Pharr-San Juan-Alamo Independent School District



Annual Financial Report

For the Fiscal Year Ending August 31, 2014

Oscar R. Gonzalez, CPA & Associates P.L.L.C.
Certified Public Accountants
Pharr, Texas

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014



Pharr-San Juan-Alamo Independent School District Annual Financial Report For The Year Ended August 31, 2014

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LIST OF PRINCIPAL OFFICIALS AUGUST 31, 2014

November 2013 - November 2014 Elected Officials

Name Mr. Humberto "Bobby" Rodriguez	Office President
Mr. Jesus "Jesse" Vela, Jr.	Vice-President
Mr. Victor Perez	Secretary-Treasurer
Mr. Guadalupe "Lupe" Rodriguez	Assistant Secretary-Treasurer
Mr. Ronaldo "Ronnie" Cantu	Member
Mr. Ben Garza, Jr.	Member
Mr. Reymundo Gonzalez	Member
November 2014 - Nover Elected Officials	
Name	Office
Mr. Jesus "Jesse" Vela, Jr.	President
Mr. Guadalupe "Lupe" Rodriguez	Vice-President
Mr. Humberto "Bobby" Rodriguez	Secretary-Treasurer
Mr. Ben Garza, Jr.	Assistant Secretary-Treasurer
Mr. Ronaldo "Ronnie" Cantu	Member
Mr. Reymundo Gonzalez	Member
Mr. Victor Perez	Member
Appointed Officia	ls
Name	Position
Dr. Daniel King	Superintendent of Schools

CERTIFICATE OF BOARD

Pharr-San Juan-Alamo Independent School District Name of School District	<u>Hidalgo</u> County	<u>108-909</u> CoDist. Number
We, the undersigned, certify that the attached annual f	nancial reports of the a	above named school district
were reviewed and (check one) X approved	disapproved for the ye	ear ended August 31, 2014,
at a meeting of the board of trustees of such school district	on the <u>26th</u> day of	anuary , 2015.
Signature of Board Secretary	Signature of B	Soard President

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



Certified Public Accountants

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Email: org110n@aol.com

Oscar R. González Melissa González

Independent Auditor's Report

To the Board of Trustees Pharr-San Juan-Alamo Independent School District P.O. Box 769 Pharr, Texas 78577

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 Pharr-San Juan-Alamo 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Pharr-San Juan-Alamo Independent School District as of August 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note A to the financial statements, in 2014, Pharr-San Juan-Alamo Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

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 Pharr-San Juan-Alamo Independent School District's basic financial statements. The introductory section and combining financial statements are presented for purposes of additional analysis and are not required parts 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 combining financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining financial statements and 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 January 19, 2015 on our consideration of Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo Independent School District's internal control over financial reporting and compliance.

Oscar R. Gonzalez, CPA and Associates PLLC

Certified Public Accountants

Pharr, TX

January 19, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Pharr-San Juan-Alamo Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal 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 was \$375,609,661 for fiscal year ending August 31, 2014.
- During the year, the District's expenses were \$14,570,321 less than the \$347,653,639 generated in taxes and other revenues for governmental activities. The net change in general fund balance was an increase of \$835,133. This increase is due to an overall slight increase in revenues in 2014 and expenses remaining stable.
- The general fund reported an unassigned fund balance this year of \$25,310,479. This is a reduction from the prior year due to \$19,000,000 being moved to committed for construction.

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:

- Figure A-1F, Required Components of the District's Annual Financial Report
- 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.
- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as food service.
- 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.

Management's Basic Required Supplementary **Financial** Discussion Information Statements and Analysis Notes Government-Wide Financial Financial to the Statements Statements Financial Statements

Summary

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-2 summarizes the major features of the District's financial statements, including the portion of the District government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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 assets 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.

Figure A-2. Major Features of the District's Government-wide and Fund Financial Statements

			Fund Statements	
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	Statement of net position Statement of activities	*Balance sheet *Statement of revenues, expenditures & changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long- term	All assets and liabilities, both short-term and long- term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

The two government-wide statements report the District's net position and how they have 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 are an indicator of whether its financial health is improving or deteriorating, respectively.

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, curriculum and staff development, school district administrative support services and general administration. Grants and charges for services 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 grants and local sources.

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.
- Proprietary funds—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

- We use *internal service funds* to report activities that provide supplies and services for the District's other programs and activities such as the district's Self Insurance Funds and the Print Shop.
- 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. Student activity funds are included here.

The five classifications of fund balance of the governmental types are defined as follows:

- 1. Nonspendable fund balance shall mean the portion of the gross fund balance that is not expendable (such as inventories) or is legally earmarked for a specific use.
 - Examples of nonspendable fund balance reserves for which fund balance shall not be available for general operating expenditures include:
 - Inventories
 - Prepaid items
 - Deferred expenditures
 - Long-term receivables
 - Outstanding encumbrances
- 2. Restricted fund balance shall include amounts constrained to a specific purpose by the provider, such as a grantor. Examples of restricted fund balances include:
 - Child nutrition program
 - Technology program
 - Construction Program
 - Resources from TEA for specific programs
- 3. Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Board or Superintendent.

Examples include:

- Potential litigation, claims, and judgments
- Construction
- Capital expenditures for equipment
- Student activity funds
- 4. Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Superintendent. In current practice such plans or intent may change and may never be budgeted, or may result in expenditures in future periods of time. Examples include:
 - Program Start-Up Costs
 - Other Legal Uses
- 5. Unassigned fund balance shall include amounts available for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures. The unassigned fund balance shall be the difference between the total fund balance and the total of the nonspendable fund balance, restricted fund balance, committed fund balance and assigned fund balance.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$375,609,661 on August 31, 2014. (See Table A-1).

Table A-1 Pharr-San Juan-Alamo Independent School District

	Governmental Activities 2013	Governmental <u>Activities 2014</u>
Current Assets:		
Cash and cash equivalents	\$ 202,248,615	\$ 111,537,643
Property taxes receivable(net of allowance)	7,852,278	7,474,401
Due from other governments	19,995,005	13,790,887
Accrued Interest	147,020	73,922
Other receivables (Net)	1,249,078	1,514,531
Inventories	2,312,100	2,233,339
Total Current Assets	233,804,096	136,624,723
Noncurrent Assets:		
Capitalized Bond and Other Debt Issuance Costs	4,136,269	0
Land	15,558,138	17,454,715
Building (Net)	219,565,654	233,683,469
Furniture and equipment (Net)	18,972,036	20,490,465
Library books and media (Net)	96,999	316,008
Construction in Progress	310,565,289	387,493,313
Infrastructure (Net)	4,042,955	5,077,501
Total Noncurrent Assets	572,937,340	664,515,471
Total Assets	806,741,436	801,140,194
Deferred Outflows of Resources	0	5,710,224
Current Liabilities:		
Accounts Payable	9,970,715	9,675,730
Short Term Debt Payable	-	1,775,000
Interest Payable	1,426,647	1,574,389
Accrued Liabilities	13,137,696	14,508,722
Due to other governments	6,741,835	2,385,777
Due to student groups	1,531,137	1,723,335
Unearned Revenue	973,838	1,473,150
Total Current Liabilities	33,781,868	33,116,103
Long-Term Liabilities:		
Due with in a year	13,795,000	12,570,000
Due in more than one year	395,425,513	363,331,218
Total Liabilities	443,002,381	409,017,321
Deferred Inflows of Resources	-	22,223,436
Net Position		
Net Investment in Capital Assets	227,713,511	281,487,505
Restricted for State and Federal Programs	5,406,152	5,532,146
Restricted for Debt Service	19,138,126	15,820,394
Restricted for Capital Projects	30,269,412	30,153,418
Restricted for Other Purposes	36,571,243	37,709,220
Unrestricted Net Position	44,640,611	4,906,978
Total Net Position	\$ 363,739,055	\$ 375,609,661

Changes in net net position. The District's total general revenues were \$259,719,513. A significant portion, (79%), of the District's revenue comes from grants and contributions (See Figure A-3.).

The total cost of all programs and services was \$333,083,318; of these costs 72.2% are for instruction and instructional related services and student services.

Governmental Activities

- Investment earnings continued to decrease slightly due to the decrease in interest rates.
- Property taxes remained constant due to stable tax rate and only increased slightly due to slight increase in values. The tax rate for 2013-14 was 1.3592 and will remain the same for 2014-15. The maintenance and operations tax rate was 1.17 in 2013-13 and will remain the same in 2014-15. The debt service tax rate was .1892 in 2013-14 and will remain the same in 2014-15. The district had a successful Tax Ratification Election in August of 2011 at that time the debt service rate was .3192. Balances in the debt service fund will continue to pay on debt service payments for 2014-15.

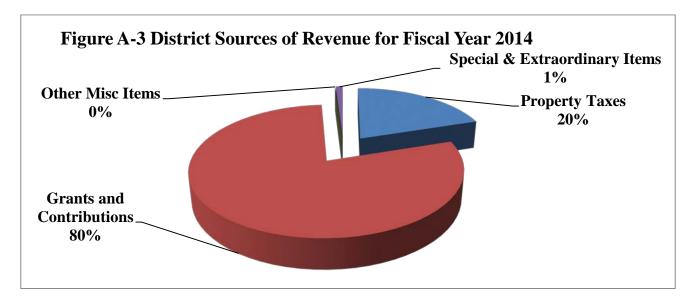


Table A-2Changes in the District's Net Position

	Governmental <u>Activities 2013</u>		
Program Revenues:			
Charges for Services	\$ 1,179,506	\$	1,038,308
Operating Grants and Contributions	79,830,633		73,151,143
Capital Grants and Contributions	14,697,440		13,744,675
General Revenues:			
Property Taxes	47,889,321		49,464,869
Grants and Contributions not Restricted	193,500,985		205,898,189
Investment Earnings	646,437		286,891
Miscellaneous Revenue	1,081,543		4,069,564
Gain on Sale of District Property	3,120,605		0
Total Revenues	341,946,471		347,653,639

Program Expense		
11 Instruction	159,460,096	170,424,243
12 Instructional resources media services	5,875,540	5,748,130
13 Curriculum Development and instructional staff development	9,979,530	9,504,475
21 Instructional Leadership	7,048,340	7,555,120
23 School Leadership	15,782,448	16,569,006
31 Guidance, counseling and evaluation services	11,259,795	11,929,132
32 Social work services	2,538,233	2,457,588
33 Health services	3,326,277	3,546,481
34 Transportation	5,877,833	5,370,812
35 Food Service	19,645,551	21,354,359
36 Curricular/Extracurricular activities	9,879,595	10,306,797
41 General Administration	12,228,695	12,314,529
51 Plant maintenance and operations	30,317,381	30,971,511
52 Security and monitoring	2,907,395	3,260,895
53 Data processing	1,345,382	1,539,212
61 Community services	1,931,909	1,830,848
72 Interest on Long Term Debt	17,347,364	16,325,318
73 Bond Issuance Cost and Fees	486,333	997,894
81 Capital Outlay	210,596	128,475
91 Contracted Instructional Services between Schools	992	0
93 Payments related to Shared Services Arrangements	372,200	290,720
95 Payments to JJAEP	2,765	4,042
99 Other Intergovernmental Charges	623,076	653,731
Total Expenses	318,447,326	333,083,318
Increase (Decrease) in Net Position	\$23,499,145	\$14,570,321

Table A-3 presents the cost of each of the District's largest functions.

• The net cost of all *governmental* activities this year was \$245,149,192. Those who directly benefited from program activities paid some of the cost. Other programs and services activities were paid by grants contributions.

Table A-3Cost of Selected District's Functions

	Cotal Cost of ervices 2013	Fotal Cost of Services 2014	% <u>Chage</u>
Instruction	\$ 159,460,096	\$ 170,424,243	6.9%
Plant, Maintenance & Operations	30,317,381	30,971,511	2.2%
Food Service	19,645,551	21,354,359	8.7%
School Leadership	15,782,448	16,569,006	5.0%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$346,736,057. The small increase in local revenues is a result of increased property values. The increase in state revenues is a result of increased state aid due to increased students. The increase in the federal program revenues was due to TIPPS grants at the district's middle schools.

