

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Annual Financial Report  
Year Ended August 31, 2013

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CERTIFICATE OF THE BOARD

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Name of School District


CROCKETT  
County

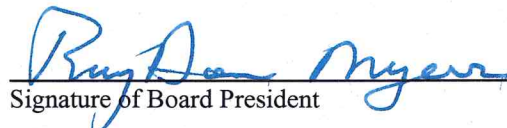
053-001  
County -  
District  
Number

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, 2013, at a meeting of the Board of Trustees of such School District  
(Check One)

on the 18 day of Dec., 2013.

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

  
\_\_\_\_\_  
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

Michael E. Oliphant, CPA  
Calvin Featherston, CPA  
Wayne Barr, CPA  
Cathryn A. Pitcock, CPA

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Members of  
American Institute of CPAs  
Texas Society of CPAs

## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of August 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Crockett County Consolidated Common School District’s basic financial statements. 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 basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013, 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* in considering the Crockett County Consolidated Common School District’s internal control over financial reporting and compliance.

***Eckert & Company, LLP***

San Angelo, Texas  
November 21, 2013



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2013. 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 \$23,990,947 (net position). Of this amount, \$4,019,013 (unrestricted) may be used to meet the District's ongoing obligations.

The District's total net position decreased by \$759,591 or 3%. This amount consists of a \$685,169 decrease attributable to current year operations and a \$74,422 decrease attributable to prior period adjustments. The District's statement of activities shows total revenues of \$24,369,986 and total expenses of \$25,055,155.

The total fund balance of the General Fund is \$3,673,524 which is a decrease of \$433,154 or 11% 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 position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the current year. All changes in net position 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

### 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 which is considered to be a major fund. Data from other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its General Fund and Food Service Special Revenue 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**

**Government-Wide Financial Analysis**

**Net Position** - A summary of the District's net position is presented below:

NET POSITION

	Governmental Activities	
	August 31,	
	2013	2012
Current and Other Assets	\$ 4,657,400	\$ 5,108,608
Capital Assets	23,001,252	23,608,918
Total Assets	\$ 27,658,652	\$ 28,717,526
Long-Term Liabilities Outstanding	\$ 3,053,136	\$ 3,328,869
Other Liabilities	614,569	638,119
Total Liabilities	\$ 3,667,705	\$ 3,966,988
Net Position		
Net Investment in Capital Assets	\$ 19,971,934	\$ 20,421,904
Unrestricted	4,019,013	4,328,634
Total Net Position	\$ 23,990,947	\$ 24,750,538

A large portion of the District's net position (\$19,971,934) reflects the District's investment in capital assets, 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 position (\$4,019,013) may be used to meet the District's ongoing obligations.



**MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued**

**Government-Wide Financial Analysis - Continued**

**Governmental Activities** - Governmental activities decreased the District's net position by \$685,169 and \$953,953 for the fiscal years ended August 31, 2013 and 2012, respectively. Key elements of these decreases are as follows:

CHANGES IN NET POSITION

	Governmental Activities	
	Year Ended August 31,	
	2013	2012
Revenues		
Program Revenues		
Charges for Services	\$ 389,516	\$ 308,195
Operating Grants and Contributions	1,125,139	1,416,738
General Revenues		
Maintenance and Operations Taxes	21,217,457	20,607,245
State Aid - Formula Grants	1,501,749	2,693,960
Other	136,125	339,526
Total Revenues	\$ 24,369,986	\$ 25,365,664
Expenses		
Instruction and Instructional-Related Services	\$ 5,777,346	\$ 6,196,298
Instructional and School Leadership	922,252	907,909
Support Services - Student (Pupil)	1,715,183	1,732,920
Administrative Support Services	783,456	974,367
Support Services - Nonstudent Based	1,584,405	1,848,879
Ancillary Services	3,200	1,601
Debt Service	172,926	196,817
Intergovernmental Charges	14,096,387	14,460,826
Total Expenses	\$ 25,055,155	\$ 26,319,617
Change in Net Position	\$ (685,169)	\$ (953,953)
Net Position - Beginning	24,750,538	25,341,542
Prior Period Adjustments	(74,422)	362,949
Net Position - Ending	\$ 23,990,947	\$ 24,750,538

## MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

### 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 \$3,673,524, a decrease of \$433,154 or 11% in comparison with the prior year. This fund balance is reported as follows:

General Fund \$3,673,524. All of this balance is unassigned.

