

MAYPEARL INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014

Introductory Section

Maypearl Independent School District
Annual Financial Report
For The Year Ended August 31, 2014

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Annual Financial Report
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CERTIFICATE OF BOARD

Maypearl Independent School District
Name of School District

Ellis
County

070-915
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, 2014, at a meeting of the board of trustees of such school district on the ____ day of _____, _____.

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

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA

FRANK MARX, III, CPA

DORI BOHL, CPA & CFE

Independent Auditors' Report

To the Board of Trustees
Maypearl Independent School District
P. O. Drawer 40
Maypearl, Texas 76064

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Maypearl Independent School District ("the District") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Maypearl Independent School District as of August 31, 2014, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information 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.

Other Information

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

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014 on our consideration of Maypearl 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* in considering Maypearl Independent School District's internal control over financial reporting and compliance.

Anderson, Marx & Bohl, P.C.

Anderson, Marx & Bohl, P.C.

Corsicana, Texas

October 15, 2014

ANDERSON, MARX & BOHL, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MAYPEARL INDEPENDENT SCHOOL DISTRICT

"Building a World Class Learning Community"

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Maypearl Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2014. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position on financial statement exhibit A-1 was \$10,273,879 at August 31, 2014.
- During the year, the District's primary government expenses on financial statement exhibit B-1 were \$236,532 more than the \$10,373,947 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs on financial statement exhibit C-2 decreased \$11,220,023 from last year. A bond refinancing and capital expenditures in the prior year accounted for this decrease.
- The general fund reported a fund balance this year on financial statement exhibit C-1 of \$3,596,490. The District began the current year with a fund balance in the amount of \$4,433,263.

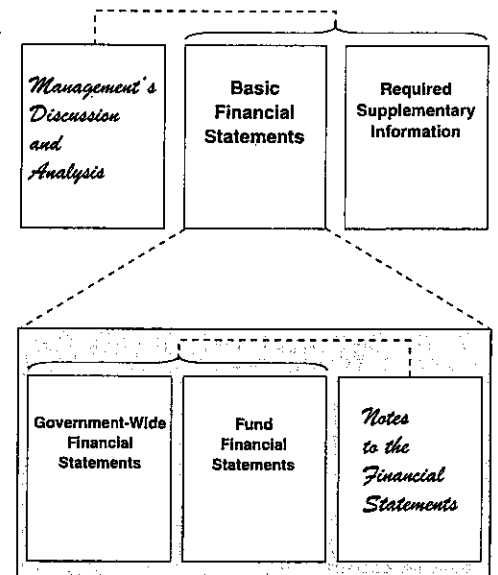
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the District's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-1, Required Components of the District's Annual Financial Report



Summary ← → Detail

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant *funds*—not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$10.27 million at August 31, 2014. (See Table A-1).

Table A-1
Maypearl Independent School District's Net Position
(In million dollars)

	Governmental Activities		Total Percentage Change
	<u>2014</u>	<u>2013</u>	<u>2014-2013</u>
Current assets:			
Cash and cash equivalents	\$4.1	\$5.5	-25
Investments	.7	.7	0
Due from other governments	.0	.0	**
Due from other funds	0	0	**
Other receivables	.1	.1	0
Inventories – supplies and materials	0	0	**
Total current assets:	<u>4.9</u>	<u>6.3</u>	-22
Noncurrent assets:			
Land, furniture and equipment	34.0	33.1	3
Less accumulated depreciation	<u>(9.7)</u>	<u>(8.7)</u>	-11
Total noncurrent assets	<u>24.3</u>	<u>24.4</u>	0
Total Assets	<u>29.2</u>	<u>30.7</u>	-5
Current liabilities:			
Accounts payable and accrued liabilities	.4	.4	0
Claims payable	0	0	**
Due to other funds	0	0	**
Deferred revenue	<u>.1</u>	<u>.7</u>	-86
Total current liabilities	<u>.5</u>	<u>1.1</u>	-55
Long-term liabilities:			
Noncurrent liabilities due in one year	.9	.8	13
Noncurrent liabilities due more than 1 yr	<u>17.5</u>	<u>18.3</u>	-8
Total Liabilities	<u>18.9</u>	<u>20.2</u>	-13
Net Position:			
Invested in capital assets, net of debt	5.9	5.3	11
Restricted	.6	1.1	-45
Unrestricted	<u>3.8</u>	<u>4.1</u>	-7
Total Net Position	<u>\$ 10.3</u>	<u>\$ 10.5</u>	-2

The District has \$649,389 in restricted net position that represents proceeds from debt service of \$587,494 and state and federal programs of \$61,895. These proceeds when spent are restricted for the above purposes. The \$3,692,932 of unrestricted net position represents resources to be available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$10,373,947. A significant portion, 35 percent, of the District's revenue comes from taxes. (See Figure A-3.) 51 percent comes from state aid – formula grants, while only 2 percent relates to charges for services.

The total cost of all programs and services was \$10,610,479; 89 percent of these costs are for governmental activities associated with instructional and student services.

Governmental Activities

- Property tax rates declined slightly. Even with this, due to valuations, tax revenues decreased by only \$21,700 or less than 1%.

