

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Annual Financial Report
Year Ended August 31, 2012

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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, 2012, at a meeting of the Board of Trustees of such School District
(Check One)

on the _____ day of _____, 20__.

Griselda Medina
Signature of Board Secretary

Ray Don Myers
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
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Texas Society of CPAs

INDEPENDENT AUDITORS' REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of August 31, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 32, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of the administration regarding the methods of preparing the information and comparing the information for consistency with the administration's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Eckert & Company, LLP

January 4, 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, 2012. 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 \$24,750,538 (net assets). Of this amount, \$4,328,634 (unrestricted net assets) may be used to meet the District's ongoing obligations.

The District's total net assets decreased by \$591,004 or 2%. This amount consists of a \$953,953 decrease attributable to current year operations and a \$362,949 increase attributable to prior period adjustments. The District's statement of activities shows total revenues of \$25,365,664 and total expenses of \$26,319,617.

The total fund balance of the General Fund was \$4,106,678 which was a decrease of \$2,215,744 or 35% compared to the prior year.

Overview of the Financial Statements

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

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

NET ASSETS		Governmental Activities	
		August 31,	
		2012	2011
Current and Other Assets		\$ 5,108,608	\$ 7,571,007
Capital Assets		23,608,918	22,128,749
Total Assets		\$ 28,717,526	\$ 29,699,756
Long-Term Liabilities Outstanding		\$ 3,328,869	\$ 3,470,000
Other Liabilities		638,119	888,214
Total Liabilities		\$ 3,966,988	\$ 4,358,214
Net Assets			
Invested in Capital Assets, Net of Related Debt		\$ 20,421,904	\$ 21,381,365
Unrestricted		4,328,634	3,960,177
Total Net Assets		\$ 24,750,538	\$ 25,341,542

A large portion of the District's net assets (\$20,421,904) 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 assets (\$4,328,634) 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 assets by \$953,953 and increased the District's net assets by \$4,200,900 for the fiscal years ended August 31, 2012 and 2011, respectively. Key elements of these increases (decreases) are as follows:

CHANGES IN NET ASSETS

	Governmental Activities	
	Year Ended August 31,	
	2012	2011
Revenues		
Program Revenues		
Charges for Services	\$ 308,195	\$ 204,218
Operating Grants and Contributions	1,416,738	1,290,166
General Revenues		
Maintenance and Operations Taxes	20,607,245	23,577,805
Debt Service Taxes	0	5,024,502
State Aid - Formula Grants	2,693,960	2,464,213
Grants and Contributions Not Restricted to Specific Programs	0	731
Other	339,526	201,719
Miscellaneous Other Resources (Uses)	0	(145,597)
Total Revenues	\$ 25,365,664	\$ 32,617,757
Expenses		
Instruction and Instructional-Related Services	\$ 6,196,298	\$ 6,592,631
Instructional and School Leadership	907,909	551,810
Support Services - Student (Pupil)	1,732,920	1,734,736
Administrative Support Services	974,367	875,034
Support Services - Nonstudent Based	1,650,959	1,849,000
Ancillary Services	197,920	1,292
Community Services	1,601	0
Debt Service	196,817	126,164
Intergovernmental Charges	14,460,826	16,686,190
Total Expenses	\$ 26,319,617	\$ 28,416,857
Increase (Decrease) in Net Assets	\$ (953,953)	\$ 4,200,900
Net Assets - Beginning	25,341,542	21,563,879
Prior Period Adjustments	362,949	(423,237)
Net Assets - Ending	\$ 24,750,538	\$ 25,341,542

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 \$4,106,678, a decrease of \$2,215,744 or 35% in comparison with the prior year. This fund balance is reported as follows:

General Fund \$4,106,678. Of this balance \$461,171 is committed for future construction.

General Fund Budget

The original budget for the General Fund was \$25,307,852, and the final amended budget was \$27,668,709 which represents a \$2,360,857 increase in appropriations. Significant variances between the original budget and the final amended include increases of \$2,476,193 in Facilities Acquisition and Construction and \$145,000 in Transfers Out (Use).

