

EDNA
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2012



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

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CERTIFICATE OF BOARD

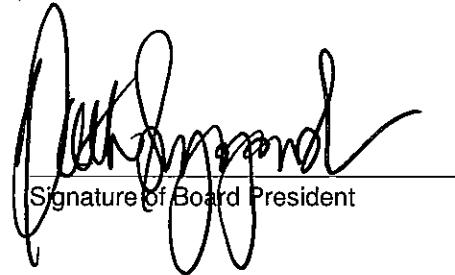
Edna Independent School District
Name of School District

Jackson
County

120-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2012, at a meeting of the board of trustees of such school district on the 19th day of November, 2012.


Signature of Board Secretary


Signature of Board President

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



Financial Section



Reed & Associates, PC

Certified Public Accountants

1717 8th Street, Suite 5

Bay City, Texas 77414

Independent Auditor's Report on Financial Statements

Board of Trustees
Edna Independent School District
PO Drawer 919
Edna, Texas 77957-0919

Members of the Board of Trustees:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Edna Independent School District as of August 31, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof 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 October 5, 2012, on our consideration of Edna Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Edna Independent School District's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are 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 accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and 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 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Reed & Associates, PC".

Reed & Associates, PC
October 5, 2012

Management's Discussion and Analysis

This discussion and analysis of the Edna Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended August 31, 2012. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Edna Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

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. Increases or decreases in net assets over time may serve as a useful indicator of whether the financial position of Edna Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net assets changed during the most recent fiscal year using full accrual basis of accounting. 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 fiscal periods.

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. Edna Independent School 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 three categories: governmental funds, proprietary 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 *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-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 funds 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*.

Enterprise funds. Enterprise funds are used to account for a government's business-type activities. These funds impose fees or charges to those who use the services. This fund was for a summer recreation program sponsored by the City of Edna, the Edna Independent School District and the Lavaca Navidad River Authority.

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 district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

District-wide Financial Analysis

The District's net assets at August 31, 2012 and 2011 are summarized as follows:

EDNA INDEPENDENT SCHOOL DISTRICT'S NET ASSETS

	Governmental Activities		Business-type Activities	
	8/31/2012	8/31/2011	8/31/2012	8/31/2011
Current and other assets	\$ 14,524,349	\$ 21,851,508	\$ 781	\$ 200
Capital assets	36,361,790	26,253,500		
Total assets	<u>50,886,139</u>	<u>48,105,008</u>	<u>781</u>	<u>200</u>
Other liabilities	1,424,820	533,629		
Long-term liabilities	21,983,340	22,623,626		
Total liabilities	<u>23,408,160</u>	<u>23,157,255</u>	<u>-</u>	<u>-</u>
Net assets:				
Invested in capital assets net of related debt	14,686,790	13,090,421		
Restricted	377,387	521,733		
Unrestricted	12,413,802	11,047,064	781	200
Total net assets	<u>\$ 27,477,979</u>	<u>\$ 24,659,218</u>	<u>\$ 781</u>	<u>\$ 200</u>

Net assets may serve over time as a useful indicator of a district's financial position. In the case of Edna Independent School District, assets exceeded liabilities by \$27,477,979 at the close of the most recent fiscal year, August 31, 2012. Current assets decreased \$7,327,159, capital assets increased \$10,108,290 and other liabilities increased \$891,191 all due primarily to the completion of the new high school academic, band and vocational buildings.

A large portion of the District's net assets (53 percent) reflects its investment in capital assets less any debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services to students; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities

An additional portion of the District's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used and the unrestricted net assets represent amounts available for spending (45 percent).

The District's governmental activities as of August 31, 2012 and 2011 are summarized as follows:

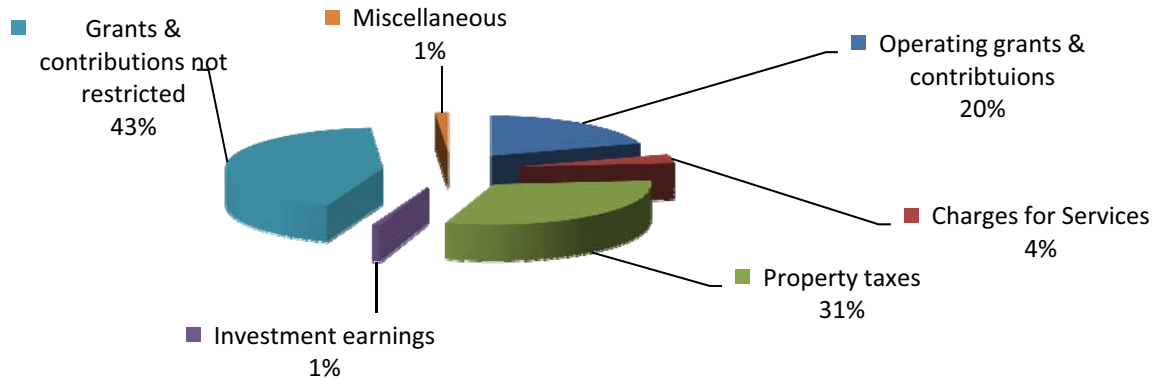
EDNA INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET ASSETS

	Governmental Activities		Business-type Activities	
	8/31/2012	8/31/2011	8/31/2012	8/31/2011
Revenues:				
Program Revenues:				
Charges for services	\$ 627,301	\$ 611,487	\$ 3,330	\$ 4,972
Operating grants	3,443,898	3,511,664		
General Revenues:				
Property taxes	5,419,224	4,958,934		
Investment earnings	140,832	311,784		
Grants & contributions not restricted	7,421,225	7,381,897		
Miscellaneous	221,444	139,453	1,750	2,000
Total revenues	17,273,924	16,915,219	5,080	6,972
Expenses:				
Instruction	7,723,171	8,287,176		
Instructional resources	171,874	209,858		
Curr and staff development	85,807	137,853		
Instructional leadership	280,282	293,420		
School leadership	777,803	742,661		
Guidance & counseling	502,554	532,774		
Health services	134,830	130,406		
Student transportation	334,638	295,380		
Food service	683,704	674,661		
Extracurricular activities	517,099	557,289		
General administration	571,810	513,993		
Plant maintenance	1,583,744	1,606,033		
Security & monitoring	6,249	6,792		
Data processing	74,329	45,236		
Community services	14,381	17,322		
Interest on long-term debt	729,681	615,605		
Bond issuance costs & fees	16,395	18,055		
Enterprise operating exp	-	-	4,499	7,114
Capital Outlay	26,482	567,898		
Payments to SSA	47,764	227,552		
Intergovernmental Charges	172,565	164,412		
Total expenses	14,455,162	15,644,376	4,499	7,114
Increase in net assets	2,818,762	1,270,843	581	(142)
Net assets, beginning	24,659,217	23,388,375	200	342
Net assets ending	\$ 27,477,979	\$ 24,659,218	\$ 781	\$ 200

Governmental activities. Governmental activities increased the District's net assets by \$2,818,762 compared to the prior year increase of \$1,270,843. Revenue increased by a net of \$358,705 while expenditures decreased by \$1,189,214. Key elements of the net changes are as follows:

- \$460,290 of the revenue increase was in property taxes due primarily to an increase in the interest in sinking rate from .1769 per \$100 to .3382 per \$100.
- \$544,992 of the decrease in expenditures was related to wages. The District reduced wages due primarily to an overall reduction in staff FTE's as a result of an early incentive package as well as the hiring of many 1st year teachers at lower starting salaries. \$501,643 of these costs were instructional related.
- \$541,416 of the decrease in expenditures was related to prior year consulting fees and leasing of temporary buildings related to the High School that were not be capitalized as part of the project.