The General Fund is the chief operating fund of the district. As of August 31, 2014, the fund balance of the general fund was \$73,116,534. The unassigned balance of \$25,310,479 or 34.62 of this total amount is available for spending at the government's discretion. Of the current ending fund balances, the following categories are recorded and for the primary use noted in accordance with implementing GASB No. 54:

- \$2,309,854 is recorded as nonspendable for inventories and deferred expenditures;
- \$27,229,153 is recorded as Restricted; \$4,164,524 in Food Service and \$6,043,615 in other State programs;
- \$19,000,00 is recorded as committed for Construction;
- \$3,000,000 is recorded as committed for capital expenditures for equipment for new schools;
- \$11,425,081 is recorded as committed for sick leave payoff;
- \$1,875,000 is recorded as assigned for E-Rate and other items;
- \$25,310,479 is the remaining fund balance and is recorded as unassigned.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. In addition, the school board approved several increases in appropriations to prevent budget overruns. With these adjustments, actual expenditures were below final budget amounts.

CAPITAL ASSETS

At the end of fiscal year 2014, the District had invested \$568,792,066 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4						
		Governmental	Governmental			
		Activities 2013	Activities 2014			
Capit	al Assets:					
	Land	\$ 15,558,135	\$ 17,454,715			
	Buildings & Improvements	295,895,653	315,357,074			
	Furniture & Equipment	38,000,287	41,313,462			
	Vehicles	13,281,791	14,624,382			
	Library Books	104,181	351,794			
	Construction in Progress	310,565,288	387,493,313			
	Infrastructure	16,451,606	18,106,732			
	Total Capital Assets at Historical Cost	689,856,941	794,701,472			
	Less: Accumulated Depreciation	121,064,876	130,195,006			

More detailed information about the District's capital assets is presented in the notes to the financial statements.

LONG TERM OBLIGATION ACTIVITY

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the period ending August 31, 2014, are as follows:

Table A-5

					Amt Due in	
Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	One Year	Rating
General Obligation Bonds	\$358,390,000	\$ 46,395,000	\$61,030,000	\$343,755,000	\$12,570,000	AAA
Accretion	1,209,753	176,385	320,000	1,066,138	-	
Construction Notes Payable	23,205,000	-	1,775,000	21,430,000	1,775,000	
Sick Leave	11,251,610	173,471	-	11,425,081	-	
Subtotal	394,056,363	46,744,856	63,125,000	377,676,219	14,345,000	
Premium & Discount	15,164,151	8,164,241	1,124,956	22,223,436	-	
Total Governmental Activities	\$409,220,514	\$ 420,524	\$15,284,330	\$409,220,514	\$14,115,000	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2015 budget preparation is \$3.6 billion up \$213 million or 6.2%.
- The District's 2015 refined average daily attendance is expected to be 29,242. Slight growth was projected due to the district's expanded Head Start program.

These indicators were taken into account when adopting the general fund budget for 2015. Amounts available for appropriation in the general fund budget are \$336 million. This represents an increase over the original 2014 budget of \$325 million. Property values continue to rise, but at a slower pace. State revenues increased based on state funding formulas for 2015. The district will examine the budget for 2016 to take into account both the federal and state fiscal concerns.

Expenditures are budgeted to rise to \$336 million in the general fund. The largest increments are increased staffing and teacher/staff salary schedule adjustments, and allocation for construction. Increased wage and cost of living adjustments were made to this year's salary schedules. These competitive salary schedule adjustments allowed the District to open the 2014 school year with few teacher vacancies. The District has continued our highly successful College, Career and Technology Academy, Thomas Jefferson T-Stem Early College High School and our partnership with the county Head Start program.

If these estimates are realized, the District's budgetary general fund's 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, 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 District's Business Office.



STATEMENT OF NET POSITION AUGUST 31, 2014

Data Control Codes				1
Activities				
1110 Cash and Cash Equivalents \$ 111,537,643 111,537,643 1225 Property Taxes Receivable (Net) 7,474,401 1240 Due from Other Governments 13,790,887 1250 Accrued Interest 7,3923 1290 Other Receivables (Net) 1,514,530 Inventories 2,233,339 Capital Assets:			(
1110 Cash and Cash Equivalents \$111,537,643 1225 Property Taxes Receivable (Net) 7,474,401 1240 Due from Other Governments 13,790,887 1250 Accrued Interest 73,923 1290 Other Receivables (Net) 1,514,503 1,514,503 1,514,503 1,514,503 1,514,503 1,514,503 1,514,503 1,514,503 1,514,503 1,514,503 1,514,503 1,514,503 1,514,503 1,745,715 1520 Buildings and Improvements, Net 233,683,469 1530 Furniture and Equipment, Net 20,490,465 1,500	Codes	ACCETO	_	Activities
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3200 Net Investment in Capital Assets Restricted For: 281,487,505 3820 State and Federal Programs 5,532,146 3850 Debt Service 14,445,677 3860 Capital Projects 30,153,418 3890 Other Purposes 31,784,097 3900 Unrestricted 12,206,818		NET DOCITION:		
Restricted For: 3820 State and Federal Programs 5,532,146 3850 Debt Service 14,445,677 3860 Capital Projects 30,153,418 3890 Other Purposes 31,784,097 3900 Unrestricted 12,206,818	2200			201 407 505
3820 State and Federal Programs 5,532,146 3850 Debt Service 14,445,677 3860 Capital Projects 30,153,418 3890 Other Purposes 31,784,097 3900 Unrestricted 12,206,818	3200			201,407,303
3850 Debt Service 14,445,677 3860 Capital Projects 30,153,418 3890 Other Purposes 31,784,097 3900 Unrestricted 12,206,818	2020			E E20 146
3860 Capital Projects 30,153,418 3890 Other Purposes 31,784,097 3900 Unrestricted 12,206,818				
3890 Other Purposes 31,784,097 3900 Unrestricted 12,206,818				
3900 Unrestricted 12,206,818				
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STATEMENT OF ACTIVITIES FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Cortrol Control Contr	Doto			1		3	Pro	4 ogram Revenue	es	5	_	Net (Expense) Revenue and Changes in Net Position
Codes					(Charges for		, ,				Governmental
Covernmental Activities: 170,424,243 \$ 40,724 \$ 28,859,923 \$ 13,700 \$ (141,509,896)		Functions/Programs		Expenses	•	-						
Instruction			_	Ехропосо	_	00111000	-	Contributionic	-	Continuations	-	71011711100
12 Instructional Resources and Media Services 5,748,130 1,960 459,643 698 (5,285,829) 13 Curriculum and Staff Development 9,504,475 1,360 5,553,646 394 (3,949,075) 21 Instructional Leadership 7,555,120 995 3,699,287 347 (3,854,491) 23 School Leadership 16,569,006 5,542 1,157,208 1,197 (15,404,282) 1,197 (35,494,866) 2,000 3,376,908 7,19 (35,494,866) 32 Social Work Services 2,457,588 558 443,071 199 (2,013,760) 3,376,908 7,999 (3,281,703) 34 Student Transportation 5,370,812 1,963 99,699 699 (5,268,451) 35 Food Service 21,354,359 604,887 20,921,713 10 172,251 10 10 172,251 10 10 172,251 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 172,251 10 10 10 10 10 10 10	11		\$	170.424.243	\$	40.724	\$	28.859.923	\$	13.700	\$	(141.509.896)
13 Curriculum and Staff Development 9,504,475 1,360 5,553,646 394 (3,949,075) Instructional Leadership 7,555,120 995 3,699,287 347 (3,854,491) 23 School Leadership 16,569,006 5,542 1,157,208 1,974 (15,404,282) 31 Guidance, Counseling, & Evaluation Services 11,929,132 2,019 3,376,908 719 (8,549,486) 25 Social Work Services 2,457,588 558 443,071 199 (2,013,760) 33 Health Services 3,546,481 1,210 263,137 431 (3,281,703) 34 Student Transportation 5,370,812 1,963 99,699 699 (5,268,451) 35 Food Service 21,354,359 604,887 20,921,713 10 172,251 36 Cocurricular/Extracurricular Activities 10,306,797 341,701 454,916 549 (9,509,631) 41 General Administration 12,314,529 2,518 273,887 897 (12,037,227) 51 Facilities Maintenance and Operations 30,971,511 29,750 1,055,398 4,015 (29,882,348) 52 Security and Monitoring Services 3,260,895 2,333 90,331 409 (3,167,822) 53 Data Processing Services 1,539,212 559 56,723 199 (1,481,731) 61 Community Services 1,830,848 180 1,318,991 64 (511,613) 72 Interest on Long-term Debt 16,325,318 5,042,590 13,719,353 2,436,625 39 Payments Related to Shared Services Arrangements 290,720 23,487 (997,894) 81 Capital Outlay 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) 70 Total Overnmental Charges 653,731 2,346,625 71 Total Overnmental Charges 653,731 2,346,625 72 Representation of the structure	12	Instructional Resources and Media Services	•	, ,	,		•		,		•	
21		Curriculum and Staff Development		, ,				,				,
23 School Leadership 16,569,006 5,542 1,157,208 1,974 (15,404,282) 31 Guidance, Counseling, & Evaluation Services 11,929,132 2,019 3,376,908 719 (8,549,486) 32 Social Work Services 2,457,588 558 443,071 199 (2,013,760) 33 Health Services 3,546,481 1,210 263,137 431 (3,281,703) 34 Student Transportation 5,370,812 1,963 99,699 699 (5,288,451) 35 Food Service 21,354,359 604,887 20,921,713 10 172,251 36 Cocurricular/Extracurricular Activities 10,306,797 341,701 454,916 549 (9,509,631) 41 General Administration 12,314,529 2,518 273,887 897 (12,037,227) 51 Facilities Maintenance and Operations 30,971,511 29,750 1,055,398 4,015 (29,882,348) 52 Security and Monitoring Services 3,260,895 2,333 90,331 409 (3,167,822)	_	,						, ,				
Guidance, Counseling, & Evaluation Services 1,929,132 2,019 3,376,908 719 (8,549,486) 32 Social Work Services 2,457,588 558 443,071 199 (2,013,760) 3 Health Services 3,546,481 1,210 263,137 431 (3,281,703) 34 Student Transportation 5,370,812 1,963 99,699 699 (5,268,451) 35 Food Service 21,354,359 604,887 20,921,713 10 172,251 36 Cocurricular/Extracurricular Activities 10,306,797 341,701 454,916 549 (9,509,631) 41 General Administration 12,314,529 2,518 273,887 897 (12,037,227) 15 Facilities Maintenance and Operations 30,971,511 29,750 1,055,398 4,015 (29,882,348) 52 Security and Monitoring Services 3,260,895 2,333 90,331 409 (3,167,822) 53 Data Processing Services 1,539,212 559 56,723 199 (1,481,731) 72 Interest on Long-term Debt 16,325,318 5,042,590 13,719,353 2,436,625 73 Bond Issuance Costs and Fees 997,894 (997,894) 12,8475 47 566 17 (127,845) 74 7566 17 (127,845) 74 7566 17 (127,845) 74 7566 17 (127,845) 75 75 75 75 75 75 75	23	•				5.542				1.974		(, , ,
Social Work Services												
Health Services 3,546,481 1,210 263,137 431 (3,281,703) 34 Student Transportation 5,370,812 1,963 99,699 699 699 (5,268,451) 35 Food Service 21,354,359 604,887 20,921,713 10 172,251 36 Cocurricular/Extracurricular Activities 10,306,797 341,701 454,916 549 (9,509,631) 41 General Administration 12,314,529 2,518 273,887 897 (12,037,227) 51 Facilities Maintenance and Operations 30,971,511 29,750 1,055,398 4,015 (29,882,348) 52 Security and Monitoring Services 3,260,895 2,333 90,331 409 (3,167,822) 3,242 3,242 3,243												,
Student Transportation		Health Services		, ,								, , , ,
Food Service	34	Student Transportation								699		, , , ,
Security and Monitoring Services 10,306,797 341,701 454,916 549 (9,509,631)	35	•		21,354,359		604,887		20,921,713		10		
Facilities Maintenance and Operations 30,971,511 29,750 1,055,398 4,015 (29,882,348)	36	Cocurricular/Extracurricular Activities				341,701		454,916		549		(9,509,631)
Facilities Maintenance and Operations 30,971,511 29,750 1,055,398 4,015 (29,882,348)		General Administration		12,314,529		2,518		273,887		897		(12,037,227)
52 Security and Monitoring Services 3,260,895 2,333 90,331 409 (3,167,822) 53 Data Processing Services 1,539,212 559 56,723 199 (1,481,731) 61 Community Services 1,830,848 180 1,318,991 64 (511,613) 72 Interest on Long-term Debt 16,325,318 5,042,590 13,719,353 2,436,625 73 Bond Issuance Costs and Fees 997,894 (997,894) 81 Capital Outlay 128,475 47 566 17 (127,845) 93 Payments Related to Shared Services Arrangements 290,720 23,487 (267,233) 95 Payments to Juvenile Justice Alternative Ed. Progran 4,042 2 19 1 (4,020) 99 Other Intergovernmental Charges 653,731 (653,731) TG Total Governmental Activities 333,083,318 1,038,308 73,151,143 13,744,67	51	Facilities Maintenance and Operations						1,055,398		4,015		
53 Data Processing Services 1,539,212 559 56,723 199 (1,481,731) 61 Community Services 1,830,848 180 1,318,991 64 (511,613) 72 Interest on Long-term Debt 16,325,318 5,042,590 13,719,353 2,436,625 73 Bond Issuance Costs and Fees 997,894 (997,894) 81 Capital Outlay 128,475 47 566 17 (127,845) 93 Payments Related to Shared Services Arrangements 290,720 23,487 (267,233) 95 Payments to Juvenile Justice Alternative Ed. Program 4,042 2 19 1 (4,020) 99 Other Intergovernmental Charges 653,731 (653,731) TG Total Governmental Activities 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) DT Property Taxes, Levied for General Purposes 42,556,008 DT	52	•										, , ,
61 Community Services 1,830,848 180 1,318,991 64 (511,613) 72 Interest on Long-term Debt 16,325,318 5,042,590 13,719,353 2,436,625 73 Bond Issuance Costs and Fees 997,894 (997,894) 81 Capital Outlay 128,475 47 566 17 (127,845) 93 Payments Related to Shared Services Arrangements 290,720 23,487 (267,233) 95 Payments to Juvenile Justice Alternative Ed. Progran 4,042 2 19 1 (4,020) 99 Other Intergovernmental Charges 653,731 (653,731) TG Total Governmental Activities 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) MT Property Taxes, Levied for General Purposes 42,556,008 DT Property Taxes, Levied for Debt Service 6,908,861 IE Interest and Contributions Not Restricted to Specific Progra	53	,						56,723		199		
Interest on Long-term Debt 16,325,318 5,042,590 13,719,353 2,436,625 73 Bond Issuance Costs and Fees 997,894 (997,894) 81 Capital Outlay 128,475 47 566 17 (127,845) 73 Payments Related to Shared Services Arrangements 290,720 23,487 (267,233) 74 75 75 75 75 75 75 75	61			1,830,848		180		1,318,991		64		
Sond Issuance Costs and Fees 997,894 (997,894 128,475 47 566 17 (127,845) 128,475 47 566 17 (127,845) 128,475 47 566 17 (127,845) 17 (127,845) 18 18 18 19 1 (127,845) 18 18 19 1 (127,845) 18 18 19 1 (127,845) 18 18 19 1 (127,845) 10 10 10 10 10 10 10 1	72			16,325,318				5,042,590		13,719,353		2,436,625
93 Payments Related to Shared Services Arrangements 290,720 23,487 (267,233) 95 Payments to Juvenile Justice Alternative Ed. Progran 4,042 2 19 1 (4,020) 99 Other Intergovernmental Charges 653,731 (653,731) TG Total Governmental Activities 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) Trotal Primary Government \$ 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) General Revenues: Property Taxes, Levied for General Purposes 42,556,008 DT Property Taxes, Levied for Debt Service 6,908,861 IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 361,039,3				997,894								(997,894)
93 Payments Related to Shared Services Arrangements 290,720 23,487 (267,233) 95 Payments to Juvenile Justice Alternative Ed. Progran 4,042 2 19 1 (4,020) 99 Other Intergovernmental Charges 653,731 (653,731) TG Total Governmental Activities 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) Trotal Primary Government \$ 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) General Revenues: Property Taxes, Levied for General Purposes 42,556,008 DT Property Taxes, Levied for Debt Service 6,908,861 IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning, as Restated	81	Capital Outlay		128,475		47		566		17		(127,845)
Payments to Juvenile Justice Alternative Ed. Program 4,042 2 19 1 (4,020) 99 Other Intergovernmental Charges 653,731 (653,731) TG Total Governmental Activities 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) Total Primary Government \$ 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) General Revenues: Property Taxes, Levied for General Purposes 42,556,008 DT Property Taxes, Levied for Debt Service 6,908,861 IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039	93	Payments Related to Shared Services Arrangement	nts	290,720				23,487				
99 Other Intergovernmental Charges 653,731 (653,731) TG Total Governmental Activities 333,083,318 1,038,308 73,151,143 13,744,675 (245,149,192) MT Total Primary Government General Revenues: MT Property Taxes, Levied for General Purposes 42,556,008 DT Property Taxes, Levied for Debt Service 6,908,861 IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	95			4,042		2		19		1		(4,020)
Total Primary Government \$ 333,083,318 \$ 1,038,308 \$ 73,151,143 \$ 13,744,675 (245,149,192) MT Property Taxes, Levied for General Purposes 42,556,008 DT Property Taxes, Levied for Debt Service 6,908,861 IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	99			653,731								(653,731)
General Revenues: MT Property Taxes, Levied for General Purposes 42,556,008 DT Property Taxes, Levied for Debt Service 6,908,861 IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	TG	Total Governmental Activities	_	333,083,318	-	1,038,308	-	73,151,143	_	13,744,675	-	(245,149,192)
MT Property Taxes, Levied for General Purposes 42,556,008 DT Property Taxes, Levied for Debt Service 6,908,861 IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	TP	Total Primary Government	\$_	333,083,318	\$	1,038,308	\$	73,151,143	\$_	13,744,675	-	(245,149,192)
MT Property Taxes, Levied for General Purposes 42,556,008 DT Property Taxes, Levied for Debt Service 6,908,861 IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340			- Gene	eral Revenues:			-		_		-	
DT Property Taxes, Levied for Debt Service 6,908,861 IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	MT		Pro	perty Taxes, Le	vied i	for General P	urpo	oses				42,556,008
IE Investment Earnings 286,891 GC Grants and Contributions Not Restricted to Specific Programs 205,898,189 MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	DT											6,908,861
MI Miscellaneous 4,069,564 TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	ΙE											286,891
TR Total General Revenues 259,719,513 CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	GC		Gra	ants and Contrib	utions	s Not Restrict	ed i	o Specific Pro	gran	าร		205,898,189
CN Change in Net Position 14,570,321 NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	MI		Mis	cellaneous								4,069,564
NB Net Position - Beginning 363,739,053 PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	TR		To	otal General Rev	venue	es					-	259,719,513
PA Prior Period Adjustment (2,699,713) Net Position - Beginning, as Restated 361,039,340	CN		С	hange in Net Po	sitior	1						14,570,321
Net Position - Beginning, as Restated361,039,340	NB	1	Vet F	Position - Beginn	ning							363,739,053
	PA	F	Prior	Period Adjustm	ent							(2,699,713)
NE Net Position - Ending \$\frac{375,609,661}{}		1	Net F	Position - Beginr	ning, a	as Restated						361,039,340
	NE	1	Net F	Position - Ending)						\$_	375,609,661

