

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014

Introductory Section

Glen Rose Independent School District
Annual Financial Report
For The Year Ended August 31, 2014

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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 0 disapproved for the year ended August 31, 2014, at a meeting of the board of trustees of such school district on the 18th day of December, 2014



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

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

Report on the Financial Statements

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 ("the District") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Glen Rose Independent School District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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 basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

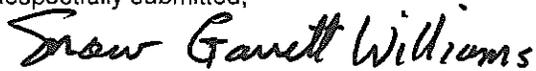
The other supplementary information, except for Exhibit J-2, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and Exhibit J-2 of the other supplementary information have 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014 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* in considering Glen Rose Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Snow Garrett Williams". The signature is written in a cursive style with a large initial "S".

Snow Garrett Williams

December 10, 2014

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, 2014. 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 \$38,207,591 (*net position*). Of this amount, \$20,344,211 (*unrestricted net position*) 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 \$20,871,592. Approximately 41 percent of this total amount, \$8,577,079, 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 \$8,577,079 or 30 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 position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 12-13 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 14-19 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 position and a statement of changes in fiduciary net assets that can be found on page 20.
- **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 21-33 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 34-36 of this report.

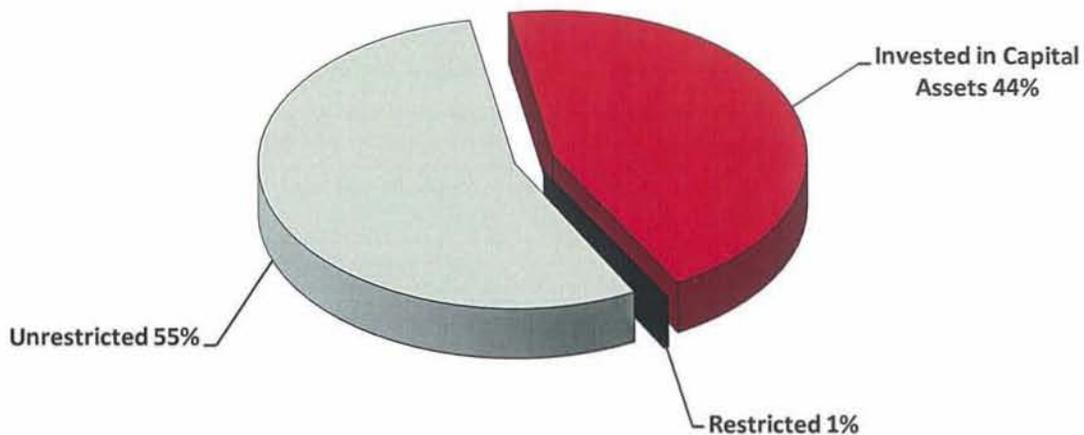
Government-wide Financial Analysis

As noted earlier, net position 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 \$38,207,591, as of August 31, 2014.

The District's Net Position

	August 31, 2014	August 31, 2013
Current assets	\$ 21,900,698	\$ 22,632,431
Capital assets	41,868,766	44,281,221
Total assets	<u>63,769,464</u>	<u>66,913,652</u>
Current liabilities	795,751	790,130
Long-term liabilities outstanding	24,759,247	26,528,967
Total liabilities	<u>25,554,998</u>	<u>27,319,097</u>
Deferred inflows of resources	6,875	-
Total deferred inflows of resources	<u>6,875</u>	<u>-</u>
Net position:		
Net investment in capital assets	17,075,855	17,890,434
Restricted	787,525	1,232,199
Unrestricted	20,344,211	20,471,922
Total net position	<u>\$ 38,207,591</u>	<u>\$ 39,594,555</u>

Net Assets as of 8/31/14



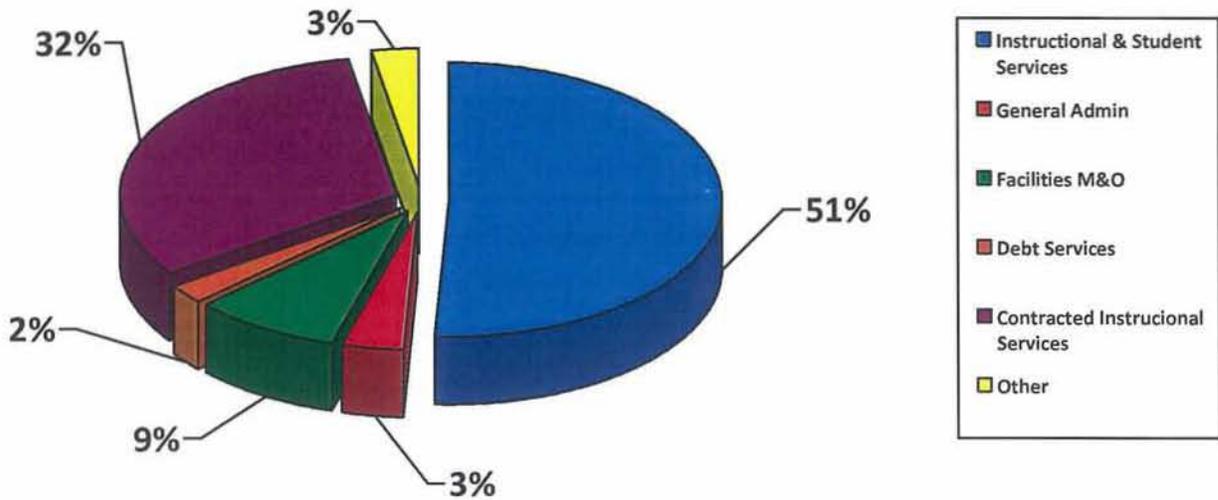
Investment in capital assets (e.g., land, buildings, furniture and equipment, and construction in progress) is \$17,075,855. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in 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 \$787,525 of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$20,344,211, 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 position decreased \$1,213,781. The total cost of all *governmental activities* this year was \$36,239,702. The amount that our taxpayers paid for these activities through property taxes was \$26,499,271 or 73%.