Revenues by Source - Governmental Activities



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

Governmental funds. The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$12,566,033, a decrease of \$8,226,678 over the prior year fund balance. Portions of the fund balance are restricted 1) to pay debt \$337,095 and 2) for federal and state grants \$27,592. Portions are committed to 1) operate a special education cooperative \$147,016 2) for each campus for fundraising efforts \$28,079 and 3) for Board approved construction projects \$2,936,185. \$61,109 is in non-spendable form in that it represents expenditures prepaid for the subsequent fiscal year. The remaining balance of \$9,028,960 represents unassigned fund balance which is available for spending at the District's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,028,960. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 79 percent of total general fund expenditures.

The fund balance of the general fund increased by \$1,256,274 compared to the prior year increase of \$1,988,456. Overall revenue was up \$57,459 and expenditures were up \$770,882. Key elements of the net change are as follows:

- Capital outlay costs increased \$805,901 due to the High School capital project. Bond proceeds were exhausted in 2011-2012 thus the use of committed funds from the general operating fund for the year.

General Fund Budgetary Highlights. The Board of Trustees approved decreases to the estimated revenue of \$98,896 and increases to appropriations during the year of \$4,157,377. The primary reason for the increase in appropriations was the addition of \$4,181,273 in anticipated capital outlay costs toward the High School project.

Estimated revenues exceeded actual by \$963,641, while expenditures were less than appropriations by \$4,548,906. The District recognized \$288,024 in federal FEMA funds during the year as well as better than anticipated state funding and tax collections. Instructional costs were \$555,535 under budget as were several functions due primarily to the saving in wages as discussed earlier. The District did not use \$3,117,457 of the anticipated capital outlay for the High School project as it has carried over into the 2012-2013 fiscal year.

Debt Administration

Significant debt administration events during the current fiscal year include scheduled principal payments of \$625,000.

Capital Assets

Some of the more significant capital events during the year include completion of the High School academic, band and vocation buildings at a cost of \$9,226,529 and the deletion of the old buildings with a cost of \$1,255,357 and accumulated depreciation of \$1,133,015. The District also recognized depreciation expense for the year of \$767,213.

Economic Factors and Next Year's Budgets and Rates

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. Factors affecting the 2013 Budget were as follows:

- This is the second year of the state's biennial budget and due to state cuts to education the district has budgeted accordingly based on the projected revenue.
- In spite of decreased revenue from the state, the district has increased its commitment to the employees by increasing salary for professionals, other employees, and stipends in targeted areas.
- Operating budgets for maintenance and transportation were maintained at last year's level or cut.
- Campus and technology budgets remain at last year's level.
- Average daily attendance is projected to be higher in this current year than previous year which will increase revenue and take care of increased salaries.
- Completion of the High School Project will occur during this budget cycle and will complete the facility projects of new facilities at all Campuses.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Edna Independent School District, Attention: Business Manager, PO Drawer 919, Edna, Tx 77957-0919 or call 361-782-3573.



Basic Financial Statements



EDNA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

AUGUST 31, 2012

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
ASSETS:			
1110	\$ 606,772	\$ 781	\$ 607,553
1120	12,925,363	--	12,925,363
1225	296,569	--	296,569
1240	358,830	--	358,830
1290	6,797	--	6,797
1410	61,109	--	61,109
Capital Assets:			
1510	201,179	--	201,179
1520	31,680,182	--	31,680,182
1530	671,267	--	671,267
1580	3,809,162	--	3,809,162
1990	268,909	--	268,909
1000	<u>50,886,139</u>	<u>781</u>	<u>50,886,920</u>
LIABILITIES:			
2110	1,004,659	--	1,004,659
2140	31,982	--	31,982
2165	345,988	--	345,988
2300	42,191	--	42,191
Noncurrent Liabilities:			
2501	805,000	--	805,000
2502	21,178,340	--	21,178,340
2000	<u>23,408,160</u>	<u>--</u>	<u>23,408,160</u>
NET ASSETS			
3200	14,686,790	--	14,686,790
Restricted For:			
3820	27,592	--	27,592
3850	349,795	--	349,795
3900	12,413,802	781	12,414,583
3000	<u>\$ 27,477,979</u>	<u>\$ 781</u>	<u>\$ 27,478,760</u>

The accompanying notes are an integral part of this statement.

EDNA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	Governmental Activities:			
11	<i>Instruction</i>	\$ 7,723,171	\$ 121,268	\$ 1,666,506
12	<i>Instructional Resources and Media Services</i>	171,874	6,928	7,546
13	<i>Curriculum and Staff Development</i>	85,807	557	45,815
21	<i>Instructional Leadership</i>	280,282	68,386	75,552
23	<i>School Leadership</i>	777,803	217	33,367
31	<i>Guidance, Counseling, & Evaluation Services</i>	502,554	52,496	203,440
33	<i>Health Services</i>	134,830	16,545	20,434
34	<i>Student Transportation</i>	334,638	--	14,141
35	<i>Food Service</i>	683,704	205,586	444,950
36	<i>Cocurricular/Extracurricular Activities</i>	517,099	139,558	8,527
41	<i>General Administration</i>	571,810	14,566	21,865
51	<i>Plant Maintenance and Operations</i>	1,583,744	458	8,618
52	<i>Security and Monitoring Services</i>	6,249	--	--
53	<i>Data Processing Services</i>	74,329	--	1,927
61	<i>Community Services</i>	14,381	736	675
72	<i>Interest on Long-term Debt</i>	729,681	--	56,122
73	<i>Bond Issuance Costs and Fees</i>	16,395	--	--
81	<i>Capital Outlay</i>	26,482	--	786,649
93	<i>Payments Related to Shared Services Arrangements</i>	47,764	--	47,764
99	<i>Other Intergovernmental Charges</i>	172,565	--	--
TG	Total Governmental Activities	<u>14,455,162</u>	<u>627,301</u>	<u>3,443,898</u>
	Business-type Activities:			
01	Enterprising Activities	4,499	3,330	--
TP	Total Primary Government	<u>\$ 14,459,661</u>	<u>\$ 630,631</u>	<u>\$ 3,443,898</u>
	General Revenues:			
MT	<i>Property Taxes, Levied for General Purposes</i>			
DT	<i>Property Taxes, Levied for Debt Service</i>			
IE	<i>Investment Earnings</i>			
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>			
MI	<i>Miscellaneous</i>			
TR	Total General Revenues			
CN	Change in Net Assets			
NB	Net Assets - Beginning			
NE	Net Assets - Ending			

The accompanying notes are an integral part of this statement.

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Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (5,935,397)		\$ (5,935,397)
(157,400)		(157,400)
(39,435)		(39,435)
(136,344)		(136,344)
(744,219)		(744,219)
(246,618)		(246,618)
(97,851)		(97,851)
(320,497)		(320,497)
(33,168)		(33,168)
(369,014)		(369,014)
(535,379)		(535,379)
(1,574,668)		(1,574,668)
(6,249)		(6,249)
(72,402)		(72,402)
(12,970)		(12,970)
(673,559)		(673,559)
(16,395)		(16,395)
760,167		760,167
--		--
(172,565)		(172,565)
<u>(10,383,963)</u>		<u>(10,383,963)</u>
--	\$ (1,169)	(1,169)
<u>(10,383,963)</u>	<u>(1,169)</u>	<u>(10,385,132)</u>
4,102,131	--	4,102,131
1,317,093	--	1,317,093
140,832	--	140,832
7,421,225	--	7,421,225
221,444	1,750	223,194
<u>13,202,725</u>	<u>1,750</u>	<u>13,204,475</u>
2,818,762	581	2,819,343
24,659,217	200	24,659,417
<u>\$ 27,477,979</u>	<u>\$ 781</u>	<u>\$ 27,478,760</u>