The District has adopted a budget for the General Fund in the amount of \$23,547,708 for the fiscal year 2013, which is a decrease of \$4,121,001 from the fiscal year 2012.

Capital Assets and Debt

Capital Assets - The District's investment in capital assets, net of depreciation, for its governmental type activities as of August 31, 2012 and 2011, was \$23,608,918 and \$22,128,749, respectively. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. Financial statement footnote III., D. discloses the District's capital asset activity for the year ended August 31, 2012.

Long-Term Debt - As of August 31, 2012 and 2011, the District had total long-term debt outstanding of \$3,328,869 and \$3,470,000, respectively. Long-term debt includes a maintenance tax note and a capital lease. Financial statement footnote III., G. discloses the District's debt activity for the year ended August 31, 2012.

Requests for Information

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

Basic Financial Statements

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF NET ASSETS
AUGUST 31, 2012

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Temporary Investments	\$ 4,031,135
1220 Property Taxes Receivable (Delinquent)	374,299
1230 Allowance for Uncollectible Taxes	(61,861)
1240 Due from Other Governments	660,250
1250 Accrued Interest	25
1267 Due from Fiduciary Funds	4,553
1290 Other Receivables, Net	25,597
1420 Capitalized Bond and Other Debt Issuance Costs	74,610
Capital Assets:	
1510 Land	387,013
1520 Buildings, Net	22,195,926
1530 Furniture and Equipment, Net	905,567
1580 Construction in Progress	120,412
1000 Total Assets	28,717,526
LIABILITIES	
2110 Accounts Payable	31,482
2140 Interest Payable	23,237
2160 Accrued Wages Payable	202,124
2177 Due to Fiduciary Funds	13,000
2180 Due to Other Governments	327,090
2200 Accrued Expenses	7,844
2300 Deferred Revenues	33,342
Noncurrent Liabilities	
2501 Due Within One Year	275,733
2502 Due in More Than One Year	3,053,136
2000 Total Liabilities	3,966,988
NET ASSETS	
3200 Invested in Capital Assets, Net of Related Debt	20,421,904
3900 Unrestricted Net Assets	4,328,634
3000 Total Net Assets	\$ 24,750,538

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, 2012

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 6,124,607	\$ 4,200	\$ 601,981	\$ (5,518,426)
12 Instructional Resources and Media Services	15,133	-	-	(15,133)
13 Curriculum and Instructional Staff Development	56,558	-	5,381	(51,177)
21 Instructional Leadership	277,155	-	104,118	(173,037)
23 School Leadership	630,754	-	135,524	(495,230)
31 Guidance, Counseling, and Evaluation Services	156,852	-	6,027	(150,825)
33 Health Services	67,311	-	3,359	(63,952)
34 Student (Pupil) Transportation	319,772	-	7,652	(312,120)
35 Food Services	659,943	155,006	285,217	(219,720)
36 Extracurricular Activities	529,042	25,922	13,610	(489,510)
41 General Administration	974,367	-	21,396	(952,971)
51 Facilities Maintenance and Operations	1,650,959	123,067	41,039	(1,486,853)
52 Security and Monitoring Services	36,470	-	-	(36,470)
53 Data Processing Services	161,450	-	6,766	(154,684)
61 Community Services	1,601	-	1,601	-
72 Debt Service - Interest on Long-Term Debt	190,540	-	183,067	(7,473)
73 Debt Service - Bond Issuance Cost and Fees	6,277	-	-	(6,277)
91 Contracted Instructional Services Between Schools	14,360,512	-	-	(14,360,512)
93 Payments Related to Shared Services Arrangements	100,314	-	-	(100,314)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 26,319,617</u>	<u>\$ 308,195</u>	<u>\$ 1,416,738</u>	<u>(24,594,684)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			20,607,245
SF	State Aid - Formula Grants			2,693,960
IE	Investment Earnings			35,183
MI	Miscellaneous Local and Intermediate Revenue			304,343
TR	Total General Revenues			<u>23,640,731</u>
CN	Change in Net Assets			(953,953)
NB	Net Assets--Beginning			25,341,542
PA	Prior Period Adjustment			362,949
NE	Net Assets--Ending			<u>\$ 24,750,538</u>

