

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3808**

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**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1954**

December 3, 2013

Board of School Trustees  
Guthrie Common School District  
Guthrie, Texas

We have audited the financial statements of Guthrie Common School District (the District) for the year ended August 31, 2013, and have issued our report thereon dated December 3, 2013. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 29, 2013, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Guthrie Common School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters. Our audit of the financial statements does not relieve you or management of your responsibilities.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the District's financial statements and report does not extend beyond the financial information identified in the report. In addition, we do not have an obligation to perform any procedures to corroborate other information contained in these documents.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter and meetings about planning matters.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Guthrie Common School District are described in the notes to the financial statements. The District adopted the provisions of GASB Statements No. 63 and 65 during the year.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was depreciation.

Management's estimate of the depreciation is based on industry accepted guidelines. We evaluated the key factors and assumptions used to develop the accumulated depreciation, and depreciation expense and that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Board of School Trustees and management of Guthrie Common School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

**GUTHRIE COMMON SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED AUGUST 31, 2013**

**GUTHRIE COMMON SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

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**GUTHRIE COMMON SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

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CERTIFICATE OF BOARD

Guthrie Common School District  
Name of School District

King  
County

135-001  
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, 2013, at a meeting of the Board of Trustees of such school district on the \_\_\_ day of \_\_\_\_\_, 2013.

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

\_\_\_\_\_  
Signature of Board President

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

**FINANCIAL SECTION**



**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**LUBBOCK, TEXAS 79423-1954**

**Independent Auditors' Report**

**UNQUALIFIED OPINION ON THE BASIC FINANCIAL STATEMENTS**

Board of School Trustees  
Guthrie Common School District  
Guthrie, Texas

**Report on the Financial Statements**

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 Guthrie Common School District (the District), as of and for the year ended August 31, 2013, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Guthrie Common School District, as of August 31, 2013, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 4-8 and 34, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Guthrie Common School District's basic financial statements. The accompanying combining statements of revenues, expenditures and changes in fund balance for all general funds and all special revenue funds, combining statement of revenues, expenses and changes in net position and combining statement of cash flow for all proprietary funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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, this accompanying information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 in the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Balinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

December 3, 2013

**GUTHRIE COMMON SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

Our discussion and analysis of the Guthrie Common School District's (the District) financial performance provides an overview of the District's financial performance for the year ended August 31, 2013. It should be read in conjunction with the District's Basic Financial Statements and Independent Auditors' report.

The Management's Discussion and Analysis (MD&A) is an element of the new financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June, 1999. The Texas Education Agency (TEA) mandated all school districts in Texas adopt the financial reporting model effective September 1, 2001.

**FINANCIAL HIGHLIGHTS**

- The net position of the District increased by \$310,278, or 2.6%. The District's statement of activities showed total revenues were \$5,384,853, and expenses totaled \$5,074,575.
- The District ended the year, August 31, 2013, with total net position of \$12,219,806, and unrestricted net position of \$6,996,947. The balance of cash and investments at August 31, 2013, was \$7,723,068.
- Total general fund expenditures were \$4,242,152 for the year ended August 31, 2013. This compares with general fund expenditures of \$4,440,303 for the year ended August 31, 2012. This decrease is attributable to Guthrie CSD efforts to reduce spending through fiscally responsible management. Expenses were reduced specifically in the areas of transportation and professional development costs.
- The District's total revenues on the fund financial statements decreased from \$5,845,166 in 2011-12 to \$4,829,674 in 2012-13. This decrease was primarily attributable to increased obligations to the state via recapture, reduced funding through the state's Additional State Aid for Tax Reduction (ASATR) calculations, and shifting Guthrie Virtual School financial activities to Fund 711.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how the services of the District were sold to departments within the District. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee.

The notes to the financial statements provide narrative explanations and additional data needed for full disclosure in the government-wide statements and the fund financial statements.

The combining statements for non-major funds contain information about the District's individual non-major funds. The section labeled TEA Required Schedules contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

## **Reporting the District as a Whole**

### ***Government-Wide Financial Statements***

The analysis of the District's overall financial condition and operations is presented in the Statement of Net Position and the Statement of Activities. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements apply the accrual basis of accounting, which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District is reporting its governmental activities and business type activities. The District currently has no component units as defined in the GASB Statement 34.

- Governmental activities – All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business type activities – The District's for profit participation in the Texas Virtual School Network is a business type activity accounted for in an enterprise fund.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education through TEA. The District's administration establishes many other funds to help it control and manage money for particular purposes. The District's three fund types: governmental, proprietary, and fiduciary – use different accounting approaches.

- Governmental funds – Most of the District's basic services are included in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following the fund financial statements.

· Proprietary Fund – Internal Service Fund – The District reports the activities for which it charges users (other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds (the District’s only category of proprietary funds) report activities that provide worker’s compensation insurance coverage to the District’s other programs and activities.

· Proprietary Fund – Enterprise Fund – The District sets its own pricing policies intended to make a profit in its Texas Virtual School Network Participation, and as such, accounts for this activity in this fund.

· Fiduciary funds – The District is the trustee, or fiduciary, for money raised by student activities. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our current analysis of comparative balances and changes therein compares the prior year to the current year’s operations, and discusses significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District’s governmental and business-type activities.

### Changes in Net Position

The District’s net position increased during the year ended August 31, 2013. The net position increased by \$310,278 (See Table II). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$6,996,947 (Table I) at August 31, 2013. This compares with the District’s unrestricted net position at August 31, 2012, of \$7,042,078, a decrease of \$45,131.

