	<u>\$ 28,407,629</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, 2012.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

E. Long Term Obligations (Continued)

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:

<u>Description</u>	<u>Implicit Interest Rate</u>	<u>Date of Agreement</u>	<u>Original Property Value</u>
Wells Fargo Financial Leasing – VOIP Equipment	5.714%	08/27/07	\$ 240,018
American National Bank - Buses	3.490%	08/13/10	<u>404,108</u>
Total			<u>\$ 644,126</u>

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

Commitments under the capitalized lease agreement for transportation vehicles and VOIP Equipment provide for minimum future lease payments as of August 31, 2012, as follows:

<u>Year Ending August 31</u>	<u>Total Requirements</u>
2013	\$ 113,333
2014	101,027
2015	<u>101,027</u>
Total Minimum Lease Payment	\$ 315,387
Less Amount Representing Interest	<u>(19,288)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 296,099</u>

Loans

The District entered into various agreements identified here as loans. These loans include financing arrangements, which include maintenance tax notes. The following schedule lists the outstanding loans at August 31, 2012:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Outstanding Balance</u>
Maintenance Tax Notes, Series 2010 – (TEC 45.108)	5.46%	\$ 3,050,000	\$ 2,810,000

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

E. Long Term Obligations (Continued)

Maturity requirements on the loans outstanding at August 31, 2012 are as follows:

Year Ending August 31	Principal	Interest	Total Requirements
2013	\$ 210,000	\$ 150,560	\$ 360,560
2014	210,000	139,094	349,094
2015	210,000	127,628	337,628
2016	210,000	116,162	326,162
2017	210,000	104,696	314,696
2018-2022	1,050,000	351,485	1,401,485
2023-2026	710,000	76,850	786,850
Totals	<u>\$ 2,810,000</u>	<u>\$ 1,066,475</u>	<u>\$ 3,876,475</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 during the fiscal year; (2) State statute prohibits benefit improvements, if as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2012, 2011 and 2010, and a state contribution rate of 6.0% for fiscal year 2012 and 6.644% for fiscal years 2011 and 2010. In certain instances, the reporting district is required to make all or a portion of the state's 6.4% contribution, increased to 6.644% for the 2011 and 2010 fiscal years. The District's employees' contributions to the System for the periods ended August 31, 2012, 2011 and 2010 were \$ 1,696,005, \$ 1,681,211 and \$ 1,716,254 respectively. Contributions from private grants and from the District for salaries above the statutory minimum for the periods ended August 31, 2012, 2011 and 2010 were \$ 409,910, \$ 442,382 and \$ 502,748 respectively.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

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 \$ 1,430,307 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 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 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 2012, 2011 and 2010. 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 \$ 187,115 are reflected in the basic financial statements for Retiree Health Plan contributions. Additionally, the District benefited from payments made by the State totaling \$ 132,969 for subsidies for Medicare Part D and participation in the Early Retirement Reinsurance Program.

H. Risk Management

Health Care

During the year ended August 31, 2012, 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, 2012

H. Risk Management (Continued)

Latest financial statements for the TRS Active Care are available for the year ended December 31, 2011, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

Unemployment Compensation Pool

During the year ended August 31, 2012, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Local Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2011, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

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 2012, the District purchased commercial insurance to cover these liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

I. Litigation

The District does not appear to be involved in any pending litigation as of August 31, 2012.

J. Commitments and Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2012, 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.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

K. Shared Service Arrangements

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

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

L. Revenue from Local and Intermediate Sources

During the year ended August 31, 2012, the District received revenue from local and intermediate sources consisting of the following:

	General	Debt Service	Other Governmental	Total
Property Tax Collections	\$ 16,447,099	\$ 2,238,828	\$ -	\$ 18,685,927
Investment Income	20,725	3,928	784	25,437
Food Service Income	-	-	383,977	383,977
Services to Other Districts	-	-	140,178	140,178
Co-curricular Activities	81,898	-	-	81,898
Other	395,582	-	239,681	635,263
Totals	\$ 16,945,304	\$ 2,242,756	\$ 764,620	\$ 19,952,680

M. 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	\$ 494,389
Indirect Cost	<u>110,295</u>
Total	<u>\$ 604,684</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2012

N. Receivables

Receivables at August 31, 2012 for the District's individual major funds and aggregate nonmajor funds, including any applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Other Governmental	Total
Due from Other Governments	\$ -	\$ -	\$ 1,783,633	\$ 1,783,633
Property Taxes	1,291,069	179,609	-	1,470,678
Less Allowance for Uncollectible Property Taxes	(129,107)	(17,961)	-	(147,068)
Other Receivables	52,282	-	-	52,282
Net Receivables	\$ 1,214,244	\$ 161,648	\$ 1,783,633	\$ 3,159,525

O. Subsequent Events

The District's management has evaluated subsequent events through December 14, 2012, the date which the financial statements were available for use.

