

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 Annual Financial Report
 Year Ended August 31, 2011

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CERTIFICATE OF THE BOARD

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Name of School District

CROCKETT
County

053-001
County -
District
Number

We, the undersigned, certify that the attached annual financial report of the above-named School District was reviewed and

____ approved ____ disapproved for the year ended August 31, 2011, at a meeting of the Board of Trustees of such School District
(Check One)

on the _____ day of _____, 20__.

<Signature on File with TEA>
Signature of Board Secretary

<Signature on File with TEA>
Signature of Board President

If the Board of Trustees disapproved the annual financial report, the reason(s) for disapproving it is (are) (attach list as necessary):

FINANCIAL SECTION



A Limited Liability Partnership

Jerry L. Tinkler, CPA
Michael E. Oliphant, CPA
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Texas Society of CPAs

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Crockett County Consolidated Common School District
P.O. Box 400
Ozona, TX 76943-0400

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's administration. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of August 31, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012, on our consideration of the Crockett County Consolidated Common School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 31, respectively, 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 the administration regarding the methods of preparing the information and comparing the information for consistency with the administration's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crockett County Consolidated Common School District's financial statements as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of the administration and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

<*Signature on File with TEA*>

January 11, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

UNAUDITED

Our discussion and analysis of the Crockett County Consolidated Common School District's financial performance provides an overview of the District's financial activities for the year ended August 31, 2011. It should be read in conjunction with the District's basic financial statements and independent auditors' report.

Financial Highlights

The District's assets exceeded its liabilities at the end of the current year by \$25,341,542 (net assets). Of this amount, \$3,960,177 (unrestricted net assets) may be used to meet the District's ongoing obligations.

The District's total net assets increased by \$3,777,663 or 18%. This amount consists of a \$4,200,900 increase attributable to current year operations and a \$423,237 decrease attributable to prior period adjustments. The District's statement of activities shows total revenues of \$32,617,757 and total expenses of \$28,416,857.

The total fund balance of the General Fund was \$6,322,422 which was an increase of \$1,444,437 or 30% compared to the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

The statement of activities presents information showing how the District's net assets changed during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future years.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

UNAUDITED

Overview of the Financial Statements - Continued

The governmental activities of the District include all activities related to public elementary and secondary education within the jurisdiction of the District.

The District has no component units.

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 legal requirements. 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 current year.

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 District'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.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Debt Service Fund, both of which are considered to be major funds. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund, Food Service Special Revenue Fund, and Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with the budget for each fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. 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.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

UNAUDITED

Government-Wide Financial Analysis

Net Assets - A summary of the District's net assets is presented below:

NET ASSETS

	Governmental Activities	
	August 31,	
	2011	2010
Current and Other Assets	\$ 7,571,007	\$ 9,665,171
Capital Assets	22,128,749	21,191,932
Total Assets	\$ 29,699,756	\$ 30,857,103
Long-Term Liabilities Outstanding	\$ 3,470,000	\$ 5,885,000
Other Liabilities	888,214	3,408,224
Total Liabilities	\$ 4,358,214	\$ 9,293,224
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 21,381,365	\$ 15,306,932
Restricted	0	1,156,705
Unrestricted	3,960,177	5,100,242
Total Net Assets	\$ 25,341,542	\$ 21,563,879

A large portion of the District's net assets (\$21,385,365) reflects the District's investment in capital assets (land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide public elementary and secondary education within the jurisdiction of the District; 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. The remaining balance of unrestricted net assets (\$3,960,177) may be used to meet the District's ongoing obligations.

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

UNAUDITED

Government-Wide Financial Analysis - Continued

Governmental Activities - Governmental activities increased the District's net assets by \$4,200,900 and \$858,570 for the fiscal years ended August 31, 2011 and 2010, respectively. Key elements of these increases are as follows:

CHANGES IN NET ASSETS

	Governmental Activities	
	Year Ended August 31,	
	2011	2010
Revenues		
Program Revenues		
Charges for Services	\$ 204,218	\$ 191,447
Operating Grants and Contributions	1,290,166	1,589,602
General Revenues		
Maintenance and Operations Taxes	23,577,805	23,222,243
Debt Service Taxes	5,024,502	2,233,352
State Aid - Formula Grants	2,464,213	2,654,952
Grants and Contributions Not Restricted to Specific Programs	731	751
Other	201,719	151,231
Miscellaneous Other Resources (Uses)	(145,597)	(268,077)
Total Revenues	\$ 32,617,757	\$ 29,775,501
Expenses		
Instruction and Instructional-Related Services	\$ 6,592,631	\$ 7,482,317
Instructional and School Leadership	551,810	470,301
Support Services - Student (Pupil)	1,734,736	1,557,854
Administrative Support Services	875,034	810,073
Support Services - Nonstudent Based	1,849,000	2,010,251
Ancillary Services	1,292	3,587
Debt Service	126,164	274,014
Intergovernmental Charges	16,686,190	16,308,534
Total Expenses	\$ 28,416,857	\$ 28,916,931
Increase (Decrease) in Net Assets	\$ 4,200,900	\$ 858,570
Net Assets - Beginning	21,563,879	20,241,708
Prior Period Adjustments	(423,237)	463,601
Net Assets - Ending	\$ 25,341,542	\$ 21,563,879

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

UNAUDITED

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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. The unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the current year.

The District's governmental funds reported combined ending fund balances of \$6,322,422, an increase of \$296,382 or 5% in comparison with the prior year. This fund balance is reported as follows:

General Fund \$6,322,422. Of this balance \$2,658,243 is committed for future construction.

General Fund Budget

The original budget for the General Fund was \$26,313,228, and the final amended budget was \$29,593,361 which represents a \$3,280,133 increase in appropriations. Significant variances between the original budget and the final amended include increases of \$275,007 in Instruction, \$827,357 in Facilities Acquisition and Construction, and \$2,046,900 in Contracted Instructional Services Between Schools.

