

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2012*

## *Introductory Section*

Glen Rose Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2012

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CERTIFICATE OF BOARD

Glen Rose Independent School District  
Name of School District

Somervell  
County

213-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2012, at a meeting of the board of trustees of such school district on the 20 day of December, 2012.

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

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

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

## *Financial Section*



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees  
Glen Rose Independent School District  
P.O. Box 2129  
Glen Rose, Texas 76043

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Rose Independent School District as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Glen Rose Independent School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

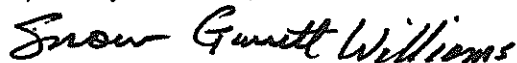
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Rose Independent School District as of August 31, 2012, and the respective changes in financial position, 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 10, 2012, on our consideration of Glen Rose Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Glen Rose Independent School District's financial statements as a whole. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Other supplementary information, Except for Exhibit J-3, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. Exhibit J-3 of the other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

A handwritten signature in cursive script that reads "Snow Garrett Williams".

Snow Garrett Williams  
December 10, 2012



## Management's Discussion and Analysis (Unaudited)

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2012. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

### Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$39,492,564 (*net assets*). Of this amount, \$20,425,126 (*unrestricted net assets*) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$22,047,896. Approximately 37 percent of this total amount, \$8,076,617, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,076,617, or 26 percent of the total general fund expenditures.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all or a significant portion of their costs through user fees and charges. The District has no *business-type activities* and no component units for which it is financially accountable. The government-wide financial statements can be found on pages 11-12 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The District adopts an annual appropriated budget for its general fund, debt service fund and food service fund. A budgetary comparison schedule has been provided to demonstrate compliance with these budgets. The basic governmental fund financial statements can be found on pages 13-18 of this report.
- **Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is the trustee, or *fiduciary*, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets that can be found on page 19.
- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-32 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 33-34 of this report.

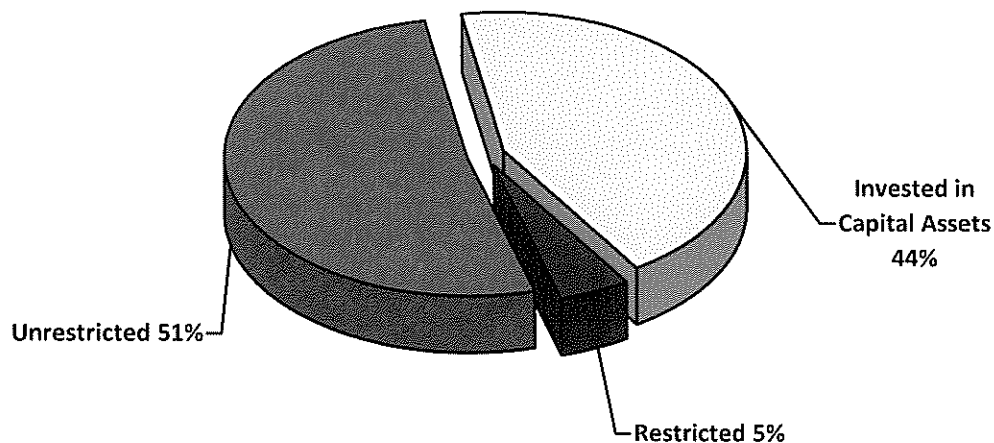
## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, net assets exceeded liabilities by \$39,492,564, as of August 31, 2012.

### The District's Net Assets

	August 31, 2012	August 31, 2011
Current assets	\$ 24,271,546	\$ 34,060,087
Capital assets	45,278,642	40,116,377
Total assets	69,550,188	74,176,464
Current liabilities	1,855,890	4,241,230
Long-term liabilities outstanding	28,201,734	29,788,400
total liabilities	30,057,624	34,029,630
Net assets:		
Invested in capital assets, net of related debt	17,235,313	10,507,881
Restricted	1,832,125	9,055,513
Unrestricted	20,425,126	20,583,440
Total net assets	\$ 39,492,564	\$ 40,146,834

### Net Assets as of 8/31/12



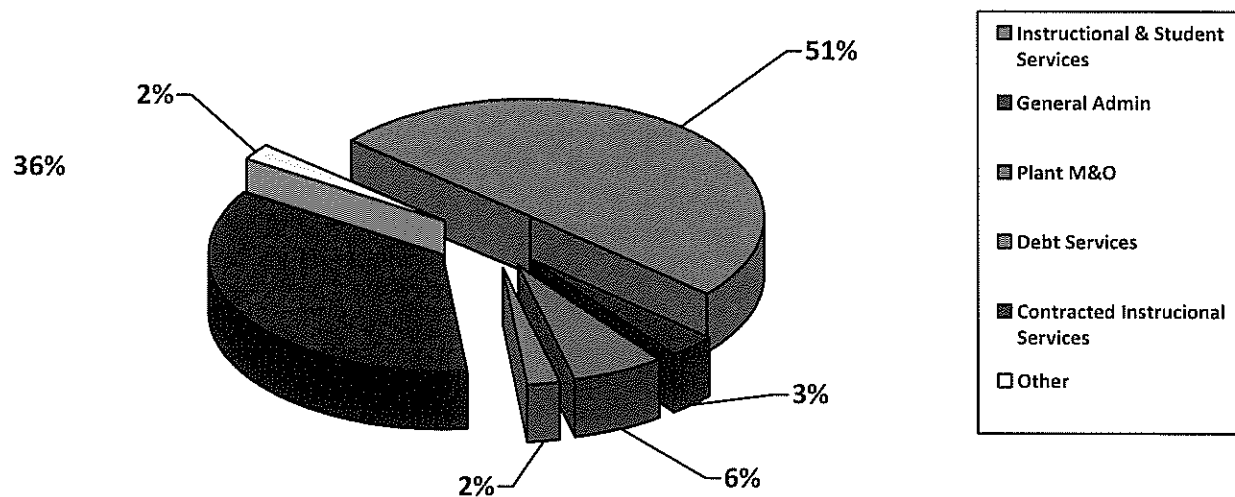
Investment in capital assets (e.g., land, buildings, furniture and equipment, and construction in progress) less any related debt used to acquire those assets that is still outstanding is \$17,235,313. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional \$1,832,125 of the District's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$20,425,126, may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having *long-term* commitments that are less than currently available resources and due to bond proceeds for construction projects.

**Governmental activities.** The District's total net assets decreased \$654,270. The total cost of all *governmental activities* this year was \$39,139,546. The amount that our taxpayers paid for these activities through property taxes was \$30,349,819 or 77%.