Table A-2
Changes in Maypearl Independent School District's Net Position
(In million dollars)

	Governmental Activities		Total % Change
	2014	2013	
Program Revenues:			
Charges for Services	\$.2	\$.2	0
Operating Grants and Contributions	1.0	1.1	-9
Capital Grants and Contributions	0	0	**
General Revenues			
Property Taxes	3.7	3.7	0
State Aid – Formula	5.3	4.9	8
Investment Earnings	.0	.0	**
Other	.2	.2	0
Total Revenues	10.4	10.1	3
Instruction	5.6	5.2	8
Instructional Resources and Media Services	.1	.2	-50
Curriculum Dev. And Instructional Staff Dev.	0	0	**
Instructional Leadership	.1	.1	0
School Leadership	.5	.5	0
Guidance, Counseling and Evaluation Services	.3	.3	0
Social Work Services	0	0	**
Health Services	.1	.1	0
Student (Pupil) Transportation	.2	.3	-33
Food Services	.4	.4	0
Curricular/Extracurricular Activities	.4	.3	33
General Administration	.5	.4	25
Plant Maintenance & Oper.	1.3	1.1	18
Security & Monitoring Svcs.	.1	0	**
Data Processing Services	.3	.3	0
Community Services	0	0	**
Debt Services	.7	.8	-13
Facilities Acquisition and Construction	0	0	**
Contracted Instr. Services Between Public Schools	0	0	**
Increment Costs Associated Chapter 41 (WADA)	0	0	**
Payments to Fiscal Agent/Member Dist. - SSA	.0	.0	**
Public Education Grant Progr.	0	0	**
Payments to Juvenile Justice Alternative Ed. Program	0	0	**
Payments to Charter Schools	0	0	**
Payments to Tax Increment Fund	0	0	**
Total Expenses	10.6	10.0	6
Excess (Deficiency) Before Other Resources,			
Uses & Transfers	0	0	**
Other Resources (Uses)	0	0	**
Transfers In (Out)	0	0	**
Increase (Decrease) in Net Position	\$.2	\$.1	-300

Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$10.6 million.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$3.7 million.
- Some of the cost was paid by those who directly benefited from the programs \$.19 million, or
- By grants and contributions \$.99 million.

Table A-3
Net Cost of Selected District Functions
(in millions of dollars)

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2014	2013		2014	2013	
Instruction	5.6	5.2	8	5.1	4.8	6
School administration	.5	.4	25	.5	.4	25
Plant Maintenance & Operations	1.3	1.1	18	1.3	1.1	18
Debt Service – Interest & Fiscal Charges	.7	.8	-13	.6	.5	20

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$10.4 million, while the previous year it was \$10.1 million. The decrease in local revenues is a result of reductions in local tax rates that was not completely offset by increased valuations. The increase in state revenues is a result of an increase in the number of students in average daily attendance and state funding formulas. The change in federal revenues is based on federal programs distributed through other agencies.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget 1 time. Actual expenditures were \$379,261 below final budget amounts in the General Fund.

On the other hand, resources available were \$14,420 below the final budgeted amount as tax revenue was less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the District had invested \$33,977,555 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents a net increase (including additions and deductions) of \$834,052 or 3% percent over last year.

Table A-4
District's Capital Assets
(In millions of dollars)

	Governmental Activities		Total Percentage Change 2014-2013
	2014	2013	
Land	.767	.767	0
Interim Construction	0	0	**
Buildings and improvements	29.630	29.243	1
Vehicles	1.008	.989	2
Equipment	2.121	1.693	25
Leased Assets	.452	.452	0
Totals at historical cost	33.978	33.144	3
Total accumulated depreciation	(9.650)	(8.710)	-11
Net capital assets	24,328	24,434	0

The District's fiscal year 2015 capital budget projects no major projects. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$18.372 million in bonds, leases and notes outstanding as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

Bond Ratings

The District's bonds presently carry "AAA" ratings with underlying ratings as follows: Moody's Investor Services "A3" and Standard & Poors "A".

Table A-5
District's Long Term Debt
(In millions of dollars)

	Governmental Activities		Total Percentage Change
	2014	2013	2014-2013
Leases payable	.000	.000	**
Bonds payable	18.372	19.060	-4
Notes payable	0	0	**
Less deferred amount			
On refundings	(0)	(0)	**
Total bonds & notes payable	18.372	19.060	-4

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2015 budget preparation is up \$5,301,115, or less than 2% from 2014.
- General operating fund spending per student decreased in the 2015 budget from \$10,061 to \$9,792. This is a 3.0% decrease.
- The District's 2015 refined average daily attendance is expected to be 986, a relatively stable number.

These indicators were taken into account when adopting the general fund budget for 2015. Amounts available for appropriation in the general fund budget are \$9,656,056, a decrease of 3 percent over the final 2014 budget.

If these estimates are realized, the District's budgetary general fund fund balance is not expected to change appreciably by the close of 2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Maypearl Independent School District's Business Services Department at P. O. Box 40, Maypearl, Texas 76064 or phone number 972-435-1000.