The District has adopted a budget for the General Fund in the amount of \$25,037,852 for the fiscal year 2012, which is a decrease of \$4,555,509 from the fiscal year 2011.

Capital Assets and Debt

Capital Assets - The District's investment in capital assets, net of depreciation, for its governmental type activities as of August 31, 2011 and 2010, was \$22,128,749 and \$21,191,932, respectively. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. Financial statement footnote III., D. discloses the District's capital asset activity for the year ended August 31, 2011.

Long-Term Debt - As of August 31, 2011 and 2010, the District had total long-term debt outstanding of \$3,470,000 and \$5,885,000, respectively. Long-term debt is a maintenance tax note. Financial statement footnote III., F. discloses the District's debt activity for the year ended August 31, 2011.

Requests for Information

The financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Chris duBois, Superintendent, Crockett County Consolidated Common School District, P.O. Box 400, Ozona, TX 76943-0400.

Basic Financial Statements

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2011

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Temporary Investments	\$ 5,948,534
1220 Property Taxes Receivable (Delinquent)	349,904
1230 Allowance for Uncollectible Taxes	(53,906)
1240 Due from Other Governments	1,203,506
1250 Accrued Interest	21
1267 Due from Fiduciary Funds	4,926
1290 Other Receivables, Net	37,885
1420 Capitalized Debt Issuance Costs	80,137
Capital Assets:	
1510 Land	387,013
1520 Buildings, Net	20,702,346
1530 Furniture and Equipment, Net	1,035,873
1580 Construction in Progress	3,517
1000 Total Assets	29,699,756
LIABILITIES	
2110 Accounts Payable	51,051
2140 Interest Payable	15,764
2150 Payroll Deductions and Withholdings	434
2160 Accrued Wages Payable	274,493
2177 Due to Fiduciary Funds	13,000
2180 Due to Other Governments	502,763
2200 Accrued Expenses	11,787
2300 Deferred Revenues	18,922
Noncurrent Liabilities	
2501 Due Within One Year	231,000
2502 Due in More Than One Year	3,239,000
2000 Total Liabilities	4,358,214
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	21,381,365
3900 Unrestricted Net Assets	3,960,177
3000 Total Net Assets	\$ 25,341,542

The notes to the financial statements are an integral part of this statement.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2011

EXHIBIT B-1

Data	Program Revenues			Net (Expense)
Control	1	3	4	Revenue and
Codes	Expenses	Charges for	Operating	Changes in Net
		Services	Grants and	Assets
			Contributions	Primary Gov.
				Governmental
				Activities

Primary Government:

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 6,514,357	\$ 3,675	\$ 672,969	\$ (5,837,713)
12 Instructional Resources and Media Services	15,153	-	-	(15,153)
13 Curriculum and Instructional Staff Development	63,121	-	39,805	(23,316)
21 Instructional Leadership	22,572	-	16,483	(6,089)
23 School Leadership	529,238	-	35,220	(494,018)
31 Guidance, Counseling, and Evaluation Services	236,046	-	80,950	(155,096)
33 Health Services	63,290	-	15,382	(47,908)
34 Student (Pupil) Transportation	271,702	-	8,793	(262,909)
35 Food Services	608,400	102,415	272,508	(233,477)
36 Extracurricular Activities	555,298	31,405	59,798	(464,095)
41 General Administration	875,034	-	21,211	(853,823)
51 Facilities Maintenance and Operations	1,642,496	66,723	59,900	(1,515,873)
52 Security and Monitoring Services	54,572	-	-	(54,572)
53 Data Processing Services	151,932	-	6,460	(145,472)
61 Community Services	1,292	-	687	(605)
72 Debt Service - Interest on Long-Term Debt	123,001	-	-	(123,001)
73 Debt Service - Debt Issuance Cost and Fees	3,163	-	-	(3,163)
91 Contracted Instructional Services Between Schools	16,592,704	-	-	(16,592,704)
93 Payments Related to Shared Services Arrangements	93,486	-	-	(93,486)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 28,416,857	\$ 204,218	\$ 1,290,166	(26,922,473)

Data	General Revenues:		
Control	Taxes:		
Codes			
MT	Property Taxes, Levied for General Purposes		23,577,805
DT	Property Taxes, Levied for Debt Service		5,024,502
SF	State Aid - Formula Grants		2,464,213
GC	Grants and Contributions not Restricted		731
IE	Investment Earnings		44,284
MI	Miscellaneous Local and Intermediate Revenue		157,435
FR	Special Item - MOE Payment		(145,597)
TR	Total General Revenues & Transfers		31,123,373
CN	Change in Net Assets		4,200,900
NB	Net Assets--Beginning		21,563,879
PA	Prior Period Adjustment		(423,237)
NE	Net Assets--Ending		\$ 25,341,542