### Changes in the District's Net Assets

	Fiscal Year <u>August 31, 2012</u>	Fiscal Year <u>August 31, 2011</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 519,767	\$ 506,328
Operating Grants and Contributions	2,733,876	2,889,927
General revenues		
Property Taxes	30,349,819	30,298,959
State Grants	3,645,171	4,050,924
Other	1,236,643	1,436,169
Total Revenues	<u>38,485,276</u>	<u>39,182,307</u>
Expenses:		
Instruction	14,231,893	12,850,025
Instruction Resources & Media Services	333,105	347,061
Curriculum and Staff Development	227,558	243,387
Instructional Leadership	176,667	166,183
School Leadership	933,341	968,064
Guidance, Counseling & Evaluation Services	675,322	655,855
Health Services	222,140	212,745
Student Transportation	738,103	737,404
Food Service	1,038,371	1,112,372
Cocurricular / Extracurricular Activities	1,094,671	1,094,403
General Administration	1,315,357	1,231,813
Plant Maintenance & Operations	2,464,886	2,545,282
Security and Monitoring Services	4,737	4,900
Data Processing Services	241,689	790,692
Community Services	15,403	24,048
Interest on Long-Term Debt	842,697	271,206
Bond Issuance Costs and Fees	23,249	223,760
Capital Outlay	152,284	18,457
Contracted Instructional Services between Schools	13,936,123	13,657,083
Payments Related to Shared Service Arrangements	471,950	474,957
Total Expenses	<u>39,139,546</u>	<u>37,629,697</u>
Net Change in Fund Balance before Special and		
Extraordinary Items	(654,270)	1,552,610
Extraordinary Items	<u>-</u>	<u>(73,799)</u>
Increase (decrease) in net assets	(654,270)	1,478,811
Beginning net assets	40,146,834	38,668,023
Ending net assets	<u>\$ 39,492,564</u>	<u>\$ 40,146,834</u>

### Expenditures by Function



### Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, bond covenants, and segregation for particular purposes.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the District's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$22,047,896, a decrease of \$7,311,922. Approximately 37 percent of this total amount (\$8,076,617) constitutes *unassigned fund balance*. The remainder of fund balance is *restricted*, *committed*, or *assigned* to indicate that it is not available for new spending because it has already been *restricted* for (1) capital acquisitions and contractual obligations (\$1,422,713), (2) debt service (\$355,388), and (3) other miscellaneous fund restrictions (\$38,073); *committed* for (1) construction (\$7,340,000), (2) equipment (\$3,954,220), and (3) other commitments (\$859,018); and *assigned* for other miscellaneous designations (\$1,867).

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,076,617, out of a total fund balance of \$9,676,617. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to the total fund expenditures. Unassigned fund balance represents 26 percent of the total general fund expenditures, while total fund balance represents 31 percent of that same amount.

The fund balance of the District's general fund increased \$630,394 during the current fiscal year. Key factors in this increase are:

- The 11-12 original budget projected that revenue would exceed expenditures by \$99,046.
- Tax Revenue for current and delinquent taxes were higher than the budgeted amount.
- Expenditures were monitored closely by all campus and department personnel so expenditures were less than the amount budgeted.
- The Child Nutrition Fund transfer from the Operating Fund was less than the amount budgeted for transfer to that fund.
- The District was able to transfer \$1,100,000 to Capital Projects Fund for future projects.

## General Fund Budgetary Highlights

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenue and appropriations. These amendments were due to allow for unexpected occurrences and to better reflect the activities of the District. Budget revisions were primarily due to:

- An increase in revenue sources, revenues were budgeted at a lower than expected level to insure that the expenditure budget could be funded adequately.
- Amendments to the expenditure budget were done mainly to get the expenditures reported in the correct categories; not to increase the expenditure budget.

The debt service fund has a total fund balance of \$355,388, all of which is restricted for the payment of debt service. The net increase in fund balance during the period in the debt service was \$144,217.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment purchases. The fund balance of the District's capital projects fund was \$11,816,933 as of August 31, 2012, all of which is designated for capital projects. The net decrease in fund balance for the fiscal year ending August 31, 2012, was \$8,040,843 due to spending down the 2010 bond funds for building projects such as the arena, band hall and the addition to the livestock barn.

## Capital Asset and Debt Administration

**Capital assets.** The District's investment in capital assets for its governmental activities as of August 31, 2012, amounts to \$45,278,642 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress.

### Districts Capital Assets (net of depreciation)

	<u>August 31, 2012</u>	<u>August 31, 2011</u>
Land	\$ 2,820,802	\$ 2,760,569
Buildings and improvements	39,780,883	23,706,332
Furniture and equipment	2,676,957	2,149,346
Construction in progress	-	11,500,130
Total at historical cost	<u>\$ 45,278,642</u>	<u>\$ 40,116,377</u>

Additional information on the District's capital assets can be found in Note C on page 26 of this report.

**Long-term debt.** As of August 31, 2012, the District had total general obligation bonded debt outstanding of \$27,725,000, a decrease of \$775,000 over the prior year. The District had Accumulated Accretion on CAB's outstanding of \$277,089, a decrease of \$793,967 over the prior year. The premium for the bonds is \$199,645, a decrease of \$17,699 from the previous year.

Additional information on the District's long-term debt can be found in Note E on pages 27-28 of this report.

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC Business ("S&P") has assigned a municipal bond rating of "AAA" to the Bonds based upon the Permanent School Fund Guarantee. S&P generally rates all bond issues guaranteed by the Permanent School Fund of the State of Texas "AAA"

The District's underlying rating for the Bonds (without consideration of the Permanent School Fund Guarantee or other credit enhancement) is "AA" by S&P.

### **Economic Factors and Next Year's Budgets and Rates**

- Tax rate for Maintenance & Operations budget set at \$.825 per \$100 valuation and Interest and Sinking rate for \$.069 for a total tax rate of \$.894 which is the exact same tax rate as in 2011-2012.
- Chapter 41 (recapture) payment budget decreased by \$81,219.
- The District budgeted revenues of \$31,496,721 and expenditures of \$31,452,110 in the 2012-2013 budget with an anticipated \$44,611 of revenues over expenditures at fiscal year-end.
- The District gave employees a one-time insurance supplement in September of \$348.
- The District gave employee's raises that ranged from 1% raise, to step with adjustments for teachers to 1% - 2% to the mid-point for all other classifications with the exception of administrators having a cap of \$750.
- The District was able to make several decreases in the budget: vehicle purchases; child nutrition supplement; attendance incentive; local Instructional grants that offset several increases that were budgeted.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Glen Rose Independent School District's Business Office.