Basic Financial Statements

MAYPEARL INDEPENDENT SCHOOL DISTRICT**STATEMENT OF NET POSITION****AUGUST 31, 2014**

1

Data Control Codes		Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 4,086,178
1120	Current Investments	645,115
1225	Property Taxes Receivable (Net)	123,607
1240	Due from Other Governments	10,936
	Capital Assets:	
1510	Land	767,106
1520	Buildings and Improvements, Net	22,502,695
1530	Furniture and Equipment, Net	740,767
1550	Capital Lease Assets, Net	316,841
1000	Total Assets	<u>29,193,245</u>
LIABILITIES:		
2110	Accounts Payable	118,169
2140	Interest Payable	23,494
2165	Accrued Liabilities	268,287
2300	Unearned Revenue	137,059
	Noncurrent Liabilities:	
2501	Due Within One Year	882,575
2502	Due in More Than One Year	17,489,782
2000	Total Liabilities	<u>18,919,366</u>
NET POSITION		
3200	Net Investment in Capital Assets	5,931,558
	Restricted For:	
3820	State and Federal Programs	61,895
3850	Debt Service	587,494
3900	Unrestricted	3,692,932
3000	Total Net Position	<u>\$ 10,273,879</u>

The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT**STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Functions/Programs	1	3	4	Net (Expense) Revenue and Changes in Net Position
		Expenses	Program Revenues Charges for Services	Operating Grants and Contributions	Governmental Activities
	Governmental Activities:				
11	Instruction	\$ 5,630,189	\$ --	\$ 514,535	\$ (5,115,654)
12	Instructional Resources and Media Services	127,031	--	--	(127,031)
13	Curriculum and Staff Development	35,763	--	25,084	(10,679)
21	Instructional Leadership	98,548	--	--	(98,548)
23	School Leadership	483,218	--	--	(483,218)
31	Guidance, Counseling, & Evaluation Services	252,765	--	59,419	(193,346)
33	Health Services	108,159	--	--	(108,159)
34	Student Transportation	244,737	--	--	(244,737)
35	Food Service	404,710	156,053	265,384	16,727
36	Cocurricular/Extracurricular Activities	352,244	30,079	--	(322,165)
41	General Administration	452,378	--	--	(452,378)
51	Facilities Maintenance and Operations	1,323,355	--	--	(1,323,355)
52	Security and Monitoring Services	85,295	--	--	(85,295)
53	Data Processing Services	325,479	--	--	(325,479)
72	Interest on Long-term Debt	683,104	--	127,136	(555,968)
73	Bond Issuance Costs and Fees	3,504	--	--	(3,504)
TG	Total Governmental Activities	10,610,479	186,132	991,558	(9,432,789)
TP	Total Primary Government	\$ 10,610,479	\$ 186,132	\$ 991,558	(9,432,789)
	General Revenues:				
MT	Property Taxes, Levied for General Purposes				2,830,702
DT	Property Taxes, Levied for Debt Service				834,794
IE	Investment Earnings				55,090
GC	Grants and Contributions Not Restricted to Specific Programs				5,323,977
MI	Miscellaneous				151,694
TR	Total General Revenues				9,196,257
CN	Change in Net Position				(236,532)
NB	Net Position - Beginning				10,510,411
NE	Net Position - Ending				\$ 10,273,879

The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS**

AUGUST 31, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ 3,982,549	\$ 157	\$ 103,472	\$ 4,086,178
1120 <i>Current Investments</i>	84,943	560,172	--	645,115
1225 <i>Taxes Receivable, Net</i>	96,442	27,165	--	123,607
1240 <i>Due from Other Governments</i>	--	--	10,936	10,936
1000 Total Assets	\$ 4,163,934	\$ 587,494	\$ 114,408	\$ 4,865,836
LIABILITIES:				
Current Liabilities:				
2110 <i>Accounts Payable</i>	\$ 118,169	\$ --	\$ --	\$ 118,169
2160 <i>Accrued Wages Payable</i>	257,351	--	10,936	268,287
2300 <i>Unearned Revenue</i>	95,482	--	41,577	137,059
2000 Total Liabilities	471,002	--	52,513	523,515
DEFERRED INFLOWS OF RESOURCES:				
<i>Deferred Revenue</i>	96,442	27,165	--	123,607
2600 Total Deferred Inflows of Resources	96,442	27,165	--	123,607
FUND BALANCES:				
Nonspendable Fund Balances:				
3415 <i>Long-Term Loans/Notes Receivable</i>	--	560,329	--	560,329
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	61,895	61,895
Committed Fund Balances:				
3510 <i>Construction</i>	200,000	--	--	200,000
Assigned Fund Balances:				
3550 <i>Construction</i>	1,700,000	--	--	1,700,000
3600 <i>Unassigned</i>	1,696,490	--	--	1,696,490
3000 Total Fund Balances	3,596,490	560,329	61,895	4,218,714
Total Liabilities, Deferred Inflow				
4000 of Resources and Fund Balances	\$ 4,163,934	\$ 587,494	\$ 114,408	\$ 4,865,836

The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2014

Total fund balances - governmental funds balance sheet	\$ 4,218,714
--	--------------

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not reported in the funds.	24,327,409
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	123,607
Payables for bond principal which are not due in the current period are not reported in the funds.	(15,089,792)
Payables for capital leases which are not due in the current period are not reported in the funds.	(185,053)
Payables for bond interest which are not due in the current period are not reported in the funds.	(1,701,006)
Payables for notes which are not due in the current period are not reported in the funds.	<u>(1,420,000)</u>