The notes to the financial statements are an integral part of this statement.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Temporary Investments	\$ 5,038,893	\$ 838,262	\$ 71,379	\$ 5,948,534
1220 Property Taxes - Delinquent	349,904	-	-	349,904
1230 Allowance for Uncollectible Taxes (Credit)	(53,906)	-	-	(53,906)
1240 Due from Other Governments	1,156,100	-	47,406	1,203,506
1250 Accrued Interest	21	-	-	21
1260 Due from Other Funds	917,410	-	16,099	933,509
1290 Other Receivables	31,915	5,970	-	37,885
1000 Total Assets	<u>\$ 7,440,337</u>	<u>\$ 844,232</u>	<u>\$ 134,884</u>	<u>\$ 8,419,453</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
2110 Accounts Payable	\$ 19,475	\$ -	\$ 31,576	\$ 51,051
2150 Payroll Deductions and Withholdings Payable	434	-	-	434
2160 Accrued Wages Payable	259,387	-	15,106	274,493
2170 Due to Other Funds	29,099	844,232	68,252	941,583
2180 Due to Other Governments	502,763	-	-	502,763
2200 Accrued Expenditures	10,759	-	1,028	11,787
2300 Deferred Revenues	295,998	-	18,922	314,920
2000 Total Liabilities	<u>1,117,915</u>	<u>844,232</u>	<u>134,884</u>	<u>2,097,031</u>
Fund Balances:				
Committed Fund Balance:				
3510 Construction	2,658,243	-	-	2,658,243
3600 Unassigned Fund Balance	3,664,179	-	-	3,664,179
3000 Total Fund Balances	<u>6,322,422</u>	<u>-</u>	<u>-</u>	<u>6,322,422</u>
4000 Total Liabilities and Fund Balances	<u>\$ 7,440,337</u>	<u>\$ 844,232</u>	<u>\$ 134,884</u>	<u>\$ 8,419,453</u>

The notes to the financial statements are an integral part of this statement.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2011

Total Fund Balances - Governmental Funds	\$	6,322,422
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		15,296,469
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including capital outlays and debt principal payments is to increase net assets.		7,381,617
3 Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(559,800)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds as long-term debt payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(3,099,166)
19 Net Assets of Governmental Activities	\$	25,341,542

The notes to the financial statements are an integral part of this statement.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 23,812,829	\$ 5,036,902	\$ 103,885	\$ 28,953,616
5800 State Program Revenues	2,906,967	-	30,288	2,937,255
5900 Federal Program Revenues	34,386	-	783,469	817,855
5020 Total Revenues	<u>26,754,182</u>	<u>5,036,902</u>	<u>917,642</u>	<u>32,708,726</u>
EXPENDITURES:				
Current:				
0011 Instruction	5,775,329	-	361,490	6,136,819
0012 Instructional Resources and Media Services	15,153	-	-	15,153
0013 Curriculum and Instructional Staff Development	22,917	-	39,804	62,721
0021 Instructional Leadership	5,995	-	16,163	22,158
0023 School Leadership	492,024	-	4,085	496,109
0031 Guidance, Counseling, and Evaluation Services	151,911	-	69,723	221,634
0033 Health Services	59,398	-	-	59,398
0034 Student (Pupil) Transportation	262,111	-	-	262,111
0035 Food Services	15,331	-	572,214	587,545
0036 Extracurricular Activities	492,569	-	48,028	540,597
0041 General Administration	848,504	-	2,800	851,304
0051 Facilities Maintenance and Operations	1,596,789	-	13,800	1,610,589
0052 Security and Monitoring Services	54,572	-	-	54,572
0053 Data Processing Services	143,788	-	-	143,788
0061 Community Services	567	-	687	1,254
Debt Service:				
0071 Principal on Long-Term Debt	-	5,885,000	-	5,885,000
0072 Interest on Long-Term Debt	-	117,700	-	117,700
0073 Debt Issuance Cost and Fees	82,900	400	-	83,300
Capital Outlay:				
0081 Facilities Acquisition and Construction	1,075,010	-	400,558	1,475,568
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	16,592,704	-	-	16,592,704
0093 Payments to Fiscal Agent/Member Districts of SSA	93,486	-	-	93,486
6030 Total Expenditures	<u>27,781,058</u>	<u>6,003,100</u>	<u>1,529,352</u>	<u>35,313,510</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,026,876)</u>	<u>(966,198)</u>	<u>(611,710)</u>	<u>(2,604,784)</u>
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	3,470,000	-	-	3,470,000
7915 Transfers In	181,857	-	611,710	793,567
8911 Transfers Out (Use)	(611,710)	(181,857)	-	(793,567)
8949 Other (Uses)	(145,597)	-	-	(145,597)
7080 Total Other Financing Sources (Uses)	<u>2,894,550</u>	<u>(181,857)</u>	<u>611,710</u>	<u>3,324,403</u>
1200 Net Change in Fund Balances	1,867,674	(1,148,055)	-	719,619
0100 Fund Balance - September 1 (Beginning)	4,877,985	1,148,055	-	6,026,040
1300 Increase (Decrease) in Fund Balance	(423,237)	-	-	(423,237)
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,322,422</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,322,422</u>

The notes to the financial statements are an integral part of this statement.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2011

Total Net Change in Fund Balances - Governmental Funds	\$	719,619
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase net assets.		7,381,617
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(559,800)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds as long-term debt payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(3,340,536)
Change in Net Assets of Governmental Activities	\$	4,200,900

The notes to the financial statements are an integral part of this statement.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2011

EXHIBIT D-1

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Temporary Investments	\$ 6,979	\$ 21,169
Due from Other Governments	-	275
Due from Other Funds	-	13,000
Total Assets	6,979	\$ 34,444
LIABILITIES		
Due to Other Funds	-	\$ 4,926
Due to Student Groups	-	29,518
Total Liabilities	-	\$ 34,444
NET ASSETS		
Restricted for Scholarships	6,979	
Total Net Assets	\$ 6,979	

The notes to the financial statements are an integral part of this statement.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2011

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ 1,454
Total Additions	<u>1,454</u>
Change in Net Assets	1,454
 Total Net Assets - September 1 (Beginning)	 <u>5,525</u>
 Total Net Assets - August 31 (Ending)	 <u><u>\$ 6,979</u></u>

The notes to the financial statements are an integral part of this statement.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements
August 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Crockett County Consolidated Common School District is a public educational agency operating under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America applicable to state and local governments. Additionally the District complies with the requirements of the Texas Education Agency's *Financial Accountability System Resource Guide* (the *Resource Guide*) and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

The District is governed by the Board of Trustees, a seven-member group, which is elected by the public and has governance responsibilities, including fiscal accountability, over all activities related to public elementary and secondary education within the jurisdiction of the Crockett County Consolidated Common School District (the primary government). There are no component units included within the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities include programs supported primarily by taxes, State foundation funds, grants, and other intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges for services - payments from parties that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the District and (2) grants and contributions - payments from organizations outside the District that are restricted to meeting the operational or capital requirements of a particular function or segment of the District. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

All interfund transactions between governmental funds are eliminated in the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide statement of net assets.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included in the balance sheet. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, revenues received from the state, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received they are recorded as deferred revenues until related and authorized expenditures have been made.