**Table I**  
**Guthrie Common School District**  
**Net Position**  
**August 31, 2013 and 2012**

	August 31,	
	2013	2012
Cash and Temporary Investments	\$ 7,723,068	\$ 6,943,226
Receivables	95,427	268,781
Capital Assets	9,823,020	10,173,862
<b>Total Assets</b>	<b>\$ 17,641,515</b>	<b>\$ 17,385,869</b>
Current Liabilities	\$ 1,486,709	\$ 826,341
Long Term Liabilities	3,935,000	4,650,000
<b>Total Liabilities</b>	<b>\$ 5,421,709</b>	<b>\$ 5,476,341</b>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 5,173,020	\$ 4,828,862
Restricted for Debt Service	49,839	38,588
Unrestricted Net Position	6,996,947	7,042,078
<b>Total Net Position</b>	<b>\$ 12,219,806</b>	<b>\$ 11,909,528</b>

**Table II**  
**Guthrie Common School District**  
**Changes in Net Position**  
**For the Years Ended August 31, 2013 and 2012**

	August 31,	
	2013	2012
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services	\$ 530,752	\$ 283,365
Operating Grants and Contributions	163,338	218,230
<b>General Revenues:</b>		
Maintenance and Operations Taxes	3,238,284	2,420,258
Interest and Sinking Taxes	850,939	849,400
State Aid Formula Grants	225,126	1,326,323
Grants and Contributions not Restricted		276,365
Investment Earnings	14,919	18,193
Miscellaneous	361,495	768,081
<b>Total Revenue</b>	<b>\$ 5,384,853</b>	<b>\$ 6,160,215</b>
<b>Expenses:</b>		
Instruction and Instructional-Related Services	\$ 2,220,029	\$ 2,021,066
Instructional and School Leadership	32,761	35,163
Student Support Services	8,931	12,259
Student Transportation	223,403	197,154
Food Services	116,789	112,212
Extracurricular Activities	170,665	176,228
General Administration	329,819	329,405
Plant Maintenance and Operations	1,366,673	1,633,737
Data Processing Services	72,556	63,268
Interest on Long Term Debt	146,688	162,712
Bond Issuance Cost and Fees	300	900
Contracted Instructional Services	364,633	402,303
Payments to Member Districts	21,328	42,128
	<b>\$ 5,074,575</b>	<b>\$ 5,188,535</b>
<b>Increase in Net Position</b>	<b>\$ 310,278</b>	<b>\$ 971,680</b>
<b>Net Position - Beginning of Year</b>	<b>11,909,528</b>	<b>10,937,848</b>
<b>Net Position - End of Year</b>	<b>\$ 12,219,806</b>	<b>\$ 11,909,528</b>

The District's total revenues decreased from \$6,160,215 in fiscal year 2012 to \$5,384,853, a decrease of \$775,362. This decrease was attributable to obligations to the state via recapture, reduced funding through the state's Additional State Aid for Tax Reduction (ASATR) calculations, and shifting accounting of the Guthrie Virtual School activities to Fund 711. The total expenses of the District decreased by \$113,960 from \$5,188,535 to

\$5,074,575 due primarily to reduced spending in the areas of transportation and professional development.

Other factors impacting the District's financial position include the following:

- The District decreased the total property tax rate by \$0.08662 cents per 100 dollars of valuation. The District is currently below the State maximum tax rate for maintenance and operations of \$1.04, with a rate of \$.98000 and \$.98000 for the fiscal years ended August 31, 2013 and 2012, respectively. The District's appraised valuation of taxable property increased from \$248,359,470 to \$331,124,550, an increase of \$82,765,080, or 33.3%. This increase is attributable largely to mineral values. The total school property taxes assessed for school year 2013 were \$4,102,302. This is an increase of \$810,248 from the \$3,292,054 assessed in 2012, and is attributable to increased property values.
- The District's average daily attendance (ADA) is the basis for most of the State funding. The ADA decreased from 95 in 2012 to 91 in 2013.

#### **Fund Balances**

The District's total Governmental Funds fund balance was \$6,604,494. This fund balance is reported in the various Governmental funds as follows:

General Fund \$1,859,746. This balance is available for current spending; however, it has been the practice of the District to try and maintain a fund balance that is at least equal to several months operating expenses.

General Fund Committed for Construction \$4,700,000. This balance has been committed for construction by the Board of Trustees for future planned construction projects.

Debt Service Fund \$44,748. These funds are restricted by debt service covenants to fund the principal and interest payments of the bond issues.

#### **Budgetary Highlights**

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments were necessary to reflect the revised estimates of revenues and expenses.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **CAPITAL ASSETS**

Financial statement footnote no. 6 discloses the capital asset activity for the year ended August 31, 2013.

#### **DEBT**

Financial statement footnote no. 8 discloses the debt activity for the year ended August 31, 2013.

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

The District has budgeted \$3,988,241 in general fund revenues for fiscal year 2013-2014. This is an increase of \$40,688 from the \$3,947,553 actual general fund revenue for 2012-2013 fiscal year.

The District also budgeted \$4,197,192 in general fund expenditures for fiscal year 2013-2014. This is a decrease of \$44,960 from the actual general fund expenditures of \$4,242,152 expended in 2012-2013.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Guthrie Common School District, P.O. Box 70, Guthrie, Texas 79236.



**BASIC FINANCIAL STATEMENTS**

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Primary Government		3 Total
	1 Governmental Activities	2 Business-Type Activities	
<b>ASSETS AND OTHER DEBITS:</b>			
1110	Cash and Cash Equivalents		
1220	Property Taxes Receivable	\$ 7,482,888	\$ 7,723,068
1230	Allowance for Uncollectible Taxes	14,679	14,679
1240	Due from Other Governments	(1,807)	(1,807)
1250	Accrued Interest	81,396	81,396
1260	Internal Balances	1,159	1,159
	Capital Assets:	(117,120)	0
1510	Land		
1520	Buildings, Net	41,061	41,061
1530	Furniture and Equipment, Net	9,299,435	9,299,435
1540	Vehicles, Net	79,958	79,958
1580	Construction in Progress	327,566	327,566
		75,000	75,000
1000	<b>Total Assets</b>	<b>\$ 17,284,215</b>	<b>\$ 17,641,515</b>
		\$ 357,300	
<b>LIABILITIES:</b>			
2110	Accounts Payable	\$ 118,286	\$ 118,286
2160	Accrued Wages Payable	71,216	74,092
2200	Accrued Expenses	1,187	1,245
2300	Unearned Revenue	578,086	578,086
2501	Due Within One Year	715,000	715,000
2502	Due in More than One Year	3,935,000	3,935,000
2000	<b>Total Liabilities</b>	<b>\$ 5,418,775</b>	<b>\$ 5,421,709</b>
		\$ 2,934	
<b>NET POSITION:</b>			
3200	Net Investment in Capital Assets	\$ 5,173,020	\$ 5,173,020
3850	Restricted for Debt Service	49,839	49,839
3900	Unrestricted Net Position	6,642,581	6,996,947
3000	<b>Total Net Position</b>	<b>\$ 11,865,440</b>	<b>\$ 12,219,806</b>
		\$ 354,366	

The accompanying notes are an integral part of this statement.