### General Fund Budget

The original budget for the General Fund was \$23,447,708, and the final amended budget was \$24,290,362 which represents an \$842,654 increase in appropriations. Significant variances between the original budget and the final amended include increases of \$100,000 in Data Processing Services, \$478,888 in Facilities Acquisition and Construction, and \$294,565 in Other Governmental Charges and a decrease of \$108,507 in General Administration.

The District has adopted a budget for the General Fund in the amount of \$23,191,633 for the fiscal year 2014, which is a decrease of \$1,098,729 from the fiscal year 2013.

### Capital Assets and Debt

**Capital Assets** - Financial statement footnote III., D. discloses the District's capital asset activity for the year ended August 31, 2013.

**Long-Term Debt** - Financial statement footnote III., H. discloses the District's debt activity for the year ended August 31, 2013.

### 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: Raul Chavarria, 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 POSITION  
AUGUST 31, 2013

Data Control Codes	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Temporary Investments	\$ 3,002,493
1220 Property Taxes Receivable (Delinquent)	466,150
1230 Allowance for Uncollectible Taxes	(75,525)
1240 Due from Other Governments	1,259,597
1250 Accrued Interest	23
1267 Due from Fiduciary Funds	4,662
Capital Assets:	
1510 Land	387,013
1520 Buildings, Net	21,803,630
1530 Furniture and Equipment, Net	690,197
1580 Construction in Progress	120,412
1000 Total Assets	<u>27,658,652</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	6,588
2140 Interest Payable	21,318
2160 Accrued Wages Payable	191,274
2177 Due to Fiduciary Funds	13,000
2180 Due to Other Governments	339,976
2200 Accrued Expenses	9,846
2300 Unearned Revenue	32,567
Noncurrent Liabilities	
2501 Due Within One Year	276,136
2502 Due in More Than One Year	2,777,000
2000 Total Liabilities	<u>3,667,705</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	19,971,934
3900 Unrestricted	4,019,013
3000 Total Net Position	<u>\$ 23,990,947</u>

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, 2013

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Expenses	3	4	6	Net (Expense) Revenue and Changes in Net Position
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 5,710,091	\$ 4,550	\$ 484,112	\$ (5,221,429)
12 Instructional Resources and Media Services	11,786	-	-	(11,786)
13 Curriculum and Instructional Staff Development	55,469	-	26,374	(29,095)
21 Instructional Leadership	284,030	-	35,810	(248,220)
23 School Leadership	638,222	-	26,828	(611,394)
31 Guidance, Counseling, and Evaluation Services	209,496	-	7,456	(202,040)
33 Health Services	70,845	-	3,111	(67,734)
34 Student (Pupil) Transportation	283,964	-	6,353	(277,611)
35 Food Services	644,195	195,227	304,833	(144,135)
36 Extracurricular Activities	506,683	39,595	12,805	(454,283)
41 General Administration	783,456	-	24,688	(758,768)
51 Facilities Maintenance and Operations	1,379,241	150,144	25,801	(1,203,296)
52 Security and Monitoring Services	41,082	-	-	(41,082)
53 Data Processing Services	164,082	-	6,615	(157,467)
61 Community Services	3,200	-	2,142	(1,058)
72 Debt Service - Interest on Long-Term Debt	172,176	-	158,211	(13,965)
73 Debt Service - Bond Issuance Cost and Fees	750	-	-	(750)
91 Contracted Instructional Services Between Schools	13,699,560	-	-	(13,699,560)
93 Payments Related to Shared Services Arrangements	102,262	-	-	(102,262)
99 Other Intergovernmental Charges	294,565	-	-	(294,565)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 25,055,155	\$ 389,516	\$ 1,125,139	(23,540,500)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	21,217,457
SF	State Aid - Formula Grants	1,501,749
IE	Investment Earnings	28,141
MI	Miscellaneous Local and Intermediate Revenue	107,984
TR	Total General Revenues	22,855,331
CN	Change in Net Position	(685,169)
NB	Net Position - Beginning	24,750,538
PA	Prior Period Adjustment	(74,422)
NE	Net Position--Ending	\$ 23,990,947