## *Basic Financial Statements*



**GLEN ROSE INDEPENDENT SCHOOL DISTRICT****STATEMENT OF NET ASSETS**

AUGUST 31, 2012

1

Data Control Codes		Governmental Activities
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 22,584,567
1120	Current Investments	543,551
1225	Property Taxes Receivable (Net)	209,355
1240	Due from Other Governments	726,562
1250	Accrued Interest	9,584
1290	Other Receivables (Net)	3,245
1420	Capitalized Bond and Other Debt Issuance Costs	194,682
Capital Assets:		
1510	Land	2,820,802
1520	Buildings and Improvements, Net	39,780,883
1530	Furniture and Equipment, Net	2,676,957
1000	Total Assets	<u>69,550,188</u>
<b>LIABILITIES:</b>		
2110	Accounts Payable	308,940
2140	Interest Payable	36,277
2165	Accrued Liabilities	525,094
2180	Due to Other Governments	563
2300	Unearned Revenue	985,016
Noncurrent Liabilities:		
2501	Due Within One Year	1,535,000
2502	Due in More Than One Year	26,666,734
2000	Total Liabilities	<u>30,057,624</u>
<b>NET ASSETS</b>		
3200	Invested in Capital Assets, Net of Related Debt	17,235,313
Restricted For:		
3850	Debt Service	371,339
3860	Capital Projects	1,422,713
3880	Scholarships	37,070
3890	Shared Service Arrangement	1,003
3900	Unrestricted	20,425,126
3000	Total Net Assets	<u>\$ 39,492,564</u>

The accompanying notes are an integral part of this statement.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
			Charges for Services			
						Governmental Activities
	Governmental Activities:					
11	Instruction	\$ 14,231,893	\$ --	\$ 1,875,762	\$ (12,356,131)	
12	Instructional Resources and Media Services	333,105	--	4	(333,101)	
13	Curriculum and Staff Development	227,558	--	1,090	(226,468)	
21	Instructional Leadership	176,667	--	43,401	(133,266)	
23	School Leadership	933,341	--	--	(933,341)	
31	Guidance, Counseling, & Evaluation Services	675,322	--	267,932	(407,390)	
33	Health Services	222,140	--	5,131	(217,009)	
34	Student Transportation	738,103	25,637	22	(712,444)	
35	Food Service	1,038,371	408,210	479,719	(150,442)	
36	Cocurricular/Extracurricular Activities	1,094,671	62,855	37,949	(993,867)	
41	General Administration	1,315,357	--	2,473	(1,312,884)	
51	Plant Maintenance and Operations	2,464,886	23,065	8,701	(2,433,120)	
52	Security and Monitoring Services	4,737	--	--	(4,737)	
53	Data Processing Services	241,689	--	--	(241,689)	
61	Community Services	15,403	--	1	(15,402)	
72	Interest on Long-term Debt	842,697	--	--	(842,697)	
73	Bond Issuance Costs and Fees	23,249	--	--	(23,249)	
81	Capital Outlay	152,284	--	--	(152,284)	
91	Contracted Instructional Services between Schools	13,936,123	--	--	(13,936,123)	
93	Payments Related to Shared Services Arrangements	471,950	--	11,691	(460,259)	
TG	Total Governmental Activities	39,139,546	519,767	2,733,876	(35,885,903)	
TP	Total Primary Government	\$ 39,139,546	\$ 519,767	\$ 2,733,876	(35,885,903)	
General Revenues:						
MT	Property Taxes, Levied for General Purposes				28,007,340	
DT	Property Taxes, Levied for Debt Service				2,342,479	
IE	Investment Earnings				302,653	
GC	Grants and Contributions Not Restricted to Specific Programs				3,645,171	
MI	Miscellaneous				933,990	
TR	Total General Revenues				35,231,633	
CN	Change in Net Assets				(654,270)	
NB	Net Assets - Beginning				40,146,834	
NE	Net Assets - Ending				\$ 39,492,564	

The accompanying notes are an integral part of this statement.

# GLEN ROSE INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2012

10

Data Control Codes		General Fund	IDEA-B Formula
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 11,732,579	\$ --
1120	Current Investments	18,330	--
1225	Taxes Receivable	322,203	--
1230	Allowance for Uncollectable Taxes (Credit)	(128,799)	--
1240	Due from Other Governments	23,179	419,755
1250	Accrued Interest	9,584	--
1260	Due from Other Funds	772,968	--
1290	Other Receivables	3,245	--
1000	Total Assets	\$ 12,753,289	\$ 419,755
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 243,163	\$ --
2150	Payroll Deductions & Withholdings	502	--
2160	Accrued Wages Payable	450,170	8,456
2170	Due to Other Funds	1,326,892	411,299
2180	Due to Other Governments	563	--
2300	Deferred Revenue	1,055,382	--
2000	Total Liabilities	3,076,672	419,755
<b>FUND BALANCES:</b>			
Restricted Fund Balances:			
3470	Capital Acquisitions & Contractual Obligations	--	--
3480	Retirement of Long-Term Debt	--	--
3490	Other Restrictions of Fund Balance	--	--
Committed Fund Balances:			
3510	Construction	500,000	--
3530	Capital Expenditures for Equipment	400,000	--
3545	Other Committed Fund Balance	700,000	--
Assigned Fund Balances:			
3590	Other Assigned Fund Balance	--	--
3600	Unassigned	8,076,617	--
3000	Total Fund Balances	9,676,617	--
4000	Total Liabilities and Fund Balances	\$ 12,753,289	\$ 419,755

The accompanying notes are an integral part of this statement.