-10-  
GUTHRIE COMMON SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2013

Exhibit B-1

Data Control Codes	1 Expenses	Program Revenues		6 Total Governmental Activities	Net (Expense) Revenue and Changes in Net Position		
		3 Charges for Services	4 Operating Grants and Contributions		7 Business Type Activities	8 Total	
<b>GOVERNMENTAL ACTIVITIES</b>							
11	Instruction	\$ 1,845,558	\$ 101,993	\$ (1,743,565)	\$	\$ (1,743,565)	
12	Instructional Resources and Media Services	90,556	4,954	(85,602)		(85,602)	
13	Curriculum and Staff Development	12,973		(12,973)		(12,973)	
23	School Leadership	19,788	650	(19,138)		(19,138)	
31	Guidance, Counseling, and Evaluation Services	5,433	197	(5,236)		(5,236)	
33	Health Services	3,498		(3,498)		(3,498)	
34	Student Transportation	223,403	3,455	(219,948)		(219,948)	
35	Food Services	116,789	29,480	(87,049)		(87,049)	
36	Extracurricular Activities	170,665	260	(159,039)		(159,039)	
41	General Administration	329,819	9,332	(325,746)		(325,746)	
51	Plant Maintenance and Operations	1,366,673	4,073	(1,352,589)		(1,352,589)	
53	Data Processing Services	72,556	14,084	(70,398)		(70,398)	
72	Interest on Long-Term Debt	146,688	2,158	(146,688)		(146,688)	
73	Bond Issuance Cost and Fees	300		(300)		(300)	
91	Contracted Instructional Services	364,633		(364,633)		(364,633)	
93	Payments to Member Districts	21,328		(21,328)		(21,328)	
	<b>TG Total Governmental Activities</b>	<b>\$ 4,790,660</b>	<b>\$ 9,592</b>	<b>\$ (4,617,730)</b>	<b>\$ 0</b>	<b>\$ (4,617,730)</b>	
<b>BUSINESS-TYPE ACTIVITIES</b>							
01	Enterprise Funds - Locally Defined	283,915	521,160		237,245	237,245	
	<b>TP Total Primary Government</b>	<b>\$ 5,074,575</b>	<b>\$ 530,752</b>	<b>\$ (4,617,730)</b>	<b>\$ 237,245</b>	<b>\$ (4,380,485)</b>	
<b>General Revenues:</b>							
MT	Property Taxes, Levied for General Purposes			\$ 3,238,284	\$	\$ 3,238,284	
DT	Property Taxes, Levied for Debt Service			850,939		850,939	
SF	State Aid Formula Grants			225,126		225,126	
IE	Investment Earnings			14,919		14,919	
MI	Miscellaneous Local and Intermediate Revenue			361,495		361,495	
TR	<b>Total General Revenues and Special Items</b>			<b>\$ 4,690,763</b>	<b>\$ 0</b>	<b>\$ 4,690,763</b>	
CN	Change in Net Position			\$ 73,033	\$ 237,245	\$ 310,278	
NB	Net Position - Beginning			11,792,407	117,121	11,909,528	
NE	Net Position - Ending			<b>\$ 11,865,440</b>	<b>\$ 354,366</b>	<b>\$ 12,219,806</b>	

The accompanying notes are an integral part of this statement.

-11-  
GUTHRIE COMMON SCHOOL DISTRICT

EXHIBIT C-1

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2013**

Data Control Codes	10 General Fund	50 Debt Service Fund	Nonmajor Governmental Funds	98 Total Governmental Funds
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 7,438,140	\$ 44,748	\$ 7,482,888
1220	Property Taxes - Delinquent	11,794	2,885	14,679
1230	Allowance for Uncollectible Taxes	(1,713)	(94)	(1,807)
1240	Due from Other Governments	79,700		81,396
1250	Accrued Interest	1,159	1,696	1,159
1260	Due from Other Funds	1,696		1,696
1000	<b>Total Assets</b>	<b>\$ 7,530,776</b>	<b>\$ 47,539</b>	<b>\$ 7,580,011</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
2110	Accounts Payable	\$ 108,919	\$	\$ 108,919
2160	Accrued Wages Payable	71,216	\$	71,216
2170	Due to Other Funds	201,541		203,237
2200	Accrued Expenditures	1,187	1,696	1,187
2300	Unearned Revenue	588,167	2,791	590,958
2000	<b>Total Liabilities</b>	<b>\$ 971,030</b>	<b>\$ 2,791</b>	<b>\$ 975,517</b>
Fund Balances:				
Restricted for:				
3480	Retirement of Long-Term Debt	\$	\$ 44,748	\$ 44,748
Committed for:				
3510	Construction	4,700,000		4,700,000
3600	Unassigned	1,859,746		1,859,746
3000	<b>Total Fund Balances</b>	<b>\$ 6,559,746</b>	<b>\$ 44,748</b>	<b>\$ 6,604,494</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,530,776</b>	<b>\$ 47,539</b>	<b>\$ 7,580,011</b>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit C-2

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT  
OF NET POSITION  
AUGUST 31, 2013