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, 2012

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110	\$ 3,991,097	\$ 40,038	\$ 4,031,135
1220	374,299	-	374,299
1230	(61,861)	-	(61,861)
1240	637,740	22,510	660,250
1250	25	-	25
1260	26,865	-	26,865
1290	25,597	-	25,597
1000	<u>\$ 4,993,762</u>	<u>\$ 62,548</u>	<u>\$ 5,056,310</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
2110	\$ 31,482	\$ -	\$ 31,482
2160	195,760	6,364	202,124
2170	13,000	22,312	35,312
2180	327,090	-	327,090
2200	7,314	530	7,844
2300	312,438	33,342	345,780
2000	<u>887,084</u>	<u>62,548</u>	<u>949,632</u>
Fund Balances:			
Committed Fund Balance:			
3510	461,171	-	461,171
3600	3,645,507	-	3,645,507
3000	<u>4,106,678</u>	<u>-</u>	<u>4,106,678</u>
4000	<u>\$ 4,993,762</u>	<u>\$ 62,548</u>	<u>\$ 5,056,310</u>

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 AUGUST 31, 2012

Total Fund Balances - Governmental Funds	\$	4,106,678
1 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.		18,723,122
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including capital outlays and debt principal payments is to increase net assets.		2,726,861
3 Depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(1,015,692)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds as long-term debt payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net assets.		209,569
19 Net Assets of Governmental Activities	<u>\$</u>	<u>24,750,538</u>

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, 2012

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 21,078,144	\$ 160,382	\$ 21,238,526
5800 State Program Revenues	3,115,682	54,652	3,170,334
5900 Federal Program Revenues	206,709	733,655	940,364
5020 Total Revenues	<u>24,400,535</u>	<u>948,689</u>	<u>25,349,224</u>
EXPENDITURES:			
Current:			
0011 Instruction	5,175,688	307,873	5,483,561
0012 Instructional Resources and Media Services	15,133	-	15,133
0013 Curriculum and Instructional Staff Development	50,981	5,381	56,362
0021 Instructional Leadership	157,333	94,265	251,598
0023 School Leadership	450,255	108,502	558,757
0031 Guidance, Counseling, and Evaluation Services	139,534	-	139,534
0033 Health Services	59,811	-	59,811
0034 Student (Pupil) Transportation	336,723	-	336,723
0035 Food Services	14,559	605,614	620,173
0036 Extracurricular Activities	499,806	27	499,833
0041 General Administration	918,405	-	918,405
0051 Facilities Maintenance and Operations	1,551,101	16,178	1,567,279
0052 Security and Monitoring Services	36,470	-	36,470
0053 Data Processing Services	145,630	-	145,630
0061 Community Services	-	1,601	1,601
Debt Service:			
0071 Principal on Long-Term Debt	231,000	-	231,000
0072 Interest on Long-Term Debt	183,067	-	183,067
0073 Bond Issuance Cost and Fees	750	-	750
Capital Outlay:			
0081 Facilities Acquisition and Construction	2,451,273	-	2,451,273
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	14,360,512	-	14,360,512
0093 Payments to Fiscal Agent/Member Districts of SSA	100,314	-	100,314
6030 Total Expenditures	<u>26,878,345</u>	<u>1,139,441</u>	<u>28,017,786</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,477,810)</u>	<u>(190,752)</u>	<u>(2,668,562)</u>
OTHER FINANCING SOURCES (USES):			
7913 Capital Leases	89,869	-	89,869
7915 Transfers In	2,500	193,252	195,752
8911 Transfers Out (Use)	(193,252)	(2,500)	(195,752)
7080 Total Other Financing Sources (Uses)	<u>(100,883)</u>	<u>190,752</u>	<u>89,869</u>
1200 Net Change in Fund Balances	(2,578,693)	-	(2,578,693)
0100 Fund Balance - September 1 (Beginning)	6,322,422	-	6,322,422
1300 Increase (Decrease) in Fund Balance	362,949	-	362,949
3000 Fund Balance - August 31 (Ending)	<u>\$ 4,106,678</u>	<u>\$ -</u>	<u>\$ 4,106,678</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, 2012