BALANCE SHEET - GOVERNMENTAL FUNDS AUGUST 31, 2014

Data			10		50 Debt
Contro	ıl		General		Service
Codes			Fund		Fund
00000	ASSETS:	_	1 4114		- T dild
1110	Cash and Cash Equivalents	\$	91,475,626	\$	9,115,454
1225	Taxes Receivable, Net	•	6,353,685	•	1,120,716
1240	Due from Other Governments		6,356,794		98,358
1250	Accrued Interest		70,263		
1260	Due from Other Funds		25,023,707		47,574,178
1290	Other Receivables		1,244,036		
1300	Inventories		2,231,095		
1000	Total Assets		132,755,206		57,908,706
				_	
	LIABILITIES:				
	Current Liabilities:				
2110	Accounts Payable	\$	2,250,404	\$	
2150	Payroll Deductions & Withholdings		3,360,326		
2160	Accrued Wages Payable		9,969,141		
2170	Due to Other Funds		35,136,490		52,625,329
2180	Due to Other Governments		2,292,231		
2190	Due to Student Groups		250		
2300	Unearned Revenue	_	276,145	_	
2000	Total Liabilities	_	53,284,987	_	52,625,329
	DEFERRED INFLOWS OF RESOURCES:				
	Deferred Revenue - Property Taxes		6,353,685		1,120,716
2600	Total Deferred Inflows of Resources	_	6,353,685		1,120,716
		_			· · · · · · · · · · · · · · · · · · ·
	FUND BALANCES:				
	Nonspendable Fund Balances:				
3410	Inventories		2,231,095		
	Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions		10,196,120		
3480	Retirement of Long-Term Debt				2,582,581
3490	Other Restrictions of Fund Balance				
	Committed Fund Balances:				
3510	Construction		19,000,000		
3530	Capital Expenditures for Equipment		3,000,000		
3545	Other Committed Fund Balance		11,425,081		
0500	Assigned Fund Balances:				
3590	Other Assigned Fund Balance		1,875,000		
3600	Unassigned		25,389,238		1,580,080
0010	Unassigned, Reported in Nonmajor:				
3610	Special Revenue Funds	_	 70 116 F04	_	4 1 6 0 6 6 1
3000	Total Fund Balances	_	73,116,534	_	4,162,661
	Total Liabilities, Deferred Inflow				
4000	of Resources and Fund Balances	\$	132,755,206	\$	57,908,706

_	60 Capital Projects Fund	Other Governmental Funds	_	98 Total Governmental Funds
\$	3,485,956 	\$ (1,348,377) 7,335,735	\$	102,728,659 7,474,401 13,790,887 70,263
	49,074,930 13,536	300,869 107,491 		121,973,684 1,365,063 2,231,095
	52,574,422	6,395,718	=	249,634,052
\$	5,529,478 	\$ 1,887,933 1,171,065	\$	9,667,815 3,360,326 11,140,206
	32,606,269	282,311		120,650,399
	242 	93,304 1,723,085		2,385,777 1,723,335
_		1,197,004	_	1,473,149
_	38,135,989	6,354,702	_	150,401,007
				7 474 404
_			_	7,474,401 7,474,401
_			_	7,171,101
				2,231,095
				10,196,120
				2,582,581
	14,438,433	12,019		14,450,452
				19,000,000
				3,000,000
				11,425,081
				1,875,000
				26,811,800
		28,997	_	28,997
_	14,438,433	41,016	_	91,758,644
\$	52,574,422	\$ 6,395,718	\$_	249,634,052

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AUGUST 31, 2014

Total fund balances - governmental funds balance sheet

\$ 91,758,644

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.	664,506,466
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	7,474,400
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	7,633,970
Payables for bond principal which are not due in the current period are not reported in the funds.	(343,755,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(2,640,527)
Payables for notes which are not due in the current period are not reported in the funds.	(21,430,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(11,425,081)
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds.	(16,513,211)