Data  
Control  
Codes

	Total Fund Balances - Governmental Funds (Exhibit C-1)	\$ 6,604,494
1	The District uses internal service funds to charge the costs of certain activities, such as workers compensation, to appropriate functions in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	75,054
2	Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$15,045,132, and the accumulated depreciation was (\$4,871,270). The net effect of including beginning balances for capital assets (net of depreciation) in the governmental activities is to increase net position.	10,173,862
3	The issuance of long-term debt provides current financial resources to governmental funds but does not effect the Statement of Activities. This amount is the beginning of the year outstanding bonds payable.	(5,345,000)
4	Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statement, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays \$189,403 and debt principal payments \$695,000 is to increase net position.	884,403
5	The 2013 depreciation expense of (\$540,245) increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(540,245)
6	Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This includes recognizing deferred property tax revenue of \$12,872 as revenue. The effect of this reclassification is to increase net position.	<u>12,872</u>
19	Net Position - Governmental Activities (Exhibit A-1)	<u>\$ 11,865,440</u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>Revenues:</b>					
5700	Local and Intermediate Sources	\$ 3,591,151	\$ 850,059	\$	\$ 4,441,210
5800	State Program Revenues	329,716		8,521	338,237
5900	Federal Program Revenues	26,686		23,541	50,227
5020	<b>Total Revenues</b>	<b>\$ 3,947,553</b>	<b>\$ 850,059</b>	<b>\$ 32,062</b>	<b>\$ 4,829,674</b>
<b>Expenditures:</b>					
0011	Instruction	\$ 1,588,310	\$	\$ 32,062	\$ 1,620,372
0012	Instructional Resources and Media Services	79,507			79,507
0013	Curriculum and Staff Development	11,390			11,390
0023	School Leadership	17,374			17,374
0031	Guidance, Counseling, and Evaluation Services	4,770			4,770
0033	Health Services	3,071			3,071
0034	Student Transportation	249,658			249,658
0035	Food Services	102,539			102,539
0036	Extracurricular Activities	149,841			149,841
0041	General Administration	289,576			289,576
0051	Plant Maintenance and Operations	1,221,451			1,221,451
0053	Data Processing Services	63,704			63,704
0071	Principal on Long-Term Debt		695,000		695,000
0072	Interest on Long-Term Debt		146,688		146,688
0073	Bond Issuance Cost and Fees		300		300
0081	Facilities Acquisition and Construction	75,000			75,000
0091	Contracted Instructional Services	364,633			364,633
0093	Payments to Fiscal Agent/Member Districts	21,328			21,328
6030	<b>Total Expenditures</b>	<b>\$ 4,242,152</b>	<b>\$ 841,988</b>	<b>\$ 32,062</b>	<b>\$ 5,116,202</b>
1100	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ (294,599)</b>	<b>\$ 8,071</b>	<b>\$ 0</b>	<b>\$ (286,528)</b>
<b>Other Financing Sources (Uses):</b>					
7915	Transfers In	\$ 72,798	\$	\$	\$ 72,798
8911	Transfers Out (Uses)	(72,798)			(72,798)
7080	<b>Total Other Financing Sources</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
1200	<b>Net Change in Fund Balance</b>	<b>\$ (294,599)</b>	<b>\$ 8,071</b>	<b>\$ 0</b>	<b>\$ (286,528)</b>
0100	September 1 - Fund Balance	6,854,345	36,677	0	6,891,022
3000	August 31 - Fund Balance	\$ 6,559,746	\$ 44,748	\$ 0	\$ 6,604,494

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit C-4

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2013

Net Change in Fund Balances - Total Governmental Funds (Exhibit C-3)	\$ (286,528)
Amounts reported for governmental activities in the statement of activities (Exhibit B-1) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$540,245) exceeded capital outlays of \$189,403 in the current period.	(350,842)
Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the net amount by which deferred revenue changed between the current year \$12,872 and the prior year (\$7,781).	5,091
Repayment of the bond and other long-term debt principal \$695,000 is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	695,000
Internal service funds are used by management to charge the costs of certain activities, such as workers compensation, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit D-2)	<u>10,312</u>
Change in Net Position of Governmental Activities (Exhibit B-1)	<u>\$ 73,033</u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit D-1

STATEMENT OF NET POSTION  
PROPRIETARY FUNDS  
AUGUST 31, 2013

	Business Activities- 711 Enterprise Fund	Governmental Activities- 753 Internal Service fund
<b>ASSETS:</b>		
Cash and Temporary Investments	\$ 240,180	\$
Due from Other Funds	<u>117,120</u>	<u>84,421</u>
Total Assets	<u>\$ 357,300</u>	<u>\$ 84,421</u>
<b>LIABILITIES:</b>		
Accounts Payable	\$	\$ 9,367
Accrued Wages Payable	2,876	
Accrued Expenditures	<u>58</u>	
Total Liabilities	<u>\$ 2,934</u>	<u>\$ 9,367</u>
<b>NET POSITION:</b>		
Unrestricted Net Position	<u>\$ 354,366</u>	<u>\$ 75,054</u>

The accompanying notes are an integral part of this statement.



GUTHRIE COMMON SCHOOL DISTRICT

Exhibit D-2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

	<u>Business Activities- 711 Enterprise Fund</u>	<u>Governmental Activities- 753 Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Charges to Other Funds	\$	\$ 32,730
Local and Intermediate Sources	521,160	
Total Revenues	<u>\$ 521,160</u>	<u>\$ 32,730</u>
<b>OPERATING EXPENSES</b>		
Fixed Costs and Fees	\$	\$ 14,909
Cost Sharing		7,509
Instructional Costs	283,915	
Total Expenses	<u>\$ 283,915</u>	<u>\$ 22,418</u>
Change in Net Position	\$ 237,245	\$ 10,312
Net Position - September 1 (Beginning)	<u>117,121</u>	<u>64,742</u>
Net Position - August 31 (Ending)	<u>\$ 354,366</u>	<u>\$ 75,054</u>

The accompanying notes are an integral part of this statement.