60 Capital Projects Funds	Other Governmental Funds	98 Total Governmental Funds
\$ 10,303,383	\$ 548,605	\$ 22,584,567
460,925	64,296	543,551
--	21,298	343,501
--	(5,347)	(134,146)
--	283,628	726,562
--	--	9,584
1,128,795	198,097	2,099,860
--	--	3,245
<u>\$ 11,893,103</u>	<u>\$ 1,110,577</u>	<u>\$ 26,176,724</u>

\$ 2,914	\$ 62,863	\$ 308,940
--	--	502
--	65,966	524,592
73,256	288,413	2,099,860
--	--	563
--	138,989	1,194,371
<u>76,170</u>	<u>556,231</u>	<u>4,128,828</u>

1,422,713	--	1,422,713
--	355,388	355,388
--	38,073	38,073
6,840,000	--	7,340,000
3,554,220	--	3,954,220
--	159,018	859,018
--	1,867	1,867
--	--	8,076,617
<u>11,816,933</u>	<u>554,346</u>	<u>22,047,896</u>
<u>\$ 11,893,103</u>	<u>\$ 1,110,577</u>	<u>\$ 26,176,724</u>

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**AUGUST 31, 2012**

Total fund balances - governmental funds balance sheet	\$ 22,047,896
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	45,278,642
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	209,355
Payables for bond principal which are not due in the current period are not reported in the funds.	(27,725,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(36,277)
Bond issuance costs are capitalized in the SNA but not in the funds.	194,682
Premium on bonds capitalized in the SNA but not in the funds.	(199,645)
Accumulated accretion on Capital Appreciation Bonds is not reported in the funds.	(277,089)
Net assets of governmental activities - Statement of Net Assets	\$ <u>39,492,564</u>

The accompanying notes are an integral part of this statement.

# **GLEN ROSE INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2012

10

Data Control Codes		General Fund	IDEA-B Formula
<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 28,357,439	\$ --
5800	State Program Revenues	4,327,866	--
5900	Federal Program Revenues	--	532,138
5020	Total Revenues	<u>32,685,305</u>	<u>532,138</u>
<b>EXPENDITURES:</b>			
Current:			
0011	Instruction	9,699,995	313,690
0012	Instructional Resources and Media Services	292,174	--
0013	Curriculum and Staff Development	204,569	--
0021	Instructional Leadership	4,214	4,221
0023	School Leadership	850,472	--
0031	Guidance, Counseling, & Evaluation Services	335,682	201,070
0033	Health Services	186,747	1,466
0034	Student Transportation	670,794	--
0035	Food Service	--	--
0036	Cocurricular/Extracurricular Activities	835,888	--
0041	General Administration	1,105,397	--
0051	Plant Maintenance and Operations	2,127,721	--
0052	Security and Monitoring Services	4,318	--
0053	Data Processing Services	220,308	--
0061	Community Services	13,517	--
0071	Principal on Long-term Debt	--	--
0072	Interest on Long-term Debt	--	--
0073	Bond Issuance Costs and Fees	--	--
0081	Capital Outlay	--	--
0091	Contracted Instructional Services		
0091	Between Public Schools	13,936,123	--
0093	Payments to Shared Service Arrangements	460,259	11,691
6030	Total Expenditures	<u>30,948,178</u>	<u>532,138</u>
1100	Excess (Deficiency) of Revenues Over (Under)		
1100	Expenditures	<u>1,737,127</u>	<u>--</u>
Other Financing Sources and (Uses):			
7912	Sale of Real or Personal Property	6,176	--
7915	Transfers In	--	--
8911	Transfers Out	(1,112,909)	--
7080	Total Other Financing Sources and (Uses)	<u>(1,106,733)</u>	<u>--</u>
1200	Net Change in Fund Balances	630,394	--
0100	Fund Balances - Beginning	9,046,223	--
3000	Fund Balances - Ending	<u>\$ 9,676,617</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

60 Capital Projects Funds	Other Governmental Funds	98 Total Governmental Funds
\$ 60,868	\$ 3,751,525	\$ 32,169,832
--	281,124	4,608,990
--	1,237,919	1,770,057
<u>60,868</u>	<u>5,270,568</u>	<u>38,548,879</u>
1,865,126	1,456,855	13,335,666
7,688	3,774	303,636
--	2,858	207,427
--	152,603	161,038
--	300	850,772
--	78,827	615,579
--	14,275	202,488
--	2,012	672,806
8,375	945,769	954,144
--	160,320	996,208
83,962	9,633	1,198,992
163,372	31,193	2,322,286
--	--	4,318
--	--	220,308
--	523	14,040
--	775,000	775,000
--	1,654,363	1,654,363
--	1,750	1,750
6,968,083	--	6,968,083
--	--	13,936,123
--	--	471,950
<u>9,096,606</u>	<u>5,290,055</u>	<u>45,866,977</u>
<u>(9,035,738)</u>	<u>(19,487)</u>	<u>(7,318,098)</u>
--	--	6,176
1,100,000	118,014	1,218,014
(105,105)	--	(1,218,014)
<u>994,895</u>	<u>118,014</u>	<u>6,176</u>
<u>(8,040,843)</u>	<u>98,527</u>	<u>(7,311,922)</u>
19,857,776	455,819	29,359,818
<u>\$ 11,816,933</u>	<u>\$ 554,346</u>	<u>\$ 22,047,896</u>

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

Net change in fund balances - total governmental funds	\$ (7,311,922)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	7,304,985
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,142,720)
The gain or loss on the sale of capital assets is not reported in the funds.	6,175
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(6,175)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(69,780)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	775,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(21,499)
The accretion of interest on capital appreciation bonds is not reported in the funds.	793,967
Bond premiums are amortized in the SOA but not in the funds.	17,699
Change in net assets of governmental activities - Statement of Activities	\$ <u>(654,270)</u>

The accompanying notes are an integral part of this statement.



**GLEN ROSE INDEPENDENT SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS****AUGUST 31, 2012**

		Agency Fund
Data Control Codes		Student Activity
	<b>ASSETS:</b>	
1110	<i>Cash and Cash Equivalents</i>	\$ 83,118
1000	Total Assets	\$ 83,118
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	\$ 83,118
2000	Total Liabilities	83,118
	<b>NET ASSETS</b>	
3000	Total Net Assets	\$ --

The accompanying notes are an integral part of this statement.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

**A. Summary of Significant Accounting Policies**

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

**1. Reporting Entity**

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

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

**a. Basis of Presentation**

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

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

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

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.

**Capital Projects Fund:** This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition of construction of capital facilities and other capital assets.