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, 2013

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
1110 Cash and Temporary Investments	\$ 2,945,236	\$ 57,257	\$ 3,002,493
1220 Property Taxes - Delinquent	466,150	-	466,150
1230 Allowance for Uncollectible Taxes (Credit)	(75,525)	-	(75,525)
1240 Due from Other Governments	1,208,482	51,115	1,259,597
1250 Accrued Interest	23	-	23
1260 Due from Other Funds	68,601	-	68,601
1000 Total Assets	<u>\$ 4,612,967</u>	<u>\$ 108,372</u>	<u>\$ 4,721,339</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 4,625	\$ 1,963	\$ 6,588
2160 Accrued Wages Payable	182,164	9,110	191,274
2170 Due to Other Funds	13,000	63,939	76,939
2180 Due to Other Governments	339,976	-	339,976
2200 Accrued Expenditures	9,053	793	9,846
2300 Unearned Revenue	-	32,567	32,567
2000 Total Liabilities	<u>548,818</u>	<u>108,372</u>	<u>657,190</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	390,625	-	390,625
2600 Total Deferred Inflows of Resources	<u>390,625</u>	<u>-</u>	<u>390,625</u>
<b>FUND BALANCES</b>			
3600 Unassigned Fund Balance	3,673,524	-	3,673,524
3000 Total Fund Balances	<u>3,673,524</u>	<u>-</u>	<u>3,673,524</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 4,612,967</u>	<u>\$ 108,372</u>	<u>\$ 4,721,339</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 POSITION  
 AUGUST 31, 2013

<b>Total Fund Balances - Governmental Funds</b>	\$	3,673,524
<b>1</b> 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 position.		20,331,422
<b>2</b> 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 position.		771,533
<b>3</b> Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,103,466)
<b>4</b> 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 unavailable revenue from property taxes as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		317,934
<b>19 Net Position of Governmental Activities</b>	\$	23,990,947

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, 2013

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 21,468,883	\$ 196,028	\$ 21,664,911
5800 State Program Revenues	1,860,693	23,548	1,884,241
5900 Federal Program Revenues	179,015	563,632	742,647
5020 Total Revenues	<u>23,508,591</u>	<u>783,208</u>	<u>24,291,799</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	4,787,782	233,908	5,021,690
0012 Instructional Resources and Media Services	11,786	-	11,786
0013 Curriculum and Instructional Staff Development	28,924	26,374	55,298
0021 Instructional Leadership	225,338	26,027	251,365
0023 School Leadership	558,982	-	558,982
0031 Guidance, Counseling, and Evaluation Services	183,921	-	183,921
0033 Health Services	62,165	-	62,165
0034 Student (Pupil) Transportation	263,665	-	263,665
0035 Food Services	13,697	587,183	600,880
0036 Extracurricular Activities	474,183	-	474,183
0041 General Administration	700,576	8,367	708,943
0051 Facilities Maintenance and Operations	1,297,660	19,949	1,317,609
0052 Security and Monitoring Services	41,082	-	41,082
0053 Data Processing Services	146,348	-	146,348
0061 Community Services	854	2,142	2,996
Debt Service:			
0071 Principal on Long-Term Debt	275,733	-	275,733
0072 Interest on Long-Term Debt	174,095	-	174,095
0073 Bond Issuance Cost and Fees	750	-	750
Capital Outlay:			
0081 Facilities Acquisition and Construction	477,263	-	477,263
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	13,699,560	-	13,699,560
0093 Payments to Fiscal Agent/Member Districts of SSA	102,262	-	102,262
0099 Other Intergovernmental Charges	294,565	-	294,565
6030 Total Expenditures	<u>23,821,191</u>	<u>903,950</u>	<u>24,725,141</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(312,600)</u>	<u>(120,742)</u>	<u>(433,342)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7915 Transfers In	-	120,742	120,742
8911 Transfers Out (Use)	(120,742)	-	(120,742)
7080 Total Other Financing Sources (Uses)	<u>(120,742)</u>	<u>120,742</u>	<u>-</u>
1200 Net Change in Fund Balances	(433,342)	-	(433,342)
0100 Fund Balance - September 1 (Beginning)	4,106,678	-	4,106,678
1300 Increase (Decrease) in Fund Balance	188	-	188
3000 Fund Balance - August 31 (Ending)	<u>\$ 3,673,524</u>	<u>\$ -</u>	<u>\$ 3,673,524</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, 2013