Changes in the District's Net Position

	Fiscal Year <u>August 31, 2014</u>	Fiscal Year <u>August 31, 2013</u>
Revenues:		
Program Revenues		
Charges for Services	\$ 584,583	\$ 556,303
Operating Grants and Contributions	2,323,072	2,209,850
General revenues		
Property Taxes	26,499,271	29,971,532
State Grants	4,275,147	3,647,620
Other	1,343,848	1,363,492
Total Revenues	<u>35,025,921</u>	<u>37,748,797</u>
Expenses:		
Instruction	12,845,597	12,807,875
Instruction Resources & Media Services	332,113	324,256
Curriculum and Staff Development	206,799	299,469
Instructional Leadership	97,089	162,545
School Leadership	952,447	950,779
Guidance, Counseling & Evaluation Services	656,595	645,124
Health Services	228,704	226,772
Student Transportation	765,288	743,361
Food Service	1,108,415	1,081,805
Cocurricular / Extracurricular Activities	1,254,613	1,264,400
General Administration	1,306,196	1,316,416
Facilities Maintenance & Operations	3,146,303	2,502,248
Security and Monitoring Services	83,238	34,208
Data Processing Services	377,851	266,087
Community Services	2,791	30,777
Interest on Long-Term Debt	789,004	820,322
Bond Issuance Costs and Fees	3,500	23,749
Contracted Instructional Services between Schools	11,549,253	13,642,210
Payments Related to Shared Service Arrangements	533,906	504,403
Total Expenses	<u>36,239,702</u>	<u>37,646,806</u>
Increase (decrease) in net position	(1,213,781)	101,991
Net position - beginning	39,594,555	39,492,564
Prior period adjustment	(173,183)	-
Net position - beginning, as restated	39,421,372	-
Net position - ending	<u>\$ 38,207,591</u>	<u>\$ 39,594,555</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 \$20,871,592, a decrease of \$578,686. Approximately 41 percent of this total amount (\$8,577,079) 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 (\$675,525), and (2) other miscellaneous fund restrictions (\$91,909); *committed* for (1) construction (\$6,147,853), (2) equipment (\$4,183,840), and (3) other commitments (\$1,192,533); and *assigned* for other miscellaneous designations (\$2,853).

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 \$8,577,079, out of a total fund balance of \$10,494,061. 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 30 percent of the total general fund expenditures, while total fund balance represents 36 percent of that same amount.

The fund balance of the District's general fund increased \$738,974 during the current fiscal year. Key factors in this increase are:

- Careful monitoring of expenditures and making decreases to expenditures whenever possible.
- Absorbing positions, as needed, when resignations or retirement takes place among employees.

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 allowed the District to amend the revenue budget. Revenues were budgeted at a lower than expected level to insure that the expenditure budget could be funded adequately.
- Amendments were done to the expenditure budget to get expenditures reported in the proper categories and not to increase the total expenditure budget.

The following are significant variations between the final budget and actual amounts for the general fund:

- Actual revenues were higher than budgeted by \$158,431 primarily related to an increase in federal program revenues: and,
- Actual expenditures were lower than budgeted by \$902,255 primarily due to careful monitoring of Instruction, Curriculum and Staff Development, Cocurricular/Extracurricular Activities, and Plant Maintenance and Operations budgets.

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 \$10,107,218 as of August 31, 2014, all of which is restricted or committed for capital projects. The net decrease in the capital projects fund balance for the fiscal year ending August 31, 2014, was \$1,069,927.

Capital Asset and Debt Administration

Capital assets. The District’s investment in capital assets for its governmental activities as of August 31, 2014, amounts to \$41,868,766 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress.

Major capital asset events during the year included the purchase of the house and land at 405 Mary Lynn Drive, Junior High renovations, and culinary arts lab equipment.

Districts Capital Assets (net of depreciation)

	<u>August 31, 2014</u>	<u>August 31, 2013</u>
Land	\$ 2,903,975	\$ 2,820,802
Buildings and improvements	36,604,153	38,587,885
Furniture and equipment	2,312,338	2,738,964
Construction in progress	48,300	133,570
Total at historical cost	<u>\$ 41,868,766</u>	<u>\$ 44,281,221</u>

Additional information on the District’s capital assets can be found in Note C on pages 27-28 of this report.