**Shared Services Arrangements - IDEA - Part B, Formula:** This fund is used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds granted to operate education programs for children with disabilities.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

In addition, the District reports the following fund types:

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

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

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

**Government-wide and Fiduciary Fund Financial Statements:** These financial statements are reported using the economic resources measurement focus. They 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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

3. **Financial Statement Amounts**

a. **Property Taxes**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

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

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

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

c. Capital Assets

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

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 & Improvements	10-45
Equipment	5-10

d. 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.

e. Compensated Absences

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

f. Interfund Activity

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

g. Use of Estimates

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

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

h. Data Control Codes

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

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

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

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

At a minimum, the District shall maintain committed, assigned, and unassigned fund balances in the general operating fund equal to or exceeding 20 percent of the total annual operating expenditures. If the committed, assigned, or unassigned fund balances fall below 20 percent of the total annual operating expenditures, the administration shall immediately prepare a plan for Board approval to restore the unassigned fund balance to the 20 percent level.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

**B. Deposits and Investments**

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

**1. Cash Deposits:**

At August 31, 2012, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$22,667,685 and the bank balance was \$13,572,213. The District's cash deposits at August 31, 2012 and during the year ended August 31, 2012, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

**2. Investments:**

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

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

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

The District's investments at August 31, 2012 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexPool - LGIP	Wtd Avg Maturity is 60 days	\$ 60,561
TexStar - LGIP	Wtd Avg Maturity is 45 days	460,925
Edward Jones - donated	Wtd Avg Maturity is 47 days	22,065
Total Investments		<u>\$ 543,551</u>

**3. Analysis of Specific Deposit and Investment Risks**

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

**a. Credit Risk**

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

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

At August 31, 2012, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

TexPool - LGIP	AAAm
TexStar - LGIP	AAAm
Edward Jones	AAAm

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

Investment Accounting Policy

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

Public Funds Investment Pools

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

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

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

**C. Capital Assets**

Capital asset activity for the year ended August 31, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Governmental activities:</u></b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,760,569	\$ 60,233	\$ --	\$ 2,820,802
Construction in progress	11,500,130	--	11,500,130	--
Total capital assets not being depreciated	<u>14,260,699</u>	<u>60,233</u>	<u>11,500,130</u>	<u>2,820,802</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	54,376,322	17,772,983	--	72,149,305
Equipment	5,462,760	971,899	59,560	6,375,099
Total capital assets being depreciated	<u>59,839,082</u>	<u>18,744,882</u>	<u>59,560</u>	<u>78,524,404</u>
Less accumulated depreciation for:				
Buildings and improvements	(30,669,990)	(1,698,432)	--	(32,368,422)
Equipment	(3,313,414)	(444,288)	(59,560)	(3,698,142)
Total accumulated depreciation	<u>(33,983,404)</u>	<u>(2,142,720)</u>	<u>(59,560)</u>	<u>(36,066,564)</u>
Total capital assets being depreciated, net	<u>25,855,678</u>	<u>16,602,162</u>	<u>--</u>	<u>42,457,840</u>
Governmental activities capital assets, net	<u>\$ 40,116,377</u>	<u>\$ 16,662,395</u>	<u>\$ 11,500,130</u>	<u>\$ 45,278,642</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,294,254
Instructional Resources and Media Services	29,469
Curriculum and Staff Development	20,131
Instructional Leadership	15,629
School Leadership	82,569
Guidance, Counseling, & Evaluation Services	59,743
Health Services	19,652
Student Transportation	65,297
Food Services	92,602
Extracurricular Activities	98,463
General Administration	116,365
Plant Maintenance and Operations	225,383
Security and Monitoring Services	419
Data Processing Services	21,381
Community Services	1,363
	<u>\$ 2,142,720</u>



**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

**D. Interfund Balances and Activities**

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

Balances due to and due from other funds at August 31, 2012, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Special Revenue Funds	\$ 690,213	For transfer of federal receipts
General Fund	Debt Service Fund	9,500	Short-term loan
General Fund	Capital Projects Fund	73,256	Short-term loan
Capital Projects Funds	General Fund	1,128,795	Capital projects expenditures
Special Revenue Funds	General Fund	198,096	For transfer of federal receipts
	Total	<u>\$ 2,099,860</u>	

All amounts due are scheduled to be repaid within one year.

**2. Transfers To and From Other Funds**

Transfers to and from other funds at August 31, 2012, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Capital Projects Funds	\$ 1,100,000	For future capital projects
Capital Projects Funds	Debt Service Fund	105,105	Supplement other funds sources
General Fund	Special Revenue Fund	12,909	Supplement other funds sources
	Total	<u>\$ 1,218,014</u>	

**E. Long-Term Obligations**

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

**1. Long-Term Obligation Activity**

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2012, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>Governmental activities:</u>					
General obligation bonds	\$ 28,500,000	\$ --	\$ 775,000	\$ 27,725,000	\$ 1,535,000
Accumulated accretion on CAB's	1,071,056	--	793,967	277,089	--
Premium amortized	217,344	--	17,699	199,645	--
Total governmental activities	<u>\$ 29,788,400</u>	<u>\$ --</u>	<u>\$ 1,586,666</u>	<u>\$ 28,201,734</u>	<u>\$ 1,535,000</u>

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

**2. Debt Service Requirements**

Debt service requirements on long-term debt at August 31, 2012, are as follows:

<u>Year Ending August 31,</u>	Governmental Activities		
	Principal	Interest	Total
2013	\$ 1,535,000	\$ 959,362	\$ 2,494,362
2014	1,595,000	965,063	2,560,063
2015	1,785,000	774,264	2,559,264
2016	1,820,000	738,563	2,558,563
2017	1,865,000	694,162	2,559,162
2018-2022	10,075,000	2,691,039	12,766,039
2023-2027	9,050,000	816,980	9,866,980
Totals	<u>\$ 27,725,000</u>	<u>\$ 7,639,433</u>	<u>\$ 35,364,433</u>

The interest rate on the Unlimited Tax Refunding Bond, Series 2010 range from 2.00% to 2.50% and matures on August 15, 2017.

The interest rate on the Unlimited Tax School Building Bond, Series 2010 A range from 2.00% to 3.75% and matures on August 15, 2026.

The interest rate on the Build America Bonds, Series 2010 B range from 3.50% to 4.20% and matures on August 15, 2024.

**F. Commitments Under Noncapitalized Leases**

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2012, as follows:

<u>Year Ending August 31,</u>	
2013	\$ 39,823
2014	41,970
2015	31,485
2016	21,000
2017	35,000
Total Minimum Rentals	<u>\$ 169,278</u>
Rental Expenditures in 2012	<u>\$ 53,611</u>

**G. Risk Management**

**Property Casualty Program**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2012, the District participated in the Texas Association of School Boards Risk Management Fund (the fund) with coverage in Auto Liability, Auto Physical Damage, Sexual Misconduct Endorsement and Special Legal Liability. The Fund was created under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating the Fund execute Interlocal Agreements that define the responsibilities of the parties. 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 years.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2012, the Fund anticipates Glen Rose ISD has no additional liability the contractual obligations for payment of contributions.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

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 November or December of the current year. The Fund's audited financial statements as of August 31, 2011 are available at the TASB offices.