P. State Aid Reconciliation

The State provides various types of funding for local school districts as provided for in state statute. The following reconciliation presents funding earned by the District in each category presented. Because of the State's delay in reconciling the funding to local districts, the summary below represents an estimate of earnings. The settleup with the State will occur some 9 to 10 months following the fiscal year end.

Funding is earned for: 1) Available – annual allotment based on prior year enrollment; 2) Foundation – annual allotment based on student attendance, property tax collections and valuations, and special student population; 3) Instructional Facilities Allotment – based on property wealth; and 4) Existing Debt Allotment – based on eligible debt, student attendance and property wealth. Various other sources are received but not reconciled here as these are the major sources of funding.

	Available	Foundation	IFA	EDA
CY Summary of Finances (SOF)	\$ 1,116,179	\$ 11,966,066	Not	\$ -
Prior Year Settle Ups	-	139,633	Eligible	13,398
August Instructional Days Change	(5,977)	(193,157)	-	-
FSP-TxVSN Payments	-	400	-	-
Financial Statement Earnings	\$ 1,110,202	\$ 11,912,942	\$ -	\$ 13,398
Financial Statement Amounts				
SOF Receivable (Overpayment)	(118)	(827,057)		(10,406)
August Instructional Days Receivable	45,557	345,517		

* Overpayments are represented in the financial statements as Unearned Revenue (government-wide) or Deferred Revenue (governmental).

REQUIRED SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 17,156,269	\$ 17,156,269	\$ 16,945,304	\$ (210,965)
5800	State Program Revenues	14,643,020	14,643,020	14,414,933	(228,087)
5900	Federal Program Revenues	175,000	175,000	604,684	429,684
5020	Total Revenues	\$ 31,974,289	\$ 31,974,289	\$ 31,964,921	\$ (9,368)
EXPENDITURES					
Instruction and Instructional Related Services:					
0011	Instruction	\$ 19,208,927	\$ 20,032,694	\$ 19,078,382	\$ 954,312
0012	Instructional Resources and Media Services	483,267	477,599	453,832	23,767
0013	Curriculum and Staff Development	319,328	653,328	591,753	61,575
	Total Instruction and Instr. Related Services	<u>\$ 20,011,522</u>	<u>\$ 21,163,621</u>	<u>\$ 20,123,967</u>	<u>\$ 1,039,654</u>
Instructional and School Leadership:					
0021	Instructional Leadership	\$ 482,407	\$ 585,407	\$ 528,237	\$ 57,170
0023	School Leadership	2,415,385	2,480,197	2,444,776	35,421
	Total Instructional and School Leadership	<u>\$ 2,897,792</u>	<u>\$ 3,065,604</u>	<u>\$ 2,973,013</u>	<u>\$ 92,591</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	\$ 1,250,946	\$ 1,279,608	\$ 1,221,840	\$ 57,768
0032	Social Work Services	51,467	46,467	1,732	44,735
0033	Health Services	266,742	286,742	273,719	13,023
0034	Student (Pupil) Transportation	731,978	926,978	901,235	25,743
0036	Cocurricular/Extracurricular Activities	1,064,969	1,171,569	1,118,348	53,221
	Total Support Services - Student (Pupil)	<u>\$ 3,366,102</u>	<u>\$ 3,711,364</u>	<u>\$ 3,516,874</u>	<u>\$ 194,490</u>
Administrative Support Services:					
0041	General Administration	\$ 1,496,067	\$ 1,609,904	\$ 1,543,283	\$ 66,621
	Total Administrative Support Services	<u>\$ 1,496,067</u>	<u>\$ 1,609,904</u>	<u>\$ 1,543,283</u>	<u>\$ 66,621</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	\$ 3,293,312	\$ 3,726,371	\$ 3,676,349	\$ 50,022
0052	Security and Monitoring Services	246,674	265,074	259,660	5,414
0053	Data Processing Services	803,199	672,999	630,965	42,034
	Total Support Services - Nonstudent Based	<u>\$ 4,343,185</u>	<u>\$ 4,664,444</u>	<u>\$ 4,566,974</u>	<u>\$ 97,470</u>
Ancillary Services:					
0061	Community Services	\$ 105,234	\$ 120,234	\$ 105,624	\$ 14,610
	Total Ancillary Services	<u>\$ 105,234</u>	<u>\$ 120,234</u>	<u>\$ 105,624</u>	<u>\$ 14,610</u>
Debt Service:					
0071	Principal on Long-term Debt	\$ 449,067	\$ 351,939	\$ 351,514	\$ 425
0072	Interest on Long-term Debt	179,487	177,346	176,839	507
0073	Debt Issuance Costs and Fees	-	300	300	-
	Total Debt Service	<u>\$ 628,554</u>	<u>\$ 529,585</u>	<u>\$ 528,653</u>	<u>\$ 932</u>
Intergovernmental Charges:					
0099	Other Intergovernmental Charges	\$ 360,000	\$ 360,000	\$ 356,128	\$ 3,872
	Total Intergovernmental Charges	<u>\$ 360,000</u>	<u>\$ 360,000</u>	<u>\$ 356,128</u>	<u>\$ 3,872</u>
6030	Total Expenditures	\$ 33,208,456	\$ 35,224,756	\$ 33,714,516	\$ 1,510,240
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,234,167)</u>	<u>\$ (3,250,467)</u>	<u>\$ (1,749,595)</u>	<u>\$ 1,500,872</u>
OTHER FINANCING SOURCES (USES)					
7915	Transfers In	\$ -	\$ -	\$ 182,260	\$ 182,260
7080	Net Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,260</u>	<u>\$ 182,260</u>
1200	Net Change in Fund Balance	\$ (1,234,167)	\$ (3,250,467)	\$ (1,567,335)	\$ 1,683,132
0100	Fund Balance - Beginning (September 1)	9,883,661	9,883,661	9,883,661	-
3000	Fund Balance - Ending (August 31)	\$ 8,649,494	\$ 6,633,194	\$ 8,316,326	\$ 1,683,132