Net position of governmental activities - Statement of Net Position

\$_375,609,661

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

Debt			10		50
Pund	Data				Debt
REVENUES:	Contro	I			
	Codes	_	Fund		Fund
5800 State Program Revenues 21,5854,617 18,761,943 5900 Federal Program Revenues 23,552,129 — EXPENDITURES: Current: Instruction 145,182,514 — 0011 Instruction and Staff Development 4,042,501 — 0012 Instructional Leadership 3,971,623 — 0023 School Leadership 15,639,607 — 0031 Guidance, Courseling, & Evaluation Services 2,993,056 — 0032 Scoial Work Services 2,989,031 — 0033 Health Services 3,282,087 — 0034 Student Transportation 6,156,577 — 0035 Food Service 21,548,186 — 0041 General Administration 6,706,089 — 0051 Facilities Maintenance and Operations 30,037,060 — 0052 Security and Monitoring Services 3,101,711 — 0053 Data Processing Services 3,101,711 —<					
5900 Federal Program Revenues 23,552,129 25,781,874 EXPENDITURES: Current: 145,182,514 — 0012 Instructional Resources and Media Services 7,086,741 — 0012 Instructional Resources and Media Services 7,086,741 — 0013 Curriculum and Staff Development 4,042,501 — 0021 Instructional Leadership 3,971,623 — 0023 School Leadership, & Evaluation Services 8,789,031 — 0032 Social Work Services 2,993,056 — 0033 Health Services 3,282,087 — 0034 Student Transportation 6,158,577 — 0035 Foods Work Service 21,548,186 — 0041 General Administration 6,706,089 — 0051 Facilities Maintenance and Operations 30,037,060 — 0052 Security and Monitoring Services 3,101,711 — 0051 Facilities Maintenance and Operations 30,037,060 —				\$	
EXPENDITURES: Current:					18,761,943
EXPENDITURES: Current: Curr					
Current:	5020	Total Revenues	284,267,199	_	25,781,874
0011 Instruction 145,182,514 0012 Instructional Resources and Media Services 7,086,741 0013 Curiculum and Staft Development 4,042,501 0021 Instructional Leadership 3,971,623 0023 School Leadership 15,693,607 0031 Guidance, Counseling, & Evaluation Services 8,789,031 0032 School Leadership 15,693,607 0031 Guidance, Counseling, & Evaluation Services 2,93,056 0032 Scala Work Services 3,282,087 0033 Health Services 3,282,087 0035 Food Service 21,548,186 0035 Food Service 21,548,186 0036 Cocurricular Extracurricular Activities 9,993,929 0041 Genitiles Maintenance and Operations 30,037,060 0051 Facilities Maintenance and Operations 30,037,060 0052 Securi		EXPENDITURES:			
0012 Instructional Resources and Media Services 7,086,741 0013 Curriculum and Staff Development 4,042,501 0021 Instructional Leadership 3,971,623 0031 Guidance, Counseling, & Evaluation Services 8,789,031 0032 Social Work Services 2,093,056 0033 Health Services 3,282,087 0034 Student Transportation 6,158,577 0035 Food Service 21,548,186 0041 General Administration 6,706,089 0041 General Administration 6,706,089 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 3,101,711 0053 Data Processing Services 1,488,409 0071 Principal on Long-term Debt 14,315,000 0072 Interest on Long-term Debt 14,315,000 0072 Interes					
0013 Curriculum and Staff Development 4,042,501 0021 Instructional Leadership 3,971,623 0023 School Leadership 15,639,607 0031 Guidance, Counseling, & Evaluation Services 8,789,031 0032 Social Work Services 2,093,056 0033 Health Services 3,282,087 0034 Student Transportation 6,158,577 0035 Food Service 21,548,186 0036 Cocurricular/Extracurricular Activities 9,993,929 0041 General Administration 6,706,089 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 1,488,409 0053 Data Processing Services 1,488,409 0051 Facilities Maintenance and Operations 3,101,711 0071 Principal on Long-term Debt 17,126,147 0072 Inte			· · ·		
0021 Instructional Leadership 3,971,623 0023 School Leadership 15,639,607 0031 Guidance, Counseling, & Evaluation Services 8,789,031 0032 Social Work Services 2,093,056 0033 Health Services 3,282,087 0034 Student Transportation 6,158,577 0035 Food Service 21,548,186 0036 Cocurricular/Extracurricular Activities 9,993,929 0041 General Administration 6,706,089 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 31,017,11 0052 Security and Monitoring Services 1,488,409 0061 Community Services 4,76,127 0071 Principal on Long-term Debt 14,315,000 0072 Interest on Long-term Debt 47,412 0073 Bond Issuance Costs and F					
0023 School Leadership 15,639,607 0031 Guidance, Counseling, & Evaluation Services 8,789,031 0032 Social Work Services 2,093,056 0033 Health Services 3,282,087 0035 Food Service 21,548,186 0036 Cocurricular/Extracurricular Activities 9,993,929 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 3,101,711 0053 Data Processing Services 476,127 0061 Community Services 476,127 0072 Interest on Long-term Debt 11,315,000 0072 Interest on Long-term Debt 17,126,147 0073 Bond Issuance Costs and Fees 497,418 0081 Capital Outlay 902,120 0093 Payments to Shared Service Arrangements 290,720 0095 Payments to Shared Service		•			
0031 Guidance, Counseling, & Evaluation Services 2,093,056 0032 Social Work Services 2,093,056 0034 Student Transportation 6,158,577 0035 Food Service 21,548,186 0036 Cocurricular/Extracurricular Activities 9,993,929 0041 General Administration 6,706,089 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 3,101,711 0053 Data Processing Services 1,488,409 0061 Community Services 476,127 0071 Principal on Long-term Debt 17,126,147 0073 Bond Issuance Costs and Fees 497,418 0081 Capital Outlay 902,120 0095 Payments to Shared Service Arrangements 290,720 0095 Payments to Shared Service Arrangements 290,720 0095 Pa		•			
0032 Social Work Services 2,093,056 0033 Health Services 3,282,087 0034 Student Transportation 6,158,577 0035 Food Service 21,548,186 0041 General Administration 6,706,089 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 3,101,711 0053 Data Processing Services 1,488,409 0061 Community Services 476,127 0071 Principal on Long-term Debt 14,315,000 0072 Interest on Long-term Debt 497,418 0073 Bond Issuance Costs and Fees 497,418 0081 Capital Outlay 902,120 0093 Payments to Juvenile Justice Altermative 290,720 0095 Payments to Juvenile Justice Altermative 553,731 0096 Chier Intergovernmental Charges					
0033 Health Services 3,282,087 0034 Student Transportation 6,158,577 0035 Food Service 21,548,186 0036 Cocurricular/Extracurricular Activities 9,993,929 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 3,101,711 0051 Data Processing Services 1,488,409 0061 Community Services 476,127 0071 Principal on Long-term Debt 14,315,000 0072 Interest on Long-term Debt 497,418 0081 Capital Outlay 902,120 0081 Capital Outlay 902,120 0093 Payments to Shared Service Arrangements 290,720 0095 Payments to Juvenile Justice Altermative 290,720 0095 Patronile Titlergovermental Charges 653,731 6030 Total Expenditures					
0034 Student Transportation 6,158,577 0035 Food Service 21,548,186 0036 Cocurricular/Extracurricular Activities 9,993,929 0041 General Administration 6,706,089 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 3,101,711 0053 Data Processing Services 1,488,409 0061 Community Services 476,127 0071 Principal on Long-term Debt 14,315,000 0072 Interest on Long-term Debt 17,126,147 0073 Brond Issuance Costs and Fees 497,418 081 Capital Outlay 902,120 093 Payments to Shared Service Arrangements 290,720 095 Faducation Programs 4,042 0095 Education Programs 4,042 0100 Excess (Deficiency) of Revenues Over (Under) <td></td> <td></td> <td></td> <td></td> <td></td>					
0035 Food Service 21,548,186 0036 Cocurricular/Extracurricular Activities 9,993,929 0041 General Administration 6,706,089 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 3,101,711 0053 Data Processing Services 1,488,409 0061 Community Services 476,127 0071 Principal on Long-term Debt 14,315,000 0072 Interest on Long-term Debt 17,126,147 0073 Bond Issuance Costs and Fees 497,418 0081 Capital Outlay 902,120 0093 Payments to Shared Service Arrangements 290,720 0095 Payments to Juvenile Justice Altermative 40,42 0095 Payments to Shared Service Arrangements 250,731 0095 Caucation Programs 4,042 0095			· · ·		
0036 Cocurricular/Extracurricular Activities 9,993,929 0041 General Administration 6,706,089 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 3,101,711 0053 Data Processing Services 1,488,409 0061 Community Services 476,127 0071 Principal on Long-term Debt 14,315,000 0072 Interest on Long-term Debt 17,126,147 0073 Bond Issuance Costs and Fees 497,418 081 Capital Outlay 902,120 0093 Payments to Shared Service Arrangements 290,720 0095 Payments to Juvenile Justice Altermative 290,720 0095 Payments to Juvenile Justice Altermative 5653,731 0099 Other Intergovernmental Charges 653,731 1100 Excess (Deficiency) of Revenues Over (Under) 12,819,338 (
0041 General Administration 6,706,089 0051 Facilities Maintenance and Operations 30,037,060 0052 Security and Monitoring Services 3,101,711 0053 Data Processing Services 1,488,409 0061 Community Services 476,127 0071 Principal on Long-term Debt 117,126,147 0073 Bond Issuance Costs and Fees 497,418 0081 Capital Outlay 902,120 0093 Payments to Shared Service Arrangements 290,720 0093 Payments to Juvenile Justice Alternative 290,720 0095 Payments to Juvenile Justice Alternative 653,731 0095 Education Programs 4,042 0099 Other Intergovernmental Charges 653,731 1100 Excess (Deficiency) of Revenues Over (Under) 12,819,338 (6,156,691) 1100 Excess (Deficiency) of Revenues Over (Under) 46,576,978					
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0073 Bond Issuance Costs and Fees 497,418 0081 Capital Outlay 902,120 0093 Payments to Shared Service Arrangements 290,720 0095 Payments to Juvenile Justice Altermative 0099 Other Intergovernmental Charges 653,731 6030 Total Expenditures 271,447,861 31,938,565 1100 Excess (Deficiency) of Revenues Over (Under) 12,819,338 (6,156,691) Other Financing Sources and (Uses): - 46,576,978 7911 Capital-Related Debt Issued (Regular Bonds) - 46,576,978 7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 To					
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0093 Payments to Shared Service Arrangements 290,720 0095 Payments to Juvenile Justice Altermative 4,042 0099 Other Intergovernmental Charges 653,731 6030 Total Expenditures 271,447,861 31,938,565 1100 Excess (Deficiency) of Revenues Over (Under) 12,819,338 (6,156,691) 1100 Expenditures 12,819,338 (6,156,691) Other Financing Sources and (Uses): 46,576,978 7911 Capital-Related Debt Issued (Regular Bonds) 46,576,978 7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,66					497,418
0095 Payments to Juvenile Justice Alternative 4,042 0099 Education Programs 4,042 0099 Other Intergovernmental Charges 653,731 6030 Total Expenditures 271,447,861 31,938,565 1100 Excess (Deficiency) of Revenues Over (Under) 12,819,338 (6,156,691) 1100 Expenditures 12,819,338 (6,156,691) Other Financing Sources and (Uses): 7911 Capital-Related Debt Issued (Regular Bonds) 46,576,978 7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 </td <td></td> <td></td> <td></td> <td></td> <td></td>					
0095 Education Programs 4,042 0099 Other Intergovernmental Charges 653,731 6030 Total Expenditures 271,447,861 31,938,565 1100 Excess (Deficiency) of Revenues Over (Under) 12,819,338 (6,156,691) 1100 Expenditures 12,819,338 (6,156,691) Other Financing Sources and (Uses): 7911 Capital-Related Debt Issued (Regular Bonds) 46,576,978 7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund			290,720		
0099 Other Intergovernmental Charges 653,731 (271,447,861) 6030 Total Expenditures 271,447,861 31,938,565 1100 Excess (Deficiency) of Revenues Over (Under) 12,819,338 (6,156,691) Other Financing Sources and (Uses): 46,576,978 7911 Capital-Related Debt Issued (Regular Bonds) 46,576,978 7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)					
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1100 Excess (Deficiency) of Revenues Over (Under) 1100 Expenditures 12,819,338 (6,156,691) Other Financing Sources and (Uses): 7911 Capital-Related Debt Issued (Regular Bonds) 46,576,978 7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)				_	
Expenditures 12,819,338 (6,156,691) Other Financing Sources and (Uses): 7911 Capital-Related Debt Issued (Regular Bonds) 46,576,978 7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)	6030	Total Expenditures	271,447,861	_	31,938,565
Other Financing Sources and (Uses): 7911		· · · · · · · · · · · · · · · · · · ·			
7911 Capital-Related Debt Issued (Regular Bonds) 46,576,978 7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)	1100	Expenditures	12,819,338_	_	(6,156,691)
7911 Capital-Related Debt Issued (Regular Bonds) 46,576,978 7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)		Other Financing Sources and (Uses):			
7912 Sale of Real or Personal Property 2,346 7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)	7011	· , ,			<i>1</i> 6 576 978
7915 Transfers In 44,801,875 1,986,550 7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)			2 346		
7916 Premium or Discount on Issuance of Bonds 8,184,241 7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)		• •			1 986 550
7949 Other Resources 8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)					
8911 Transfers Out (56,788,426) 8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)					
8940 Payment to Bond Refunding Escrow Agent (54,090,343) 7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)			(56 788 426)		
7080 Total Other Financing Sources and (Uses) (11,984,205) 2,657,426 1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)					(54 090 343)
1200 Net Change in Fund Balances 835,133 (3,499,265) 0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)			(11.984 205)	_	
0100 Fund Balances - Beginning 97,467,930 7,661,926 1300 Prior Period Adjustment (25,186,529)				_	
1300 Prior Period Adjustment (25,186,529)		•	,		
	0100	Fund Balances - Beginning	97,467,930		7,661,926
Fund Balances - Beginning, as Restated 72,281,401 7,661,926	1300		(25,186,529)		
		Fund Balances - Beginning, as Restated	72,281,401		7,661,926
3000 Fund Balances - Ending \$ 73,116,534 \$ 4,162,661	3000	Fund Balances - Ending	\$ 73,116,534	\$	4,162,661