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(433,342)
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 position.		771,533
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 position.		(1,103,466)
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 unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		80,106
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>(685,169)</b>

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
AUGUST 31, 2013

EXHIBIT D-1

	Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>		
Cash and Temporary Investments	\$ -	\$ 17,913
Due from Other Funds	-	13,000
Restricted Assets	6,984	-
Total Assets	6,984	\$ 30,913
<b>LIABILITIES</b>		
Due to Other Funds	-	\$ 4,662
Due to Student Groups	-	26,251
Total Liabilities	-	\$ 30,913
<b>NET POSITION</b>		
Restricted for Scholarships	6,984	
Total Net Position	\$ 6,984	

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 POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

	Private Purpose Trust Fund
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 253
Total Additions	<u>253</u>
DEDUCTIONS:	
Other Operating Costs	<u>435</u>
Total Deductions	<u>435</u>
Change in Net Position	(182)
Total Net Position - September 1 (Beginning)	<u>7,166</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 6,984</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, 2013

**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 position 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 position.

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days 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 unearned revenue 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 fund:

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.

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 position.

**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, 2013

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**F. Capital Assets**

Capital assets 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 one year. 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.

Capital assets are 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.

**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 position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources. 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.

**J. Net Position on the Statement of Net Position**

Net position on the statement of net position includes the following:

Net Investment in Capital Assets - This component of net position represents the difference between capital assets net of 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 - This is the difference between assets and liabilities that is not reported as Net Investment in Capital Assets.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**K. Fund Balances**

In the fund financial statements, governmental funds report the following classification of fund balance:

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

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.

**L. Property Tax Revenues**

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

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.

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.

**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 and the Food Service Special Revenue Fund. The remaining Special Revenue Funds 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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**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 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, 2013, 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, 2013, 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, 2013, approximates fair value and consisted of the following:

Cash in Bank	\$ 2,750,783
Certificates of Deposit	<u>276,607</u>
Total Cash and Temporary Investments	<u><u>\$ 3,027,390</u></u>



CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**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	\$ 1,137,095	\$ 0	\$ 71,387	\$ 1,208,482
Special Revenue Funds	0	51,115	0	51,115
Totals	\$ 1,137,095	\$ 51,115	\$ 71,387	\$ 1,259,597

**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			
Nonmajor Governmental Funds	\$ 63,939	\$ 0	Operating Advance
Fiduciary Funds	4,662	13,000	Operating Advance
	\$ 68,601	\$ 13,000	
Nonmajor Governmental Funds			
General Fund	0	63,939	Operating Advance
Fiduciary Funds			
General Fund	13,000	4,662	Operating Advance
Totals	\$ 81,601	\$ 81,601	

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

2. Interfund transfers consist of the following:

Transfers From	Transfers To	Amount	Purpose
General Fund	Food Service Fund	\$ 120,742	To Cover Fund Deficit

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**D. Capital Assets**

Capital asset activity for the year ended August 31, 2013, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets				
Land	\$ 387,013	\$ 0	\$ 0	\$ 387,013
Buildings and Improvements	30,903,456	477,263	0	31,380,719
Furniture and Equipment	2,874,539	18,537	0	2,893,076
Construction in Progress	<u>120,412</u>	<u>0</u>	<u>0</u>	<u>120,412</u>
Total Capital Assets	<u>\$ 34,285,420</u>	<u>\$ 495,800</u>	<u>\$ 0</u>	<u>\$ 34,781,220</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (8,707,530)	\$ (869,559)	\$ 0	\$ (9,577,089)
Furniture and Equipment	<u>(1,968,972)</u>	<u>(233,907)</u>	<u>0</u>	<u>(2,202,879)</u>
Total Accumulated Depreciation	<u>\$ (10,676,502)</u>	<u>\$ (1,103,466)</u>	<u>\$ 0</u>	<u>\$ (11,779,968)</u>
Governmental Activities Capital Assets, Net	<u>\$ 23,608,918</u>	<u>\$ (607,666)</u>	<u>\$ 0</u>	<u>\$ 23,001,252</u>