Fiduciary funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the period in which they are incurred and become measurable.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, the government reports the following fund types:

The Private Purpose Trust Fund accounts for resources used to provide scholarships for former students.

Agency Funds account for the activities of funds which are the property of student groups.

D. Interfund Receivables and Payables

Activity between individual funds may result in amounts owed between funds which are classified as Due To and From Other Funds. Other than amounts due to or from fiduciary funds these balances are eliminated in the statement of net assets.

E. Receivables and Payables

Receivables are stated at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

F. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-40
Vehicles	5-10
Furniture and Equipment	5-15

G. Restricted Assets

Restricted assets consist of a certificate of deposit used to provide scholarships.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave in a lump sum cash payment to such employee or his/her estate. The District pays at a rate of \$30 per day for a maximum of 60 days.

A liability for these amounts is reported in governmental funds only if they are payable as a result of employee retirements.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Fund Balances

The District implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011. In the fund financial statements, governmental funds report the following classifications of fund balance:

Committed - Amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees, the District's highest level of decision making authority. Commitments may be modified or rescinded only through formal action by the Board of Trustees.

Unassigned - Amounts that have not been assigned to other funds or restricted, committed, or assigned to a specific purpose within the General Fund.

The details of the fund balances are included in the governmental funds balance sheet.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

K. Net Assets on the Statement of Net Assets

Net assets on the statement of net assets including the following:

Invested in Capital Assets, Net of Related Debt - This component of net assets represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding any unspent debt proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

Unrestricted - The difference between assets and liabilities that is not reported in net assets invested in capital assets, net of related debt, or restricted net assets.

L. Property Tax Revenues

The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. Taxes are delinquent if not paid by June 30. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The District recognizes as tax revenues those taxes that are measurable and available. Measurable means the amount can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within the current period.

Taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectibles are based upon historical experience. 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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Interfund Transfers

Permanent relocations of resources between funds of the reporting entity are classified as interfund transfers. For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

Formal budgetary accounting is employed for all required governmental fund types and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles.

The official school budget is prepared for adoption for required governmental fund types prior to August 20 of the preceding fiscal year for the subsequent fiscal year beginning September 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, the Debt Service Fund, and the Food Service Special Revenue Fund. The remaining Special Revenue Funds and the Capital Projects Fund adopt project-length budgets which do not correspond to the District's fiscal year. Each annual budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. The budget was amended throughout the year by the Board of Trustees. Such amendments are before the fact and are reflected in the official minutes of the Board.

B. Excess Expenditures Over Appropriations

Expenditures exceeded appropriations in the following:

General Fund		
Function 21 - Instructional Leadership	\$	295
Transfers Out		486,710
Food Service Fund		
Function 35 - Food Services		47,995

Expenditures exceeded appropriations in the General Fund - Other (Uses) by \$145,597. This is the result of a payment to meet maintenance of effort requirements for the year 2009. This is not deemed a compliance issue due to the fact that it was an expenditure related to a prior period. Expenditures exceeded appropriations in the Debt Service Fund - Transfers Out by \$181,857. This is the result of an audit adjustment to close the Fund. This is not deemed a compliance issue due to the fact that it is for transferring the balance of the Debt Service Fund assets to the General Fund.

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - Continued

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. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk - Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits and investments in certificates of deposit may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state and local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk for its deposits and investments in certificates of deposit since they are covered by depository insurance and pledged securities held by a third party in the District's name.

Concentration of Credit Risk: The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2011, all of the District's investments are in certificates of deposit with its depository bank. The District is not exposed to this risk as described in the preceding paragraph.

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 August 31, 2011, the District was not significantly exposed to credit risk.

Interest Rate Risk: Not applicable

Foreign Currency Risk: Not applicable

The carrying amount of the District's cash and temporary investments at August 31, 2011, approximates fair value and consisted of the following:

Cash in Bank	\$ 5,700,080
Certificates of Deposit	<u>276,602</u>
Total Cash and Temporary Investments	<u><u>\$ 5,976,682</u></u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

B. Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from other governments are summarized as follows:

	State Entitlements	Federal Grants	Other	Total
General Fund	\$ 1,101,883	\$	\$ 54,217	\$ 1,156,100
Special Revenue Funds	558	46,848		47,406
Totals	\$ 1,102,441	\$ 46,848	\$ 54,217	\$ 1,203,506

C. Interfund Balances and Transfers

1. The following is a summary of amounts due from and due to other funds:

	Due From	Due To	Purpose
General Fund			
Major Governmental Fund			
Debt Service Fund	\$ 844,232	\$ 0	Operating Advance
Nonmajor Governmental Funds	68,252	16,099	Operating Advance
Fiduciary Funds	4,926	13,000	Operating Advance
	\$ 917,410	\$ 29,099	
Major Governmental Fund - Debt Service Fund			
General Fund	0	844,232	Operating Advance
Nonmajor Governmental Funds			
General Fund	16,099	68,252	Operating Advance
Fiduciary Funds			
General Fund	13,000	4,926	Operating Advance
Totals	\$ 946,509	\$ 946,509	