60 Capital	Other	98 Total
Projects	Governmental	Governmental
Flogecis	Funds	Funds
		Fullus
\$ 2,086,989	\$	\$ 53,967,373
Ψ 2,000,909	1,855,571	236,472,131
	32,744,424	
2.086.080		56,296,553
2,086,989	34,599,995	346,736,057
	20,802,555	165,985,069
	482,003	7,568,744
	5,172,222	9,214,723
	3,377,236	7,348,859
	321,345	15,960,952
	2,702,323	11,491,354
	274,343	2,367,399
	134,244	3,416,331
		6,158,577
		21,548,186
		9,993,929
		6,706,089
	 5,917	30,042,977
	39,515	3,141,226
	39,313	1,488,409
	1 207 522	1,763,659
	1,287,532	
		14,315,000 17,126,147
		497,418
99,933,961		100,836,081
99,933,901		290,720
		230,720
		4,042
		653,731
99,933,961	34,599,235	437,919,622
/ /		/aa. ===\
(97,846,972)	760	(91,183,565)
		46,576,978
1,190,002		1,192,348
10,000,000		56,788,425
		8,184,241
149,000		149,000
149,000		(56,788,426)
		
11,339,002		(54,090,343) 2,012,223
(86,507,970)	760	(89,171,342)
(00,007,970)	700	(09,171,342)
75,446,403	40,256	180,616,515
25,500,000		313,471
100,946,403	40,256	180,929,986
\$ 14,438,433	\$ 41,016	\$\$1,758,644
	·	

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

\$ (89,171,342)

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

Capital outlays are not reported as expenses in the SOA.	107,314,899
The depreciation of capital assets used in governmental activities is not reported in the funds.	(11,565,359)
All proceeds from the sale of capital assets are reported in the funds but not in the SOA.	(45,889)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(377,878)
Revenues in the SOA not providing current financial resources are not reported as revenues in the funds.	54,090,343
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	14,315,000
Bond issuance costs and similar items are amortized in the SOA but not in the funds.	442,502
The accretion of interest on capital appreciation bonds is not reported in the funds.	(176,385)
(Increase) decrease in accrued interest from beginning of period to end of period.	(147,742)
The net revenue (expense) of internal service funds is reported with governmental activities.	(5,355,118)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(173,472)
Proceeds of long-term debt is recognized as other financial resources in the funds but not revenue in the SOA.	181,978
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	(46,576,978)
Bond premiums are reported in the funds but not in the SOA.	(8,184,241)
Rounding difference	2

Change in net position of governmental activities - Statement of Activities

\$ 14,570,321

STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS AUGUST 31, 2014

Data			Internal
Contro			Service
Codes	=		Funds
	ASSETS:		
	Current Assets:		
1110	Cash and Cash Equivalents	\$	8,808,984
1050	Receivables:		0.000
1250	Accrued Interest		3,660
1260	Due from Other Funds		137,989
1290	Other Receivables (net)		149,467
1310	Inventories, at Cost		2,245
	Total Current Assets		9,102,345
	Noncurrent Assets:		
	Capital Assets:		
1530	Furniture and Equipment		89,058
1570	Accumulated Depreciation		(80,053)
1070	Total Noncurrent Assets	_	9,005
1000	Total Assets	_	9,111,350
		_	-,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	LIABILITIES:		
	Current Liabilities:		
2110	Accounts Payable	\$	7,915
2160	Accrued Wages Payable		8,190
2170	Due to Other Funds		1,461,275
	Total Current Liabilities		1,477,380
2000	Total Liabilities		1,477,380
	NET POSITION:		
3800	Restricted		6 706 621
3900	Unrestricted		6,796,621 837,349
3000	Total Net Position	\$	7,633,970
3000	TOTAL MELT OSITION	Ψ	1,000,970

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2014

Data Contro Codes			Internal Service Funds
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	\$	26,227,451
5020	Total Revenues		26,227,451
	OPERATING EXPENSES:		
6100	Payroll Costs		131,918
6200	Professional and Contracted Services		31,377,770
6300	Supplies and Materials		65,877
6400	Other Operating Costs		7,004
6030	Total Expenses		31,582,569
1300	Change in Net Position	_	(5,355,118)
0100	Total Net Position - Beginning		12,989,088
3300	Total Net Position - Ending	\$	7,633,970

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED AUGUST 31, 2014

		Internal Service Funds
Cash Flows from Operating Activities:	-	
Cash Received from Customers	\$	
Cash Receipts (Payments) for Quasi-external		
Operating Transactions with Other Funds		26,425,590
Cash Payments to Employees for Services		(129,379)
Cash Payments to Other Suppliers for Goods and Services		(30,498,672)
Cash Payments for Grants to Other Organizations		
Other Operating Cash Receipts (Payments)		
Net Cash Provided (Used) by Operating Activities		(4,202,461)
Cash Flows from Non-capital Financing Activities:		
Proceeds (Payments) from (for) Borrowings		
Transfers From (To) Other Funds		
Net Cash Provided (Used) by Non-capital Financing Activities	_	
Cash Flows from Capital and Related Financing Activities:		
Contributed Capital		
Net Cash Provided (Used) for Capital & Related Financing Activities		
Cash Flows from Investing Activities:		
Retirement of Investment Due to Maturity		
Net Cash Provided (Used) for Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents		(4,202,461)
Cash and Cash Equivalents at Beginning of Year		13,011,445
Cash and Cash Equivalents at End of Year	\$	8,808,984
Reconciliation of Operating Income to Net Cash		
Provided by Operating Activities:		
Operating Income (Loss)	\$	(5,355,116)
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities		
Depreciation		
Change in Assets and Liabilities:		
Decrease (Increase) in Accrued Interest		15,886
Increase (Decrease) in Due from Other Funds		182,165
Increase (Decrease) in Other Receivables		88
Increase (Decrease) in Accrued Wages Payable		2,539
Increase (Decrease) in Due to Other Funds		1,243,267
Increase (Decrease) in Accounts Payable	_	(291,288)
Total Adjustments Not Cook Provided (Lload) by Operating Activities	φ	1,152,657
Net Cash Provided (Used) by Operating Activities	\$	(4,202,459)

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS AUGUST 31, 2014

Data Control Codes	Agency Funds
ASSETS:	
1110 Cash and Cash Equivalents	\$ 630,243
1000 Total Assets	 630,243
LIABILITIES: Current Liabilities: 2190	\$ 630,243 630,243
NET POSITION: 3000 Total Net Position	\$

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

A. Summary of Significant Accounting Policies

The basic financial statements of Pharr-San Juan-Alamo 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.

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

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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

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

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.

b. Measurement Focus, Basis of Accounting

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

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

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

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.

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

c. 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.

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

d. Capital Assets

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

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

	Estimated
Asset Class	Useful Lives
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. 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.

f. 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.

g. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave in a lump case payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

h. 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 position.

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

i. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

j. 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.

k. 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 conveys 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.

I. 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.

m. 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.

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

4. Changes in Accounting Policies

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, Elements of Financial Statements, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations.

The District has implemented the provisions of this Statement for the year ended August 31, 2014.

The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The adoption of this statement produced a prior period adjustment of Net Position in the amount of (\$3,023,934) due to the expense of prior year's capitalized bond issuance costs.

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>

Excess of Expenditures over Appropriations None

For the year ended August 31, 2014, the District exceeded its budget in the functional areas as depicted below:

Debt Service Fund:

Bond Issuance Cost & Fees (487,748)

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:

Deficit

Fund NameAmountRemarksNone reportedNot applicableNot applicable

C. <u>Deposits and Investments</u>

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.

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

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 \$112,158,074 and the bank balance was \$115,145,870. The District's cash deposits at August 31, 2014 and during the year ended August 31, 2014, were covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

- a. Depository: BBVA Compass
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$223,685,033.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$197,620,365 and occurred during the month of January, 2014.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

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.

Investment or Investment Type	<u>Maturity</u>		Fair Value
Texpool	3 Months or Less	\$	2,195
Texas Term	3 Months or Less		41,300,000
First Public Lone Star Investment Pool	3 Months or Less		9,345,585
Certificates of Deposit	3 Months or Less		33,034,442
Total Investments		\$_	83,682,222

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.

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.

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

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.

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-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's 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.

D. Capital Assets

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

Governmental activities:		Restated* Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:					
Land	\$	15,558,135 \$	1,903,352 \$	6,772 \$	17,454,715
Construction in progress (restated*)		310,576,039	100,707,605	23,790,331	387,493,313
Total capital assets not being depreciated	_	326,134,174	102,610,957	23,797,103	404,948,028

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

Capital assets being depreciated:				
Land Improvements	16,451,606	1,655,126		18,106,732
Buildings	197,485,499	20,231,853	790,853	216,926,499
Buildings and improvements	98,410,154	20,421		98,430,575
Furniture & Equipment	38,000,287	4,293,919	980,744	41,313,462
Vehicles	13,281,791	2,045,340	702,749	14,624,382
Library Books	104,181	247,613		351,794
Total capital assets being depreciated	363,733,518	28,494,272	2,474,346	389,753,444
Less accumulated depreciation for:				
Land Improvements	(12,408,650)	(620,581)		(13,029,231)
Buildings	(57,484,626)	(4,086,858)	(767,267)	(60,804,217)
Buildings and improvements	(18,845,372)	(2,024,015)		(20,869,387)
Furniture & Equipment	(23,781,499)	(3,700,371)	(965,213)	(26,516,657)
Vehicles	(8,537,549)	(1,104,929)	(702,749)	(8,939,729)
Library Books	(7,181)	(28,605)		(35,786)
Total accumulated depreciation	(121,064,876)	(11,565,359)	(2,435,229)	(130,195,006)
Total capital assets being depreciated, net	242,668,642	16,928,913	39,117	259,558,438
Governmental activities capital assets, net	\$ 568,802,816 \$	119,539,870 \$	23,836,220 \$	664,506,466

Internal Service Fund capital assets detailed below are included with the Governmental Activities in the Statement of Net Position and are included in the previous recap of governmental activities' capital assets.