Long-term debt. As of August 31, 2014, the District had total general obligation bonded debt outstanding of \$24,595,000, a decrease of \$1,595,000 over the prior year. The District paid all of the outstanding balance related to Accumulated Accretion on CAB's outstanding, a reduction in balance of \$157,021 over the prior year. The unamortized premium for bonds is \$164,247, 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 page 29 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 \$0.8250 per \$100 valuation and Interest and Sinking rate for \$0.0690 for a total tax rate of \$0.8940.
- The District budgeted revenues of \$27,560,098 and expenditures of \$27,487,419 in the 2014-2015 budget for an expected surplus of at least \$72,679.
- All employees will receive salary increases at the beginning of the fiscal year.
- \$1,476 in a one-time supplemental pay is to be given to all employees in September 2014.
- Continuous monitoring of staff/student numbers in order to create efficiencies.

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 POSITION
AUGUST 31, 2014

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 18,828,446
1120	<i>Current Investments</i>	303,441
1225	<i>Property Taxes Receivable (Net)</i>	260,144
1240	<i>Due from Other Governments</i>	2,277,733
1290	<i>Other Receivables (Net)</i>	230,896
1410	<i>Unrealized Expenses</i>	38
Capital Assets:		
1510	<i>Land</i>	2,903,975
1520	<i>Buildings and Improvements, Net</i>	36,604,153
1530	<i>Furniture and Equipment, Net</i>	2,312,338
1580	<i>Construction in Progress</i>	48,300
1000	Total Assets	<u>63,769,464</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	162,745
2140	<i>Interest Payable</i>	33,664
2165	<i>Accrued Liabilities</i>	599,342
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	1,785,000
2502	<i>Due in More Than One Year</i>	22,974,247
2000	Total Liabilities	<u>25,554,998</u>
DEFERRED INFLOWS OF RESOURCES:		
	<i>Grant Revenue</i>	6,875
2600	Total Deferred Inflows of Resources	<u>6,875</u>
NET POSITION:		
3200	Net Investment in Capital Assets	17,075,855
Restricted For:		
3850	Debt Service	20,091
3860	Capital Projects	675,525
3880	Scholarships	41,270
3890	Shared Service Arrangement	50,639
3900	Unrestricted	20,344,211
3000	Total Net Position	<u>\$ 38,207,591</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, 2014

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	<i>Instruction</i>	\$ 12,845,597	\$ 945	\$ 1,603,609	\$ (11,241,043)	
12	<i>Instructional Resources and Media Services</i>	332,113	98	2,044	(329,971)	
13	<i>Curriculum and Staff Development</i>	206,799	--	3,326	(203,473)	
21	<i>Instructional Leadership</i>	97,089	--	9,114	(87,975)	
23	<i>School Leadership</i>	952,447	21	5,917	(946,509)	
31	<i>Guidance, Counseling, & Evaluation Services</i>	656,595	--	170,806	(485,789)	
33	<i>Health Services</i>	228,704	2	2,256	(226,446)	
34	<i>Student Transportation</i>	765,288	45,590	--	(719,698)	
35	<i>Food Service</i>	1,108,415	440,992	463,421	(204,002)	
36	<i>Cocurricular/Extracurricular Activities</i>	1,254,613	71,231	26,038	(1,157,344)	
41	<i>General Administration</i>	1,306,196	--	9,141	(1,297,055)	
51	<i>Facilities Maintenance and Operations</i>	3,146,303	25,641	15,747	(3,104,915)	
52	<i>Security and Monitoring Services</i>	83,238	45	494	(82,699)	
53	<i>Data Processing Services</i>	377,851	--	2,349	(375,502)	
61	<i>Community Services</i>	2,791	18	14	(2,759)	
72	<i>Interest on Long-term Debt</i>	789,004	--	--	(789,004)	
73	<i>Bond Issuance Costs and Fees</i>	3,500	--	--	(3,500)	
91	<i>Contracted Instructional Services between Schools</i>	11,549,253	--	--	(11,549,253)	
93	<i>Payments Related to Shared Services Arrangements</i>	533,906	--	8,796	(525,110)	
TG	Total Governmental Activities	<u>36,239,702</u>	<u>584,583</u>	<u>2,323,072</u>	<u>(33,332,047)</u>	
TP	Total Primary Government	<u>\$ 36,239,702</u>	<u>\$ 584,583</u>	<u>\$ 2,323,072</u>	<u>(33,332,047)</u>	
	General Revenues:					
MT	<i>Property Taxes, Levied for General Purposes</i>				24,454,068	
DT	<i>Property Taxes, Levied for Debt Service</i>				2,045,203	
IE	<i>Investment Earnings</i>				184,948	
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>				4,275,147	
MI	<i>Miscellaneous</i>				1,158,900	
TR	Total General Revenues				<u>32,118,266</u>	
CN	Change in Net Position				<u>(1,213,781)</u>	
NB	Net Position - Beginning				39,594,555	
PA	Prior Period Adjustment				(173,183)	
	Net Position - Beginning, as Restated				<u>39,421,372</u>	
NE	Net Position - Ending				<u>\$ 38,207,591</u>	