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit D-3

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

	Business Activities- <u>711</u> Enterprise Fund	Governmental Activities- <u>753</u> Internal Service Fund
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash Flows from Operating Activities		
Cash Receipts from Charges to Other Funds	\$ 521,160	\$ 10,120
Cash Received from User Charges	(280,980)	(31,471)
Cash Payments to Suppliers for Goods and Services		
Net Cash Provided by (Used in) Operating Activities	<u>\$ 240,180</u>	<u>\$ (21,351)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 240,180	\$ (21,351)
Cash and Cash Equivalents at Beginning of the Year	<u>0</u>	<u>21,351</u>
Cash and Cash Equivalents at End of Year	<u>\$ 240,180</u>	<u>\$ 0</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 237,245	\$ 1,259
Changes in Assets and Liabilities		
Increase in Due From Other Funds	2,935	(22,610)
Increase in Accounts Payable		
Net Cash Provided by Operating Activities	<u>\$ 240,180</u>	<u>\$ (21,351)</u>

The accompanying notes are an integral part of this statement.

**GUTHRIE COMMON SCHOOL DISTRICT**

**Exhibit E-1**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
AUGUST 31, 2013**

	<u>Agency Fund</u>
<b>ASSETS:</b>	
Cash and Temporary Investments	\$ <u>106,920</u>
<b>Total Assets</b>	<b>\$ <u>106,920</u></b>
<b>LIABILITIES:</b>	
Due to Student Groups	\$ <u>106,920</u>
<b>Total Liabilities</b>	<b>\$ <u>106,920</u></b>
<b>NET POSITION:</b>	
Unrestricted Net Position	\$ <u><u>0</u></u>

The accompanying notes are an integral part of this statement.

**GUTHRIE COMMON SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Guthrie Common School District's (the District) basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America promulgated by the Government Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; as applied to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide (FAR). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

**A. REPORTING ENTITY**

The Board of School Trustees (the Board), a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board of School Trustees is elected by the public. The Board has the exclusive power and duty to govern and oversee the management of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency (the Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity" as defined in governmental accounting and financial reporting standards. There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding entities.

**B. BASIS OF ACCOUNTING AND PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. These statements report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, state foundation funds, grants, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support (i.e., internal service funds are considered governmental activities and not business-type activities).

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

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

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

The proprietary fund and the fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. Interest income earned on the operating cash account is considered operating revenue. All other revenues are non-operating.

**GOVERNMENTAL FUND TYPES**

The District reports the following major governmental funds:

**General Fund** – This fund is established to account for resources used for general operations. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. This is a budgeted fund and undesignated fund balances are considered resources available for current operations.

**Debt Service Fund** – This fund is used to account for payment of principal and interest on long-term general obligation debt and other long-term debts for which tax has been dedicated. This is a budgeted fund and any unused sinking fund balances will be transferred to the general fund after all of the related debt obligations have been met.

Additionally, the government reports the following governmental fund types:

**Special Revenue Funds** – These funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal financial assistance generally is accounted for in a special revenue fund. Unused balances are returned to the grantor at the close of specified project periods.

**PROPRIETARY FUND TYPES**

**Internal Service Funds** – Internal service funds are used to account for revenues and expenses related to services provided to parties inside the District, specifically for the operation of the District's partially self-funded insurance plan for workers' compensation on a cost-reimbursement basis.

**Enterprise Fund** – The Enterprise Fund is used to account for the District's participation in the Texas Virtual School Network Learning Program. The District establishes its own pricing policies for this program designed to make a profit.

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**FIDUCIARY FUND TYPES**

**Agency Funds** – These custodial funds are used to account for activities of student groups and other organizational activities requiring clearing accounts. Financial resources for the agency funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. Student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of School Trustees. If any unused resources are declared surplus by the student groups, they are transferred to the general fund with a recommendation to the Board for an appropriate utilization through a budgeted program.

**C. BASIS OF ACCOUNTING APPLICABLE TO ALL FINANCIAL STATEMENTS**

Capital assets, which include buildings and improvements, furniture and equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

Revenues from state and federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant. Funds received but unexpended are reflected as deferred revenues, and funds expended but not yet received are shown as receivables. If balances have not been expended by the end of the project period, grantors generally require the District to refund all or part of the unused amount.

Supplies and materials are debited as expenditures when purchased.

It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District.

Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.

When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

In accordance with the FAR, the District has adopted and installed an accounting system which exceeds the minimum requirements prescribed by the State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Accounting Code Section of the FAR. Mandatory codes are utilized in the form provided in that section.

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**D. BUDGETARY DATA**

The official budget was prepared on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America, for the general fund, debt service fund, and the food service special revenue fund. The remaining special revenue funds adopt project-length budgets which do not correspond to the District's fiscal year. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to August 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least 10 days public notice of the meeting must be given.
- c. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board.

The budget is prepared and controlled at the function level within each fund and is amended at this level as needed. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. Such amendments are made before the fact and they are reflected in the official minutes of the Board. During the year, several amendments were necessary. Expenditures exceeded appropriations in one function.

**E. ENCUMBRANCE ACCOUNTING**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no outstanding encumbrances at August 31, 2013.

**F. FUND EQUITY**

The District has adopted GASB Statement 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

**Restricted** – Amounts that can be spent only for specific purposes because of restriction by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – Amounts that can be used only for specific purposes determined by formal action by the Board of Trustees, the highest level of decision making authority.

**Assigned** – Amounts that can be used for a specific purpose as expressed by the authorized administrator, the Superintendent.

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Unassigned – Amounts not included in other spendable classifications.

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

**G. NET POSITION ON THE STATEMENT OF NET POSITION**

Net position on the Statement of Net Position include the following:

Net Investment in Capital Assets – this component of net position represents the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted for Debt Service – this component of net position represents the difference between assets and liabilities of the debt service fund that consists of assets with constraints placed on their use by creditors.