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Interfund Balances and Transfers - Continued

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 611,710	To Cover Fund Deficit
Major Governmental Fund	General Fund	<u>181,857</u>	To Close Fund
Total		<u>\$ 793,567</u>	

D. Capital Assets

Capital asset activity for the year ended August 31, 2011, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
Land	\$ 306,525	\$ 80,488	\$ 0	\$ 387,013
Buildings and Improvements	13,467,105	15,164,793	0	28,631,898
Furniture and Equipment	2,743,593	23,538	0	2,767,131
Construction in Progress	<u>13,775,719</u>	<u>193,679</u>	<u>13,965,881</u>	<u>3,517</u>
Total Capital Assets	<u>\$ 30,292,942</u>	<u>\$ 15,462,498</u>	<u>\$ 13,965,881</u>	<u>\$ 31,789,559</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (7,617,739)	\$ (311,813)	\$ 0	\$ (7,929,552)
Furniture and Equipment	<u>(1,483,271)</u>	<u>(247,987)</u>	<u>0</u>	<u>(1,731,258)</u>
Total Accumulated Depreciation	<u>\$ (9,101,010)</u>	<u>\$ (559,800)</u>	<u>\$ 0</u>	<u>\$ (9,660,810)</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,191,932</u>	<u>\$ 14,902,698</u>	<u>\$ 13,965,881</u>	<u>\$ 22,128,749</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

D. Capital Assets - Continued

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 377,538
Curriculum and Instructional Staff Development	400
Instructional Leadership	414
School Leadership	33,129
Guidance, Counseling, and Evaluation Services	14,412
Health Services	3,892
Student (Pupil) Transportation	9,591
Food Services	20,855
Cocurricular/Extracurricular Activities	14,701
General Administration	23,730
Facilities Maintenance and Operations	52,956
Data Processing Services	8,144
Community Services	<u>38</u>
Total	<u><u>\$ 559,800</u></u>

E. Deferred Revenues

Deferred revenues at year end consisted of the following:

	General Fund	Special Revenue Funds	Total
Net Delinquent Taxes Receivable	\$ 295,998	\$ 0	\$ 295,998
State Grants	0	15,580	15,580
Other	<u>0</u>	<u>3,342</u>	<u>3,342</u>
Totals	<u><u>\$ 295,998</u></u>	<u><u>\$ 18,922</u></u>	<u><u>\$ 314,920</u></u>

F. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Maintenance Tax Note	\$ 0	\$ 3,470,000	\$ 0	\$ 3,470,000	\$ 231,000
General Obligation Bonds	<u>5,885,000</u>	<u>0</u>	<u>5,885,000</u>	<u>0</u>	<u>0</u>
	<u><u>\$ 5,885,000</u></u>	<u><u>\$ 3,470,000</u></u>	<u><u>\$ 5,885,000</u></u>	<u><u>\$ 3,470,000</u></u>	<u><u>\$ 231,000</u></u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

F. Long-Term Debt - Continued

The District's outstanding tax maintenance note payable is as follows:

Crockett County Consolidated Common School District Maintenance Tax Note, Taxable Series 2011. Issued for school building construction and improvements in the original amount of \$3,470,000. This note is designated as a Qualified School Construction Bond within the meaning of Sections 54F of the Internal Revenue Code of 1986, as amended. Due in variable installments through July 15, 2026, with an interest rate of 5.35% .

\$ 3,470,000

The annual debt service requirements are as follows:

Year Ending August 31,	Maintenance Tax Note		Total
	Principal	Interest	
2012	\$ 231,000	\$ 183,067	\$ 414,067
2013	231,000	173,286	404,286
2014	231,000	160,928	391,928
2015	231,000	148,569	379,569
2016	231,000	136,211	367,211
2017-2021	1,155,000	495,678	1,650,678
2022-2026	<u>1,160,000</u>	<u>186,180</u>	<u>1,346,180</u>
Totals	<u>\$ 3,470,000</u>	<u>\$ 1,483,919</u>	<u>\$ 4,953,919</u>

G. Outstanding Encumbrances

There were no outstanding encumbrances that were provided for in the subsequent year's budget.

H. Revenues from Local and Intermediate Sources

Local and intermediate source revenues consists of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 23,630,463	\$ 0	\$ 5,030,276	\$ 0	\$ 28,660,739
Tuition and Fees	3,675	0	0	0	3,675
Other Local Sources	147,286	27	6,626	1,442	155,381
Cocurricular, Enterprising Services, or Activities	<u>31,405</u>	<u>102,416</u>	<u>0</u>	<u>0</u>	<u>133,821</u>
Totals	<u>\$ 23,812,829</u>	<u>\$ 102,443</u>	<u>\$ 5,036,902</u>	<u>\$ 1,442</u>	<u>\$ 28,953,616</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

I. General Fund Federal Source Revenues

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
E Rate-School and Library Program	--	\$ 22,404
School Health and Related Services (SHARS)	--	<u>11,982</u>
Totals		<u>\$ 34,386</u>

IV. OTHER INFORMATION

A. Pension Plan Obligations

Plan Description - The Crockett County Consolidated Common School 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, Section 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 writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

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% of the member's annual compensation and a state contribution rate of not less than 6% 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's 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 2011, 2010, and 2009 and a state contribution rate of 6.644% for fiscal years 2011 and 2010 and 6.58% for fiscal year 2009. In certain instances the District is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the Crockett County Consolidated Common School District's employees for the years ended August 31, 2011, 2010, and 2009, were \$425,265, \$421,237, and \$377,071, respectively. The District paid additional state contributions for the years ended August 31, 2011, 2010, and 2009, in the amount of \$63,616, \$62,174, and \$64,683, respectively, on the portion of the employees' salaries that exceeded the statutory minimum and on salaries paid from federal grants.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

IV. OTHER INFORMATION - Continued

A. Pension Plan Obligations - Continued

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 Texas Public School Retired Employee Group Insurance Program (TRS-Care), administered by TRS, to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments totaled \$16,758, \$16,439, and \$13,999 for the years ended August 31, 2011, 2010, and 2009, respectively.