EDNA INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2012

Data Control Codes	10 General Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 50,673	\$ --	\$ 554,707	\$ 605,380
1120	Current Investments	12,925,363	--	--	12,925,363
1225	Taxes Receivable, Net	241,087	--	55,482	296,569
1240	Due from Other Governments	294,354	--	64,476	358,830
1260	Due from Other Funds	10,970	--	--	10,970
1290	Other Receivables	6,797	--	--	6,797
1410	Deferred Expenditures	61,109	--	--	61,109
1000	Total Assets	<u>\$ 13,590,353</u>	<u>\$ --</u>	<u>\$ 674,665</u>	<u>\$ 14,265,018</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 999,251	\$ --	\$ 5,408	\$ 1,004,659
2160	Accrued Wages Payable	286,120	--	49,949	336,069
2170	Due to Other Funds	--	--	10,970	10,970
2200	Accrued Expenditures	5,485	--	3,042	8,527
2300	Deferred Revenue	273,243	--	65,517	338,760
2000	Total Liabilities	<u>1,564,099</u>	<u>--</u>	<u>134,886</u>	<u>1,698,985</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3430	Prepaid Items	61,109	--	--	61,109
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	27,592	27,592
3480	Retirement of Long-Term Debt	--	--	337,092	337,092
Committed Fund Balances:					
3510	Construction	2,936,185	--	--	2,936,185
3545	Other Committed Fund Balance	--	--	175,095	175,095
3600	Unassigned	9,028,960	--	--	9,028,960
3000	Total Fund Balances	<u>12,026,254</u>	<u>--</u>	<u>539,779</u>	<u>12,566,033</u>
4000	Total Liabilities and Fund Balances	<u>\$ 13,590,353</u>	<u>\$ --</u>	<u>\$ 674,665</u>	<u>\$ 14,265,018</u>

The accompanying notes are an integral part of this statement.

EDNA INDEPENDENT SCHOOL DISTRICT

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
AUGUST 31, 2012*

Total fund balances - governmental funds balance sheet	\$ 12,566,033
Amounts reported for governmental activities in the Statement of Net Assets ("SNA") are different because:	
Capital assets used in governmental activities are not reported in the funds.	36,361,791
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	296,569
Payables for bond principal which are not due in the current period are not reported in the funds.	(21,675,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(31,982)
Unamortized bond premiums are deferred in the SNA.	(308,340)
Unamortized bond issuance costs are deferred in the SNA.	268,908
	<u>268,908</u>
Net assets of governmental activities - Statement of Net Assets	\$ <u>27,477,979</u>

The accompanying notes are an integral part of this statement.

EDNA INDEPENDENT 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	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 4,463,346	\$ 39,986	\$ 2,051,733	\$ 6,555,065
5800 <i>State Program Revenues</i>	7,831,082	--	148,973	7,980,055
5900 <i>Federal Program Revenues</i>	288,024	498,625	2,143,266	2,929,915
5020 Total Revenues	<u>12,582,452</u>	<u>538,611</u>	<u>4,343,972</u>	<u>17,465,035</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	5,700,176	--	1,531,344	7,231,520
0012 <i>Instructional Resources and Media Services</i>	152,087	--	6,501	158,588
0013 <i>Curriculum and Staff Development</i>	30,529	--	46,551	77,080
0021 <i>Instructional Leadership</i>	106,977	--	154,729	261,706
0023 <i>School Leadership</i>	727,203	--	3,583	730,786
0031 <i>Guidance, Counseling, & Evaluation Services</i>	217,669	--	251,155	468,824
0033 <i>Health Services</i>	89,296	--	37,278	126,574
0034 <i>Student Transportation</i>	402,380	--	--	402,380
0035 <i>Food Service</i>	872	--	640,120	640,992
0036 <i>Cocurricular/Extracurricular Activities</i>	410,203	--	77,615	487,818
0041 <i>General Administration</i>	508,096	--	31,174	539,270
0051 <i>Plant Maintenance and Operations</i>	1,482,066	--	--	1,482,066
0052 <i>Security and Monitoring Services</i>	5,819	--	--	5,819
0053 <i>Data Processing Services</i>	71,465	--	--	71,465
0061 <i>Community Services</i>	11,635	--	1,649	13,284
0071 <i>Principal on Long-term Debt</i>	--	--	625,000	625,000
0072 <i>Interest on Long-term Debt</i>	--	--	745,861	745,861
0073 <i>Bond Issuance Costs and Fees</i>	--	--	1,600	1,600
0081 <i>Capital Outlay</i>	1,063,816	10,118,764	--	11,182,580
0093 <i>Payments to Shared Service Arrangements</i>	173,324	--	92,611	265,935
0099 <i>Other Intergovernmental Charges</i>	172,565	--	--	172,565
6030 Total Expenditures	<u>11,326,178</u>	<u>10,118,764</u>	<u>4,246,771</u>	<u>25,691,713</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	1,256,274	(9,580,153)	97,201	(8,226,678)
1200 Net Change in Fund Balances	<u>1,256,274</u>	<u>(9,580,153)</u>	<u>97,201</u>	<u>(8,226,678)</u>
0100 Fund Balances - Beginning	10,769,980	9,580,153	442,578	20,792,711
3000 Fund Balances - Ending	<u>\$ 12,026,254</u>	<u>\$ --</u>	<u>\$ 539,779</u>	<u>\$ 12,566,033</u>

The accompanying notes are an integral part of this statement.

EDNA INDEPENDENT SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ (8,226,678)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	11,281,548
The depreciation of capital assets used in governmental activities is not reported in the funds.	(889,554)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	27,060
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	625,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	(14,795)
Bond premiums are amortized in the SOA but not in the funds.	15,286
(Increase) decrease in accrued interest from beginning of period to end of period.	<u>895</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ 2,818,762</u>

The accompanying notes are an integral part of this statement.

EDNA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET ASSETS

ENTERPRISE FUND

AUGUST 31, 2012

Data Control Codes		Nonmajor Enterprise Fund
		Enterprise Fund
	ASSETS:	
	Current Assets:	
1110	<i>Cash and Cash Equivalents</i>	\$ 781
	Total Current Assets	781
1000	Total Assets	\$ 781
	LIABILITIES:	
2000	Total Liabilities	--
	NET ASSETS:	
3000	Total Net Assets	\$ 781

The accompanying notes are an integral part of this statement.

EDNA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - ENTERPRISE FUND
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Nonmajor Enterprise Fund
<u> </u>	<u> </u>
OPERATING REVENUES:	Enterprise Fund
<u> </u>	<u> </u>
5700 <i>Local and Intermediate Sources</i>	\$ 5,080
5020 Total Revenues	<u>5,080</u>
OPERATING EXPENSES:	
6400 <i>Other Operating Costs</i>	4,499
6030 Total Expenses	<u>4,499</u>
1300 Change in Net Assets	581
0100 Total Net Assets - Beginning	200
3300 Total Net Assets - Ending	<u>\$ 781</u>

The accompanying notes are an integral part of this statement.

EDNA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2012

	Enterprise Fund <u>Summer Recreation Program</u>
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ 5,080
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(4,499)
Net Cash Provided (Used) by Operating Activities	<u>581</u>
Cash Flows from Non-capital Financing Activities:	
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
Cash Flows from Capital and Related Financing Activities:	
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
Cash Flows from Investing Activities:	
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	581
Cash and Cash Equivalents at Beginning of Year	200
Cash and Cash Equivalents at End of Year	<u>\$ 781</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 581
Net Cash Provided (Used) by Operating Activities	<u>\$ 581</u>

The accompanying notes are an integral part of this statement.