The accompanying notes are an integral part of this statement.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2014

Data Control Codes	10		
	General Fund	IDEA-B Formula	
ASSETS:			
1110	Cash and Cash Equivalents	\$ 8,474,936	\$ --
1120	Current Investments	215,417	--
1225	Taxes Receivable	386,591	--
1230	Allowance for Uncollectible Taxes (credit)	(146,538)	--
1240	Due from Other Governments	1,938,448	164,900
1260	Due from Other Funds	389,424	--
1290	Other Receivables	230,896	--
1410	Unrealized Expenditures	38	--
1000	Total Assets	<u>11,489,212</u>	<u>164,900</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ 64,403	\$ 105
2160	Accrued Wages Payable	525,672	10,344
2170	Due to Other Funds	165,023	154,451
2000	Total Liabilities	<u>755,098</u>	<u>164,900</u>
DEFERRED INFLOWS OF RESOURCES:			
	Property Taxes and Other Unearned Revenue	240,053	--
2600	Total Deferred Inflows of Resources	<u>240,053</u>	<u>--</u>
FUND BALANCES:			
Restricted Fund Balances:			
3470	Capital Acquisitions & Contractual Obligations	--	--
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	1,016,982	--
Assigned Fund Balances:			
3590	Other Assigned Fund Balance	--	--
3600	Unassigned	8,577,079	--
3000	Total Fund Balances	<u>10,494,061</u>	<u>--</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 11,489,212</u>	<u>\$ 164,900</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 10,132,523	\$ 220,987	\$ 18,828,446
61,390	26,634	303,441
--	31,305	417,896
--	(11,214)	(157,752)
--	174,385	2,277,733
42,706	122,317	554,447
--	--	230,896
--	--	38
<u>10,236,619</u>	<u>564,414</u>	<u>22,455,145</u>
\$ 63,437	\$ 34,800	\$ 162,745
--	63,326	599,342
65,964	169,009	554,447
<u>129,401</u>	<u>267,135</u>	<u>1,316,534</u>
--	26,966	267,019
<u>--</u>	<u>26,966</u>	<u>267,019</u>
675,525	--	675,525
--	91,909	91,909
5,647,853	--	6,147,853
3,783,840	--	4,183,840
--	175,551	1,192,533
--	2,853	2,853
--	--	8,577,079
<u>10,107,218</u>	<u>270,313</u>	<u>20,871,592</u>
<u>\$ 10,236,619</u>	<u>\$ 564,414</u>	<u>\$ 22,455,145</u>

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2014*

Total fund balances - governmental funds balance sheet	\$ 20,871,592
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	41,868,766
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	260,144
Payables for bond principal which are not due in the current period are not reported in the funds.	(24,595,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(33,664)
Premiums on bonds which are not due and payable in the current period are not reported in the funds.	<u>(164,247)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 38,207,591</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, 2014

Data Control Codes	10	General Fund	IDEA-B Formula
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$	24,695,615	\$ --
5800 <i>State Program Revenues</i>		4,984,150	--
5900 <i>Federal Program Revenues</i>		113,918	481,818
5020 <i>Total Revenues</i>		<u>29,793,683</u>	<u>481,818</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>		9,762,590	310,028
0012 <i>Instructional Resources and Media Services</i>		287,737	--
0013 <i>Curriculum and Staff Development</i>		198,379	--
0021 <i>Instructional Leadership</i>		1,857	--
0023 <i>School Leadership</i>		836,344	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>		403,830	167,290
0033 <i>Health Services</i>		192,780	--
0034 <i>Student Transportation</i>		672,716	--
0035 <i>Food Service</i>		--	--
0036 <i>Cocurricular/Extracurricular Activities</i>		881,026	--
0041 <i>General Administration</i>		1,138,176	--
0051 <i>Facilities Maintenance and Operations</i>		2,081,344	--
0052 <i>Security and Monitoring Services</i>		69,245	--
0053 <i>Data Processing Services</i>		332,145	--
0061 <i>Community Services</i>		1,664	--
0071 <i>Principal on Long-term Debt</i>		--	--
0072 <i>Interest on Long-term Debt</i>		--	--
0073 <i>Bond Issuance Costs and Fees</i>		--	--
0081 <i>Capital Outlay</i>		--	--
0091 <i>Contracted Instructional Services</i>			
0091 <i>Between Public Schools</i>		11,549,253	--
0093 <i>Payments to Shared Service Arrangements</i>		523,990	4,500
6030 <i>Total Expenditures</i>		<u>28,933,076</u>	<u>481,818</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>		<u>860,607</u>	<u>--</u>
Other Financing Sources and (Uses):			
7912 <i>Sale of Real or Personal Property</i>		16,300	--
7915 <i>Transfers In</i>		12,165	--
8911 <i>Transfers Out</i>		(150,098)	--
7080 <i>Total Other Financing Sources and (Uses)</i>		<u>(121,633)</u>	<u>--</u>
1200 <i>Net Change in Fund Balances</i>		738,974	--
0100 <i>Fund Balances - Beginning</i>		9,755,087	--
3000 <i>Fund Balances - Ending</i>	\$	<u>10,494,061</u>	\$ --