Unemployment Compensation

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 Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

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

H. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of 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 contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2012, 2011 and 2010 were \$725,569, \$778,703 and \$781,902, respectively. The District paid additional state contributions for the years ending August 31, 2012, 2011 and 2010 in the amount of \$190,019, \$211,457 and \$209,979, respectively, on portion of the employees' salaries that exceeded the statutory minimum and federal grant salaries.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

I. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

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

b. 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. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. 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. For the years ended August 31, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$126,069, \$128,389, and \$130,899, respectively, the active member contributions were \$81,945, \$83,453, and \$85,084, respectively, and the District's contributions were \$69,338, \$70,614, and \$71,995, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2012, 2011, and 2010, the subsidy payments received by TRS-Care on behalf of the District were \$34,543, \$34,076, and \$32,103, respectively.

3. Early Retiree Reinsurance Program (ERRP)

The Early Retiree Reinsurance Program (ERRP) is a provision of the Patient Protection and Affordable Care Act (PPACA) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An "early retiree" is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

This temporary program is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program. For the fiscal year ended August 31, 2012, the amount received by TRS-Care on behalf of the District was \$38,089.

**J. Employee Health Care Coverage**

During the year ended August 31, 2012, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$406 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

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

Latest financial statements for the are available for their year end and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

**K. Commitments and Contingencies**

**1. Contingencies**

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

**2. Litigation**

No reportable litigation was pending against the District at August 31, 2012.

**L. Shared Services Arrangements**

**Shared Services Arrangement - Fiscal Agent**

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in fund 437 and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Glen Rose ISD	\$ 650,699
Tolar ISD	153,342
Lipan ISD	71,436
Total	<u>\$ 875,477</u>

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for audiology services with the following school districts:

Member Districts

Central Texas SSA	Granbury ISD
Greater Erath County SSA	Springtown ISD
Hood-Somervell County Co-Op	Stephenville ISD
Palo Pinto County Co-Op	Weatherford ISD
Parker County Co-Op	

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Peaster ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

### *Required Supplementary Information*

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

# GLEN ROSE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	<b>REVENUES:</b>				
5700	Local and Intermediate Sources	\$ 28,079,599	\$ 28,191,999	\$ 28,357,439	\$ 165,440
5800	State Program Revenues	4,010,187	4,139,907	4,327,866	187,959
5020	Total Revenues	32,089,786	32,331,906	32,685,305	353,399
	<b>EXPENDITURES:</b>				
	Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	10,160,430	9,949,618	9,699,995	249,623
0012	Instructional Resources and Media Services	295,280	295,656	292,174	3,482
0013	Curriculum and Staff Development	211,822	260,259	204,569	55,690
	Total Instruction & Instr. Related Services	10,667,532	10,505,533	10,196,738	308,795
	Instructional and School Leadership:				
0021	Instructional Leadership	2,456	4,956	4,214	742
0023	School Leadership	850,458	869,203	850,472	18,731
	Total Instructional & School Leadership	852,914	874,159	854,686	19,473
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	398,833	357,907	335,682	22,225
0033	Health Services	179,041	194,063	186,747	7,316
0034	Student (Pupil) Transportation	784,570	784,570	670,794	113,776
0036	Cocurricular/Extracurricular Activities	946,516	942,162	835,888	106,274
	Total Support Services - Student (Pupil)	2,308,960	2,278,702	2,029,111	249,591
	Administrative Support Services:				
0041	General Administration	1,092,017	1,117,017	1,105,397	11,620
	Total Administrative Support Services	1,092,017	1,117,017	1,105,397	11,620
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	2,223,686	2,223,286	2,127,721	95,565
0052	Security and Monitoring Services	4,500	4,500	4,318	182
0053	Data Processing Services	223,221	228,221	220,308	7,913
	Total Support Services - Nonstudent Based	2,451,407	2,456,007	2,352,347	103,660
	Ancillary Services:				
0061	Community Services	24,107	24,107	13,517	10,590
	Total Ancillary Services	24,107	24,107	13,517	10,590
	Intergovernmental Charges:				
0091	Contracted Instr. Services Between Public Schools	13,899,303	14,040,715	13,936,123	104,592
0093	Payments to Fiscal Agent/Member Dist.-SSA	650,000	650,000	460,259	189,741
	Total Intergovernmental Charges	14,549,303	14,690,715	14,396,382	294,333
6030	Total Expenditures	31,946,240	31,946,240	30,948,178	998,062
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	143,546	385,666	1,737,127	1,351,461
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	--	9,088	6,176	(2,912)
7915	Transfers In	500	500	--	(500)
8911	Transfers Out	(45,000)	(1,145,000)	(1,112,909)	32,091



# GLEN ROSE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT G-1

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
7080	Total Other Financing Sources and (Uses)	(44,500)	(1,135,412)	(1,106,733)	28,679
1200	Net Change in Fund Balance	99,046	(749,746)	630,394	1,380,140
0100	Fund Balance - Beginning	9,046,223	9,046,223	9,046,223	--
3000	Fund Balance - Ending	\$ 9,145,269	\$ 8,296,477	\$ 9,676,617	\$ 1,380,140

### *Other Supplementary Information*

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

# GLEN ROSE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2012

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2003 and Prior Years	\$	Various	\$	Various	\$	Various
2004		1.0849		.0800		1,880,244,506
2005		1.1178		.0800		1,928,706,863
2006		1.1478		.0700		1,887,536,016
2007		1.0578		.0700		2,069,866,388
2008		.8054		.0730		3,023,085,533
2009		.8252		.0690		3,235,959,698
2010		.8250		.0690		3,436,182,438
2011		.8250		.0690		3,375,075,391
2012 (School Year Under Audit)		.8250		.0690		3,390,614,659

1000 Totals

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

Column 20, the current year's levy is the ending levy due provided by Somervell County Appraisal District.

Column 30, Assessed/Appraised Value for School Tax Purposes is calculated based on current year total levy divided by current year tax rate. This amount includes adjustments for frozen values.