EDNA INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

AUGUST 31, 2012

Data Control Codes		Agency Fund
<u> </u>		<u>Student Activity</u>
	ASSETS:	
1110	<i>Cash and Cash Equivalents</i>	\$ 64,302
1000	Total Assets	<u>\$ 64,302</u>
	LIABILITIES:	
	Current Liabilities:	
2190	<i>Due to Student Groups</i>	\$ 64,302
2000	Total Liabilities	<u>64,302</u>
	NET ASSETS	
3000	Total Net Assets	<u>\$ --</u>

The accompanying notes are an integral part of this statement.



EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Government-wide and Fund Financial Statements

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

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

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

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Capital Projects Fund: This fund classification is used by the District to account, on a project basis, for projects financed by the proceeds from bond issues, or for capital projects otherwise mandated to be accounted for in this fund.

In addition, the District reports the following fund types:

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

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

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

3. Measurement Focus and Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary fund financial statement, except for the agency funds which have no measurement focus are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen not to apply future FASB standards.

4. Financial Statement Amounts

a. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Public Funds Investment Act and local policy authorizes the County to invest in obligations of the US Treasury, certificates of deposit, repurchase agreements, commercial paper, mutual funds and public funds investment pools. Investments for the District are reported at fair value. Public funds investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The First Public Lone Star Investment Pool is a 2a7-like pool managed by a board of eleven trustees consisting of current pool participants.

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

b. Property Taxes

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

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

c. Prepaid Items

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

d. Capital Assets

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	15
Vehicles	8-10
Equipment	5-10

e. Interfund Activity

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

f. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

g. Data Control Codes

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

h. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form or legally required to remain intact.

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

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

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

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

Fund balance policy:

The Board of Trustees adopted the following general fund unrestricted fund balance policies:

* The Board of Trustees may commit fund balances for any reason that is consistent with the definition of committed fund balance contained within GASB 54. The amount reported as committed can only be removed after motion and approval by the Board of Trustees.

* The Board of Trustees retain the authority to assign fund balances based on intentions for use.

* The amount of General Fund fund balance for stabilization to provide for emergencies, contingencies, revenue shortfalls or budgetary imbalances is to be maintained at an amount not less than three months of General Fund operating expenditures, measured based on the most recently completed fiscal year. This amount maintained for stabilization funding is to be reported in the Unassigned fund balance classification each year. The calculated amount at August 31, 2012 was \$6,769,979.

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

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

* The District shall maintain, at all times, an overall unrestricted fund balance (committed fund balance, assigned fund balance, and unassigned fund balance) of not less than three months of regular general fund operating expenditures, measured based on the most recently completed fiscal year. If it is determined that the District is below this minimum established fund balance level, the Board shall be informed of this condition and shall take necessary budgetary actions to bring the fund balance level into compliance with this policy.

The governing board committed fund balances as follows:

	General Fund	Aggregate Remaining
Construction	\$ 2,936,185	\$
Special Education Program		147,016
Campus Activities		28,079
	<u>\$ 2,936,185</u>	<u>\$ 175,095</u>

B. Deposits and Investments

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

Cash Deposits:

At August 31, 2012, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$13,586,047 and the bank balance was \$13,717,360. The District's cash deposits at August 31, 2012 and during the year ended August 31, 2012, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

Investments:

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

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Credit Rating</u>	<u>Fair Value</u>
First Public	N/A	Aaa	\$ 7,295
Prosperity Bank Money Market	N/A	N/A	12,918,068
Total Investments			<u>\$ 12,925,363</u>

Analysis of Specific Deposit and Investment Risks

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

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. The District's policy is to invest in authorized investments of the United States or its agencies rated as to investment quality by a nationally recognized investment rating firm of not less than A or its equivalent and to invest in public funds investment pools that are continuously rated no lower than AAA or AAA-m.

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

C. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 201,179	\$ --	\$ --	\$ 201,179
Construction in progress	1,879,593	11,156,098	9,226,529	3,809,162
Total capital assets not being depreciated	<u>2,080,772</u>	<u>11,156,098</u>	<u>9,226,529</u>	<u>4,010,341</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	29,531,413	9,226,529	1,255,357	37,502,585
Equipment	500,261	39,007	33,207	506,061
Vehicles	1,152,904	86,443	--	1,239,347
Total capital assets being depreciated	<u>31,184,578</u>	<u>9,351,979</u>	<u>1,288,564</u>	<u>39,247,993</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,305,852)	(649,567)	(1,133,015)	(5,822,404)
Equipment	(367,596)	(19,810)	(33,207)	(354,199)
Vehicles	(622,106)	(97,836)	--	(719,942)
Total accumulated depreciation	<u>(7,295,554)</u>	<u>(767,213)</u>	<u>(1,166,222)</u>	<u>(6,896,545)</u>
Total capital assets being depreciated, net	<u>23,889,024</u>	<u>8,584,766</u>	<u>122,342</u>	<u>32,351,448</u>
Governmental activities capital assets, net	<u>\$ 25,969,796</u>	<u>\$ 19,740,864</u>	<u>\$ 9,348,871</u>	<u>\$ 36,361,789</u>

Depreciation of \$767,213 and net asset disposal of \$122,342 for a total of \$889,555 was charged to functions as follows:

Instruction	\$ 524,658
Instructional Resources and Media Services	13,286
Curriculum and Staff Development	8,727
Instructional Leadership	18,576
School Leadership	47,018
Guidance, Counseling, & Evaluation Services	33,730
Health Services	8,256
Student Transportation	18,700
Food Services	42,713
Extracurricular Activities	35,282
General Administration	32,541
Plant Maintenance and Operations	101,677
Security and Monitoring Services	430
Data Processing Services	2,864
Community Services	1,097
	<u>\$ 889,555</u>

D. Interfund Balances and Activities

Balances due to and due from other funds at August 31, 2012, are schedule to be repaid within on year and consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 10,970	Short-term loans

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

E. Long-Term Obligations

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

1. Long-Term Obligation Activity

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 22,300,000	\$ --	\$ 625,000	\$ 21,675,000	\$ 805,000
Add deferred amounts:	--	--	--	--	--
Issuance premium	323,626	--	15,286	308,340	--
Total governmental activities	<u>\$ 22,623,626</u>	<u>\$ --</u>	<u>\$ 640,286</u>	<u>\$ 21,983,340</u>	<u>\$ 805,000</u>

2. Debt Service Requirements on long-term debt at August 31, 2012 are as follows:

Series 2006 Schoolhouse Bonds

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 285,000	\$ 368,741	\$ 653,741
2014	295,000	354,610	649,610
2015	310,000	340,629	650,629
2016	325,000	326,341	651,341
2017	340,000	311,378	651,378
2018-2022	1,935,000	1,323,648	3,258,648
2023-2027	2,405,000	860,652	3,265,652
2028-2032	2,360,000	243,500	2,603,500
Totals	<u>\$ 8,255,000</u>	<u>\$ 4,129,499</u>	<u>\$ 12,384,499</u>

This debt matures February 2031 and bears interest between 4.1% and 5%.

Series 2007 Schoolhouse Bonds

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 65,000	\$ 84,387	\$ 149,387
2014	65,000	81,853	146,853
2015	70,000	79,221	149,221
2016	70,000	76,491	146,491
2017	75,000	73,438	148,438
2018-2022	430,000	314,150	744,150
2023-2027	535,000	205,125	740,125
2028-2032	540,000	55,750	595,750
Totals	<u>\$ 1,850,000</u>	<u>\$ 970,415</u>	<u>\$ 2,820,415</u>

This debt matures February 2031 and bears interest between 4.25% and 5%.