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 79,127	\$ 3,630,359	\$ 28,405,101
--	248,302	5,232,452
--	770,031	1,365,767
<u>79,127</u>	<u>4,648,692</u>	<u>35,003,320</u>
110,845	1,158,958	11,342,421
--	4,202	291,939
--	3,333	201,712
--	83,488	85,345
--	891	837,235
--	6,051	577,171
--	8,259	201,039
--	--	672,716
21,239	960,076	981,315
39,434	215,937	1,136,397
--	10,017	1,148,193
672,935	11,434	2,765,713
16,370	1,944	87,559
--	--	332,145
--	789	2,453
--	1,595,000	1,595,000
--	965,063	965,063
--	3,500	3,500
288,231	--	288,231
--	--	11,549,253
--	5,416	533,906
<u>1,149,054</u>	<u>5,034,358</u>	<u>35,598,306</u>
<u>(1,069,927)</u>	<u>(385,666)</u>	<u>(594,986)</u>
--	--	16,300
--	150,098	162,263
--	(12,165)	(162,263)
--	137,933	16,300
<u>(1,069,927)</u>	<u>(247,733)</u>	<u>(578,686)</u>
11,177,145	518,046	21,450,278
<u>\$ 10,107,218</u>	<u>\$ 270,313</u>	<u>\$ 20,871,592</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, 2014*

Net change in fund balances - total governmental funds	\$ (578,686)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	431,029
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,843,484)
The gain or loss on the sale of capital assets is not reported in the funds.	16,300
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(16,300)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	6,301
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,595,000
Premiums on bonds are amortized in the SOA but not in the funds.	17,699
The accretion of interest on capital appreciation bonds is not reported in the funds.	157,021
(Increase) decrease in accrued interest from beginning of period to end of period.	<u>1,339</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ (1,213,781)</u>

The accompanying notes are an integral part of this statement.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2014

Data Control Codes		Agency Fund
<u>ASSETS:</u>		<u>Student Activity</u>
1110	Cash and Cash Equivalents	\$ 56,909
1000	Total Assets	<u>56,909</u>
<u>LIABILITIES:</u>		
Current Liabilities:		
2190	Due to Student Groups	\$ 56,909
2000	Total Liabilities	<u>56,909</u>
<u>NET POSITION:</u>		
3000	Total Net Position	<u>\$</u>

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, 2014

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 and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position 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.

Shared Services Arrangements - IDEA - Part B, Formula: This fund classification is to be used by the fiscal agent of a shared services arrangement to account, on a project basis, for funds granted to operate educational programs for children with disabilities. This fund classification includes capacity building and improvement (sliver) subgrants.

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

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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, 2014

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 and Improvements	10-45
Equipment	5-15

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. 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.

f. 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.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

g. 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 positions.

h. Use of Estimates

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

i. 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.

j. 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 Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees 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 Board of Trustees. 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 Board of Trustees or by an official or body to which the Board of Trustees 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 conveys 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.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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.

k. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

l. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$18,885,355 and the bank balance was \$19,981,340. The District's cash deposits at August 31, 2014 and during the year ended August 31, 2014, 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.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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, 2014 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
TexStar - LGIP	Wtd Avg Maturity = 50 Days	\$ 61,389
TexPool - LGIP	Wtd Avg Maturity = 48 Days	215,973
Edward Jones	Wtd Avg Maturity = 51 Days	26,079
Total Investments		<u>\$ 303,441</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.

At August 31, 2014, 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:

TexStar - LGIP	AAAm
TexPool - 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.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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.

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, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,820,802	\$ 83,173	\$ --	\$ 2,903,975
Construction in progress	133,570	48,300	133,570	48,300
Total capital assets not being depreciated	<u>2,954,372</u>	<u>131,473</u>	<u>133,570</u>	<u>2,952,275</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	73,261,805	290,329	--	73,552,134
Equipment	6,976,297	142,797	113,089	7,006,005
Total capital assets being depreciated	<u>80,238,102</u>	<u>433,126</u>	<u>113,089</u>	<u>80,558,139</u>
Less accumulated depreciation for:				
Buildings and improvements	(34,673,920)	(2,274,061)	--	(36,947,981)
Equipment	(4,237,333)	(569,423)	(113,089)	(4,693,667)
Total accumulated depreciation	<u>(38,911,253)</u>	<u>(2,843,484)</u>	<u>(113,089)</u>	<u>(41,641,648)</u>
Total capital assets being depreciated, net	41,326,849	(2,410,358)	--	38,916,491
Governmental activities capital assets, net	<u>\$ 44,281,221</u>	<u>\$ (2,278,885)</u>	<u>\$ 133,570</u>	<u>\$ 41,868,766</u>