	 ernal Service Fund
Furniture & Equipment	\$ 27,009
Accumulated Depreciation	 (18,004)
Net Capital Assets	\$ 9,005
Depreciation was charged to functions as follows:	
Instruction	\$ 6,300,012
Instructional Resources and Media Services	288,341
Curriculum and Staff Development	351,047
Instructional Leadership	279,965
School Leadership	608,054
Guidance, Counseling, & Evaluation Services	437,778
Social Work Services	90,189
Health Services	130,150
Student Transportation	234,619
Food Services	820,907
Extracurricular Activities	380,732
General Administration	255,477
Plant Maintenance and Operations	1,144,527
Security and Monitoring Services	119,669
Data Processing Services	56,703
Community Services	67,189
	\$ 11,565,359

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

E. Interfund Balances and Activities

1. Due To and From Other Funds

General Fund: General Fund \$ 1,015,036 \$ 1,015,036 Special Revenue Fund 25 4,690 Debt Service Fund 5,164,983 116,432 Capital Projects Fund 17,127,959 33,594,057 Internal Service Fund 1,461,112 136,614 Permanent Fund 254,592 269,661 Total General Fund 25,023,707 35,136,490 Special Revenue Fund: 4,690 25 Internal Service Fund 1,339
Special Revenue Fund 25 4,690 Debt Service Fund 5,164,983 116,432 Capital Projects Fund 17,127,959 33,594,057 Internal Service Fund 1,461,112 136,614 Permanent Fund 254,592 269,661 Total General Fund 25,023,707 35,136,490 Special Revenue Fund: 4,690 25
Debt Service Fund 5,164,983 116,432 Capital Projects Fund 17,127,959 33,594,057 Internal Service Fund 1,461,112 136,614 Permanent Fund 254,592 269,661 Total General Fund 25,023,707 35,136,490 Special Revenue Fund: 4,690 25
Capital Projects Fund 17,127,959 33,594,057 Internal Service Fund 1,461,112 136,614 Permanent Fund 254,592 269,661 Total General Fund 25,023,707 35,136,490 Special Revenue Fund: 4,690 25
Internal Service Fund 1,461,112 136,614 Permanent Fund 254,592 269,661 Total General Fund 25,023,707 35,136,490 Special Revenue Fund: 4,690 25
Permanent Fund 254,592 269,661 Total General Fund 25,023,707 35,136,490 Special Revenue Fund: 4,690 25
Total General Fund 25,023,707 35,136,490 Special Revenue Fund: 4,690 25
Special Revenue Fund: General Fund 4,690 25
General Fund 4,690 25
7
Internal Service Fund 1,339
Permanent Fund 26,355
Total Special Revenue Fund 4,690 27,719
Debt Service Fund:
General Fund 116,432 5,164,983
Debt Service Fund 47,457,746 47,457,746
Capital Projects Fund 2,600
Total Debt Service Fund 47,574,178 52,625,329
Capital Projects Fund:
General Fund 33,594,057 17,127,959
Capital Projects Fund 15,478,273 15,478,273
Debt Service Fund 2,600
Internal Service Fund 36
Total Capital Projects Fund 49,074,930 32,606,268
Internal Service Fund:
General Fund 136,614 1,461,112
Special Revenue Fund 1,339
Capital Projects Fund 36
Permanent Fund 163
Total Internal Service Fund 137,989 1,461,275
Permenent Fund:
General Fund 269,661 254,592
Special Revenue Fund 26,355
Internal Service Fund163
Total Permanent Fund 296,179 254,592
Total \$ 122,111,673 \$ 122,111,673

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

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2014, consisted of the following:

Transfers From General Fund	Transfers To General Fund	\$ Amount 44,801,876	Reason Charges for Food Service, Federal Indirect Costs and State Allotments
General Fund General Fund	Debt Service Fund Capital Projects Fund Total	\$ 1,986,550 10,000,000 56,788,426	Transfers for QSCB Bond. Transfers for Construction

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

F. <u>Disaggregation of Receivables & Payables</u>

Receivables and payables as of August 31, 2014 for the District's individual major, other non-major, and internal service funds are disagregated as described below:

		General	Debt Service	Capital Projects	Other Non-Major	Internal
Receivables		Fund	Fund	Fund	Govt. Funds	Service Funds
Property tax receivable	\$_	6,353,685 \$	1,120,716	\$	\$ \$	
Due from other governmental ager	cies					
Grants		6,356,794	98,358		7,335,735	
Other receivables						
Due from Hidalgo County		432,803				
Due from uniform sales		532,035				
Due from Health Insurance Agen	су					140,360
Due from Campuses to Child Nut	rition	139,125				
Vendor Refunds and Reimburser	ment	139,384		13,536	299	9,106
Miscellaneous Receivables		70,951			107,194	
Total	\$_	14,024,778 \$	1,219,074	\$ 13,536	\$ 7,443,227	149,467
Payables						
Accounts payable to vendors	\$	(2,250,405)\$		\$ (5,529,478)	\$ (1,887,933)\$	(7,916)
Payroll deductions & witholdings		(3,360,326)				
Accrued wages payable to emplo	yees	(9,969,141)			(1,171,065)	(8,190)
Due to other governments		(2,292,231)		(242)	(93,304)	
Due to student groups		(250)			(1,723,085)	
Total	\$_	(17,872,353)\$		\$ (5,529,720)	\$ (4,875,387)	(16,106)

G. Long-Term Obligations

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

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2014, are as follows:

Unlimited Tax Building Bonds (UTBB)					Outstanding
	Original	Final	Coupon	Original	Balance
Description	Issue	Maturity	Rate %	Issue	09/01/2014
UTBB, Series 2006	10/26/06	08/01/36	5.00-5.125%	167,040,000	131,755,000
UTBB, Series 2007	07/15/07	02/01/37	4.55-5.500%	29,810,000	29,810,000
UTBB, Series 2007	07/15/07	02/02/37	4.55-5.500%	5,190,000	2,760,000
UTBB, Series 2007/ Accretion	07/15/07	08/01/18	4.55-5.500%	724,972	1,209,753
UTBB, Series 2008	09/08/08	02/01/38	3.50-5.000%	104,725,000	95,500,000
UTBB, Series 2010	02/01/11	08/31/40	1.50-5.000%	104,475,000	98,565,000
Unlimited Tax Refunding Bonds, Series 2014	02/19/14	02/01/29	3.00-5.000%	46,395,000	
Total Bonds Payable				\$ 458,359,972	359,599,753

Interest paid on bonded indebtness during the current year was

\$ 17,621,988

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

	Outstanding							Outstanding		Amounts
	Balance	ls	ssued (Defease	ed)	Accretion		Retired	Balance		Due Within
Description	09/01/2013		Current		Current		Current	08/31/2014		One Year
UTBB, Series 2006	\$131,755,000	\$	(36,955,000))\$		\$	7,525,000 \$	87,275,000	\$	7,925,000
UTBB, Series 2007	29,810,000		(11,855,000))				17,955,000		
UTBB, Series 2007	2,760,000						565,000	2,195,000		565,000
UTBB, Series 2007/ Accret	1,209,753				176,385	5	320,000	1,066,138		320,000
UTBB, Series 2008	95,500,000						1,970,000	93,530,000		2,060,000
UTBB, Series 2010	98,565,000						1,960,000	96,605,000		2,020,000
Unlimited Tax Refunding B			46,395,000				200,000	46,195,000		
Subtotal	359,599,753	_	(2,415,000))	176,385	5 -	12,540,000	344,821,138	_	12,890,000
Premium & Discount	15,164,151	_	8,184,241				1,124,956	22,223,436		
Total Bonds Payable	\$374,763,904	\$_		\$_	209,154	<u> \$ </u>	12,448,441 \$	374,763,904	\$_	12,890,000
_		_								
Cost of Issuance Retated		\$		\$		\$	\$		\$	
										Amount
			Beginning					Ending		Due Within
Governmental Activities			Balance		Increases		Decreases	Balance		One Year
General Obligation Bonds		\$	358,390,000	\$	46,395,000	5 \$	61,030,000 \$	343,755,000	\$	12,570,000
Accretion			1,209,753		176,385	5	320,000	1,066,138		
Construction Notes Payable	e		23,205,000				1,775,000	21,430,000		1,775,000
Capital Leases (Restated)										
Sick and Vacation Leave			11,251,610		3,872,443	3	3,698,920	11,425,081		
Subtotal			394,056,363		50,443,828	3	66,823,920	377,676,219		14,345,000
Premium & Disco	ount		15,164,151		8,184,241		1,124,956	22,223,436		
Total Governme	ntal Activities	\$_	409,220,514	\$_	58,628,069	2 \$_	67,948,876 \$	399,899,655	\$_	14,345,000
		_		_						
Deferred Charges on	Refunding (Net)	1	\$1,112,335	\$	5,280,343	3 \$	682,454 \$	5,710,224	\$	

2. Debt Service Requirements

Debt service requirements on long-term debt are as follows:

August 31, CIB CAB Interest Accretion Total 2015 12,005,000 565,000 16,346,694 320,000 29,236,694 2016 12,590,000 565,000 15,762,794 320,000 29,237,794 2017 13,225,000 550,000 15,144,553 340,000 29,259,553 2018 9,735,000 515,000 14,596,816 375,000 25,221,816 2019 11,125,000 14,095,497 25,220,497 2020-2024 64,790,000 61,349,103 126,139,103 2025-2029 64,600,000 44,500,682 109,100,682 2030-2034 79,525,000 27,065,756 106,590,756 2035-2039 67,930,000 7,542,406 75,472,406 2040-2042 6,035,000 120,700 6,155,700 Subtotal \$ 341,560,000 \$ 2,195,000 \$ 216,525,001 \$ 1,355,000 \$	Year Ending	Principal				
2016 12,590,000 565,000 15,762,794 320,000 29,237,794 2017 13,225,000 550,000 15,144,553 340,000 29,259,553 2018 9,735,000 515,000 14,596,816 375,000 25,221,816 2019 11,125,000 14,095,497 25,220,497 2020-2024 64,790,000 61,349,103 126,139,103 2025-2029 64,600,000 44,500,682 109,100,682 2030-2034 79,525,000 27,065,756 106,590,756 2035-2039 67,930,000 7,542,406 75,472,406 2040-2042 6,035,000 120,700 6,155,700	August 31,	CIB	CAB	Interest	Accretion	Total
2017 13,225,000 550,000 15,144,553 340,000 29,259,553 2018 9,735,000 515,000 14,596,816 375,000 25,221,816 2019 11,125,000 14,095,497 25,220,497 2020-2024 64,790,000 61,349,103 126,139,103 2025-2029 64,600,000 44,500,682 109,100,682 2030-2034 79,525,000 27,065,756 106,590,756 2035-2039 67,930,000 7,542,406 75,472,406 2040-2042 6,035,000 120,700 6,155,700	2015	12,005,000	565,000	16,346,694	320,000	29,236,694
2018 9,735,000 515,000 14,596,816 375,000 25,221,816 2019 11,125,000 14,095,497 25,220,497 2020-2024 64,790,000 61,349,103 126,139,103 2025-2029 64,600,000 44,500,682 109,100,682 2030-2034 79,525,000 27,065,756 106,590,756 2035-2039 67,930,000 7,542,406 75,472,406 2040-2042 6,035,000 120,700 6,155,700	2016	12,590,000	565,000	15,762,794	320,000	29,237,794
2019 11,125,000 14,095,497 25,220,497 2020-2024 64,790,000 61,349,103 126,139,103 2025-2029 64,600,000 44,500,682 109,100,682 2030-2034 79,525,000 27,065,756 106,590,756 2035-2039 67,930,000 7,542,406 75,472,406 2040-2042 6,035,000 120,700 6,155,700	2017	13,225,000	550,000	15,144,553	340,000	29,259,553
2020-2024 64,790,000 61,349,103 126,139,103 2025-2029 64,600,000 44,500,682 109,100,682 2030-2034 79,525,000 27,065,756 106,590,756 2035-2039 67,930,000 7,542,406 75,472,406 2040-2042 6,035,000 120,700 6,155,700	2018	9,735,000	515,000	14,596,816	375,000	25,221,816
2025-2029 64,600,000 44,500,682 109,100,682 2030-2034 79,525,000 27,065,756 106,590,756 2035-2039 67,930,000 7,542,406 75,472,406 2040-2042 6,035,000 120,700 6,155,700	2019	11,125,000		14,095,497		25,220,497
2030-2034 79,525,000 27,065,756 106,590,756 2035-2039 67,930,000 7,542,406 75,472,406 2040-2042 6,035,000 120,700 6,155,700	2020-2024	64,790,000		61,349,103		126,139,103
2035-2039 67,930,000 7,542,406 75,472,406 2040-2042 6,035,000 120,700 6,155,700	2025-2029	64,600,000		44,500,682		109,100,682
2040-2042 6,035,000 120,700 6,155,700	2030-2034	79,525,000		27,065,756		106,590,756
	2035-2039	67,930,000		7,542,406		75,472,406
Subtotal \$\\\ 341,560,000 \\ \\$ \\\\ 2,195,000 \\ \\$ \\\\ 216,525,001 \\ \\$ \\\\ 1,355,000 \\ \\$ \\\\\ 561,635,001	2040-2042	6,035,000		120,700		6,155,700
	Subtotal	\$ 341,560,000 \$	2,195,000 \$	216,525,001 \$	1,355,000 \$	561,635,001