The total on-behalf payments made by the State of Texas and the federal government amounted to \$442,023, \$437,676, and \$391,070 for the years ended August 31, 2011, 2010, and 2009, respectively.

B. Retiree Health Plan

Plan Description - The Crockett County Consolidated Common School 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 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trrs.state.tx.us, under the TRS Publications heading.

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2011, 2010 and 2009. 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. For the years ended August 31, 2011, 2010, and 2009, the State's contributions to TRS-Care were \$63,957, \$63,240, and \$58,279, respectively, the active member contributions were \$41,572, \$41,107, and \$37,881, respectively, and the District's contributions were \$35,176, \$34,782, and \$32,054, respectively, which equaled the required contributions each year.

C. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

D. Health Care Coverage

During the year ended August 31, 2011, employees of the District were covered by a health insurance plan (the Plan) through the TRS - Active Care Program administered by the Teacher Retirement System. The District contributed \$321 of the employee-only premium per month, and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under the Plan, the District is not liable for costs incurred beyond the premiums paid.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

IV. OTHER INFORMATION - Continued

E. Property and Liability Coverage

During the year ended August 31, 2011, the District participated in the TASB Risk Management Fund's (the Fund's) Property and Liability Program with coverage in general liability, property, and school professional 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.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property and Liability Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. Based on information we have available as of today, for the year ended August 31, 2011, the District will have 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 in February of the following year. The Fund's audited financial statements as of August 31, 2010, are available at the TASB's offices.

F. Unemployment Compensation Coverage

The District has entered into a contract and interlocal agreement with the Texas Association of School Boards Unemployment Compensation Group Account (the Account) for the purpose of providing unemployment compensation coverage as authorized by the Interlocal Cooperation Act, Article 4413(32c), VATS, as amended. The Account is administered by a Board of Trustees, and all account members must be members of the Texas Association of School Boards. The District pays contributions based on a rating system approved by the Board. The Account reserves the right to require a supplemental contribution in any account year for which the initial contributions and account reserves are inadequate to pay operating costs and claim reimbursements required of the Account during that year. The Account may provide stop-loss coverage at the discretion of the Board. The interlocal agreement expires October 1, 2011; however, it may be terminated by either party with a 90-day written notice preceding the end of any calendar quarter.

G. Workers' Compensation Insurance

During the year ended August 31, 2011, the District met its statutory workers' compensation obligations through participation in the Deep East Texas Self Insurance Fund (the Fund), a public entity risk pool, which is self-sustained through member premiums. 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 Workers' Compensation Program is authorized by Chapter 504, of the Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claim costs through the purchase of stop-loss coverage for any claims in excess of the Fund's self-insured retention of \$850,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2011, the Fund carries a discounted reserve of \$6,990,075 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2011, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2011

IV. OTHER INFORMATION - Continued

G. Workers' Compensation Insurance - Continued

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on June 30. 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 June 30, 2010, are available at the Fund's offices.

H. Contingencies

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, 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 combined financial statements for such contingencies.

I. Shared Services Arrangement

The District participates in a shared services arrangement for special education with six other school districts. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The Menard Independent School District is the fiscal agent manager and is responsible for all financial activities of the shared services arrangement.

J. Adjustments to Fund Balance/Net Assets

The General Fund's fund balance decreased by \$423,237 as a result of the following adjustments to the prior year's balances. Net Assets on the government-wide statements decreased by a like amount.

Prior Year Foundation Adjustment	\$ 26,404
Prior Year Recapture Adjustment	378,641
Change in Due from Special Revenue Funds	<u>18,192</u>
Total	<u>\$ 423,237</u>

K. Subsequent Events

The District's administration has evaluated subsequent events through January 11, 2012, the date which the financial statements were available for issue.

Required Supplementary Information

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 23,854,790	\$ 23,854,790	\$ 23,812,829	\$ (41,961)
5800 State Program Revenues	2,308,471	2,308,471	2,906,967	598,496
5900 Federal Program Revenues	24,967	24,967	34,386	9,419
5020 Total Revenues	26,188,228	26,188,228	26,754,182	565,954
EXPENDITURES:				
Current:				
0011 Instruction	5,571,470	5,846,477	5,775,329	71,148
0012 Instructional Resources and Media Services	21,900	21,900	15,153	6,747
0013 Curriculum and Instructional Staff Development	27,913	27,913	22,917	4,996
0021 Instructional Leadership	-	5,700	5,995	(295)
0023 School Leadership	587,630	573,630	492,024	81,606
0031 Guidance, Counseling, and Evaluation Services	154,703	154,703	151,911	2,792
0033 Health Services	64,534	64,534	59,398	5,136
0034 Student (Pupil) Transportation	248,386	278,386	262,111	16,275
0035 Food Services	12,500	15,400	15,331	69
0036 Extracurricular Activities	522,892	522,892	492,569	30,323
0041 General Administration	822,917	851,917	848,504	3,413
0051 Facilities Maintenance and Operations	1,589,107	1,598,476	1,596,789	1,687
0052 Security and Monitoring Services	64,500	64,500	54,572	9,928
0053 Data Processing Services	151,885	151,885	143,788	8,097
0061 Community Services	19,250	4,250	567	3,683
Debt Service:				
0073 Debt Issuance Cost and Fees	-	82,900	82,900	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	264,641	1,091,998	1,075,010	16,988
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	15,950,000	17,996,900	16,592,704	1,404,196
0093 Payments to Fiscal Agent/Member Districts of SSA	114,000	114,000	93,486	20,514
6030 Total Expenditures	26,188,228	29,468,361	27,781,058	1,687,303
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(3,280,133)	(1,026,876)	2,253,257
OTHER FINANCING SOURCES (USES):				
7914 Non-Current Loans	-	-	3,470,000	3,470,000
7915 Transfers In	-	-	181,857	181,857
8911 Transfers Out (Use)	(125,000)	(125,000)	(611,710)	(486,710)
8949 Other (Uses)	-	-	(145,597)	(145,597)
7080 Total Other Financing Sources (Uses)	(125,000)	(125,000)	2,894,550	3,019,550
1200 Net Change in Fund Balances	(125,000)	(3,405,133)	1,867,674	5,272,807
0100 Fund Balance - September 1 (Beginning)	4,877,985	4,877,985	4,877,985	-
1300 Increase (Decrease) in Fund Balance	-	-	(423,237)	(423,237)
3000 Fund Balance - August 31 (Ending)	\$ 4,752,985	\$ 1,472,852	\$ 6,322,422	\$ 4,849,570