Total Net Change in Fund Balances - Governmental Funds	\$	(2,578,693)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the capital outlays and debt principal payments is to increase net assets.		2,726,861
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.		(1,015,692)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds as long-term debt payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net assets.		(86,429)
Change in Net Assets of Governmental Activities	\$	(953,953)

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AUGUST 31, 2012

EXHIBIT D-1

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Temporary Investments	\$ -	\$ 23,358
Due from Other Governments	-	6,973
Due from Other Funds	-	13,000
Restricted Assets	7,166	-
Total Assets	7,166	\$ 43,331
LIABILITIES		
Due to Other Funds	-	\$ 4,553
Due to Other Governments	-	10,235
Due to Student Groups	-	28,543
Total Liabilities	-	\$ 43,331
NET ASSETS		
Restricted for Scholarships	7,166	
Total Net Assets	\$ 7,166	

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ 827
Total Additions	<u>827</u>
DEDUCTIONS:	
Other Operating Costs	<u>640</u>
Total Deductions	<u>640</u>
Change in Net Assets	187
Total Net Assets - September 1 (Beginning)	<u>6,979</u>
Total Net Assets - August 31 (Ending)	<u><u>\$ 7,166</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, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

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

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

The government reports the following major governmental funds:

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

Additionally, the government reports the following fund types:

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

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

D. Interfund Receivables and Payables

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

E. Receivables and Payables

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

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

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 assets. Issuance costs are deferred and amortized over the life of the debt using the straight-line method, which approximates the effective interest method.

In the fund financial statements, governmental fund types recognize issuance costs during the current period. 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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

J. Fund Balances

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

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

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

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

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

K. Net Assets on the Statement of Net Assets

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

Invested in Capital Assets, Net of Related Debt - This component of net assets represents the difference between capital assets 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 Invested in Capital Assets, Net of Related Debt.

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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget

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

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

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

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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

A. Deposits and Investments - Continued

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, 2012, 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, 2012, 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, 2012, approximates fair value and consisted of the following:

Cash in Bank	\$ 3,784,870
Certificates of Deposit	<u>276,789</u>
Total Cash and Temporary Investments	<u><u>\$ 4,061,659</u></u>

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:

	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 541,171	\$ 0	\$ 96,569	\$ 637,740
Special Revenue Funds	<u>0</u>	<u>22,510</u>	<u>0</u>	<u>22,510</u>
Totals	<u><u>\$ 541,171</u></u>	<u><u>\$ 22,510</u></u>	<u><u>\$ 96,569</u></u>	<u><u>\$ 660,250</u></u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

C. Interfund Balances and Transfers

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

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund			
Nonmajor Governmental Funds	\$ 22,312	\$ 0	Operating Advance
Fiduciary Funds	<u>4,553</u>	<u>13,000</u>	Operating Advance
	\$ 26,865	\$ 13,000	
Nonmajor Governmental Funds			
General Fund	0	22,312	Operating Advance
Fiduciary Funds			
General Fund	<u>13,000</u>	<u>4,553</u>	Operating Advance
Totals	<u>\$ 39,865</u>	<u>\$ 39,865</u>	

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

2. Interfund transfers consist of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 193,252	To Cover Fund Deficit
Nonmajor Governmental Funds	General Fund	<u>2,500</u>	To Close Funds
Total		<u>\$ 195,752</u>	

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

D. Capital Assets

Capital asset activity for the year ended August 31, 2012, 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	28,631,898	2,271,558	0	30,903,456
Furniture and Equipment	2,767,131	107,408	0	2,874,539
Construction in Progress	<u>3,517</u>	<u>120,412</u>	<u>3,517</u>	<u>120,412</u>
Total Capital Assets	<u>\$ 31,789,559</u>	<u>\$ 2,499,378</u>	<u>\$ 3,517</u>	<u>\$ 34,285,420</u>
Less Accumulated Depreciation				
Buildings and Improvements	\$ (7,929,552)	\$ (777,978)	\$ 0	\$ (8,707,530)
Furniture and Equipment	<u>(1,731,258)</u>	<u>(237,714)</u>	<u>0</u>	<u>(1,968,972)</u>
Total Accumulated Depreciation	<u>\$ (9,660,810)</u>	<u>\$ (1,015,692)</u>	<u>\$ 0</u>	<u>\$ (10,676,502)</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,128,749</u>	<u>\$ 1,483,686</u>	<u>\$ 3,517</u>	<u>\$ 23,608,918</u>