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 688,401
Curriculum and Instructional Staff Development	171
Instructional Leadership	32,665
School Leadership	79,240
Guidance, Counseling, and Evaluation Services	25,575
Health Services	8,680
Student (Pupil) Transportation	20,299
Food Services	43,315
Extracurricular Activities	32,500
General Administration	74,513
Facilities Maintenance and Operations	80,169
Data Processing Services	17,734
Community Services	<u>204</u>
Total	<u>\$ 1,103,466</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**E. Deferred Inflows of Resources**

The balance sheet reports a separate section for deferred inflows of resources. This financial statement element represents an acquisition of fund balance that applies to a future period and so will not be recognized as inflows of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category, the difference between property taxes receivable and the allowance for uncollectible taxes of \$390,625 which is unavailable for expenditure.

**F. Unearned Revenue**

Unearned revenue at year end consisted of the following:

	Special Revenue Funds
	<u>          </u>
Other	<u>\$ 32,567</u>

**G. Commitments Under Noncapitalized Leases**

Commitments under operating lease agreements for equipment provide for minimum future rental payments as of August 31, 2013, as follows:

	Year Ending <u>August 31,</u>
	<u>          </u>
2014	<u>\$ 14,158</u>

Rental expenditures during the year ended August 31, 2013, were \$14,158.

**H. Long-Term Debt**

The following is a summary of changes in long-term debt for the year ended August 31, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Maintenance Tax Note	\$ 3,239,000	\$ 0	\$ 231,000	\$ 3,008,000	\$ 231,000
Capital Lease	89,869	0	44,733	45,136	45,136
Totals	\$ 3,328,869	\$ 0	\$ 275,733	\$ 3,053,136	\$ 276,136

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS – Continued**

**H. 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%. \$ 3,008,000

The District's outstanding capital lease payable is as follows:

Capital lease to finance the acquisition of equipment as authorized by Texas Education Code, Section 271. This lease agreement qualifies as a capital lease for accounting purposes and is payable from the General Fund with an interest rate of 0.9%. \$ 45,136

The combined annual debt service requirements are as follows:

Year Ending August 31,	Maintenance Tax Note		Capital Lease		Total
	Principal	Interest	Principal	Interest	
2014	\$ 231,000	\$ 160,928	\$ 45,136	\$ 406	\$ 437,470
2015	231,000	148,569	0	0	379,569
2016	231,000	136,211	0	0	367,211
2017	231,000	123,853	0	0	354,853
2018	231,000	111,494	0	0	342,494
2019-2023	1,157,000	372,039	0	0	1,529,039
2024-2026	<u>696,000</u>	<u>74,472</u>	<u>0</u>	<u>0</u>	<u>770,472</u>
Totals	<u>\$ 3,008,000</u>	<u>\$ 1,127,566</u>	<u>\$ 45,136</u>	<u>\$ 406</u>	<u>\$ 4,181,108</u>

**I. Outstanding Encumbrances**

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued**

**J. Revenues from Local and Intermediate Sources**

Local and intermediate source revenues consists of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Property Taxes	\$ 21,219,001	\$ 0	\$ 21,219,001
Tuition and Fees	4,550	0	4,550
Other Local Sources	205,736	801	206,537
Cocurricular, Enterprising Services, or Activities	<u>39,596</u>	<u>195,227</u>	<u>234,823</u>
Totals	<u>\$ 21,468,883</u>	<u>\$ 196,028</u>	<u>\$ 21,664,911</u>

**K. General Fund Federal Source Revenues**

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
E-Rate School and Library Program	--	\$ 20,804
Qualified School Construction Bonds	--	<u>158,211</u>
Total		<u>\$ 179,015</u>

**IV. OTHER INFORMATION**

**A. Pension Plan**

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 downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy - Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**IV. OTHER INFORMATION - Continued**

**A. Pension Plan - Continued**

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 during the fiscal year; and (2) A state statute prohibits benefit improvements 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.