Other Supplementary Information

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2011

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2002 and prior years	Various	Various	\$ Various
2003	1.440000	0.057850	1,143,528,990
2004	1.500000	0.000000	1,006,538,875
2005	1.500000	0.000000	1,272,720,250
2006	1.500000	0.000000	1,612,245,090
2007	1.370500	0.000000	2,101,201,050
2008	1.040000	0.000000	1,991,538,950
2009	1.040000	0.154500	2,391,120,849
2010	1.040000	0.100000	2,235,623,335
2011 (School year under audit)	1.040000	0.222000	2,268,051,910
1000 TOTALS			

(10) Beginning Balance 9/1/2010	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2011
\$ 20,809	\$ -	\$ 536	\$ -	\$ (10,524)	\$ 9,749
5,280	-	147	-	-	5,133
5,602	-	238	-	-	5,364
5,842	-	1,275	-	-	4,567
12,213	-	3,236	-	(291)	8,686
17,007	-	2,586	-	-	14,421
23,580	-	6,757	-	209	17,032
63,259	-	16,590	2,465	-	44,204
140,973	-	80,234	7,715	140	53,164
-	28,613,483	23,422,075	5,003,824	-	187,584
<u>\$ 294,565</u>	<u>\$ 28,613,483</u>	<u>\$ 23,533,674</u>	<u>\$ 5,014,004</u>	<u>\$ (10,466)</u>	<u>\$ 349,904</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2012-2013
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2011

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 181,633	\$ 162,033	\$ -	\$ -	\$ 343,666
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	42,190	-	-	-	-	-	42,190
6212	Audit Services	-	-	-	19,715	-	-	19,715
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	355,717	-	-	-	-	355,717
621X	Other Professional Services	-	-	14,801	1,922	-	-	16,723
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	4,653	-	-	4,653
6240	Contr. Maint. and Repair	-	-	-	-	2,800	-	2,800
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	7,376	-	-	7,376
6290	Miscellaneous Contr.	-	-	-	21,867	-	-	21,867
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,585	-	-	17,243	-	-	18,828
6410	Travel, Subsistence, Stipends	1,368	-	3,768	1,308	-	-	6,444
6420	Ins. and Bonding Costs	-	-	-	200	-	-	200
6430	Election Costs	375	-	-	-	-	-	375
6490	Miscellaneous Operating	-	-	5,023	10,380	-	-	15,403
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 45,518	\$ 355,717	\$ 205,225	\$ 246,697	\$ 2,800	\$ -	\$ 855,957

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 28,909,853

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,098,548
Total Debt & Lease(6500)	(11)	82,900
Plant Maintenance (Function 51, 6100-6400)	(12)	1,610,590
Food (Function 35, 6341 and 6499)	(13)	203,444
Stipends (6413)	(14)	21,641
Column 4 (above) - Total Indirect Cost		<u>246,697</u>

SubTotal: 3,263,819

Net Allowed Direct Cost \$ 25,646,034

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 28,631,898
Historical Cost of Building over 50 years old	(16)	\$ 2,811,173
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 2,767,131
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 167,023
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 112,765

(8) NOTE A: \$4,653 in Function 53 expenditures are included in this report on administrative costs.

No Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 90,250	\$ 90,250	\$ 102,443	\$ 12,193
5800 State Program Revenues	4,500	4,500	2,261	(2,239)
5900 Federal Program Revenues	293,269	293,269	268,716	(24,553)
5020 Total Revenues	388,019	388,019	373,420	(14,599)
EXPENDITURES:				
0035 Food Services	504,219	524,219	572,214	(47,995)
0051 Facilities Maintenance and Operations	8,800	15,300	13,800	1,500
6030 Total Expenditures	513,019	539,519	586,014	(46,495)
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(125,000)	(151,500)	(212,594)	(61,094)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	125,000	125,000	212,594	87,594
7080 Total Other Financing Sources (Uses)	125,000	125,000	212,594	87,594
1200 Net Change in Fund Balances	-	(26,500)	-	26,500
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ (26,500)	\$ -	\$ 26,500

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2011

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 4,868,200	\$ 4,868,200	\$ 5,036,902	\$ 168,702
5020	Total Revenues	4,868,200	4,868,200	5,036,902	168,702
EXPENDITURES:					
Debt Service:					
0071	Principal on Long-Term Debt	4,744,000	5,885,000	5,885,000	-
0072	Interest on Long-Term Debt	117,700	117,700	117,700	-
0073	Debt Issuance Cost and Fees	6,500	6,500	400	6,100
6030	Total Expenditures	4,868,200	6,009,200	6,003,100	6,100
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(1,141,000)	(966,198)	174,802
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	-	-	(181,857)	(181,857)
7080	Total Other Financing Sources (Uses)	-	-	(181,857)	(181,857)
1200	Net Change in Fund Balances	-	(1,141,000)	(1,148,055)	(7,055)
0100	Fund Balance - September 1 (Beginning)	1,148,055	1,148,055	1,148,055	-
3000	Fund Balance - August 31 (Ending)	\$ 1,148,055	\$ 7,055	\$ -	\$ (7,055)

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Crockett County Consolidated Common School District
P.O. Box 400
Ozona, TX 76943-0400

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of and for the year ended August 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Crockett County Consolidated Common School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Crockett County Consolidated Common School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Crockett County Consolidated Common School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow the administration 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Crockett County Consolidated Common School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item: 11-1.