Depreciation expense was charged to governmental activities functions as follows:

Instruction	\$ 641,046
Curriculum and Instructional Staff Development	196
Instructional Leadership	25,557
School Leadership	71,997
Guidance, Counseling, and Evaluation Services	17,318
Health Services	7,500
Student (Pupil) Transportation	19,304
Food Services	39,770
Extracurricular Activities	29,209
General Administration	55,962
Facilities Maintenance and Operations	92,013
Data Processing Services	<u>15,820</u>
Total	<u>\$ 1,015,692</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

E. Deferred Revenues

Deferred revenues at year end consisted of the following:

	General Fund	Special Revenue Funds	Total
Net Delinquent Taxes Receivable	\$ 312,438	\$ 0	\$ 312,438
Other	0	33,342	33,342
Totals	\$ 312,438	\$ 33,342	\$ 345,780

F. Commitments Under Noncapitalized Leases

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

Year Ending August 31,	
2013	\$ 14,158
2014	14,158
Total Minimum Rentals	\$ 28,316

Rental expenditures during the year ended August 31, 2012, were \$14,158.

G. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2012:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Maintenance Tax Note	\$ 3,470,000	\$ 0	\$ 231,000	\$ 3,239,000	\$ 231,000
Capital Lease	0	89,869	0	89,869	44,733
Totals	\$ 3,470,000	\$ 89,869	\$ 231,000	\$ 3,328,869	\$ 275,733

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

G. 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%. \$ 3,239,000

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%. \$ 89,869

The combined annual debt service requirements are as follows:

Year Ending August 31,	Maintenance Tax Note		Capital Lease		Total
	Principal	Interest	Principal	Interest	
2013	\$ 231,000	\$ 173,286	\$ 44,733	\$ 809	\$ 449,828
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
2018-2022	1,156,000	433,885	0	0	1,589,885
2023-2026	928,000	124,120	0	0	1,052,120
Totals	<u>\$ 3,239,000</u>	<u>\$ 1,300,852</u>	<u>\$ 89,869</u>	<u>\$ 1,215</u>	<u>\$ 4,630,936</u>

H. 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, 2012

III. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

I. Revenues from Local and Intermediate Sources

Local and intermediate source revenues consists of the following:

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 20,718,955	\$ 0	\$ 0	\$ 0	\$ 20,718,955
Tuition and Fees	4,200	0	0	0	4,200
Other Local Sources	329,067	2,874	2,439	61	334,441
Cocurricular, Enterprising Services, or Activities	25,922	155,008	0	0	180,930
Totals	<u>\$ 21,078,144</u>	<u>\$ 157,882</u>	<u>\$ 2,439</u>	<u>\$ 61</u>	<u>\$ 21,238,526</u>

J. General Fund Federal Source Revenues

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
E Rate-School and Library Program	--	\$ 23,642
Qualified School Construction Bonds	--	<u>183,067</u>
Total		<u>\$ 206,709</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, 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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

IV. OTHER INFORMATION - Continued

A. Pension Plan - Continued

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 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 2012-2010 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		District Amount
	Rate	Amount	Rate	Amount	
2012	6.4%	\$ 387,801	6.000%	\$ 315,204	\$ 48,360
2011	6.4%	409,321	6.644%	363,745	61,182
2010	6.4%	404,739	6.644%	360,611	59,559

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, 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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

IV. OTHER INFORMATION - Continued

B. Retiree Health Plan - Continued

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 2012-2010 are shown in the table below:

Fiscal Year	Active Member		State		District	
	Rate	Amount	Rate	Amount	Rate	Amount
2012	0.65%	\$ 39,386	1%	\$ 57,982	0.55%	\$ 35,939
2011	0.65%	41,572	1%	61,523	0.55%	37,610
2010	0.65%	41,107	1%	60,625	0.55%	37,347

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for Texas Public School Retired Employee Group Insurance Program (TRS-Care), administered by TRS, to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants.