Unrestricted – the difference between assets and liabilities that is not reported in Net Investment in Capital Assets or Restricted for Debt Service.

**H. CASH AND CASH EQUIVALENTS – PROPRIETARY FUNDS**

For purposes of the Statement of Cash Flows for proprietary fund types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

**I. MANAGEMENT'S USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**2. DEPOSITS AND INVESTMENTS**

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (the Act) (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average



**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit and investment policy. That policy does not address the following risks:

- a. **Custodial Credit Risk – Deposits and Investments:** In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments may not be returned to it. The District's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. The District is not exposed to custodial credit risk because its deposits are all covered by depository insurance and pledged securities held by a third party in the District's name.
- b. **Concentration of Credit Risk –** The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. At August 31, 2013, all of the District's investments are in external investment pools, and as such the District has no risk.
- c. **Credit Risk –** The risk that an issuer of other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At August 31, 2013, the District was not significantly exposed to credit risk.
- d. **Interest Rate Risk –** Not applicable
- e. **Foreign Currency Risk –** Not applicable

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

The carrying amount of the District's cash and temporary investments at August 31, 2013, approximates fair value and consisted of the following shown below:

Cash in Bank	\$	287,530
Certificates of Deposit		480,893
Logic - Liquid Asset Portfolio		2,805
Texpool		388
Lonestar - Liquidity Plus Fund		1,610,619
Lonestar - Liquidity Corporate Fund		5,447,753
	\$	<u>7,829,988</u>
Cash and Investments - Governmental Funds	\$	7,723,068
Cash and Investments - Fiduciary Funds		106,920
	\$	<u>7,829,988</u>

**Public Funds Investment Pools**

Public Funds Investment Pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the Pool and other persons who do not have a business relationship with the Pool and are qualified to advise the Pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investment in Pools are reported at an amount determined by the fair value per share of the Pool's underlying portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**3. PROPERTY TAXES**

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

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Delinquent taxes are recorded in the general fund as the District has no debt service requirements. All property taxes remaining uncollected after 10 years are provided for in the allowance for uncollectible 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.

**4. INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at August 31, 2013, consisted of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund		
Internal Service Funds	\$	\$ 84,421
Enterprise Fund		117,120
Special Revenue Funds	1,696	
	<u>\$ 1,696</u>	<u>\$ 201,541</u>
Special Revenue Funds		
General Fund	\$	\$ 1,696
Internal Service Funds		
General Fund	\$ 84,421	\$
Enterprise Fund		
General Fund	\$ 117,120	\$
	<u>\$ 203,237</u>	<u>\$ 203,237</u>

**5. DUE FROM OTHER GOVERNMENTS**

The amount due from other governments consisted of \$81,396 due primarily from the District's shared service arrangement fiscal agent and unreimbursed grant expenditures.

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**GUTHRIE COMMON SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**6. CAPITAL ASSETS**

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

	<u>9/1/2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>8/31/2013</u>
<b>Capital Assets:</b>				
Land	\$ 41,061	\$	\$	\$ 41,061
Building and Improvements	13,876,298			13,876,298
Furniture and Equipment	261,148	24,525	22,795	262,878
Vehicles	866,625	89,878	119,924	836,579
Construction in Progress		75,000		75,000
	<u>\$ 15,045,132</u>	<u>\$ 189,403</u>	<u>\$ 142,719</u>	<u>\$ 15,091,816</u>
<b>Accumulated Depreciation:</b>				
Building and Improvements	\$ 4,153,543	\$ 423,320	\$	\$ 4,576,863
Furniture and Equipment	177,400	28,315	22,795	182,920
Vehicles	540,327	88,610	119,924	509,013
	<u>\$ 4,871,270</u>	<u>\$ 540,245</u>	<u>\$ 142,719</u>	<u>\$ 5,268,796</u>
<b>Total Net Value of Capital Assets</b>	<u>\$ 10,173,862</u>	<u>\$ (350,842)</u>	<u>\$ 0</u>	<u>\$ 9,823,020</u>

Depreciation expense was charged to functions of the primary government as follows:

Instruction	\$ 229,568
Instruction Resources and Media Services	11,264
Curriculum and Instructional Staff Development	1,614
School Leadership	2,461
Guidance, Counseling, and Evaluation Services	676
Health Services	435
Student Transportation	35,370
Food Services	14,527
Extracurricular Activities	21,229
General Administration	41,026
Plant Maintenance and Operations	173,050
Data Processing Services	9,025
	<u>\$ 540,245</u>

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	15 - 30 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 10 years

**7. UNEARNED REVENUES**

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenues consisted of the following at August 31, 2013:

	General Fund	Debt Service Fund	Total
Overpayment from State	\$ 578,086	\$	\$ 578,086
Unearned Revenues - GWFS	\$ 578,086	\$ 0	\$ 578,086
Property Taxes - Delinquent	\$ 11,794	\$ 2,885	\$ 14,679
Less: Allowance for Uncollectible Taxes	(1,713)	(94)	(1,807)
Total Tax Unearned Revenues	\$ 10,081	\$ 2,791	\$ 12,872
Unearned Revenues - FFS	\$ 588,167	\$ 2,791	\$ 590,958

**8. LONG-TERM DEBT**

General Obligation Bonds

A summary of changes in bonds payable for the year ended August 31, 2013, is as follows:

Description	Interest Rate	Amount Originally Issued	Amount Outstanding 8/31/2012	Issued Current Year	Retired Current Year	Amount Outstanding 8/31/2013
2009 Unlimited Tax						
School Building Bonds	3.0 - 4.125%	\$ 3,000,000	\$ 2,370,000	\$	\$ 225,000	\$ 2,145,000
2011 Unlimited Tax						
Refunding Bonds	2.0 - 3.0%	3,440,000	2,975,000		470,000	2,505,000
		\$ 6,440,000	\$ 5,345,000	\$ 0	\$ 695,000	\$ 4,650,000

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

On July 1, 2009, the District issued \$3,000,000 in unlimited tax school building bonds. The District used the bonds to complete the construction and equipping of school buildings, purchase of necessary sites, and paying the costs of issuing the bonds. Interest expenditures for bonded debt for the year ended August 31, 2013, totaled \$86,638.