Board of Trustees

Page 2

The Crockett County Consolidated Common School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response, and accordingly we express no opinion on the response.

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

<Signature on File with TEA>

January 11, 2012



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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Crockett County Consolidated Common School District
P.O. Box 400
Ozona, TX 76943-0400

Compliance

We have audited the Crockett County Consolidated Common 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 the Crockett County Consolidated Common School District's major federal programs for the year ended August 31, 2011. The Crockett County Consolidated Common School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Crockett County Consolidated Common School District's administration. Our responsibility is to express an opinion on the Crockett County Consolidated Common School District's compliance based on our audit.

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

In our opinion, the Crockett County Consolidated Common School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

Internal Control Over Compliance

The administration of the Crockett County Consolidated Common School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Crockett County Consolidated Common School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 the administration or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

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

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

<Signature on File with TEA>

January 11, 2012

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended August 31, 2011

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Crockett County Consolidated Common School District.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
3. One instance of noncompliance material to the basic financial statements of the Crockett County Consolidated Common School District, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for the Crockett County Consolidated Common School District expresses an unqualified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs for the Crockett County Consolidated Common School District.
7. The program tested as a major program was:

CFDA Number 84.394 Title XIV, State Fiscal Stabilization Fund
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Crockett County Consolidated Common School District was determined to be a low-risk auditee.
10. Pass-Through Entity: Texas Education Agency

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
Year Ended August 31, 2011

D. Findings - State Compliance

Reference Number: 11-1

Criteria:

Section 44.006 of the Texas Education Code states that public funds of the District may not be spent in any manner other than as provided for in the budget as amended by the Board of Trustees.

Condition:

Expenditures exceeded appropriations in the following:

General Fund	
Function 21 - Instructional Leadership	\$ 295
Transfers Out	486,710
Food Service Fund	
Function 35 - Food Services	47,995

Cause:

Amendments to the budget were not adequate to ensure that expenditures did not exceed appropriations during the year.

Effect:

Public funds of the District were spent that were not provided for in the budget.

Auditors' Recommendation:

The budget should be monitored closely to see that amendments are made as necessary.

Administration's Response:

The District will place more emphasis on the budget and see that the amounts appropriated are adequate to cover all expenditures.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Corrective Action Plan
Year Ended August 31, 2011

(Prepared by the District's Administration)

The Crockett County Consolidated Common School District submits the following corrective action plan for the year ended August 31, 2011:

Findings - State Compliance

11-1 Budget Overexpenditure

Recommendation:

The budget should be monitored closely to see that amendments are made as necessary.

Action Taken:

The District will place more emphasis on the budget and see that the amounts appropriated are adequate to cover all expenditures.

Anticipated Completion Date: Throughout Fiscal Year Ending August 31, 2012

Contact Person

Chris duBois, Superintendent
325/392-5501

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2011

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through Menard Special Education Coop</u>			
IDEA - Part B, Formula - ARRA	84.391	10554001164901	\$ 9,840
Total Passed Through Menard Special Education Coop			\$ 9,840
<u>Passed Through Concho Valley Partnership</u>			
Career and Technical - Technical Preparation	84.243	10053001	\$ 1,183
Total Passed Through Concho Valley Partnership			\$ 1,183
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010	11610101053001	\$ 205,351
*ESEA, Title I, Part A - Improving Basic Programs	84.010	12610101053001	9,098
Total CFDA Number 84.010			214,449
*ESEA, Title I, A - ARRA - Improving Basic Programs	84.389	10551001053001	1,771
Total Title I, Part A Cluster			216,220
ESEA, Title II, Part A - Teacher/Principal Training	84.367	11694501053001	48,293
ESEA, Title II, Part A - Teacher/Principal Training	84.367	12694501053001	2,951
Total CFDA Number 84.367			51,244
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	10557001053001	6,554
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	11557001053001	225,627
Total CFDA Number 84.394			232,181
Education Jobs Fund	84.410	11550101053001	4,085
Total Passed Through State Department of Education			\$ 503,730
TOTAL DEPARTMENT OF EDUCATION			\$ 514,753
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	10053001	\$ 83,791
*National School Lunch Program - Cash Assistance	10.555	10053001	167,934
*National School Lunch Prog. - Non-Cash Assistance	10.555	10053001	16,991
Total CFDA Number 10.555			184,925
Total Child Nutrition Cluster			268,716
Total Passed Through the State Department of Agriculture			\$ 268,716
TOTAL DEPARTMENT OF AGRICULTURE			\$ 268,716
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 783,469

*Clustered Programs

E Rate-School and Library Program expenditures of \$22,404 and School Health and Related Services (SHARS) Program expenditures of \$11,982 are not included in this schedule.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
August 31, 2011

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Crockett County Consolidated Common School District and is presented on the 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 basic financial statements.

SCHOOLS FIRST QUESTIONNAIRE

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DIST.

Fiscal Year 2011

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	None