Contribution rates and contribution amounts for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum and on salaries paid from federal grants.

Fiscal Year	Member		State On-Behalf		District
	Rate	Amount	Rate	Amount	Amount
2013	6.4%	\$ 371,602	6.400%	\$ 316,030	\$ 55,572
2012	6.4%	387,801	6.000%	315,204	48,360
2011	6.4%	409,321	6.644%	363,745	61,182

**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 downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and contribution amounts for fiscal years 2013-2011 are shown in the table below:

Fiscal Year	Active Member		State On-Behalf		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 37,742	0.5%	\$ 27,729	0.55%	\$ 33,237
2012	0.65%	39,386	1.0%	57,982	0.55%	35,939
2011	0.65%	41,572	1.0%	61,523	0.55%	37,610

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**IV. OTHER INFORMATION - Continued**

**B. Retiree Health Plan - Continued**

The Medicare 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. Medicare Part D payments made on behalf of the District for fiscal years 2013-2011 are shown in the table below:

<u>Fiscal Year</u>	<u>Medicare Part D</u>
2013	\$ 15,754
2012	17,002
2011	16,758

**C. Health Care Coverage**

During the year ended August 31, 2013, 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 \$359 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.

**D. 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, for which the District participated in a public entity risk pool. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding coverage for each of the past three fiscal years.

**E. Property and Liability Programs**

During the year ended August 31, 2013, the District participated in the TASB Risk Management Fund's (the Fund's) Property and Liability Programs.

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 Programs. 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. For the year ended, August 31, 2013, the Fund anticipates that the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each 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, 2012, are available on the TASB Risk Management Fund website.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**IV. OTHER INFORMATION** - Continued

**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, 2012; 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, 2013, 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 \$1,000,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2012, the Fund carries a discounted reserve of \$4,953,686 for future development on reported claims and claims that have been incurred but not yet reported. For the year ended August 31, 2012, the Fund anticipates no additional liability to members beyond their 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 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, 2012, 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.



CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Financial Statements - Continued  
August 31, 2013

**IV. OTHER INFORMATION** - Continued

**J. Adjustments to Fund Balance/Net Position**

The General Fund's fund balance increased by \$188 as a result of the following adjustments.

Prior Year Foundation Adjustment	\$ 46
Prior Year Recapture Adjustment	<u>142</u>
Total	<u><u>\$ 188</u></u>

In addition to the adjustments above, net position in the government-wide statements is decreased by \$74,610 due to a prior period adjustment of unamortized debt issuance costs. This adjustment is the result of adopting Governmental Accounting Standards Board Statement No. 65. The net adjustment to net position in the government-wide statements is a decrease of \$74,422.

**K. Subsequent Events**

The District's management has evaluated subsequent events through November 21, 2013, 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, 2013