Net position of governmental activities - Statement of Net Position	<u>\$ 10,273,879</u>
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The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ 3,062,512	\$ 838,814	\$ 156,053	\$ 4,057,379
5800 <i>State Program Revenues</i>	5,616,515	127,136	26,872	5,770,523
5900 <i>Federal Program Revenues</i>	24,964	--	505,485	530,449
5020 <i>Total Revenues</i>	<u>8,703,991</u>	<u>965,950</u>	<u>688,410</u>	<u>10,358,351</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	5,116,337	--	147,361	5,263,698
0012 <i>Instructional Resources and Media Services</i>	115,000	--	--	115,000
0013 <i>Curriculum and Staff Development</i>	8,737	--	23,639	32,376
0021 <i>Instructional Leadership</i>	87,242	--	1,972	89,214
0023 <i>School Leadership</i>	437,452	--	--	437,452
0031 <i>Guidance, Counseling, & Evaluation Services</i>	134,824	--	94,001	228,825
0033 <i>Health Services</i>	97,915	--	--	97,915
0034 <i>Student Transportation</i>	241,209	--	--	241,209
0035 <i>Food Service</i>	--	--	366,621	366,621
0036 <i>Cocurricular/Extracurricular Activities</i>	507,891	--	--	507,891
0041 <i>General Administration</i>	409,533	--	--	409,533
0051 <i>Facilities Maintenance and Operations</i>	1,618,403	--	--	1,618,403
0052 <i>Security and Monitoring Services</i>	115,395	--	--	115,395
0053 <i>Data Processing Services</i>	294,652	--	--	294,652
0071 <i>Principal on Long-term Debt</i>	279,665	518,601	--	798,266
0072 <i>Interest on Long-term Debt</i>	75,359	498,796	--	574,155
0073 <i>Bond Issuance Costs and Fees</i>	1,150	2,354	--	3,504
6030 <i>Total Expenditures</i>	<u>9,540,764</u>	<u>1,019,751</u>	<u>633,594</u>	<u>11,194,109</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	<u>(836,773)</u>	<u>(53,801)</u>	<u>54,816</u>	<u>(835,758)</u>
Other Financing Sources and (Uses):				
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	7,363	--	7,363
7080 <i>Total Other Financing Sources and (Uses)</i>	--	7,363	--	7,363
1200 <i>Net Change in Fund Balances</i>	<u>(836,773)</u>	<u>(46,438)</u>	<u>54,816</u>	<u>(828,395)</u>
0100 <i>Fund Balances - Beginning</i>	4,433,263	606,767	7,079	5,047,109
3000 <i>Fund Balances - Ending</i>	<u>\$ 3,596,490</u>	<u>\$ 560,329</u>	<u>\$ 61,895</u>	<u>\$ 4,218,714</u>

The accompanying notes are an integral part of this statement.

MAYPEARL 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, 2014*

Net change in fund balances - total governmental funds	\$ (828,395)
--	--------------

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	834,052
The depreciation of capital assets used in governmental activities is not reported in the funds.	(939,739)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	8,233
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	708,601
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	89,665
The accretion of interest on capital appreciation bonds is not reported in the funds.	(110,081)
(Increase) decrease in accrued interest from beginning of period to end of period.	<u>1,132</u>

Change in net position of governmental activities - Statement of Activities	\$ <u>(236,532)</u>
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The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****AUGUST 31, 2014**

		Agency Fund
Data Control Codes		Student Activity
ASSETS:		
1110	Cash and Cash Equivalents	\$ 93,778
1120	Current Investments	61,886
1000	Total Assets	<u>155,664</u>
LIABILITIES:		
Current Liabilities:		
2110	Accounts Payable	3,917
2190	Due to Student Groups	151,747
2000	Total Liabilities	<u>155,664</u>
NET POSITION:		
3000	Total Net Position	\$ --

The accompanying notes are an integral part of this statement.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

A. Summary of Significant Accounting Policies

The basic financial statements of Maypearl 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 and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position 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 does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, 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. 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.

Debt Service Fund: This is the District's fund that accounts for funds collected for the purpose of retiring bonded debt and accounts for expenditures that service this debt.

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.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

Agency Funds (a fiduciary fund) 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. The District's only Agency Fund is the Student Activity Fund.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They 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.

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 does not consider revenues collected after its year-end to be available in the current period. 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.

3. Financial Statement Amounts

a. 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 when they become due or past due and receivable within the current period, however, an allowance for doubtful collection of \$18,699 is included.

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.

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

c. 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	50
Building Improvements	20
Vehicles	5-10
Office Equipment	7
Computer Equipment	3

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

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

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

f. 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 positions.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

g. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, and expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

h. 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.

i. 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 (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

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 Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees 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 Board of Trustees. 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 Board of Trustees or by an official or body to which the Board of Trustees 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 convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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.

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2014

k. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. 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.