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

The on-behalf payments for fiscal years 2012-2010 are shown in the table below:

Fiscal Year	Medicare Part D	ERRP
2012	\$ 14,581	\$ 16,078
2011	16,758	-
2010	16,439	-

C. Health Care Coverage

During the year ended August 31, 2012, 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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

IV. OTHER INFORMATION - Continued

D. Property and Liability Programs

During the year ended August 31, 2012, 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. Based on information we have available as of today, for the year ended August 31, 2012, the District will have no additional liability beyond the contractual obligations for payment of contributions.

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

F. Unemployment Compensation Coverage

The District has entered into a contract and interlocal agreement with the Texas Association of School Boards Unemployment Compensation Group Account (the Account) for the purpose of providing unemployment compensation coverage as authorized by the Interlocal Cooperation Act, Article 4413(32c), VATS, as amended. The Account is administered by a Board of Trustees, and all account members must be members of the Texas Association of School Boards. The District pays contributions based on a rating system approved by the Board. The Account reserves the right to require a supplemental contribution in any account year for which the initial contributions and account reserves are inadequate to pay operating costs and claim reimbursements required of the Account during that year. The Account may provide stop-loss coverage at the discretion of the Board. The interlocal agreement expires October 1, 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, 2012, the District met its statutory workers' compensation obligations through participation in the Deep East Texas Self Insurance Fund (the Fund), a public entity risk pool, which is self-sustained through member premiums. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers' Compensation Program is authorized by Chapter 504, of the Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The Fund and its members are protected against higher than expected claim costs through the purchase of stop-loss coverage for any claims in excess of the Fund's self-insured retention of \$850,000. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2012, the Fund carries a discounted reserve of \$6,186,078 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.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Financial Statements - Continued
August 31, 2012

IV. OTHER INFORMATION - Continued

G. Workers' Compensation Insurance - Continued

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on June 30. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of June 30, 2011, are available at the Fund's offices.

H. Contingencies

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

I. Shared Services Arrangement

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

J. Adjustments to Fund Balance/Net Assets

The General Fund's fund balance increased by \$362,949 as a result of the following adjustments. Net Assets on the government-wide statements decreased by a like amount.

Prior Year Foundation Adjustment	\$ 33,323
Prior Year Recapture Adjustment	240,077
Prior Year SHARS Payments	90,107
Change in Due from Special Revenue Funds	<u>(558)</u>
Total	<u>\$ 362,949</u>

K. Subsequent Events

The District's administration has evaluated subsequent events through January 4, 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, 2012