EXHIBIT E-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 21,491,100	\$ 21,491,100	\$ 21,468,883	\$ (22,217)
5800	State Program Revenues	1,848,012	1,848,012	1,860,693	12,681
5900	Federal Program Revenues	25,529	25,529	179,015	153,486
5020	Total Revenues	23,364,641	23,364,641	23,508,591	143,950
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	4,898,615	4,855,726	4,787,782	67,944
0012	Instructional Resources and Media Services	24,375	24,375	11,786	12,589
0013	Curriculum and Instructional Staff Development	34,340	34,340	28,924	5,416
0021	Instructional Leadership	245,012	245,012	225,338	19,674
0023	School Leadership	565,210	568,267	558,982	9,285
0031	Guidance, Counseling, and Evaluation Services	185,107	185,107	183,921	1,186
0033	Health Services	63,771	63,771	62,165	1,606
0034	Student (Pupil) Transportation	311,460	284,155	263,665	20,490
0035	Food Services	13,732	13,732	13,697	35
0036	Extracurricular Activities	542,981	534,521	474,183	60,338
0041	General Administration	822,969	714,462	700,576	13,886
0051	Facilities Maintenance and Operations	1,252,116	1,299,421	1,297,660	1,761
0052	Security and Monitoring Services	43,500	43,500	41,082	2,418
0053	Data Processing Services	54,636	154,636	146,348	8,288
0061	Community Services	2,400	2,400	854	1,546
Debt Service:					
0071	Principal on Long-Term Debt	231,000	276,000	275,733	267
0072	Interest on Long-Term Debt	183,067	184,067	174,095	9,972
0073	Bond Issuance Cost and Fees	1,500	1,500	750	750
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	478,888	477,263	1,625
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	13,778,635	13,778,635	13,699,560	79,075
0093	Payments to Fiscal Agent/Member Districts of SSA	110,282	110,282	102,262	8,020
0099	Other Intergovernmental Charges	-	294,565	294,565	-
6030	Total Expenditures	23,364,708	24,147,362	23,821,191	326,171
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(67)	(782,721)	(312,600)	470,121
<b>OTHER FINANCING SOURCES (USES):</b>					
7914	Non-Current Loans	183,067	183,067	-	(183,067)
8911	Transfers Out (Use)	(83,000)	(143,000)	(120,742)	22,258
7080	Total Other Financing Sources (Uses)	100,067	40,067	(120,742)	(160,809)
1200	Net Change in Fund Balances	100,000	(742,654)	(433,342)	309,312
0100	Fund Balance - September 1 (Beginning)	4,106,678	4,106,678	4,106,678	-
1300	Increase (Decrease) in Fund Balance	-	-	188	188
3000	Fund Balance - August 31 (Ending)	\$ 4,206,678	\$ 3,364,024	\$ 3,673,524	\$ 309,500

Other Supplementary Information

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2013

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
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	1.040000	0.222000	2,268,051,910
2012	1.040000	0.000000	1,982,627,170
2013 (School year under audit)	1.040000	0.000000	2,041,335,680
1000 TOTALS			

(10) Beginning Balance 9/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
\$ 15,639	\$ -	\$ 929	\$ -	\$ -	\$ 14,710
4,031	-	323	-	-	3,708
7,366	-	1,500	-	(3)	5,863
12,381	-	1,890	-	(3)	10,488
13,022	-	1,745	-	(3)	11,274
29,834	-	4,528	-	(5)	25,301
36,748	-	5,125	-	(13)	31,610
104,018	-	53,875	-	(47)	50,096
151,260	-	70,920	-	(251)	80,089
-	21,231,446	20,998,435	-	-	233,011
<u>\$ 374,299</u>	<u>\$ 21,231,446</u>	<u>\$ 21,139,270</u>	<u>\$ -</u>	<u>\$ (325)</u>	<u>\$ 466,150</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015  
 GENERAL AND SPECIAL REVENUE FUNDS  
 AUGUST 31, 2013

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

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 335,233	\$ 168,907	\$ -	\$ -	\$ 504,140
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	46,523	-	-	-	-	-	46,523
6212	Audit Services	-	-	-	22,052	-	-	22,052
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	353,691	-	-	-	-	353,691
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	2,079	-	-	2,079
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	13,113	-	-	13,113
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	9,441	-	-	9,441
6290	Miscellaneous Contr.	-	-	426	9,815	-	-	10,241
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	2,373	-	-	14,340	-	-	16,713
6410	Travel, Subsistence, Stipends	3,236	-	695	1,727	-	-	5,658
6420	Ins. and Bonding Costs	-	-	-	5,581	-	-	5,581
6430	Election Costs	1,464	-	-	-	-	-	1,464
6490	Miscellaneous Operating	133	-	5,106	12,319	-	-	17,558
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	<b>TOTAL</b>	<b>\$ 53,729</b>	<b>\$ 353,691</b>	<b>\$ 341,460</b>	<b>\$ 259,374</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,008,254</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 24,725,141

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 495,800
Total Debt & Lease(6500)	(11) 450,578
Plant Maintenance (Function 51, 6100-6400)	(12) 1,299,072
Food (Function 35, 6341 and 6499)	(13) 251,890
Stipends (6413)	(14) 13,685
Column 4 (above) - Total Indirect Cost	259,374

SubTotal:

2,770,398

Net Allowed Direct Cost

\$ 21,954,743

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 31,380,719
Historical Cost of Building over 50 years old	(16) \$ 2,916,597
Amount of Federal Money in Building Cost (Net of #16)	(17) \$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$ 2,893,076
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ 289,972
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ 112,765

(8) NOTE A: \$4,746 in Function 53 expenditures are included in this report on administrative costs.