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

Series 2011 Unlimited Tax School Building Bonds

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 65,000	\$ 273,416	\$ 338,416
2014	65,000	272,116	337,116
2015	65,000	270,816	335,816
2016	65,000	269,353	334,353
2017	70,000	267,490	337,490
2018-2022	375,000	1,304,275	1,679,275
2023-2027	765,000	1,221,850	1,986,850
2028-2032	2,320,000	872,685	3,192,685
2033-2037	2,320,000	239,500	2,559,500
Totals	\$ 6,110,000	\$ 4,991,501	\$ 11,101,501

This debt matures February 2036 and bears interest between 2% and 5%.

Series 2011 Unlimited Tax Qualified School Construction Bonds

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 390,000	\$ --	\$ 390,000
2014	390,000	--	390,000
2015	390,000	--	390,000
2016	390,000	--	390,000
2017	390,000	--	390,000
2018-2022	1,950,000	--	1,950,000
2023-2027	1,560,000	--	1,560,000
Totals	\$ 5,460,000	\$ --	\$ 5,460,000

Qualified School Construction Bond (QSCB) are a U.S. debt instrument created by Section 1521 of the American Recovery and Reinvestment Act of 2009. Section 54F of the Internal Revenue code covers QSCBs. The bonds may be used for the rehabilitation, repair and equipping of schools in addition to the purchase of land on which a public school will be built. The QSCB lender receives a Federal tax credit set by the IRS in lieu of receiving an interest payment. These bonds are interest free and matures February of 2026.

Total all obligation bonds

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 805,000	\$ 726,544	\$ 1,531,544
2014	815,000	708,579	1,523,579
2015	835,000	690,666	1,525,666
2016	850,000	672,185	1,522,185
2017	875,000	652,306	1,527,306
2018-2022	4,690,000	2,942,073	7,632,073
2023-2027	5,265,000	2,287,627	7,552,627
2028-2032	5,220,000	1,171,935	6,391,935
2033-2037	2,320,000	239,500	2,559,500
Totals	\$ 21,675,000	\$ 10,091,415	\$ 31,766,415

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

F. Risk Management

Property Casualty

During the year ended August 31, 2012, Edna ISD met its statutory property casualty obligations through participation in the Property Casualty Alliance of Texas (the Fund). The Fund was created pursuant to the provisions of the Interlocal Cooperation Act, Chapter 791, Title 7 of the Texas Government Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides property and casualty coverage and services to its members.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any covered claim in excess of the Fund's self-insured retentions. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year ended February 28, 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 plan year on the last day of February. The audit is approved by the Fund's Board of Trustees by July of the same year. The Fund's audited financial statement as of February 28, 2012 are available for inspection at the Fund's administrative offices.

Unemployment Compensation Pool

During the year ended August 31, 2012, Edna ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for unemployment compensation pool members.

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 approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2011 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

Workers Compensation Pool

During the year ended August 31, 2012, the District met its statutory workers' compensation obligations through participation in the Claims Administrative Self Insurance Fund (the Fund). The Fund was created and is operated under provisions of the Interlocal Cooperation Act of the Texas Government Code. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The fund pays all administrative costs and administers all claims for its members. The District pays a fixed fee for this coverage under a three year contract, and is not liable for any additional costs other than this fixed amount. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

G. Pension Plan

1. Plan Description

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

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2011, 2010, and 2009, and a state contribution rate of 6.644% for fiscal years 2011-2010 and 6.58% for fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.644% contribution, limited to 6.4% for the period of September through December 2009 and increased to 6.644% for the period of January 2010 through August 2011. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2012, 2011 and 2010 were \$330,543, \$385,627 and \$387,161, respectively. The District paid additional state contributions for the years ending August 31, 2012, 2011 and 2010 in the amount of \$36,954, \$42,645 and \$43,408, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

H. Retiree Health Care Plan

1. Plan Description

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

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

2. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2012, 2011 and 2010. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended August 31, 2012, 2011, and 2010, the State's contributions to TRS-Care were \$62,337, \$64,751, and \$65,359, respectively, the active member contributions were \$44,903, \$47,581, and \$46,246, respectively, and the District's contributions were \$44,739, \$48,709, and \$44,920, respectively, which equaled the required contributions each year.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2012, 2011, and 2010, the subsidy payments received by TRS-Care on behalf of the District were \$16,976, \$19,509, and \$17,513, respectively.

I. Employee Health Care Coverage

During the year ended August 31, 2012, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$273 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

J. Commitments and Contingencies

1. Contingencies

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

K. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

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

EDNA INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2012

Member Districts	Expenditures
Edna ISD	\$ 219,802
Industrial ISD	180,949
Ganado ISD	105,824
Total	<u>\$ 506,575</u>

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services using federal funds to the member districts listed below. All services are provided by the fiscal agent. The state passes the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Member Districts	Formula	Preschool	Discretionary	ARRA Preschool
Edna ISD	\$ 236,680	\$ 13,283	\$ 116,934	\$ 382
Industrial ISD	153,703	5,332	--	265
Ganado ISD	97,998	1,746	--	168
Total	<u>\$ 488,381</u>	<u>\$ 20,361</u>	<u>\$ 116,934</u>	<u>\$ 815</u>

L. Disaggregated Receivables

Receivables as of the year end for the District's individual funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Other Governmental	Governmental Totals
Taxes	\$ 488,788	\$ 90,267	\$ 579,055
Rendition Penalties	4,792	--	4,792
Less allowance on taxes	(252,493)	(34,785)	(287,278)
	<u>\$ 241,087</u>	<u>\$ 55,482</u>	<u>\$ 296,569</u>
Due from other governments:			
Texas Education Agency	\$ --	\$ 62,643	\$ 62,643
Jackson County	294,354	1,833	296,187
	<u>\$ 294,354</u>	<u>\$ 64,476</u>	<u>\$ 358,830</u>

There are no significant receivables that are not scheduled for collection within one year of year end.

M. Disaggregated Revenue

Local and intermediate sources of revenue reported in the fund financial statements for the year ended August 31, 2012 consisted of the following:

	General Fund	Capital Projects	Other Governmental Funds	Totals
Property taxes	\$ 4,022,569		\$ 1,291,094	\$ 5,313,663
Penalties & Interest	65,206		13,296	78,502
Shared service payments			399,457	399,457
Investment earnings	96,835	39,987	4,673	141,495
Food service fees			190,802	190,802
Athletic receipts	56,844			56,844
Enterprising receipts			37,561	37,561
Gifts & bequests	14,400		100,057	114,457
Other	207,493		14,793	222,286
	<u>\$ 4,463,347</u>	<u>\$ 39,987</u>	<u>\$ 2,051,733</u>	<u>\$ 6,555,067</u>