1. Cash Deposits:

At August 31, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$4,859,387 and the bank balance was \$5,072,215. The District's cash deposits at August 31, 2014 and during the year ended August 31, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2014 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit included in cash	N/A	\$ 127,572
Lone Star Investments	N/A	27,570
Total Investments		<u>\$ 155,142</u>

3. 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:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2014, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, contain no credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "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- 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 investments 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 ("SEC") 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.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

D. Capital Assets

Capital asset activity for the year ended August 31, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 767,106	\$ --	\$ --	\$ 767,106
Total capital assets not being depreciated	<u>767,106</u>	<u>--</u>	<u>--</u>	<u>767,106</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	29,242,414	387,249	--	29,629,663
Equipment	1,692,765	427,152	--	2,119,917
Vehicles	988,588	19,651	--	1,008,239
Capital Lease	452,630	--	--	452,630
Total capital assets being depreciated	<u>32,376,397</u>	<u>834,052</u>	<u>--</u>	<u>33,210,449</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,418,271)	(708,697)	--	(7,126,968)
Equipment	(1,569,206)	(117,907)	--	(1,687,113)
Vehicles	(632,404)	(67,872)	--	(700,276)
Capital Lease	(90,526)	(45,263)	--	(135,789)
Total accumulated depreciation	<u>(8,710,407)</u>	<u>(939,739)</u>	<u>--</u>	<u>(9,650,146)</u>
Total capital assets being depreciated, net	<u>23,665,990</u>	<u>(105,687)</u>	<u>--</u>	<u>23,560,303</u>
Governmental activities capital assets, net	<u>\$ 24,433,096</u>	<u>\$ (105,687)</u>	<u>\$ --</u>	<u>\$ 24,327,409</u>

Depreciation was charged to functions as follows:

Instruction	\$ 533,320
Instructional Resources and Media Services	12,031
Curriculum and Staff Development	3,387
Instructional Leadership	9,334
School Leadership	45,766
Guidance, Counseling, & Evaluation Services	23,940
Health Services	10,244
Student Transportation	23,179
Food Services	38,089
Extracurricular Activities	33,362
General Administration	42,845
Plant Maintenance and Operations	125,337
Security and Monitoring Services	8,078
Data Processing Services	30,827
	<u>\$ 939,739</u>

E. Interfund Balances and Activities

1. Due To and From Other Funds

There were no due to and due from other funds at August 31, 2014.

2. Transfers To and From Other Funds

There were no transfers to and from other funds at during the year ended August 31, 2014.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2014

F. Long-Term Obligations

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, 2014, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
General obligation bonds	\$ 13,536,738	\$ --	\$ (461,721)	\$ 13,075,017	\$ 585,017
General obligation bonds					
Capital Appreciation bonds	671,655	--	(56,880)	614,775	--
QCCB Construction Bond *	1,520,000	--	(120,000)	1,400,000	120,000
Tax Maintenance Note *	1,490,000	--	(70,000)	1,420,000	85,000
Capital leases *	274,718	--	(89,665)	185,053	92,558
Accretion on Capital App Bnd	1,567,431	110,081	--	1,677,512	--
Total governmental activities	<u>\$ 19,060,542</u>	<u>\$ 110,081</u>	<u>\$ (798,266)</u>	<u>\$ 18,372,357</u>	<u>\$ 882,575</u>

* To be paid from General Fund

General Obligation Bonds

General obligation school building bonds payable at August 31, 2014, with their outstanding balance are comprised of the following individual issues.

The District issued \$9,449,993 of Unlimited Tax Refunding Bonds, Series 2004 during the year ended August 31, 2004 for the purposes of construction. Interest rates vary from 2.5% to 5.55% with installments varying from \$75,685 to \$1,081,375. The balance on this issue at August 31, 2014 is \$135,017.

The District issued \$6,219,359 of Unlimited Tax School Building and Refunding Bonds, Series 2005 during the year ended August 31, 2005 for the purposes of construction. Interest rates vary from 3.0% to 5.0% with installments varying from \$20,365 to \$448,461. The total balance on this issue at August 31, 2014 is \$2,940,000.

The District issued \$7,224,000 of Unlimited Tax School Refunding Bonds, Series 2012 during the year ended August 31, 2013 for the purposes of lowering interest rates. Interest rates vary from 2.625% to 3.0% with installments varying from \$209,321 to \$898,006. The total balance on this issue at August 31, 2014 is \$7,102,677 with \$12,677 considered capital appreciation bonds.

The District issued \$719,995 of Unlimited Tax School Refunding Bonds, Series 2012A during the year ended August 31, 2013 for the purposes of lowering interest rates. Interest rates vary from 1.0% to 3.0% with installments varying from \$35,727 to \$93,150. The total balance on this issue at August 31, 2014 is \$640,000.

The District issued \$1,367,099 of Unlimited Tax School Refunding Bonds, Series 2013 during the year ended August 31, 2013 for the purposes of lowering interest rates. Interest rates are approximately 2.0% with installments varying from \$24,738 to \$454,500. The total balance on this issue at August 31, 2014 is \$1,367,099 with \$487,099 considered capital appreciation bonds.

The District issued \$1,539,999 of Unlimited Tax School Refunding Bonds, Series 2013A during the year ended August 31, 2013 for the purposes of lowering interest rates. Interest rates vary from 1.5% to 4.0% with installments varying from \$31,841 to \$185,700. The total balance on this issue at August 31, 2014 is \$1,504,999 with \$114,999 considered capital appreciation bonds.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

Qualified School Construction Bond

The District issued \$2,000,000 of Qualified School Construction Maintenance Tax Note Bonds during the year ended August 31, 2010 for the purposes of construction. Interest rate is fixed at .94% with installments varying from \$115,000 to \$130,000. The total balance on this issue at August 31, 2014 is \$1,400,000 with a final maturity date of 2025.