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

Depreciation was charged to functions as follows:

Instruction	\$ 1,560,830
Instructional Resources and Media Services	40,174
Curriculum and Staff Development	27,758
Instructional Leadership	11,744
School Leadership	115,212
Guidance, Counseling, & Evaluation Services	79,424
Health Services	27,665
Student Transportation	92,572
Food Services	135,039
Extracurricular Activities	156,380
General Administration	158,003
Plant Maintenance and Operations	380,590
Security and Monitoring Services	12,049
Data Processing Services	45,706
Community Services	338
	<u>\$ 2,843,484</u>

D. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2014, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Special Revenue Funds	\$ 166,767	For transfer of federal receipts
General Fund	IDEA-B Formula	154,451	For transfer of federal receipts
General Fund	Debt Service Fund	2,242	Short-term loan
General Fund	Capital Projects Funds	65,964	Short-term loan
Special Revenue Funds	General Funds	122,317	For transfer of federal receipts
Capital Projects Funds	General Fund	42,706	Capital projects expenditures
	Total	<u>\$ 554,447</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, 2014, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Special Revenue Funds	\$ 28,990	Supplement other funds
General Fund	Debt Service Fund	121,108	Supplement debt service fund
Special Revenue Fund	General Fund	12,165	To transfer profit from hosting games for other districts
	Total	<u>\$ 162,263</u>	

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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, 2014, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 26,190,000	\$ --	\$ 1,595,000	\$ 24,595,000	\$ 1,785,000
Accumulated accretion on CABS	157,021	--	157,021	--	--
Premium Amortized	181,946	--	17,699	164,247	--
Total governmental activities	\$ 26,528,967	\$ --	\$ 1,769,720	\$ 24,759,247	\$ 1,785,000

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2014, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
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	1,915,000	644,564	2,559,564
2019	1,960,000	596,688	2,556,688
2020-2024	10,595,000	2,032,705	12,627,705
2025-2029	4,655,000	234,062	4,889,062
Totals	\$ 24,595,000	\$ 5,715,008	\$ 30,310,008

The interest rate on the Unlimited Tax Refunding Bond, Series 2010 ranges from 2.00% to 2.75% and matures on August 15, 2017.

The interest rate on the Unlimited Tax School Building Bonds, Series 2010 A ranges from 2.00% to 3.375% and matures on August 15, 2026.

The interest rate on the Build America Bonds, Series 2010 B ranges 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, 2014, as follows:

Year Ending August 31,	
2015	\$ 38,663
2016	21,000
2017	17,500
Total Minimum Rentals	\$ 77,163
 Rental Expenditures in 2014	 \$ 44,550

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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 2014, the District participated in the Texas Association of Public Schools Property and Liability Fund (the Fund) with coverage in Auto Liability, Auto Physical Damage, General Liability, Property, and Legal Liability. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in 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 its Auto, Liability and Property programs. 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, 2014, the Fund anticipates Glen Rose ISD has no additional liability beyond the contractual obligations for payment of contributions.

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, the Fund's audited financial statements as of August 31, 2013, are available on the Texas Association of Public Schools Property and Liability Fund website.

Workers' Compensation

The District participated in the Texas Education Insurance Association public entity risk pool, a fully-funded guaranteed cost workers' compensation program serving colleges and school districts throughout Texas. The plan for workers' compensation benefits is authorized by Section 504.011 of the Labor Code. Claims are paid by a third party administrator acting on behalf of the District under the contractual agreement. Administrative fees are included within the provisions of that agreement.

Unemployment Compensation

During the year ended August 31, 2014, 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. For the year ended August 31, 2014, the Fund anticipates that Glen Rose ISD has no additional liability beyond the contractual obligation for payment of contribution.

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, 2013, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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, 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 2014, 2013 and 2012, and a state contribution rate of 6.8% for fiscal year 2014, 6.4 % for fiscal year 2013, and 6.0% for fiscal year 2012. 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, 2014, 2013 and 2012 were \$738,836, \$682,737 and \$725,569, respectively. The District paid additional state contributions for the years ending August 31, 2014, 2013 and 2012 in the amount of \$226,816, \$201,723 and \$190,019, respectively, on portion of the employees' salaries that exceeded the statutory minimum and federal grant salaries.

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 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.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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 contribution rate was 1.0% for fiscal year 2014, 0.5% for fiscal year 2013 and 1.0% for fiscal year 2012 and the active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2014, 2013 and 2012. For the years ended August 31, 2014, 2013, and 2012, the State's contributions to TRS-Care were \$123,293, \$61,839, and \$126,069, respectively, the active member contributions were \$80,141, \$80,391, and \$81,945, respectively, and the District's contributions were \$67,811, \$68,023, and \$69,338, 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, 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$31,978, \$52,735, and \$34,543, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2014, 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 company 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, 2014.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

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	\$ 569,944
Lipan ISD	59,407
Tolar ISD	138,013
Total	<u>\$ 767,364</u>

Shared Services Arrangement - Membership

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

<u>Member Districts</u>	
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.