OTHER SUPPLEMENTARY INFORMATION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 YEAR ENDED AUGUST 31, 2012

Tax Roll Year	Last Ten Years Ended August 31	1 Tax Rates Maintenance	2 Debt Service	3 Assessed/Appraised Value For School Tax Purposes	10 Beginning Balance 9/1/2011	20 Current Year's Total Levy	30 Maintenance Tax Collections	30a Debt Service Tax Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/2012
XXXX	2002 and Prior Years	Various	Various	Various	\$ 244,199	\$ -	\$ 6,039	\$ 943	\$ (13,008)	\$ 224,209
2003	2004	1.5000	0.1847	951,470,470	45,060	-	3,095	381	(1,431)	40,153
2004	2005	1.5000	0.1500	1,006,091,212	54,385	-	2,448	245	(1,846)	49,846
2005	2006	1.5000	0.1410	1,009,459,841	71,941	-	4,288	403	(5,683)	61,567
2006	2007	1.3710	0.1443	1,171,126,707	80,017	-	5,884	620	(3,657)	69,856
2007	2008	1.0400	0.1484	1,261,426,108	74,764	-	7,002	999	(6,238)	60,525
2008	2009	1.0400	0.1525	1,408,001,093	183,634	-	19,643	2,925	(50,134)	110,932
2009	2010	1.0400	0.1444	1,393,254,118	252,262	-	49,710	6,894	(49,653)	146,005
2010	2011	1.0400	0.1548	1,567,107,757	485,420	-	169,029	28,138	(46,566)	241,687
2011	2012	1.0400	0.1416	1,576,137,330	-	18,624,269	15,968,335	2,170,964	(19,073)	465,897
1000 TOTALS					\$ 1,491,682	\$ 18,624,269	\$ 16,235,473	\$ 2,212,512	\$ (197,289)	\$ 1,470,677