Tax Maintenance Notes

The District issued \$1,490,000 of Maintenance Tax Notes, Series 2013 during the year ended August 31, 2013 for the purposes of construction. Interest rates vary from 1.0% to 3.5% with installments varying from \$122,100 to \$127,050. The total balance on this issue at August 31, 2014 is \$1,420,000 with a final maturity date of 2028.

Lease

The District issued a \$452,630 lease obligation during a prior year to purchase 5 buses, with an interest rate of 3% and installments of \$98,141 per year. The total balance on this issue at August 31, 2014 is \$185,053 with a final maturity date of 2016.

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2014, are as follows:

<u>Year Ending August 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 790,017	\$ 524,165	\$ 1,314,182
2016	709,031	611,135	1,320,166
2017	527,296	703,639	1,230,935
2018	555,878	711,827	1,267,705
2019	559,893	733,137	1,293,030
2020-2024	3,406,252	3,163,270	6,569,522
2025-2029	4,476,425	1,771,154	6,247,579
2030-2034	5,485,000	462,515	5,947,515
Totals	<u>\$ 16,509,792</u>	<u>\$ 8,680,842</u>	<u>\$ 25,190,634</u>

3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2014, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

<u>Bond Issue</u>	<u>Amount</u>
2000	\$ 545,000
2004	8,431,795
2005	1,410,000
Total	<u>\$ 10,386,795</u>

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

4. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of August 31, 2014, as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 92,558	\$ 5,637	\$ 98,195
2016	92,495	5,700	98,195
Totals	<u>\$ 185,053</u>	<u>\$ 11,337</u>	<u>\$ 196,390</u>
Lease Expenditures in 2014			<u>\$ 98,195</u>

The effective interest rate on capital leases is 3.000%.

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2014, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

H. 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 2013, 2012 and 2011, and a state contribution rate of 6.4% for fiscal year 2013, 6.0 % for fiscal year 2012, and 6.644% for fiscal year 2011. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending August 31, 2014, 2013 and 2012 were \$327,150, \$320,660 and \$339,203, respectively. The District paid additional state contributions for the years ending August 31, 2014, 2013 and 2012 in the amount of \$44,856, \$44,013 and \$41,792, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

I. Retiree Health Care Plans

1. TRS-Care

a. 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 under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 1% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2014, 2013 and 2012. For the years ended August 31, 2014, 2013, and 2012, the State's contributions to TRS-Care were \$54,553, \$50,103, and \$51,054, respectively, the active member contributions were \$35,459, \$32,567, and \$33,185, respectively, and the District's contributions were \$30,004, \$27,557, and \$28,080, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

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, 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$14,572, \$13,486, and \$11,544, respectively.

J. Employee Health Care Coverage

During the year ended August 31, 2014, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 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, 2014, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the Blue Cross Blue Shield are available for the year ended December 31, 2013, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

K. 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.

2. Litigation

No reportable litigation was pending against the District at August 31, 2014.

L. Self Funded Workman's Compensation Insurance

On September 1, 1991 the District joined a self-funded workers compensation plan known as East Texas Educational Insurance Association along with other Texas School Districts. The District pays an administrative fee based on total payroll costs multiplied by an experience modifier. The service agreement provides that the association will be self-sustaining through member premiums. Excess worker's compensation insurance is carried by Midwest Employers Casualty Co.. The specific retention is \$225,000, aggregate limit \$5,000,000. Liabilities are reported when it is probable that a loss has been incurred and the amount of that loss can be reasonably estimated.

Statement of Change in Liability

	2014	2013
Unpaid (overpayment) claims at September 1	\$ 92,847	\$ 55,525
Net claims incurred or (adjusted) during the year	9,297	78,685
Payments of claims during the year	(40,036)	(41,363)
Unpaid claims at August 31	<u>\$ 62,108</u>	<u>\$ 92,847</u>

The above amount is reflected as a liability on the financial statements as of August 31, 2014.

M. Accumulated Unpaid Vacation and Personal Leave Benefits

At August 31, 2014, the District had no liability for accrued sick leave or vacation leave.

District employees accumulate personal leave at the rate of 5 days per year with no accumulation limit.

The District has non vested sick and personal leave benefits at August 31, 2014 which are not recorded on the financial statements in the amount of \$387,715. These benefits are recorded as expenditures as used.

N. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present final amended budgeted revenues and expenditures for each of these funds along with the adopted budget for the General Fund. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J4 and J5.

MAYPEARL INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to August 20 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.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and nonappropriated budget special revenue funds is as follows:

	August 31, 2014
	Fund Balance
Appropriated Budget Funds	\$ <u>61,895</u>

O. Subsequent Event

The District 's board has elected to do additional bond refinancing during the year ending August 31, 2015 to lower the debt service costs.