10 Beginning Balance 9/1/11	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/12
\$ 60,161	\$ --	\$ 3	\$ --	\$ --	\$ 60,158
9,267	--	503	36	--	8,728
19,802	--	2,482	178	(3,443)	13,699
19,405	--	2,707	165	(4,072)	12,461
22,596	--	5,031	333	(3,599)	13,633
27,984	--	5,330	483	(5,369)	16,802
43,424	--	12,145	1,016	(6,075)	24,188
61,818	--	26,724	2,235	(7,345)	25,514
153,233	--	70,012	5,856	(19,578)	57,787
--	30,312,095	27,870,571	2,330,993	--	110,531
<u>\$ 417,690</u>	<u>\$ 30,312,095</u>	<u>\$ 27,995,508</u>	<u>\$ 2,341,295</u>	<u>\$ (49,481)</u>	<u>\$ 343,501</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

# GLEN ROSE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

## SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2013-2014 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2012

### FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ 1,514	\$ --	\$ 228,674	\$ 330,935	\$ --	\$ 12,008	\$ 573,131
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	12,296	--	--	--	12,296
6212	Audit Services	--	--	--	32,030	--	--	32,030
6213	Tax Appraisal and Collection	--	374,583	--	--	--	--	374,583
621X	Other Prof. Services	--	--	--	29,200	--	--	29,200
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	--	--
6240	Contr. Maint. and Repair	--	--	--	--	1,503	--	1,503
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	100	10,631	--	--	10,731
6290	Miscellaneous Contr.	--	--	--	3,839	--	--	3,839
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	730	78	--	--	808
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	73	--	666	9,133	--	--	9,872
6410	Travel, Subsistence, Stipends	6,844	--	1,937	634	--	--	9,415
6420	Ins. and Bonding Costs	--	--	--	9,176	--	--	9,176
6430	Election Costs	4,663	--	--	--	--	--	4,663
6490	Miscellaneous Operating	1,281	--	11,883	37,524	--	--	50,688
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 14,375 \$ 374,583 \$ 256,286 \$ 463,180 \$ 1,503 \$ 12,008 \$ 1,121,935

Total Expenditures for General and Special Revenue Funds (9) \$ 34,357,583

#### LESS: Deductions of Unallowable Costs

#### FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 216,917
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 2,125,680
Food (Function 35, 6341 and 6499)	(13)	\$ 364,750
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 463,180

Subtotal 3,170,527

Net Allowed Direct Cost \$ 31,187,056

#### CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 72,149,305
Historical Cost of Buildings over 50 years old	(16)	201,725
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	6,375,099
Historical Cost of Furniture & Equipment over 16 years old	(19)	583,938
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 219,384

(8) Note A - \$6,905 in Function 53 expenditures and no Function 99 expenditures are included in this report on administrative costs.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)**  
**GENERAL FUND**  
**AS OF AUGUST 31, 2012**

EXHIBIT J-3

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2012 (Exhibit C-1 object 3000 for the General Fund only)	\$ 9,676,617
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	1,600,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	2,579,015
7	Estimate of two months' average cash disbursements during the fiscal year	5,158,030
8	Estimate of delayed payments from state sources (58XX)	1,482
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	9,338,527
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 338,090

The District will utilize additional fund balance to support future building renovation projects as needed on District facilities.

# GLEN ROSE INDEPENDENT SCHOOL DISTRICT

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT J-4

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 429,155	\$ 453,138	\$ 23,983
5800 <i>State Program Revenues</i>	4,400	4,465	65
5900 <i>Federal Program Revenues</i>	462,745	475,254	12,509
5020 <b>Total Revenues</b>	<u>896,300</u>	<u>932,857</u>	<u>36,557</u>
<b>EXPENDITURES:</b>			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	1,002,402	945,769	56,633
Total Support Services - Student (Pupil)	<u>1,002,402</u>	<u>945,769</u>	<u>56,633</u>
Support Services - Nonstudent Based:			
0051 <i>Plant Maintenance and Operations</i>	100	(3)	103
Total Support Services - Nonstudent Based	<u>100</u>	<u>(3)</u>	<u>103</u>
6030 <b>Total Expenditures</b>	<u>1,002,502</u>	<u>945,766</u>	<u>56,736</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	<u>(106,202)</u>	<u>(12,909)</u>	<u>93,293</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	45,000	12,909	(32,091)
8911 <i>Transfers Out</i>	(20,000)	—	20,000
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>25,000</u>	<u>12,909</u>	<u>(12,091)</u>
1200 <b>Net Change in Fund Balance</b>	<u>(81,202)</u>	<u>—</u>	<u>81,202</u>
0100 <b>Fund Balance - Beginning</b>	<u>--</u>	<u>--</u>	<u>--</u>
3000 <b>Fund Balance - Ending</b>	<u>\$ (81,202)</u>	<u>\$ —</u>	<u>\$ 81,202</u>

# GLEN ROSE INDEPENDENT SCHOOL DISTRICT

## DEBT SERVICE FUND

### BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT J-5

Data Control Codes		1	2	3
		Budget	Actual	Variance Positive (Negative)
	<b>REVENUES:</b>			
5700	Local and Intermediate Sources	\$ 2,465,565	\$ 2,470,225	\$ 4,660
5020	Total Revenues	2,465,565	2,470,225	4,660
	<b>EXPENDITURES:</b>			
	Debt Service:			
0071	Principal on Long-Term Debt	775,000	775,000	--
0072	Interest on Long-Term Debt	1,654,763	1,654,363	400
0073	Bond Issuance Costs and Fees	1,750	1,750	--
	Total Debt Service	2,431,513	2,431,113	400
6030	Total Expenditures	2,431,513	2,431,113	400
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	34,052	39,112	5,060
	Other Financing Sources (Uses):			
7915	Transfers In	104,970	105,105	135
7080	Total Other Financing Sources and (Uses)	104,970	105,105	135
1200	Net Change in Fund Balance	139,022	144,217	5,195
0100	Fund Balance - Beginning	211,171	211,171	--
3000	Fund Balance - Ending	\$ 350,193	\$ 355,388	\$ 5,195





**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report**

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

Board of Trustees  
Glen Rose Independent School District  
P.O. Box 2129  
Glen Rose, Texas 76043

**Members of the Board of Trustees:**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glen Rose Independent School District as of and for the year ended August 31, 2012, which collectively comprise the Glen Rose Independent School District's basic financial statements and have issued our report thereon dated December 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of Glen Rose Independent School District in a separate letter dated December 10, 2012.

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

Respectfully submitted,

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive, flowing style.