On February 10, 2011, the District issued \$3,440,000 of bonds with an average rate of 2.50%, which was used to advance refund \$3,445,000 of outstanding series 2007 bonds to take advantage of lower interest rates and reduce its overall debt service. Interest expenditures for bonded debt for the year ended August 31, 2013, totaled \$60,050.

Debt service requirements are as follows:

Fiscal Year Ending August 31,	2009 Bonds		2011 Bonds		Total
	Principal	Interest	Principal	Interest	
2014	\$ 235,000	\$ 79,444	\$ 480,000	\$ 50,550	\$ 844,994
2015	245,000	71,338	490,000	40,850	847,188
2016	255,000	62,269	500,000	30,950	848,219
2017	265,000	52,188	510,000	20,850	848,038
2018	275,000	41,388	525,000	7,875	849,263
2019	870,000	17,944			887,944
	<u>\$ 2,145,000</u>	<u>\$ 324,571</u>	<u>\$ 2,505,000</u>	<u>\$ 151,075</u>	<u>\$ 5,125,646</u>

**9. OPERATING LEASES**

The District entered into a lease agreement with Sovereign Bank to lease a bus. The lease was for two years with the option to buy at fair market value of \$60,865 at the end of the lease in 2014. For the year ended August 31, 2013, lease expenditures approximated \$14,540 including interest of \$1,790.

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**10. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

During the current year, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service	Totals
Property Taxes, Penalties, Interest, and Other Tax-Related Income	\$ 3,234,073	\$ 850,059	\$ 4,084,132
Food Sales	260		260
Interest Income	14,954		14,954
Rent	100,626		100,626
Insurance Recovery	195,112		195,112
Other	46,126		46,126
	<u>\$ 3,591,151</u>	<u>\$ 850,059</u>	<u>\$ 4,441,210</u>

**11. DEFINED BENEFIT PENSION PLAN**

Plan Description – All employees of the District employed for one-half or more of the standard work load and who are not exempt from membership under Texas Government Code, participate in 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 system of Texas. It operates primarily under the provisions of the Texas Constitution and Texas Government Code. TRS also administers proportional retirement benefits and service credit transfers under Texas Government Code. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling TRS at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publication heading.

Funding Policy – State law provides for fiscal years 2011, 2012, and 2013, a state contribution rate of 6.4% and a member contribution rate of 6.4%. In certain instances, the District is required to make all or a portion of the State's 6.4% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to state funding policy. State contributions TRS made on behalf of the District's employees for the years ended August 31, 2011, 2012, and 2013, were \$108,318, \$96,365, and \$98,169, respectively. The amounts contributed by the State are reflected in the financial statements in the general fund by respective function, in accordance with Governmental Accounting Standards Board Statement No. 24. The District paid additional state contributions for the years ended August 31, 2011, 2012, and 2013, in the amount of \$18,789, \$15,362, and \$16,869, respectively, on the portion of the employees' salaries that exceeded the statutory minimum and those salaries funded from federal grants, equal to the required contributions for each year. Additionally, payments made on behalf of the District by the State for Medicare Part D fringe benefits and salaries amounted to \$6,257 for the year ended August 31, 2013.

**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

The payroll for employees covered by the System for the years ended August 31, 2011, 2012, and 2013, was \$1,692,468, \$1,596,108, and \$1,636,157, respectively. The District's total payroll was \$1,905,436, \$1,861,478, and \$1,891,368, respectively.

**12. SELF-INSURANCE – WORKMEN'S COMPENSATION**

The District participates in a public entity risk pool for its Workmen's Compensation Insurance needs. Over 100 school districts participate in the pool administered by Claims Administrative Services, Inc. The agreement between the District and the pool is renewable annually on September 1. The District's maximum loss under the agreement for 2013 was set at \$24,327, excluding fixed costs of \$9,450. The pool is protected against unanticipated catastrophic loss by stop loss coverage provided through Midwest Employers Casualty Corporation. The stop loss policy covers individual claims in excess of \$500,000. The District accounts for its costs associated with the pool through an internal service fund.

The claims administrator for the pool has estimated the District's share of unpaid claims as of August 31, 2013, to be \$9,367, including estimated claims incurred but not reported of \$3,966. The District has recorded \$9,367 as claims payable at August 31, 2013, related to this liability.

**13. HEALTH CARE COVERAGE**

During the year ended August 31, 2013, employees of the District were covered by a health insurance plan through TRS – Active Care. The District contributed \$225 of the employee-only premium per month and employees, at their option, authorized payroll withholdings to pay contributions for dependents. Under this plan, the District is not liable for costs incurred beyond the premiums paid.

**14. LITIGATION**

There is no litigation pending against the District which would have a material effect on the financial statements.

**15. COMMITMENTS AND CONTINGENCIES**

Federal and State Funding

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



**GUTHRIE COMMON SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**16. SUBSEQUENT EVENTS**

The District's management has evaluated subsequent events through December 3, 2013, the date which the financial statements were available for issue.