M. Prior Period Adjustment

The District recorded a prior period adjustment in accordance with the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, to recognize debt issuance costs in the year in which the cost was incurred. This decreased beginning net position of the governmental activities by \$173,183.

N. Deferred Resources

The District had the following deferred inflows of resources at August 31, 2014 as presented on Exhibit C-1:

Delinquent Property Taxes Receivable	\$ 260,144
State Grant Revenue	6,875
	<u>\$ 267,019</u>

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, 2014

EXHIBIT G-1

Page 1 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual		
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 24,958,612	\$ 24,738,742	\$ 24,695,615	\$ (43,127)
5800	State Program Revenues	4,743,825	4,896,510	4,984,150	87,640
5900	Federal Program Revenues	--	--	113,918	113,918
5020	Total Revenues	29,702,437	29,635,252	29,793,683	158,431
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	10,370,386	10,151,182	9,762,590	388,592
0012	Instructional Resources and Media Services	300,684	306,826	287,737	19,089
0013	Curriculum and Staff Development	283,722	285,413	198,379	87,034
	Total Instruction & Instr. Related Services	10,954,792	10,743,421	10,248,706	494,715
Instructional and School Leadership:					
0021	Instructional Leadership	4,600	4,600	1,857	2,743
0023	School Leadership	848,887	860,144	836,344	23,800
	Total Instructional & School Leadership	853,487	864,744	838,201	26,543
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	402,859	421,668	403,830	17,838
0033	Health Services	182,918	196,365	192,780	3,585
0034	Student (Pupil) Transportation	710,556	709,056	672,716	36,340
0036	Cocurricular/Extracurricular Activities	956,745	962,510	881,026	81,484
	Total Support Services - Student (Pupil)	2,253,078	2,289,599	2,150,352	139,247
Administrative Support Services:					
0041	General Administration	1,115,155	1,174,103	1,138,176	35,927
	Total Administrative Support Services	1,115,155	1,174,103	1,138,176	35,927
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	2,178,266	2,178,266	2,081,344	96,922
0052	Security and Monitoring Services	60,000	70,000	69,245	755
0053	Data Processing Services	246,251	340,686	332,145	8,541
	Total Support Services - Nonstudent Based	2,484,517	2,588,952	2,482,734	106,218
Ancillary Services:					
0061	Community Services	37,944	38,154	1,664	36,490
	Total Ancillary Services	37,944	38,154	1,664	36,490
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	11,441,358	11,586,358	11,549,253	37,105
0093	Payments to Fiscal Agent/Member Dist.-SSA	550,000	550,000	523,990	26,010
	Total Intergovernmental Charges	11,991,358	12,136,358	12,073,243	63,115
6030	Total Expenditures	29,690,331	29,835,331	28,933,076	902,255
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	12,106	(200,079)	860,607	1,060,686

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT G-1
Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property	--	25,000	16,300	(8,700)
7915	Transfers In	500	500	12,165	11,665
8911	Transfers Out	--	--	(150,098)	(150,098)
7080	Total Other Financing Sources and (Uses)	500	25,500	(121,633)	(147,133)
1200	Net Change in Fund Balance	12,606	(174,579)	738,974	913,553
0100	Fund Balance - Beginning	9,755,087	9,755,087	9,755,087	--
3000	Fund Balance - Ending	\$ 9,767,693	\$ 9,580,508	\$ 10,494,061	\$ 913,553

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED AUGUST 31, 2014

Budget

The official budget was prepared for adoption for all Governmental Fund Types legally required to adopt a budget (General Funds, Food Service Funds, and Debt Service Funds). The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

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, 2014

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2005 and Prior Years	\$	Various	\$	Various	\$	Various
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		.8250		.0690		3,390,614,659
2013		.8250		.0690		3,340,992,170
2014 (School Year Under Audit)		.8250		.0690		2,950,148,881

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 3, 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 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$ 76,563	\$ --	\$ 109	\$ 3	\$ (116)	\$ 76,335
5,585	--	21	1	(31)	5,532
7,502	--	103	7	(85)	7,307
11,497	--	122	11	(194)	11,170
19,835	--	3,109	260	(430)	16,036
27,769	--	18,436	1,542	21,561	29,352
47,398	--	23,987	2,006	16,511	37,916
50,279	--	27,915	2,335	14,824	34,853
147,747	--	77,640	6,493	8,029	71,643
--	26,374,331	24,220,836	2,025,743	--	127,752
<u>\$ 394,175</u>	<u>\$ 26,374,331</u>	<u>\$ 24,372,278</u>	<u>\$ 2,038,401</u>	<u>\$ 60,069</u>	<u>\$ 417,896</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF AUGUST 31, 2014

EXHIBIT J-2

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2014 (Exhibit C-1 object 3000 for the General Fund only)	\$ 10,494,061
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)	1,916,982
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)	2,411,090
7	Estimate of two months' average cash disbursements during the fiscal year	4,822,180
8	Estimate of delayed payments from state sources (58XX)	1,922,063
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)	11,072,315
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ (578,254)