EXHIBITE-1

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 21,407,009	\$ 21,551,628	\$ 21,078,144	\$ (473,484)
5800 State Program Revenues	3,435,776	3,435,776	3,115,682	(320,094)
5900 Federal Program Revenues	10,000	10,000	206,709	196,709
5020 Total Revenues	<u>24,852,785</u>	<u>24,997,404</u>	<u>24,400,535</u>	<u>(596,869)</u>
EXPENDITURES:				
Current:				
0011 Instruction	5,248,376	5,250,376	5,175,688	74,688
0012 Instructional Resources and Media Services	39,600	27,600	15,133	12,467
0013 Curricular and Instructional Staff Development	69,015	79,015	50,981	28,034
0021 Instructional Leadership	218,635	218,635	157,333	61,302
0023 School Leadership	451,511	451,511	450,255	1,256
0031 Guidance, Counseling, and Evaluation Services	142,013	142,013	139,534	2,479
0033 Health Services	62,235	62,235	59,811	2,424
0034 Student (Pupil) Transportation	321,327	341,327	336,723	4,604
0035 Food Services	15,559	15,559	14,559	1,000
0036 Extracurricular Activities	563,090	563,090	499,806	63,284
0041 General Administration	935,874	925,538	918,405	7,133
0051 Facilities Maintenance and Operations	1,620,997	1,620,997	1,551,101	69,896
0052 Security and Monitoring Services	59,500	59,500	36,470	23,030
0053 Data Processing Services	148,855	148,855	145,630	3,225
0061 Community Services	4,000	4,000	-	4,000
Debt Service:				
0071 Principal on Long-Term Debt	231,000	231,000	231,000	-
0072 Interest on Long-Term Debt	183,067	183,067	183,067	-
0073 Bond Issuance Cost and Fees	1,200	1,200	750	450
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	2,476,193	2,451,273	24,920
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	14,520,298	14,520,298	14,360,512	159,786
0093 Payments to Fiscal Agent/Member Districts of SSA	109,500	109,500	100,314	9,186
6030 Total Expenditures	<u>24,945,652</u>	<u>27,431,509</u>	<u>26,878,345</u>	<u>553,164</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(92,867)</u>	<u>(2,434,105)</u>	<u>(2,477,810)</u>	<u>(43,705)</u>
OTHER FINANCING SOURCES (USES):				
7913 Capital Leases	183,067	183,067	89,869	(93,198)
7915 Transfers In	-	2,500	2,500	-
8911 Transfers Out (Use)	(92,200)	(237,200)	(193,252)	43,948
7080 Total Other Financing Sources (Uses)	<u>90,867</u>	<u>(51,633)</u>	<u>(100,883)</u>	<u>(49,250)</u>
1200 Net Change in Fund Balances	(2,000)	(2,485,738)	(2,578,693)	(92,955)
0100 Fund Balance - September 1 (Beginning)	6,322,422	6,322,422	6,322,422	-
1300 Increase (Decrease) in Fund Balance	-	-	362,949	362,949
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,320,422</u>	<u>\$ 3,836,684</u>	<u>\$ 4,106,678</u>	<u>\$ 269,994</u>

Other Supplementary Information

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2012

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2003 and prior years	Various	Various	\$ Various
2004	1.500000	0.000000	1,006,538,875
2005	1.500000	0.000000	1,272,720,250
2006	1.500000	0.000000	1,612,245,090
2007	1.370500	0.000000	2,101,201,050
2008	1.040000	0.000000	1,991,538,950
2009	1.040000	0.154500	2,391,120,849
2010	1.040000	0.100000	2,235,623,335
2011	1.040000	0.222000	2,268,051,910
2012 (School year under audit)	1.040000	0.000000	1,982,627,170
1000 TOTALS			

(10) Beginning Balance 9/1/2011	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2012
\$ 14,882	\$ -	\$ 1,641	\$ -	\$ (2,484)	\$ 10,757
5,364	-	482	-	-	4,882
4,567	-	536	-	-	4,031
8,686	-	1,320	-	-	7,366
14,421	-	2,040	-	-	12,381
17,032	-	4,009	-	(1)	13,022
44,204	-	14,371	-	1	29,834
53,164	-	16,415	-	(1)	36,748
187,584	-	83,560	-	(6)	104,018
-	20,617,690	20,466,430	-	-	151,260
<u>\$ 349,904</u>	<u>\$ 20,617,690</u>	<u>\$ 20,590,804</u>	<u>\$ -</u>	<u>\$ (2,491)</u>	<u>\$ 374,299</u>

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2013-2014
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2012

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 256,548	\$ 166,721	\$ -	\$ -	\$ 423,269
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	34,919	-	-	-	-	-	34,919
6212	Audit Services	-	-	-	20,788	-	-	20,788
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	367,757	-	-	-	-	367,757
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	800	3,462	-	-	4,262
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	4,675	-	-	4,675
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	7,186	-	-	7,186
6290	Miscellaneous Contr.	-	-	395	13,331	-	-	13,726
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	2,390	-	-	14,203	-	-	16,593
6410	Travel, Subsistence, Stipends	2,916	-	2,015	673	-	-	5,604
6420	Ins. and Bonding Costs	-	-	-	321	-	-	321
6430	Election Costs	681	-	-	-	-	-	681
6490	Miscellaneous Operating	65	-	6,066	17,168	-	-	23,299
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 40,971	\$ 367,757	\$ 265,824	\$ 248,528	\$ -	\$ -	\$ 923,080

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 28,017,786

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 2,495,861
Total Debt & Lease(6500)	(11)	414,817
Plant Maintenance (Function 51, 6100-6400)	(12)	1,526,416
Food (Function 35, 6341 and 6499)	(13)	237,495
Stipends (6413)	(14)	9,199
Column 4 (above) - Total Indirect Cost		<u>248,528</u>

SubTotal: 4,932,316

Net Allowed Direct Cost \$ 23,085,470

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 30,903,456
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)	\$ 2,874,539
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 191,170
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 112,765

(8) NOTE A: \$4,675 in Function 53 expenditures are included in this report on administrative costs.