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.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-1

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
REVENUES:					
5700	Local and Intermediate Sources	\$ 3,184,965	\$ 3,209,456	\$ 3,062,512	\$ (146,944)
5800	State Program Revenues	5,483,955	5,483,955	5,616,515	132,560
5900	Federal Program Revenues	25,000	25,000	24,964	(36)
5020	Total Revenues	8,693,920	8,718,411	8,703,991	(14,420)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	5,147,811	5,158,232	5,116,337	41,895
0012	Instructional Resources and Media Services	133,924	133,924	115,000	18,924
0013	Curriculum and Staff Development	9,200	9,200	8,737	463
	Total Instruction & Instr. Related Services	5,290,935	5,301,356	5,240,074	61,282
Instructional and School Leadership:					
0021	Instructional Leadership	97,793	97,793	87,242	10,551
0023	School Leadership	462,549	462,549	437,452	25,097
	Total Instructional & School Leadership	560,342	560,342	524,694	35,648
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	157,764	157,764	134,824	22,940
0033	Health Services	97,389	98,589	97,915	674
0034	Student (Pupil) Transportation	286,449	286,449	241,209	45,240
0036	Cocurricular/Extracurricular Activities	530,361	543,231	507,891	35,340
	Total Support Services - Student (Pupil)	1,071,963	1,086,033	981,839	104,194
Administrative Support Services:					
0041	General Administration	411,202	411,202	409,533	1,669
	Total Administrative Support Services	411,202	411,202	409,533	1,669
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,270,066	1,670,066	1,618,403	51,663
0052	Security and Monitoring Services	212,100	212,100	115,395	96,705
0053	Data Processing Services	321,901	321,901	294,652	27,249
	Total Support Services - Nonstudent Based	1,804,067	2,204,067	2,028,450	175,617
Debt Service:					
0071	Principal on Long-Term Debt	279,666	279,666	279,665	1
0072	Interest on Long-Term Debt	75,359	75,359	75,359	--
0073	Bond Issuance Costs and Fees	2,000	2,000	1,150	850
	Total Debt Service	357,025	357,025	356,174	851
6030	Total Expenditures	9,495,534	9,920,025	9,540,764	379,261
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(801,614)	(1,201,614)	(836,773)	364,841
1200	Net Change in Fund Balance	(801,614)	(1,201,614)	(836,773)	364,841
0100	Fund Balance - Beginning	4,433,263	4,433,263	4,433,263	--
3000	Fund Balance - Ending	\$ 3,631,649	\$ 3,231,649	\$ 3,596,490	\$ 364,841

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.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2014*

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
2005 and Prior Years	\$	Various	\$	Various	\$	Various
2006		1.457		.294		151,554,890
2007		1.348		.30		165,447,964
2008		1.348		.30		185,475,597
2009		1.04		.32		208,757,353
2010		1.04		.319		245,800,589
2011		1.04		.319		259,003,311
2012		1.04		.319		264,796,836
2013		1.04		.319		266,902,134
2014 (School Year Under Audit)		1.04		.3066		272,482,201
1000 Totals						

10 Beginning Balance 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$ 20,957	\$ --	\$ 2,147	\$ 342	\$ (1,067)	\$ 17,401
4,108	--	802	160	(527)	2,619
5,655	--	726	162	(536)	4,231
4,932	--	1,031	298	(388)	3,215
5,688	--	1,065	328	1,439	5,734
7,988	--	1,363	418	2,751	8,958
8,179	--	905	278	1,994	8,990
16,526	--	3,838	1,177	1,904	13,415
58,795	--	28,191	8,647	(190)	21,767
	3,613,784	2,722,679	835,129	--	55,976
<u>\$ 132,828</u>	<u>\$ 3,613,784</u>	<u>\$ 2,762,747</u>	<u>\$ 846,939</u>	<u>\$ 5,380</u>	<u>\$ 142,306</u>

MAYPEARL INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2015-2016 GENERAL AND SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2014

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION

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	\$ --	\$ --	\$ 219,495	\$ 180,901	\$ --	\$ --	\$ 400,396
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	--	--	--	--	56,926	--	56,926
6212	Audit Services	--	--	--	13,870	--	--	13,870
6213	Tax Appraisal and Collection	--	33,207	--	--	--	--	33,207
621X	Other Prof. Services	--	2,755	4,199	--	5,442	6,258	18,654
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	--	--	7,510	7,510
6240	Contr. Maint. and Repair	--	--	--	--	8,154	--	8,154
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	--	--	1,341	--	1,341
6290	Miscellaneous Contr.	--	--	--	--	--	--	--
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	--	--	9,472	565	--	5,631	15,668
6410	Travel, Subsistence, Stipends	10,876	--	758	--	2,627	--	14,261
6420	Ins. and Bonding Costs	--	--	--	--	--	15,281	15,281
6430	Election Costs	898	--	--	--	--	--	898
6490	Miscellaneous Operating	614	--	1,550	3,033	--	--	5,197
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 12,388 \$ 35,962 \$ 235,474 \$ 198,369 \$ 74,490 \$ 34,680 \$ 591,363

Total Expenditures for General and Special Revenue Funds (9) \$ 10,174,358

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 834,052
Total Debt & Lease (6500)	(11)	356,174
Plant Maintenance (Function 51, 6100-6400)	(12)	1,174,704
Food (Function 35, 6341 and 6499)	(13)	160,886
Stipends (6413)	(14)	--
Column 4 (above) - Total Indirect Cost		198,369

Subtotal 2,724,185

Net Allowed Direct Cost \$ 7,450,173

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 29,629,663
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)	2,105,887
Historical Cost of Furniture & Equipment over 16 years old	(19)	--
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	--

(8) Note A - \$181,830 in Function 53 expenditures and no Function 99 expenditures are included in this report on administrative costs.