\$294,565 in 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, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 168,420	\$ 198,420	\$ 194,431	\$ (3,989)
5800 State Program Revenues	3,000	3,000	2,396	(604)
5900 Federal Program Revenues	270,000	270,000	281,567	11,567
5020 Total Revenues	441,420	471,420	478,394	6,974
<b>EXPENDITURES:</b>				
0035 Food Services	505,220	580,220	577,187	3,033
0051 Facilities Maintenance and Operations	16,200	23,700	19,949	3,751
6030 Total Expenditures	521,420	603,920	597,136	6,784
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,000)	(132,500)	(118,742)	13,758
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	80,000	140,000	118,742	(21,258)
7080 Total Other Financing Sources (Uses)	80,000	140,000	118,742	(21,258)
1200 Net Change in Fund Balances	-	7,500	-	(7,500)
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ -	\$ 7,500	\$ -	\$ (7,500)



COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 21, 2013.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Trustees

Page 2

**Purpose of This Report**

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

*Eckert & Company, LLP*

San Angelo, Texas

November 21, 2013



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

**Report on Compliance for Each Major Federal Program**

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, 2013. 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.

***Management's Responsibility***

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

***Auditors' Responsibility***

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

***Opinion of Each Major Federal Program***

In our opinion, the Crockett County Consolidated Common School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

### **Report on Internal Control Over Compliance**

Management of the Crockett County Consolidated Common School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Crockett County Consolidated Common School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

### **Purpose of This Report**

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

*Eckert & Company, LLP*

San Angelo, Texas  
November 21, 2013

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Schedule of Findings and Questioned Costs  
Year Ended August 31, 2013

**A. Summary of Audit Results**

1. The auditors' report expresses an unmodified 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. No instances 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*, were 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 unmodified 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 programs tested as major programs included:

Child Nutrition Cluster

CFDA Number 10.553	School Breakfast Program
CFDA Number 10.555	National School Lunch Program - Cash Assistance
CFDA Number 10.555	National School Lunch Program - Non-Cash Assistance
CFDA Number 10.559	Summer Feeding Program - Cash Assistance

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

**D. Findings - State Compliance**

None

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2013

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010	13610101053001	\$ 219,463
*ESEA, Title I, Part A - Improving Basic Programs	84.010	14610101053001	6,548
Total CFDA Number 84.010			226,011
Total Title I, Part A Cluster			226,011
*IDEA - Part B, Formula	84.027	136600011649016600	179
ESEA, Title II, Part A-Teacher/Principal Training	84.367	13694501053001	45,348
ESEA, Title II, Part A-Teacher/Principal Training	84.367	14694501053001	3,354
Total CFDA Number 84.367			48,702
Total Passed Through State Department of Education			\$ 274,892
<b>TOTAL DEPARTMENT OF EDUCATION</b>			\$ 274,892
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	13053001	\$ 84,244
*National School Lunch Program - Cash Assistance	10.555	13053001	172,968
*National School Lunch Prog. - Non-Cash Assistance	10.555	13053001	24,355
Total CFDA Number 10.555			197,323
*Summer Feeding Program - Cash Assistance	10.559	13053001	7,173
Total Child Nutrition Cluster			288,740
Total Passed Through the State Department of Agriculture			\$ 288,740
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			\$ 288,740
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 563,632

\*Clustered Programs

E-Rate School and Library Program expenditures of \$20,804 and Qualified School Construction Bond expenditures of \$158,211 are not included in this schedule.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT  
Notes to the Schedule of Expenditures of Federal Awards  
August 31, 2013

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 DISTRICT

Fiscal Year 2013

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SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	0