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2012

FUNCTION 41 - GENERAL ADMINISTRATION

Account Number		1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ -	\$ -	\$ 226,499	\$ 908,411	\$ -	\$ (2,109)	\$ 1,132,801
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			111,831				111,831
6212	Audit Services				28,900			28,900
6213	Tax Appraisal and Collection		19,557					19,557
621X	Other Prof. Services							-
6220	Tuition and Transfer Payments							-
6230	Education Service Centers				2,878		19,380	22,258
6240	Contr. Maint. And Repair					24,384		24,384
6250	Utilities							-
6260	Rentals				10,925			10,925
6290	Miscellaneous Contr.	517		4,902	13,980		13,490	32,889
6310	Operational Supplies, Materials							-
6320	Textbooks and Reading			560				560
6330	Testing Materials							-
63XX	Other Supplies, Materials	999		3,728	28,051		5,411	38,189
6410	Travel, Subsistence, Stipends	9,761		16,921	14,122			40,804
6420	Ins. And Bonding Costs	16,500			1,044			17,544
6430	Election Costs	7,318						7,318
6490	Miscellaneous Operating	13,166		10,868	53,438		977	78,449
6500	Debt Service							-
6600	Capital Outlay							-
TOTAL		\$ 48,261	\$ 19,557	\$ 375,309	\$ 1,061,749	\$ 24,384	\$ 37,149	\$ 1,566,409

Total expenditures for General and Special Revenue Funds:

(9) \$ 43,708,625

LESS: Deductions and Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)

(10) \$ 115,750

Total Debt & Lease (6500)

(11) 627,622

Plant Maintenance (Function 51, 6100-6400)

(12) 3,632,246

Food (Function XX, 6341 and 6499)

(13) 881,985

Stipend (6413)

(14) -

Column 4 (above) - Total Indirect Cost

1,061,749

Subtotal

6,319,352

Net Allowed Direct Cost

\$ 37,389,273

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)

(15) 69,770,657

Historical Cost of Buildings over 50 years old

(16) 15,446,873

Amount of Federal Money in Building Cost (Net of # 16)

(17) -

Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)

(18) 5,079,654

Historical Cost of Furniture & Equipment over 16 years old

(19) 877,298

Amount of Federal Money in Furniture & Equipment (Net of # 19)

(20) 145,540

(8) Note A - No Function 53 expenditures and no Function 99 expenditures are included in this report on administrative costs.

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHOOL BREAKFAST AND NATIONAL SCHOOL LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 488,405	\$ 488,405	\$ 391,498	\$ (96,907)
5800	State Program Revenues	16,000	16,000	22,596	6,596
5900	Federal Program Revenues	<u>1,873,329</u>	<u>1,873,329</u>	<u>1,973,068</u>	<u>99,739</u>
5020	Total Revenues	<u>\$ 2,377,734</u>	<u>\$ 2,377,734</u>	<u>\$ 2,387,162</u>	<u>\$ 9,428</u>
EXPENDITURES					
Current:					
Support Services - Student (Pupil):					
0035	Food Service	<u>\$ 2,281,428</u>	<u>\$ 2,306,428</u>	<u>\$ 2,303,009</u>	<u>\$ 3,419</u>
	Total Support Services - Student (Pupil)	<u>\$ 2,281,428</u>	<u>\$ 2,306,428</u>	<u>\$ 2,303,009</u>	<u>\$ 3,419</u>
6030	Total Expenditures	<u>\$ 2,281,428</u>	<u>\$ 2,306,428</u>	<u>\$ 2,303,009</u>	<u>\$ 3,419</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 96,306</u>	<u>\$ 71,306</u>	<u>\$ 84,153</u>	<u>\$ 12,847</u>
OTHER FINANCING SOURCES (USES)					
8911	Transfers Out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (182,260)</u>	<u>\$ (182,260)</u>
7080	Net Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (182,260)</u>	<u>\$ (182,260)</u>
1200	Net Change in Fund Balance	\$ 96,306	\$ 71,306	\$ (98,107)	\$ (169,413)
0100	Fund Balance - Beginning (September 1)	<u>619,459</u>	<u>619,459</u>	<u>619,459</u>	<u>-</u>
3000	Fund Balance - Ending (August 31)	<u>\$ 715,765</u>	<u>\$ 690,765</u>	<u>\$ 521,352</u>	<u>\$ (169,413)</u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
REVENUES					
5700	Local and Intermediate Sources	\$ 2,071,514	\$ 2,071,514	\$ 2,242,756	\$ 171,242
5800	State Program Revenues	-	-	13,398	13,398
5020	Total Revenues	<u>\$ 2,071,514</u>	<u>\$ 2,071,514</u>	<u>\$ 2,256,154</u>	<u>\$ 184,640</u>
EXPENDITURES					
Debt Service:					
0071	Principal on Long-term Debt	\$ 230,000	\$ 1,185,000	\$ 245,000	\$ 940,000
0072	Interest on Long-term Debt	1,841,514	885,814	1,810,631	(924,817)
0072	Debt Issuance Costs and Fees	-	700	700	-
	Total Debt Service	<u>\$ 2,071,514</u>	<u>\$ 2,071,514</u>	<u>\$ 2,056,331</u>	<u>\$ 15,183</u>
6030	Total Expenditures	<u>\$ 2,071,514</u>	<u>\$ 2,071,514</u>	<u>\$ 2,056,331</u>	<u>\$ 15,183</u>
1100	Excess (Deficiency) of Revenues Over Expenditures	-	-	\$ 199,823	\$ 199,823
1200	Net Change in Fund Balance	-	-	\$ 199,823	\$ 199,823
0100	Fund Balance - Beginning (September 1)	<u>1,535,569</u>	<u>1,535,569</u>	<u>1,535,569</u>	-
3000	Fund Balance - Ending (August 31)	<u><u>\$ 1,535,569</u></u>	<u><u>\$ 1,535,569</u></u>	<u><u>\$ 1,735,392</u></u>	<u><u>\$ 199,823</u></u>