Required Supplementary Information

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



EDNA INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT G-1

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
REVENUES:					
5700	Local and Intermediate Sources	\$ 3,986,135	\$ 4,148,135	\$ 4,463,346	\$ 315,211
5800	State Program Revenues	7,470,676	7,470,676	7,831,082	360,406
5900	Federal Program Revenues	260,896	--	288,024	288,024
5020	Total Revenues	<u>11,717,707</u>	<u>11,618,811</u>	<u>12,582,452</u>	<u>963,641</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	6,445,344	6,222,448	5,700,176	522,272
0012	Instructional Resources and Media Services	175,458	175,458	152,087	23,371
0013	Curriculum and Staff Development	40,421	40,421	30,529	9,892
	Total Instruction & Instr. Related Services	<u>6,661,223</u>	<u>6,438,327</u>	<u>5,882,792</u>	<u>555,535</u>
Instructional and School Leadership:					
0021	Instructional Leadership	107,728	112,728	106,977	5,751
0023	School Leadership	728,465	757,465	727,203	30,262
	Total Instructional & School Leadership	<u>836,193</u>	<u>870,193</u>	<u>834,180</u>	<u>36,013</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	236,482	236,482	217,669	18,813
0033	Health Services	98,678	98,678	89,296	9,382
0034	Student (Pupil) Transportation	576,694	576,694	402,380	174,314
0035	Food Services	16,000	16,000	872	15,128
0036	Cocurricular/Extracurricular Activities	523,010	535,010	410,203	124,807
	Total Support Services - Student (Pupil)	<u>1,450,864</u>	<u>1,462,864</u>	<u>1,120,420</u>	<u>342,444</u>
Administrative Support Services:					
0041	General Administration	524,977	674,977	508,096	166,881
	Total Administrative Support Services	<u>524,977</u>	<u>674,977</u>	<u>508,096</u>	<u>166,881</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,754,411	1,725,411	1,482,066	243,345
0052	Security and Monitoring Services	15,225	15,225	5,819	9,406
0053	Data Processing Services	49,621	81,621	71,465	10,156
	Total Support Services - Nonstudent Based	<u>1,819,257</u>	<u>1,822,257</u>	<u>1,559,350</u>	<u>262,907</u>
Ancillary Services:					
0061	Community Services	22,660	22,660	11,635	11,025
	Total Ancillary Services	<u>22,660</u>	<u>22,660</u>	<u>11,635</u>	<u>11,025</u>
Capital Outlay:					
0081	Capital Outlay	--	4,181,273	1,063,816	3,117,457
	Total Capital Outlay	<u>--</u>	<u>4,181,273</u>	<u>1,063,816</u>	<u>3,117,457</u>
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	212,533	212,533	173,324	39,209
0099	Other Intergovernmental Charges	190,000	190,000	172,565	17,435
	Total Intergovernmental Charges	<u>402,533</u>	<u>402,533</u>	<u>345,889</u>	<u>56,644</u>
6030	Total Expenditures	<u>11,717,707</u>	<u>15,875,084</u>	<u>11,326,178</u>	<u>4,548,906</u>

EDNA INDEPENDENT SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT G-1

Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	(4,256,273)	1,256,274	5,512,547
1200 Net Change in Fund Balance	--	(4,256,273)	1,256,274	5,512,547
0100 Fund Balance - Beginning	10,769,980	10,769,980	10,769,980	--
3000 Fund Balance - Ending	<u>\$ 10,769,980</u>	<u>\$ 6,513,707</u>	<u>\$ 12,026,254</u>	<u>\$ 5,512,547</u>

EDNA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2012

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District adopts annual operating budgets for the general fund, food service fund and debt service fund in accordance with State law. No other special revenue fund budgets were adopted by the District.



*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.



EDNA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2012

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 209,413	\$ 345,294	\$ 554,707
1225	Taxes Receivable, Net	--	55,482	55,482
1240	Due from Other Governments	62,643	1,833	64,476
1000	Total Assets	<u>\$ 272,056</u>	<u>\$ 402,609</u>	<u>\$ 674,665</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 5,408	\$ --	\$ 5,408
2160	Accrued Wages Payable	49,949	--	49,949
2170	Due to Other Funds	10,970	--	10,970
2200	Accrued Expenditures	3,042	--	3,042
2300	Deferred Revenue	--	65,517	65,517
2000	Total Liabilities	<u>69,369</u>	<u>65,517</u>	<u>134,886</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	27,592	--	27,592
3480	Retirement of Long-Term Debt	--	337,092	337,092
Committed Fund Balances:				
3545	Other Committed Fund Balance	175,095	--	175,095
3000	Total Fund Balances	<u>202,687</u>	<u>337,092</u>	<u>539,779</u>
4000	Total Liabilities and Fund Balances	<u>\$ 272,056</u>	<u>\$ 402,609</u>	<u>\$ 674,665</u>



EDNA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 743,499	\$ 1,308,234	\$ 2,051,733
5800 <i>State Program Revenues</i>	92,851	56,122	148,973
5900 <i>Federal Program Revenues</i>	2,143,266	--	2,143,266
5020 Total Revenues	<u>2,979,616</u>	<u>1,364,356</u>	<u>4,343,972</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	1,531,344	--	1,531,344
0012 <i>Instructional Resources and Media Services</i>	6,501	--	6,501
0013 <i>Curriculum and Staff Development</i>	46,551	--	46,551
0021 <i>Instructional Leadership</i>	154,729	--	154,729
0023 <i>School Leadership</i>	3,583	--	3,583
0031 <i>Guidance, Counseling, & Evaluation Services</i>	251,155	--	251,155
0033 <i>Health Services</i>	37,278	--	37,278
0035 <i>Food Service</i>	640,120	--	640,120
0036 <i>Cocurricular/Extracurricular Activities</i>	77,615	--	77,615
0041 <i>General Administration</i>	31,174	--	31,174
0061 <i>Community Services</i>	1,649	--	1,649
0071 <i>Principal on Long-term Debt</i>	--	625,000	625,000
0072 <i>Interest on Long-term Debt</i>	--	745,861	745,861
0073 <i>Bond Issuance Costs and Fees</i>	--	1,600	1,600
0093 <i>Payments to Shared Service Arrangements</i>	92,611	--	92,611
6030 Total Expenditures	<u>2,874,310</u>	<u>1,372,461</u>	<u>4,246,771</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>105,306</u>	<u>(8,105)</u>	<u>97,201</u>
1200 Net Change in Fund Balances	<u>105,306</u>	<u>(8,105)</u>	<u>97,201</u>
0100 Fund Balances - Beginning	<u>97,381</u>	<u>345,197</u>	<u>442,578</u>
3000 Fund Balances - Ending	<u>\$ 202,687</u>	<u>\$ 337,092</u>	<u>\$ 539,779</u>

EDNA INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2012

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/Lunch Program
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ --	\$ 15,457
1240 <i>Due from Other Governments</i>	13,744	855	12,135
1000 Total Assets	<u>\$ 13,744</u>	<u>\$ 855</u>	<u>\$ 27,592</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ --	\$ --	\$ --
2160 <i>Accrued Wages Payable</i>	12,620	784	--
2170 <i>Due to Other Funds</i>	--	--	--
2200 <i>Accrued Expenditures</i>	1,124	71	--
2000 Total Liabilities	<u>13,744</u>	<u>855</u>	<u>--</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	27,592
Committed Fund Balances:			
3545 <i>Other Committed Fund Balance</i>	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>27,592</u>
4000 Total Liabilities and Fund Balances	<u>\$ 13,744</u>	<u>\$ 855</u>	<u>\$ 27,592</u>

244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	287 Education Jobs Fund	313 IDEA-B Formula	314 IDEA-B Preschool
\$ --	\$ --	\$ --	\$ --	\$ --
1,604	4,459	4,584	24,511	751
<u>\$ 1,604</u>	<u>\$ 4,459</u>	<u>\$ 4,584</u>	<u>\$ 24,511</u>	<u>\$ 751</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	4,097	--	18,515	736
1,604	--	4,584	4,782	--
--	362	--	1,214	15
<u>1,604</u>	<u>4,459</u>	<u>4,584</u>	<u>24,511</u>	<u>751</u>
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 1,604</u>	<u>\$ 4,459</u>	<u>\$ 4,584</u>	<u>\$ 24,511</u>	<u>\$ 751</u>