MAYPEARL INDEPENDENT SCHOOL DISTRICT**EXHIBIT J-3****FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)****GENERAL FUND****AS OF AUGUST 31, 2014**

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of August 31, 2014 (Exhibit C-1 object 3000 for the General Fund only)	\$ 3,596,490
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	200,000
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	1,700,000
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	--
7	Estimate of two months' average cash disbursements during the fiscal year	1,650,000
8	Estimate of delayed payments from state sources (58XX)	--
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	--
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	3,550,000
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ 46,490

Amount expected to be used for capital improvements

MAYPEARL INDEPENDENT SCHOOL DISTRICT**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM****BUDGETARY COMPARISON SCHEDULE****FOR THE YEAR ENDED AUGUST 31, 2014****EXHIBIT J-4**

Data Control Codes		1	2	3 Variance Positive (Negative)
		Budget	Actual	
REVENUES:				
5700	Local and Intermediate Sources	\$ 152,000	\$ 156,053	\$ 4,053
5800	State Program Revenues	12,500	11,447	(1,053)
5900	Federal Program Revenues	227,000	253,937	26,937
5020	Total Revenues	391,500	421,437	29,937
EXPENDITURES:				
Current:				
Support Services - Student (Pupil):				
0035	Food Services	391,500	366,621	24,879
	Total Support Services - Student (Pupil)	391,500	366,621	24,879
6030	Total Expenditures	391,500	366,621	24,879
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	--	54,816	54,816
1200	Net Change in Fund Balance	--	54,816	54,816
0100	Fund Balance - Beginning	7,079	7,079	--
3000	Fund Balance - Ending	\$ 7,079	\$ 61,895	\$ 54,816

MAYPEARL INDEPENDENT SCHOOL DISTRICT

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT J-5

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 821,736	\$ 838,814	\$ 17,078
5800 State Program Revenues	200,663	127,136	(73,527)
5020 Total Revenues	1,022,399	965,950	(56,449)
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	518,602	518,601	1
0072 Interest on Long-Term Debt	498,797	498,796	1
0073 Bond Issuance Costs and Fees	5,000	2,354	2,646
Total Debt Service	1,022,399	1,019,751	2,648
6030 Total Expenditures	1,022,399	1,019,751	2,648
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	(53,801)	(53,801)
Other Financing Sources (Uses):			
7916 Premium or Discount on Issuance of Bonds	--	7,363	7,363
7080 Total Other Financing Sources and (Uses)	--	7,363	7,363
1200 Net Change in Fund Balance	--	(46,438)	(46,438)
0100 Fund Balance - Beginning	606,767	606,767	--
3000 Fund Balance - Ending	\$ 606,767	\$ 560,329	\$ (46,438)

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA& CFE

Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
Maypearl Independent School District
P. O. Drawer 40
Maypearl, Texas 76064

Members of the Board of Trustees:

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 Maypearl Independent School District, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise Maypearl Independent School District's basic financial statements, and have issued our report thereon dated October 15, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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 Maypearl Independent School District's financial statements are free from 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.

Anderson, Marx & Bohl, P.C.

Anderson, Marx & Bohl, P.C.

Corsicana, Texas
October 15, 2014

ANDERSON, MARX & BOHL, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

HUDSON ANDERSON, CPA
FRANK MARX, III, CPA
DORI BOHL, CPA & CFE

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees
Maypearl Independent School District
P. O. Drawer 40
Maypearl, Texas 76064

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Maypearl 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 Maypearl Independent School District's major federal programs for the year ended August 31, 2014. Maypearl 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.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Maypearl Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2014.

Report on Internal Control Over Compliance

Management of Maypearl Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Maypearl Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Maypearl 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Anderson, Marx & Bohl, P.C.

Anderson, Marx & Bohl, P.C.

Corsicana, Texas
October 15, 2014

MAYPEARL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2014

A. Summary of Auditors' Results

1. Financial Statements

Type of auditors' report issued: Unmodified

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 auditors' report issued on compliance for major programs: Unmodified

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	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program-non cash
93.778	Medical Assistance

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

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

None noted

C. Federal Award Findings and Questioned Costs

None noted

MAYPEARL INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2014

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
None noted		

MAYPEARL INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2014

None noted so none required

MAYPEARL INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT K-1

(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 HEALTH AND HUMAN SERVICES			
Passed Through State Department of Education:			
Medical Assistance Program *	93.778	070-915	\$ 24,964
Total U. S. Department of Health and Human Services			<u>24,964</u>
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010a	14610101070915	59,419
IDEA-B Formula *	84.027	14660001070915660	146,831
Career and Technical - Basic Grant	84.048	144200060070915	4,975
IDEA-B Preschool *	84.173	14661001070915661	11,839
Title III Part A English Language Acquisition and Language Enhance	84.365	14671001070915	3,400
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	14694501070915	25,084
Total Passed Through State Department of Education			<u>251,548</u>
Total U. S. Department of Education			<u>251,548</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	070-915	72,125
National School Lunch Program *	10.555	070-915	161,590
National School Lunch Program (Non-cash) *	10.555	070-915	20,222
Total CFDA Number 10.555			<u>181,812</u>
Total Passed Through State Department of Education			<u>253,937</u>
Total U. S. Department of Agriculture			<u>253,937</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 530,449</u>

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

The accompanying notes are an integral part of this schedule.

MAYPEARL INDEPENDENT SCHOOL DISTRICT**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014**Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Maypearl 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.

MAYPEARL INDEPENDENT SCHOOL DISTRICT

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2014*

<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 unmodified 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?	\$ 1,677,512