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
 AS OF AUGUST 31, 2012

<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?	\$ -0-

FEDERAL AWARDS SECTION

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2012

(01) Federal Grantor/ Pass Through Grantor/ Program Title	(02) Federal CFDA Number	(02A) Pass-Through Identifying Grant Number	(03) Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through the Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs *	84.010	12610101116905	\$ 2,195,443
ESEA Title I Part D - Delinquent Programs	84.010	12610103116905	117,025
Education Jobs Funds	84.410	11550101116905	18,187
Summer School LEP	84.369	69551102	6,659
Carl D. Perkins Vocational Education	84.048	12420006116905	60,643
IDEA-B Formula	84.027	126600011169056600	943,248
IDEA-B Preschool	84.173	126610011169056610	46,251
ESEA Title II Part A - Teacher and Principal Training	84.367	12694501116905	276,443
21st Century Grant *	84.287	126950167110024	1,081,935
Texas Literacy Initiative	84.371	126460037110013	180,096
IDEA-B Discretionary	84.027	126600021169056673	16,144
IDEA-B Formula (Deaf)	84.027	126600011169056601	13,887
IDEA_B Preschool (Deaf)	84.173	126610011169056611	<u>3,188</u>
Total passed through the Texas Education Agency			<u>\$ 4,959,149</u>
Passed through Education Service Center - Region X:			
ESEA Title III Part A - English Language Acquisition	84.365	12671001057950	\$ 82,656
ESEA Title Subpart B - Homeless Education Program	84.196	124600017110001	<u>20,000</u>
Total passed through Education Service Center - Region X			<u>\$ 102,656</u>
Total Department of Education			<u>\$ 5,061,805</u>

* Denotes Major Programs

GREENVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2012

(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	07CH6997/14	\$ 1,057,299
Head Start *	93.600	07CH6997/15	<u>22,898</u>
Total Department of Health and Human Services			<u>\$ 1,080,197</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through the Texas Department of Agriculture:			
School Breakfast Program	10.553	71401201	\$ 451,809
National School Lunch Program	10.555	71301201	1,384,308
USDA Commodity Food Distribution	10.565	116006A	<u>136,951</u>
Total Department of Agriculture			<u>\$ 1,973,068</u>
Total Expenditure of Federal Awards			<u>\$ 8,115,070</u>

* Denotes Major Programs

GREENVILLE INDEPENDENT SCHOOL DISTRICT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED AUGUST 31, 2012

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, 2012.

C. Subrecipients

The District provided federal awards to subrecipients in the Head Start program as follows:

Commerce Independent School District	\$	137,795
Quinlan Independent School District		90,094
Total		\$ 227,889

D. Reconciliations of Federal Revenue with Financial Statements

The District records amounts received from the federal government or other recipients of federal grant as federal revenue in the financial statements. This reconciliation identifies the difference between the financial statement revenues and the schedule of expenditures of federal awards:

Total Federal Expenditures (Exhibit K-1)		\$ 7,998,045
Federal Program Indirect Cost:		
ESEA Title I Part A (84.010)	\$	48,196
ESEA Title I Part D (84.010)		2,689
IDEA-B Formula (84.027)		21,807
Carl Perkins – Vocational Ed (84.048)		1,811
ESEA Title II Part A (84.367)		6,393
21 st Century Grant (84.287)		25,286
Texas Literacy Initiative (84.371)		4,113
Total Federal Program Indirect Cost		110,295
School Health and Related Services		494,389
Federal Revenue (Exhibit C-3)		\$ 8,602,729