EDNA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2012

Data Control Codes	437 Special Education	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
ASSETS:			
1110 <i>Cash and Cash Equivalents</i>	\$ 160,469	\$ 33,487	\$ 209,413
1240 <i>Due from Other Governments</i>	--	--	62,643
1000 Total Assets	<u>\$ 160,469</u>	<u>\$ 33,487</u>	<u>\$ 272,056</u>
LIABILITIES:			
Current Liabilities:			
2110 <i>Accounts Payable</i>	\$ --	\$ 5,408	\$ 5,408
2160 <i>Accrued Wages Payable</i>	13,197	--	49,949
2170 <i>Due to Other Funds</i>	--	--	10,970
2200 <i>Accrued Expenditures</i>	256	--	3,042
2000 Total Liabilities	<u>13,453</u>	<u>5,408</u>	<u>69,369</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	27,592
Committed Fund Balances:			
3545 <i>Other Committed Fund Balance</i>	147,016	28,079	175,095
3000 Total Fund Balances	<u>147,016</u>	<u>28,079</u>	<u>202,687</u>
4000 Total Liabilities and Fund Balances	<u>\$ 160,469</u>	<u>\$ 33,487</u>	<u>\$ 272,056</u>

EDNA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ 205,753	\$ --
5800 <i>State Program Revenues</i>	--	--	3,391	--
5900 <i>Federal Program Revenues</i>	334,178	39,148	441,559	18,931
5020 <i>Total Revenues</i>	<u>334,178</u>	<u>39,148</u>	<u>650,703</u>	<u>18,931</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	287,742	39,148	--	17,327
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	42,810	--	--	1,604
0021 <i>Instructional Leadership</i>	247	--	--	--
0023 <i>School Leadership</i>	3,379	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	--	--
0033 <i>Health Services</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	640,120	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0061 <i>Community Services</i>	--	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	--
6030 <i>Total Expenditures</i>	<u>334,178</u>	<u>39,148</u>	<u>640,120</u>	<u>18,931</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	10,583	--
1200 <i>Net Change in Fund Balances</i>	--	--	10,583	--
0100 <i>Fund Balances - Beginning</i>	--	--	17,009	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 27,592</u>	<u>\$ --</u>

	255 ESEA Title II Training & Recruiting	263 English Language Acquisition and Enhancement	270 ESEA, Title VI Part B, Subpart 2 Rural School	284 IDEA - Part B Preschool - ARRA	287 Education Jobs Fund
1	\$ --	\$ --	\$ --	\$ --	\$ --
	--	--	--	--	--
	83,923	11,309	32,729	4,484	250,458
	<u>83,923</u>	<u>11,309</u>	<u>32,729</u>	<u>4,484</u>	<u>250,458</u>
	83,923	10,884	32,729	4,484	211,672
	--	--	--	--	--
	--	425	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	38,786
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	<u>83,923</u>	<u>11,309</u>	<u>32,729</u>	<u>4,484</u>	<u>250,458</u>
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	--
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

EDNA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	313 IDEA-B Formula	314 IDEA-B Preschool	315 IDEA-B Discretionary	365 IDEA - Part B Preschool - ARF
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	576,508	20,361	116,934	5,299
5020 <i>Total Revenues</i>	<u>576,508</u>	<u>20,361</u>	<u>116,934</u>	<u>5,299</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	391,389	20,361	116,934	815
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	466	--	--	--
0021 <i>Instructional Leadership</i>	1,286	--	--	--
0023 <i>School Leadership</i>	--	--	--	--
0031 <i>Guidance, Counseling, & Evaluation Services</i>	94,770	--	--	--
0033 <i>Health Services</i>	470	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0061 <i>Community Services</i>	--	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	88,127	--	--	4,484
6030 <i>Total Expenditures</i>	<u>576,508</u>	<u>20,361</u>	<u>116,934</u>	<u>5,299</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

	385 Supplemental Visually Impaired	397 Advanced Placement Incentives	410 State Textbook Fund	411 Technology Allotment	437 Special Education
1A					
	\$ --	\$ --	\$ --	\$ --	\$ 399,457
	6,325	900	82,235	--	--
	--	--	--	--	207,445
	<u>6,325</u>	<u>900</u>	<u>82,235</u>	<u>--</u>	<u>606,902</u>
	6,325	900	82,235	11,970	166,262
	--	--	--	--	--
	--	--	--	--	1,246
	--	--	--	--	153,196
	--	--	--	--	--
	--	--	--	--	117,599
	--	--	--	--	36,623
	--	--	--	--	--
	--	--	--	--	--
	--	--	--	--	30,000
	--	--	--	--	1,649
	--	--	--	--	--
	<u>6,325</u>	<u>900</u>	<u>82,235</u>	<u>11,970</u>	<u>506,575</u>
	--	--	--	(11,970)	100,327
	--	--	--	(11,970)	100,327
	--	--	--	11,970	46,689
	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 147,016</u>

EDNA INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	461 Campus Activity Funds	498 Formosa Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 103,280	\$ 35,009	\$ 743,499
5800 <i>State Program Revenues</i>	--	--	92,851
5900 <i>Federal Program Revenues</i>	--	--	2,143,266
5020 Total Revenues	<u>103,280</u>	<u>35,009</u>	<u>2,979,616</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	12,409	33,835	1,531,344
0012 <i>Instructional Resources and Media Services</i>	6,501	--	6,501
0013 <i>Curriculum and Staff Development</i>	--	--	46,551
0021 <i>Instructional Leadership</i>	--	--	154,729
0023 <i>School Leadership</i>	204	--	3,583
0031 <i>Guidance, Counseling, & Evaluation Services</i>	--	--	251,155
0033 <i>Health Services</i>	185	--	37,278
0035 <i>Food Service</i>	--	--	640,120
0036 <i>Cocurricular/Extracurricular Activities</i>	77,615	--	77,615
0041 <i>General Administration</i>	--	1,174	31,174
0061 <i>Community Services</i>	--	--	1,649
0093 <i>Payments to Shared Service Arrangements</i>	--	--	92,611
6030 Total Expenditures	<u>96,914</u>	<u>35,009</u>	<u>2,874,310</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	6,366	--	105,306
1200 Net Change in Fund Balances	<u>6,366</u>	--	<u>105,306</u>
0100 Fund Balances - Beginning	21,713	--	97,381
3000 Fund Balances - Ending	<u>\$ 28,079</u>	<u>\$ --</u>	<u>\$ 202,687</u>

Other Supplementary Information

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

EDNA INDEPENDENT SCHOOL DISTRICT

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

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2003 and Prior Years	\$ --	\$ Various	\$ Various
2004	1.50	.0733	258,966,624
2005	1.50	.0634	265,576,436
2006	1.50	.05	288,612,581
2007	1.37	.24	447,423,975
2008	1.04	.25	421,552,558
2009	1.04	.23	445,632,520
2010	1.04	.1769	426,885,364
2011	1.04	.1769	403,351,713
2012 (School Year Under Audit)	1.04	.3382	386,197,141

1000 Totals

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

10 Beginning Balance 9/1/11	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/12
\$ 129,486	\$ --	\$ 888	\$ 48	\$ (5,122)	\$ 123,428
12,770	--	457	22	(657)	11,634
17,876	--	740	31	(704)	16,401
15,963	--	821	27	(605)	14,510
30,721	--	3,873	678	(521)	25,649
33,219	--	4,646	1,117	(773)	26,683
70,582	--	11,841	2,619	(816)	55,306
103,986	--	25,189	4,285	(749)	73,763
152,611	--	50,657	8,616	(2,817)	90,521
--	5,322,569	3,923,546	1,273,680	15,817	141,160
<u>\$ 567,214</u>	<u>\$ 5,322,569</u>	<u>\$ 4,022,658</u>	<u>\$ 1,291,123</u>	<u>\$ 3,053</u>	<u>\$ 579,055</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