Snow Garrett Williams  
December 10, 2012



# SNOW GARRETT WILLIAMS

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

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

Board of Trustees  
Glen Rose Independent School District  
P.O. Box 2129  
Glen Rose, Texas 76043

Members of the Board of Trustees:

### Compliance

We have audited Glen Rose Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Glen Rose Independent School District's major federal programs for the year ended August 31, 2012. Glen Rose Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Glen Rose Independent School District's management. Our responsibility is to express an opinion on Glen Rose Independent School District's compliance based on our audit.

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

In our opinion, Glen Rose Independent School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2012-1.

### Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-2 and 2012-3 to be significant deficiencies.

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

Respectfully submitted,



Snow Garrett Williams  
December 10, 2012

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

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

**1. Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   No

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

Noncompliance material to financial statements noted?        Yes   X   No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
84.410	Education Jobs Fund

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

Auditee qualified as low-risk auditee?   X   Yes        No

**B. Financial Statement Findings**

NONE

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

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

2012-1 Eligibility of Free and Reduced Price Lunch

Child Nutrition Cluster (CFDA# 10.555 & 10.553)

*Eligibility - Significant Deficiency in Controls*

Criteria: The District should design and implement procedures that provide internal controls over free and reduced price applications to ensure compliance with the eligibility requirements.

Condition: The District relied solely on the automated system for eligibility determinations and had not designed or implemented control procedures to ensure the District is in compliance with eligibility requirements.

Effect: The District could potentially be out of compliance with eligibility requirement.

Questioned Cost: Not applicable.

Cause: Procedures were not in place to ensure that the District was in compliance with eligibility requirements.

Auditor's Recommendation: The District should consider improving existing procedures to include either:

- 1) a recalculation of income by the official inputting free and reduced applications into the automated system, which would be evident by having the official complete the "school use" section of the free and reduced applications, or
- 2) a review of the data entered from the free and reduced applications into the automated system by a second official, which would be evident by having the reviewer sign and date either each individual application or a piece of paper attached to a batch of applications.

2012-2 Verification of Free and Reduced Price Lunch Applications

Child Nutrition Cluster (CFDA# 10.555 & 10.553)

*Special Tests and Provisions - Noncompliance with Grant Requirements*

Criteria: By November 15th of each school year, the District must verify eligibility of households from a sample selected of approved applications for free and reduced price meals. The verification sample size is based on the total number of approved applications on file on October 31st. Changes in a child's eligibility status based on documentation and other information obtained through the verification process must be reflected in the system.

Condition: The verification report submitted to the Texas Department of Agriculture did not agree to the supporting documentation kept on file from the verification process. However, the applications verified were correctly documented as to change in status and in the child nutrition software.

Question Costs: Not applicable

Effect: The District did not comply with verification process grant requirements included in the Special Tests and Provisions.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

Cause: The verification report included inaccurate information when compared to the supporting documentation provided.

Auditor's Recommendation: The procedures in place to accurately document and report the verification process should be followed and monitored.

2012-3 Special Reporting

Child Nutrition Cluster (CFDA# 10.555 & 10.553)

*Reporting - Noncompliance with Grant Requirements*

Criteria: To receive reimbursement payments for meals, the District must submit claims for reimbursement to its administering agency (Texas Department of Agriculture).

Condition: The District submitted reimbursement claims to the administering agency that did not agree to the District's child nutrition software reports.

Questioned Costs: None - District was underpaid due to this error.

Cause: Reimbursement claims submitted included inaccurate information when compared to the participation reports from the child nutrition software.

Effect: The District did not comply with the grant reporting requirement.

Auditor's Recommendation: The District should improve existing procedures to ensure claims for reimbursement submitted agree to supporting reports from the child nutrition software.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

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



## **GLEN ROSE INDEPENDENT SCHOOL DISTRICT**

### ***CORRECTIVE ACTION PLAN***

***FOR THE YEAR ENDED AUGUST 31, 2012***

#### **2012-1 Eligibility of Free and Reduced Price Lunch**

**Responsible Party:** Dawn Foos

**Correction Action Plan:** The Food Service Director now manually calculates the annual income from the free and reduced price application and determines eligibility based on USDA guidelines, inputs the data into the child nutrition software and then verifies the eligibility determination. All applications are signed by the Food Service Director. A cafeteria manager is now assigned as the reviewing official and reviews all applications for accuracy.

**Completion Date:** August 2012

#### **2012-2 Verification of Free and Reduced Price Lunch Applications**

**Responsible Party:** Dawn Foos

**Corrective Action Plan:** The District has now implemented procedures to include a reviewing official. The Food Service Director will be responsible for completing the verification process, and a Cafeteria Manager will review verification for accuracy.

**Completion Date:** November 2012

#### **2012-3 Special Reporting**

**Responsible Party:** Dawn Foos

**Corrective Action Plan:** The District has implemented new procedures to ensure the accuracy of the monthly reimbursement requests. The Food Service Director prints all reports from the child nutrition software and prepares a reimbursement request. The Food Service Director then waits three days and reprints the reports from the child nutrition software and examines for any changes and makes any necessary corrections. The final reimbursement request is submitted to the Director of Finance to review for accuracy.

**Completion Date:** August 2012

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2012**

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010	12610101213901	188,547
ESEA Title I Part A - Improving Basic Programs *	84.010	13610101213901	7,509
Total CFDA Number 84.010			<u>196,056</u>
SSA IDEA-B Formula *	84.027	126600012139016600	523,682
SSA IDEA-B Formula *	84.027	136600012139016600	8,456
Total CFDA Number 84.027			<u>532,138</u>
SSA IDEA-B Preschool *	84.173	126610012139016000	10,669
SSA IDEA-B Preschool *	84.173	136610012139016000	753
Total CFDA Number 84.173			<u>11,422</u>
Title III Part A English Language Acquisition and Language Enhancement	84.365	12671001213901	19,075
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	12694501213901	56,096
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367	13694501213901	3,497
Total CFDA Number 84.367			<u>59,593</u>
Fund 2892	84.369	69551102	3,780
Education Jobs Fund	84.410	11550101213901	290,613
Total Passed Through State Department of Education			<u>1,112,677</u>
Total U. S. Department of Education			<u>1,112,677</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401001	100,039
National School Lunch Program *	10.555	71301001	333,672
Summer Food Service Program *	10.559	213-901	2,467
Commodity Supplemental Food Program (Non-cash)	10.565	213001A	39,076
Total Passed Through State Department of Education			<u>475,254</u>
Total U. S. Department of Agriculture			<u>475,254</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 1,587,931</u></u>

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

The accompanying notes are an integral part of this schedule.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED AUGUST 31, 2012*

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Glen Rose Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**GLEN ROSE INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2012*

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 277,089