**REQUIRED SUPPLEMENTARY INFORMATION**

## GUTHRIE COMMON SCHOOL DISTRICT

Exhibit G-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2013**

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Favorable (Unfavorable)	
	Original	Amended	Actual		
<b>Revenues:</b>					
5700	Local and Intermediate Sources	\$ 3,291,476	\$ 3,291,476	\$ 3,591,151	\$ 299,675
5800	State Program Revenues	446,880	446,880	329,716	(117,164)
5900	Federal Program Revenues	<u>26,000</u>	<u>26,000</u>	<u>26,686</u>	<u>686</u>
5020	Total Revenues	<u>\$ 3,764,356</u>	<u>\$ 3,764,356</u>	<u>\$ 3,947,553</u>	<u>\$ 183,197</u>
<b>Expenditures:</b>					
0011	Instruction	\$ 1,763,137	\$ 1,763,137	\$ 1,588,310	\$ 174,827
0012	Instructional Resources and Media Services	104,953	104,953	79,507	25,446
0013	Curriculum and Instructional Staff Development	22,200	22,200	11,390	10,810
0021	Instructional Leadership	500	500		500
0023	School Leadership	18,531	18,531	17,374	1,157
0031	Guidance, Counseling, and Evaluation Services	6,848	6,848	4,770	2,078
0033	Health Services	8,300	8,300	3,071	5,229
0034	Student Transportation	250,793	250,793	249,658	1,135
0035	Food Services	115,392	117,828	102,539	15,289
0036	Extracurricular Activities	157,113	157,113	149,841	7,272
0041	General Administration	336,627	336,627	289,576	47,051
0051	Plant Maintenance and Operations	703,516	1,293,516	1,221,451	72,065
0053	Data Processing Services	86,675	86,675	63,704	22,971
0081	Facilities Acquisition and Construction		75,000	75,000	0
0091	Contracted Instructional Services	224,531	284,804	364,633	(79,829)
0093	Payments to Fiscal Agent/Member Districts	<u>40,213</u>	<u>40,213</u>	<u>21,328</u>	<u>18,885</u>
6030	Total Expenditures	<u>\$ 3,839,329</u>	<u>\$ 4,567,038</u>	<u>\$ 4,242,152</u>	<u>\$ 324,886</u>
1100	Excess of Revenues over Expenditures	<u>\$ (74,973)</u>	<u>\$ (802,682)</u>	<u>\$ (294,599)</u>	<u>\$ 508,083</u>
<b>Other Financing Sources (Uses):</b>					
7915	Transfers In	\$ 88,000	\$ 88,000	\$ 72,798	\$ (15,202)
8911	Transfers Out (Use)	<u>(88,000)</u>	<u>(88,000)</u>	<u>(72,798)</u>	<u>15,202</u>
7080	Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
1200	Net Change in Fund Balance	<u>\$ (74,973)</u>	<u>\$ (802,682)</u>	<u>\$ (294,599)</u>	<u>\$ 508,083</u>
0100	September 1 - Fund Balance	<u>6,854,345</u>	<u>6,854,345</u>	<u>6,854,345</u>	<u>0</u>
3000	August 31 - Fund Balance	<u>\$ 6,779,372</u>	<u>\$ 6,051,663</u>	<u>\$ 6,559,746</u>	<u>\$ 508,083</u>

**OTHER SUPPLEMENTARY INFORMATION**  
**EXHIBITS H-1 THROUGH J-3**

GUTHRIE COMMON SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
AUGUST 31, 2013

Exhibit H-1

	Special Revenue Funds				Total Nonmajor Governmental Funds
	244 Career and Technical Grant	255 ESEA II, A Training and Recruiting Grant	270 ESEA VI, Part B Rural & Low Income	410 State Textbook Fund	
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$	\$	\$	\$	\$ 0
Receivables from Other Governments				1,696	1,696
<b>Total Assets</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,696</u>	<u>\$ 1,696</u>
<b>LIABILITIES:</b>					
Accrued Wages Payable	\$	\$	\$	\$	\$ 0
Due to Other Funds				1,696	1,696
<b>Total Liabilities</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,696</u>	<u>\$ 1,696</u>
<b>FUND EQUITY:</b>					
Total Fund Equity	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Total Liabilities and Fund Equity</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,696</u>	<u>\$ 1,696</u>

GUTHRIE COMMON SCHOOL DISTRICT

Exhibit J-3

BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	1 Budgeted Amounts		3	Variance With Final Budget Favorable (Unfavorable)
	Original	Amended	Actual	
<b>Revenues:</b>				
5700 Local and Intermediate Sources	\$ 841,688	\$ 841,688	\$ 850,059	\$ 8,371
Total Revenues	\$ 841,688	\$ 841,688	\$ 850,059	\$ 8,371
<b>Expenditures:</b>				
0071 Principal on Long-Term Debt	\$ 841,688	\$ 695,000	\$ 695,000	\$ 0
0072 Interest on Long-Term Debt		146,688	146,688	0
0073 Bond Issuance Cost and Fees		300	300	0
6030 Total Expenditures	\$ 841,688	\$ 841,988	\$ 841,988	\$ 0
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 0	\$ (300)	\$ 8,071	\$ 8,371
1200 Net Change in Fund Balance	\$ 0	\$ (300)	\$ 8,071	\$ 8,371
0100 September 1 - Fund Balance	36,677	36,677	36,677	0
3000 August 31 - Fund Balance	\$ 36,677	\$ 36,377	\$ 44,748	\$ 8,371

**OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION**

**BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.**

**CERTIFIED PUBLIC ACCOUNTANTS**

**PHONE: (806) 747-3808**

**FAX: (806) 747-3815**

**8215 NASHVILLE AVENUE**

**LUBBOCK, TEXAS 79423-1054**

**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 School Trustees  
Guthrie Common School District  
Guthrie, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Guthrie Common School District (the District) as of and for the year ended August 31, 2013, and related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Guthrie Common School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Bolinger, Segars, Gilbert & Moss LLP*

Certified Public Accountants

Lubbock, Texas

December 3, 2013

**GUTHRIE COMMON SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED AUGUST 31, 2013**

**Current Year Findings –**

N/A

**Corrective Action Plan –**

N/A

**Status of Prior Year Findings –**

N/A

**OTHER TEA REQUIRED SCHEDULES**

**GUTHRIE COMMON SCHOOL DISTRICT**

**Exhibit L-1**

**SCHOOLS FIRST QUESTIONNAIRE  
FOR THE YEAR ENDED AUGUST 31, 2013**

- |      |  |     |
|------|--|-----|
| 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  | Were there any disclosures in the Annual Financial Report of material noncompliance?   | No  |
| SF10 | Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.                       | \$0 |