EDNA INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

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

FUNCTION 41 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 182,237	\$ 97,582	\$ --	\$ --	\$ 279,819
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	36,395	--	--	--	787	--	37,182
6212	Audit Services	--	--	--	15,000	--	--	15,000
6213	Tax Appraisal and Collection	--	183,317	--	--	--	--	183,317
621X	Other Prof. Services	16,700	--	--	91,167	--	--	107,867
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	750	--	12	8,692	--	--	9,454
6240	Contr. Maint. and Repair	--	--	--	--	305	--	305
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	1,494	3,694	--	--	5,188
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	2,866	--	2,735	9,803	--	--	15,404
6410	Travel, Subsistence, Stipends	1,013	--	2,147	2,156	--	--	5,316
6420	Ins. and Bonding Costs	7,329	250	--	--	--	--	7,579
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	12,856	--	1,396	765	387	30,000	45,404
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 77,909 \$ 183,567 \$ 190,021 \$ 228,859 \$ 1,479 \$ 30,000 \$ 711,835

Total Expenditures for General and Special Revenue Funds (9) \$ 14,200,488

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 1,189,266
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 1,482,066
Food (Function 35, 6341 and 6499)	(13)	\$ --
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 228,859

Subtotal 2,900,191

Net Allowed Direct Cost \$ 11,300,297

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 37,502,585
Historical Cost of Buildings over 50 years old	(16)	--
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	1,745,408
Historical Cost of Furniture & Equipment over 16 years old	(19)	36,004
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ --

(8) Note A - No Function 53 expenditures and \$172,565 in Function 99 expenditures are included in this report on administrative costs.

EDNA INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2012

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 200,266	\$ 205,753	\$ 5,487
5800 <i>State Program Revenues</i>	7,484	3,391	(4,093)
5900 <i>Federal Program Revenues</i>	434,293	441,559	7,266
5020 Total Revenues	<u>642,043</u>	<u>650,703</u>	<u>8,660</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	642,043	640,120	1,923
Total Support Services - Student (Pupil)	<u>642,043</u>	<u>640,120</u>	<u>1,923</u>
6030 Total Expenditures	<u>642,043</u>	<u>640,120</u>	<u>1,923</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	10,583	10,583
1200 Net Change in Fund Balance	--	10,583	10,583
0100 Fund Balance - Beginning	17,009	17,009	--
3000 Fund Balance - Ending	<u>\$ 17,009</u>	<u>\$ 27,592</u>	<u>\$ 10,583</u>

EDNA INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-4

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2012

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 1,247,167	\$ 1,308,234	\$ 61,067
5800 <i>State Program Revenues</i>	125,694	56,122	(69,572)
5020 <i>Total Revenues</i>	<u>1,372,861</u>	<u>1,364,356</u>	<u>(8,505)</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	625,000	625,000	--
0072 <i>Interest on Long-Term Debt</i>	745,863	745,861	2
0073 <i>Bond Issuance Costs and Fees</i>	1,998	1,600	398
<i>Total Debt Service</i>	<u>1,372,861</u>	<u>1,372,461</u>	<u>400</u>
6030 <i>Total Expenditures</i>	<u>1,372,861</u>	<u>1,372,461</u>	<u>400</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	--	(8,105)	(8,105)
1200 <i>Net Change in Fund Balance</i>	--	(8,105)	(8,105)
0100 <i>Fund Balance - Beginning</i>	345,197	345,197	--
3000 <i>Fund Balance - Ending</i>	<u>\$ 345,197</u>	<u>\$ 337,092</u>	<u>\$ (8,105)</u>

Reed & Associates, PC

Certified Public Accountants
1717 8th Street, Suite 5
Bay City, Texas 77414
(979) 245-7361 Fax (979) 245-3081
auditors@swbell.net

Independent Auditor's Report

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

Board of Trustees
Edna Independent School District
PO Drawer 919
Edna, Texas 77957-0919

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Edna Independent School District as of and for the year ended August 31, 2012, which collectively comprise the Edna Independent School District's basic financial statements and have issued our report thereon dated October 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Reed & Associates, PC".

Reed & Associates, PC
October 5, 2012

Reed & Associates, PC

Certified Public Accountants
1717 8th Street, Suite 5
Bay City, Texas 77414
(979) 245-7361 Fax (979) 245-3081
auditors@swbell.net

Independent Auditor's Report

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

Board of Trustees
Edna Independent School District
PO Drawer 919
Edna, Texas 77957-0919

Members of the Board of Trustees:

Compliance

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

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

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

Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 considered to be material weaknesses, as defined above.

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Reed & Associates, PC".

Reed & Associates, PC
October 5, 2012

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

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

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.	Child Nutrition Cluster
84.410	Education Jobs
97.039	Hazard Mitigation

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

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
N/A		

EDNA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2012

Not Applicable

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

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010	1261010112090	\$ 320,434
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010	13610101120901	13,744
Total CFDA Number 84.010			<u>334,178</u>
<i>SSA IDEA-B Formula *</i>	84.027	126600011209016000	556,779
<i>SSA IDEA-B Formula *</i>	84.027	136600011209016000	19,729
<i>SSA IDEA-B Discretionary *</i>	84.027	126600021209016000	116,934
Total CFDA Number 84.027			<u>693,442</u>
<i>Career and Technical - Basic Grant</i>	84.048	12420006120901	17,327
<i>Career and Technical - Basic Grant</i>	84.048	13420006120901	1,604
Total CFDA Number 84.048			<u>18,931</u>
<i>SSA IDEA-B Preschool *</i>	84.173	1266100112090116000	19,610
<i>SSA IDEA-B Preschool *</i>	84.173	136610011209016000	751
Total CFDA Number 84.173			<u>20,361</u>
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	12696001120901	32,729
<i>Title III Part A English Language Acquisition and Language Enhance</i>	84.365	136710011120901	11,309
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367	12694501120901	79,464
<i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367	13694501120901	4,459
Total CFDA Number 84.367			<u>83,923</u>
<i>ARRA - SSA IDEA Part B, Preschool *</i>	84.392	10555001120901	5,299
<i>Education Jobs Fund</i>	84.410	11550101120901	250,458
Total Passed Through State Department of Education			<u>1,450,630</u>
Passed Through Edna ISD:			
<i>IDEA-B Formula *</i>	84.027	126600011209016000	38,293
<i>IDEA-B Formula *</i>	84.027	136600011209016000	855
Total CFDA Number 84.027			<u>39,148</u>
<i>ARRA - IDEA Part B, Preschool *</i>	84.392	10555001120901	4,484
Total Passed Through Edna ISD			<u>43,632</u>
Total U. S. Department of Education			<u>1,494,262</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401101	11,648
School Breakfast Program *	10.553	71401201	85,751
Total CFDA Number 10.553			<u>97,399</u>
National School Lunch Program *	10.555	71301101	37,418
National School Lunch Program *	10.555	71301201	279,148
Total CFDA Number 10.555			<u>316,566</u>
Total Passed Through State Department of Education			<u>413,965</u>
Passed Through State Department of Agriculture:			
Commodity Supplemental Food Program (Non-cash)	10.565	120901A	27,594
Total U. S. Department of Agriculture			<u>441,559</u>
DEPARTMENT OF HOMELAND SECURITY			
Passed Through Jackson County:			
Hazard Mitigation Grant	97.039	DR-1791-311	786,649
Total Department of Homeland Security			<u>786,649</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,722,470</u>

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

The accompanying notes are an integral part of this schedule.

EDNA INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2012*

1. Basis of Presentation

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

2. Subrecipients

Of the federal expenditures presented in the schedule, Edna Independent School District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
IDEA B Formula	84.027	\$ 88,127
IDEA B Formula ARRA	84.392	4,484
Total Provided to Subrecipients		<u>\$ 92,611</u>

EDNA INDEPENDENT SCHOOL DISTRICT

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

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