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

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 161,050	\$ 161,050	\$ 156,999	\$ (4,051)
5800 State Program Revenues	5,500	5,500	2,363	(3,137)
5900 Federal Program Revenues	317,104	317,104	262,173	(54,931)
5020 Total Revenues	483,654	483,654	421,535	(62,119)
EXPENDITURES:				
0035 Food Services	55,354	605,354	597,680	7,674
0051 Facilities Maintenance and Operations	13,300	16,900	16,178	722
6030 Total Expenditures	68,654	622,254	613,858	8,396
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	415,000	(138,600)	(192,323)	(53,723)
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	-	230,000	192,323	(37,677)
7080 Total Other Financing Sources (Uses)	-	230,000	192,323	(37,677)
1200 Net Change in Fund Balances	415,000	91,400	-	(91,400)
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	\$ 415,000	\$ 91,400	\$ -	\$ (91,400)

COMPLIANCE AND INTERNAL CONTROLS SECTION



A Limited Liability Partnership

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Crockett County Consolidated Common School District as of and for the year ended August 31, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 4, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of Trustees

Page 2

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

Eckert & Company, LLP

January 4, 2013



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

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

Compliance

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

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

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

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow the administration or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

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

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

Eckert & Company, LLP

January 4, 2013

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended August 31, 2012

A. Summary of Audit Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Crockett County Consolidated Common School District.
2. No significant deficiencies relating to the audit of the basic financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. 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 unqualified opinion on all major federal programs.
6. There are no audit findings relative to the major federal award programs for the Crockett County Consolidated Common School District.
7. The 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 Status of Prior Findings
Year Ended August 31, 2012

(Prepared by the District's Administration)

Prior Year Finding:

Status of Prior Year Finding:

11-1 Actual expenditures exceeded the budget. Actual expenditures did not exceed the budget in any function in the current year.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010	11610101053001	\$ 16,258
*ESEA, Title I, Part A - Improving Basic Programs	84.010	12610101053001	204,885
*ESEA, Title I, Part A - Improving Basic Programs	84.010	13610101053001	4,742
Total CFDA Number 84.010			<u>225,885</u>
Total Title I, Part A Cluster			<u>225,885</u>
*IDEA - Part B, Formula	84.027	126600011649016600	5,070
ESEA, Title II, Part A - Teacher/Principal Training	84.367	12694501053001	45,224
ESEA, Title II, Part A - Teacher/Principal Training	84.367	13694501053001	2,152
Total CFDA Number 84.367			<u>47,376</u>
Title XIV, State Fiscal Stabilization Fund - ARRA	84.394	11557001053001	17,905
Education Jobs Fund - ARRA	84.410	11550101053001	169,124
Total Passed Through State Department of Education			<u>\$ 465,360</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 465,360</u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	12053001	\$ 78,763
*National School Lunch Program - Cash Assistance	10.555	12053001	165,638
*National School Lunch Prog. - Non-Cash Assistance	10.555	12053001	17,772
Total CFDA Number 10.555			<u>183,410</u>
*Summer Feeding Program - Cash Assistance	10.559	12053001	6,122
Total Child Nutrition Cluster			<u>268,295</u>
Total Passed Through the State Department of Agriculture			<u>\$ 268,295</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 268,295</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 733,655</u>

*Clustered Programs

E Rate-School and Library Program expenditures of \$23,642 and Qualified School Construction Bond expenditures of \$183,067 are not included in this schedule.

CROCKETT COUNTY CONSOLIDATED COMMON SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
August 31, 2012

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.