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 440,551	\$ 467,679	\$ 27,128
5800 <i>State Program Revenues</i>	4,300	4,283	(17)
5900 <i>Federal Program Revenues</i>	449,600	459,138	9,538
5020 Total Revenues	<u>894,451</u>	<u>931,100</u>	<u>36,649</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	965,646	960,076	5,570
Total Support Services - Student (Pupil)	<u>965,646</u>	<u>960,076</u>	<u>5,570</u>
6030 Total Expenditures	<u>965,646</u>	<u>960,076</u>	<u>5,570</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(71,195)</u>	<u>(28,976)</u>	<u>42,219</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	45,000	28,976	(16,024)
7080 Total Other Financing Sources and (Uses)	<u>45,000</u>	<u>28,976</u>	<u>(16,024)</u>
1200 Net Change in Fund Balance	<u>(26,195)</u>		<u>26,195</u>
0100 Fund Balance - Beginning	--	--	--
3000 Fund Balance - Ending	<u>\$ (26,195)</u>	<u>\$ --</u>	<u>\$ 26,195</u>

GLEN ROSE INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 2,129,495	\$ 2,156,988	\$ 27,493
5020 <i>Total Revenues</i>	<u>2,129,495</u>	<u>2,156,988</u>	<u>27,493</u>
EXPENDITURES:			
<i>Debt Service:</i>			
0071 <i>Principal on Long-Term Debt</i>	1,595,000	1,595,000	--
0072 <i>Interest on Long-Term Debt</i>	965,064	965,063	1
0073 <i>Bond Issuance Costs and Fees</i>	3,500	3,500	--
<i>Total Debt Service</i>	<u>2,563,564</u>	<u>2,563,563</u>	<u>1</u>
6030 <i>Total Expenditures</i>	<u>2,563,564</u>	<u>2,563,563</u>	<u>1</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	<u>(434,069)</u>	<u>(406,575)</u>	<u>27,494</u>
<i>Other Financing Sources (Uses):</i>			
7915 <i>Transfers In</i>	429,250	121,108	(308,142)
8911 <i>Transfers Out</i>	(315,400)		315,400
7080 <i>Total Other Financing Sources and (Uses)</i>	<u>113,850</u>	<u>121,108</u>	<u>7,258</u>
1200 <i>Net Change in Fund Balance</i>	<u>(320,219)</u>	<u>(285,467)</u>	<u>34,752</u>
0100 <i>Fund Balance - Beginning</i>	285,467	285,467	--
3000 <i>Fund Balance - Ending</i>	<u>\$ (34,752)</u>	<u>\$ (34,752)</u>	<u>\$ 34,752</u>



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise Glen Rose Independent School District's basic financial statements, and have issued our report thereon dated December 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Glen Rose Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Glen Rose Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Glen Rose Independent School District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

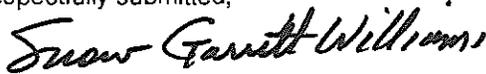
As part of obtaining reasonable assurance about whether Glen Rose Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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, 2014.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Snow Garrett Williams
December 10, 2014



SNOW GARRETT WILLIAMS
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by 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:

Report on Compliance for Each Major Federal Program

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, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Glen Rose Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Glen Rose Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Glen Rose Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2014.

Report on Internal Control Over Compliance

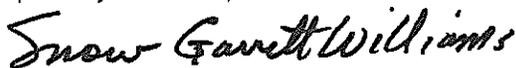
Management of Glen Rose Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Glen Rose Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Snow Garrett Williams
December 10, 2014

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2014

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2014

<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, 2014

A corrective action plan is not needed.

GLEN ROSE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010	14610101213901	\$ 162,850
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010	15610101213901	7,132
Total CFDA Number 84.010			<u>169,982</u>
<i>SSA IDEA-B Formula *</i>	84.027	146600012139016600	471,474
<i>SSA IDEA-B Formula *</i>	84.027	156600012139016600	10,344
Total CFDA Number 84.027			<u>481,818</u>
<i>SSA IDEA-B Preschool *</i>	84.173	146610012139016610	8,897
<i>SSA IDEA-B Preschool *</i>	84.173	156610012139016610	1,623
Total CFDA Number 84.173			<u>10,520</u>
<i>Title III Part A English Language Acquisition and Language Enhancement</i>	84.365	14671001213901	18,107
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367	14694501213901	57,222
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367	15694501213901	3,949
Total CFDA Number 84.367			<u>61,171</u>
<i>Summer School LEP</i>	84.369	69551302	1,113
Total Passed Through State Department of Education			<u>742,711</u>
Total U. S. Department of Education			<u>742,711</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas Department of Agriculture:			
Commodity Supplemental Food Program (Non-cash) *	10.565	213901A	53,156
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401401	90,748
National School Lunch Program *	10.555	71301401	315,234
Total Passed Through State Department of Education			<u>405,982</u>
Total U. S. Department of Agriculture			<u>459,138</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,201,849

* 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, 2014

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, 2014*

<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 unmodified 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?	\$ --