CIB 341,560,000
CAB 2,195,000
Current Accretion 1,066,138
Total Bonds Payable \$ 344,821,138

Year Ending	Notes		QSCB	Net	Total
August 31,	Principal	Interest	Subsidy	Interest	Debt Service
2015	1,775,000	1,545,760	(1,436,744)	109,016	1,884,016
2016	1,775,000	1,545,760	(1,436,744)	109,016	1,884,016

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

2017		1,775,000	1,545,760	(1,436,744)	109,016	1,884,016
2018		1,775,000	1,545,760	(1,436,744)	109,016	1,884,016
2019		1,775,000	1,545,760	(1,436,744)	109,016	1,884,016
2020-2024		8,950,000	4,506,182	(4,035,561)	470,621	9,420,621
2025-2029		3,605,000	937,522	(805,896)	131,626	3,736,626
	\$_	21,430,000 \$	13,172,504 \$	(12,025,177) \$	1,147,327 \$	22,577,327

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. On February 19, 2014, \$46,395,000 in Unlimited Tax Refunding Bonds with an interest rate of 5.0% were issued to advance refund \$36,955,000 in Series 2006 bonds with an interest cap of 5.125% and \$11,855,000 in Series 2007 bonds with an interest cap of 5.5%. The net proceeds of \$54,090,343 (principal amount of obligations \$46,395,000 plus premium of \$8,184,241 less underwriter's discount and cost of issuance of \$488,898) were wire transferred to the escrow agent to be disbursed. The cash deposit and certificates will be transferred into an "Escrow Fund" to be applied in accordance with the terms of the escrow agreement for the defeasance of the Series 2006 and 2007 bonds. As a result, the bonds are considered defeased and the liability for those bonds have been removed from the financial statements. This refunding decreases total debt service payments over the next 15 years by \$5,082,908 resulting in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,158,600.

H. 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.

I. 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 that 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 2014, 2013 and 2012, and a state contribution rate of 6.8% for fiscal year 2014, 6.4 % for fiscal year 2013, and 6.0% for fiscal year 2012. In

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

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 \$12,087,885, \$11,670,592 and \$11,475,564, respectively. The District paid additional state contributions for the years ending August 31, 2014, 2013 and 2012 in the amount of \$3,886,380, \$3,389,947 and \$3,585,797, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

J. 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 contribution rate was 1% for fiscal year 2014, 0.5% for fiscal year 2013 and 1.0% for fiscal year 2012 and the active public school employee contributions rates were 0.65% of public school payroll, 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 \$1,227,684, \$1,185,293, and \$1,518,938, respectively, the active member contributions were \$246,954, \$129,039, and \$299,505, respectively, and the District's contributions were \$1,038,810, \$1,002,950, and \$986,194, 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 \$526,960, \$506,997, and \$491,648, respectively.

K. 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 contributed \$464 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

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

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

In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Blue Cross Blue Shield of Texas, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$350,000 and for aggregate loss. Other Districts and/or their employees contributed to the self-insurance pool which was operated under contractual provisions of Article 4413(32c), Interlocal Cooperation Act. According to the latest actuarial opinion dated , the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

L. 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

The District is involved in various legal proceedings arising from its operations. The District believes that the outcome of these proceedings , individually and in the aggregate will have no material effect on the District's financial position.

M. Shared Services Arrangements

The District is a participant in a shared service arrangement with McAllen ISD which provides deaf education services to students who are enrolled in the Regional Day School Program for the Deaf. As of June 30, 2014, McAllen ISD allocated expenditures to the amount of\$453,878.

N. <u>Increase (Decrease) in Net Position</u>

For the fiscal year ended August 31, 2014 the fund balance for prior period were adjusted as follows:

Prior Period Adjustments		Governmental
Fund Level		Funds
General Fund to record prior year fund balance transfer to Capital Projects Fund.	\$	(25,500,000)
General Fund to record receipt of refunds from prior year expenditures.		276,035
General Fund to void prior year's outstanding checks.		4,436
General Fund to record prior period payment on sale of property.		33,000
Total General Fund	_	(25,186,529)
Capital Projects Fund to record prior yrear fund balance transfer from General Fund.		25,500,000
Total Capital Projects Fund		25,500,000
Net Increase (Decrease) in Fund Balance	\$	313,471
	=	
		Governmental
Government Wide Level		Activities
Adjustment to expense prior period cost of issuance of bonds per GASB 65.	\$	(3,023,934)
Adjustment to record prior period fixed assets amount.		10,750
Total Net Increase (Decrease) in Net Assets	\$_	(2,699,713)
	_	

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

O. Accumulated Unpaid Sick Leave

Reimbursement of leave upon retirement policy changed on September 1, 2010. Pharr-San Juan-Alamo I.S.D. DEC (LOCAL) policy now reads as follows. Local leave accumulated prior to September 1, 2010, shall be reimbursed at the employee's daily rate of pay as of the 2009-10 school year for 50 percent of the number of days accumulated. Local leave accumulated after September 1, 2010, shall be reimbursed at the rate of \$100 per day for professional employees and \$50 per day for paraprofessional/auxiliary employees.

On retirement of certain employees, the District pays any accrued sick leave and vacation leave in a lump sum cash payment to such employee. A summary of changes in the accumulated sick leave and vacation leave liability follows:

		Sick Leave
Balance, August 31, 2013	\$	11,251,610
Deduction for change in amount paid in leave benefit policy		3,872,443
Deductions - Payments to Participants		(3,698,972)
Balance, August 31, 2014	\$_	11,425,081

P. Fund Balance

Governmental Fund Balances for the district are classified in the following hierarchy:

Nonspendable

Nonspendable Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted

Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation. Federal Laws, Texas Statutes, and local ordinances require that certain revenues be specifically designated for the purposes of food service, federal and state programs, debt service, and capital projects.

Committed

Amounts that can only be used for specific purposes pursuant to approval by formal action by the board.

Assigned

For the General Fund, amounts that are appropriated by the Board or the Board designee that are to be sued for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned fund balances are amounts that are available for any purpose; these amounts can be reported only in General Fund. The unassigned amount as o f August \$26,840,797. The District's unassigned fund balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local emergencies without borrowing. circumstances where expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted, committed, assigned, and unassigned. The purpose of the Capital Projects Fund is to pay for voter approved capital projects and the purpose of the Debt Service fund is to account for funds used to pay for the long and short term debt obligations used to fund the District's capital projects.

The District's governmental fund balance designations can be identified as follows:

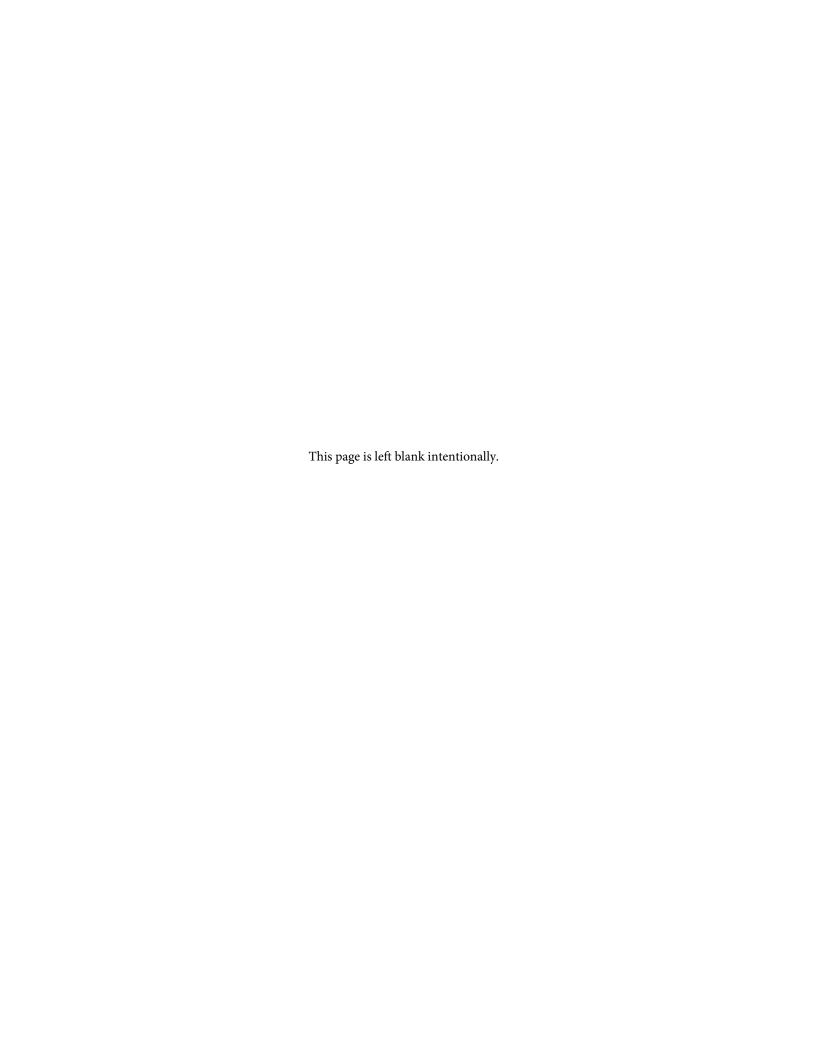
				Other
		Debt	Construction	Governmental
Fund Balance Description:	General	Service	Fund	Funds
Nonspendable				
Inventories	2.231.095			

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

Restricted				
Federal/State Funds Grant	10,196,120	2,582,581		
Retirement of Long-Term Debt				
Other Restrictions of Fund Balance			14,438,433	12,019
Committed				
Construction Projects	19,000,000			
Equipment for New Schools	3,000,000			
Other Committed Fund Balance	11,425,081			
Assigned				
Other Assigned Fund Balance	1,875,000			28,997
Total Nonspendable, Restricted, Committed,				
and Assigned Governmental Fund Balances	\$ 47,727,296 \$	2,582,581 \$	14,438,433 \$	41,016
Total Nonspendable, Restricted, Committed,				
and Assigned Governmental Fund Balances	\$ <u>64,789,326</u>			

Q. Subsequent Events

For the purposes of reporting subsequent events, management has considered events occurring thru January 19, 2015, the date the report was available to be issued, and none have been noted.



GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2014

Data		1	2	3 Actual	Variance with Final Budget
Control		Budgete	d Amounts	Budget	Positive
Codes	_	Original	Final	Basis	(Negative)
	REVENUES:				
5700	Local and Intermediate Sources	\$ 44,364,827	\$ 44,527,227	\$ 44,860,453	\$ 333,226
5800 5900	State Program Revenues	214,646,036 23,215,907	214,646,036 23,900,907	215,854,617 23,552,129	1,208,581
5020	Federal Program Revenues Total Revenues	282,226,770	283,074,170	284,267,199	(348,778) 1,193,029
3020	Total Hevendes		200,074,170	204,207,100	1,130,023
	EXPENDITURES: Current:				
	Instruction & Instructional Related Services:				
0011	Instruction	142,785,023	149,513,885	145,182,514	4,331,371
0012	Instructional Resources and Media Services	544,875	7,667,179	7,086,741	580,438
0013	Curriculum and Staff Development	3,863,340	4,626,987	4,042,501	584,486
	Total Instruction & Instr. Related Services	147,193,238	161,808,051	156,311,756	5,496,295
	Instructional and School Leadership:				
0021	Instructional Leadership	3,875,995	4,174,464	3,971,623	202,841
0023	School Leadership	15,719,582	16,019,198	15,639,607	379,591
	Total Instructional & School Leadership	19,595,577	20,193,662	19,611,230	582,432
	Support Services - Student (Pupil):				
0031	Guidance, Counseling and Evaluation Services	8,445,945	8,858,044	8,789,031	69,013
0032	Social Work Services	2,623,272	2,598,957	2,093,056	505,901
0033 0034	Health Services Student (Pupil) Transportation	3,382,670 7,588,920	3,438,770 7,754,811	3,282,087 6,158,577	156,683 1,596,234
0034	Food Services	20,060,484	22,001,841	21,548,186	453,655
0036	Cocurricular/Extracurricular Activities	10,467,863	10,756,114	9,993,929	762,185
0000	Total Support Services - Student (Pupil)	52,569,154	55,408,536	51,864,866	3,543,670
					
	Administrative Support Services:				
0041	General Administration	7,349,156	7,430,563	6,706,089	724,474
	Total Administrative Support Services	7,349,156	7,430,563	6,706,089	724,474
	Support Services - Nonstudent Based:				
0051	Plant Maintenance and Operations	30,886,246	30,879,715	30,037,060	842,655
0052	Security and Monitoring Services	3,517,173	4,263,097	3,101,711	1,161,386
0053	Data Processing Services	1,640,929	1,640,929	1,488,409	152,520
	Total Support Services - Nonstudent Based	36,044,348	36,783,741	34,627,180	2,156,561
	Amelilana Osmilasaa				
0061	Ancillary Services: Community Services	491,720	507,109	476,127	30,982
0001	Total Ancillary Services	491,720	507,109	476,127	30,982
	Total / thomally convices				
	Debt Service:				
0071	Principal on Long-Term Debt	696,255	696,255		97,665
	Total Debt Service	696,255	696,255		696,255
	Conital Outland				
0081	Capital Outlay: Capital Outlay	10,044,554	1,044,554	002 120	140 404
0001	Total Capital Outlay	10,044,554	1,044,554	902,120	142,434 142,434
	Total Suplial Sullay			302,120	

EXHIBIT G-1 Page 2 of 2

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2014

		1	2	3	Variance with
Data				Actual	Final Budget
Control		Budgeted	d Amounts	Budget	Positive
Codes	_	Original	Final	Basis	(Negative)
	Intergovernmental Charges:				
0093	Payments to Fiscal Agent/Member DistSSA	372,150	291,000	290,720	280
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	100,000	100,000	4,042	95,958
0099	Other Intergovernmental Charges	984,000	984,000	653,731	330,269
	Total Intergovernmental Charges	1,084,000	1,375,000	948,493	426,507
6030	Total Expenditures	275,068,002	285,247,470	271,447,861	13,799,609
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	15,242,698	(2,173,300)	12,819,338	14,992,638
	Other Financing Sources (Uses):				
7912	Sale of Real or Personal Property			35,346	35,346
7915	Transfers In	43,398,975	43,398,975	44,801,875	1,402,900
8911	Transfers Out	(45,285,592)	(55,285,592)	(56,788,426)	(1,502,834)
7080	Total Other Financing Sources and (Uses)	(1,886,617)	(11,886,617)	(11,951,205)	(64,588)
1200	Net Change in Fund Balance	5,272,151	(14,059,917)	868,133	14,928,050
0100	Fund Balance - Beginning		97,467,930	97,467,930	
1300	Prior Period Adjustment		(25,186,529)	(25,186,529)	
0100	Fund Balance - Beginning, as Restated		72,281,401	72,281,401	
3000	Fund Balance - Ending	\$ 5,272,151	\$ 58,221,484	\$ 73,116,534	\$ 14,928,050

mentary Information
information and disclosures required by the Governmentale basic financial statements.
i

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED AUGUST 31, 2014

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

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

Once a budget is approved, it can be amended at function and fund level only 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. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment 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.

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

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS AUGUST 31, 2014

							Total
Data			Coosial			_	Nonmajor Sovernmental
Contro	.I		Special Revenue		Permanent	_	Funds (See
Codes	·-		Funds		Funds		Exhibit C-1)
Codes	ASSETS:		1 unus		1 unus		EXHIBIT O-1)
1110	Cash and Cash Equivalents	\$	(1,780,577)	\$	432,200	\$	(1,348,377)
1240	Due from Other Governments	Ψ	7,335,735	Ψ		Ψ	7,335,735
1260	Due from Other Funds		4,690		296,179		300,869
1290	Other Receivables		298		107,193		107,491
1000	Total Assets		5,560,146		835,572		6,395,718
	LIABILITIES:						
	Current Liabilities:						
2110	Accounts Payable	\$	1,771,312	\$	116,621	\$	1,887,933
2160	Accrued Wages Payable	Ψ	1,171,065	Ψ		Ψ	1,171,065
2170	Due to Other Funds		27,719		254,592		282,311
2180	Due to Other Governments		8,666		84,638		93,304
2190	Due to Student Groups		1,354,623		368,462		1,723,085
2300	Unearned Revenue		1,197,004				1,197,004
2000	Total Liabilities		5,530,389		824,313		6,354,702
	FUND BALANCES:						
	Restricted Fund Balances:						
3490	Other Restrictions of Fund Balance		760		11,259		12,019
0.00	Unassigned, Reported in Nonmajor:		. • •		,_00		. =, 0 . 0
3610	Special Revenue Funds		28,997				28,997
3000	Total Fund Balances	_	29,757		11,259		41,016
		_					
4000	Total Liabilities and Fund Balances	\$	5,560,146	\$	835,572	\$	6,395,718

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes REVENUES: 5800 State Program Revenues	Fui	ecial enue nds 855,571		Permanent Funds	-	Total Nonmajor Governmental Funds (See Exhibit C-2)
5900 Federal Program Revenues	· ,-	744,424	Ψ		Ψ	32,744,424
5020 Total Revenues		599,995			-	34,599,995
3020 Total Neventues		000,000	_		-	34,333,333
EXPENDITURES:						
Current:						
0011 Instruction		302,555				20,802,555
0012 Instructional Resources and Media Services		182,003				482,003
0013 Curriculum and Staff Development	5,1	72,222				5,172,222
0021 Instructional Leadership	3,3	377,236				3,377,236
0023 School Leadership	3	321,345				321,345
0031 Guidance, Counseling, & Evaluation Services	2,7	702,323				2,702,323
0032 Social Work Services	2	274,343				274,343
0033 Health Services	1	34,244				134,244
0051 Facilities Maintenance and Operations		5,917				5,917
0052 Security and Monitoring Services		39,515				39,515
0061 Community Services	1,2	287,532				1,287,532
6030 Total Expenditures	34,5	599,235			_	34,599,235
1100 Excess (Deficiency) of Revenues Over (Under)						
1100 Expenditures		760				760
1200 Net Change in Fund Balances		760	_		-	760
5						
0100 Fund Balances - Beginning		28,997		11,259		40,256
3000 Fund Balances - Ending	\$	29,757	\$	11,259	\$	41,016

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS AUGUST 31, 2014

			211		212		224		225
Data		E	ESEA Title I	ESEA					
Contro	1		Improving	Т	itle I, Part C		IDEA-B		IDEA-B
Codes		Ва	sic Programs	Mig	rant Children		Formula	Pre	school Grant
	ASSETS:								
1110	Cash and Cash Equivalents	\$	(1,364,698)	\$	(507,162)	\$	(778,750)	\$	(23,301)
1240	Due from Other Governments		2,033,545		653,215		1,039,932		26,676
1260	Due from Other Funds		3,105						
1290	Other Receivables		61						
1000	Total Assets		672,013		146,053		261,182		3,375
	LIABILITIES:								
	Current Liabilities:								
2110	Accounts Payable	\$	107,089	\$	2,000	\$		\$	
2160	Accrued Wages Payable		544,320		140,945		255,241		3,300
2170	Due to Other Funds		12,043		3,108		5,941		75
2180	Due to Other Governments		8,561						
2190	Due to Student Groups								
2300	Unearned Revenue					_			
2000	Total Liabilities		672,013		146,053	_	261,182		3,375
	FUND BALANCES:								
	Restricted Fund Balances:								
3490	Other Restrictions of Fund Balance								
0040	Unassigned, Reported in Nonmajor:								
3610	Special Revenue Funds								
3000	Total Fund Balances					-			
4000	Total Liabilities and Fund Dalesses	Φ	070.040	Φ	140.050	Φ.	001 100	Φ	0.075
4000	Total Liabilities and Fund Balances	\$	672,013	\$	146,053	\$	261,182	\$	3,375

	244	255 263				265					272
Car	eer and Tech Basic Grant	-	SEA Title II Fraining & Recruiting	Acc	English Language Acquisition and Enhancement		21st Century Community Learning Centers		MAC Program		
\$	(7,460) 15,404 	\$	(140,159) 215,312 	\$	(227,270) 339,687 	\$	(101,916) 104,922 257	\$	506,718 127,955 1,328		
	7,944		75,153		112,417		3,263		636,001		
\$	91 7,749 104 7,944	\$	73,795 1,358 75,153	\$	52,029 59,043 1,345 112,417	\$	 3,203 60 3,263	\$	2,631 285 25 633,060 636,001		
		_		_							
\$	7,944	\$	75,153	\$	112,417	\$	3,263	\$	636,001		

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS AUGUST 31, 2014

			274		276		280		286	
Data					Title I	Te	exas Migrant	Title I		
Contro	ol			Ρ	riority School	Mig	grant Interstate	Pr	iority Sch	nool
Codes	3		GEAR UP		Cycle 2		Program	G	rant - AR	RA
	ASSETS:									
1110	Cash and Cash Equivalents	\$	(140,007)	\$	(1,661,806)	\$	(90,868)	\$		45
1240	Due from Other Governments		164,463		1,661,806		122,338			
1260	Due from Other Funds									
1290	Other Receivables									
1000	Total Assets		24,456				31,470			45
	LIABILITIES:									
	Current Liabilities:									
2110	Accounts Payable	\$	60	\$		\$	3,949	\$		
2160	Accrued Wages Payable		24,396				27,004			
2170	Due to Other Funds						517			
2180	Due to Other Governments									45
2190	Due to Student Groups									
2300	Unearned Revenue	_								
2000	Total Liabilities	_	24,456	_			31,470			45
	FUND BALANCES:									
0.400	Restricted Fund Balances:									
3490	Other Restrictions of Fund Balance									
0010	Unassigned, Reported in Nonmajor:									
3610	Special Revenue Funds	_		_						
3000	Total Fund Balances	_								
4000	Total Liabilities and Fund Balances	Ф	24.456	\$		\$	21 470	\$	_	15
4000	Total Liabilities and Fund Balances	\$	24,456	Φ		Φ	31,470	Φ		45

E	288 Early College Expansion Partnership	Cen	289 Grande Valley ter for Teaching Leading Excelle		397 Advanced Placement Incentives		404 Student Success Initiative		409 exas High School Project
\$	(525,667) 540,575	\$	68,488 135,934 	\$	33,677 	\$	59,999 (59,999)	\$	(88,649) 136,935
	14,908		204,422	_	33,677	_		_	237 48,523
\$	14,908 14,908	\$	82 20,079 184,261 204,422	\$	 33,677 33,677	\$	 	\$	 19,682 19,682
_				_		_			28,841 28,841
\$	14,908	\$	204,422	\$_	33,677	\$	<u></u>	\$	48,523

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS AUGUST 31, 2014

			410	411		429
Data			State			State Funded
Contro			Textbook	echnology	5	Special Revenue
Codes	<u>.</u>		Fund	 Allotment	_	Fund
	ASSETS:					
1110	Cash and Cash Equivalents	\$	1,875,814	\$ (24,285)	\$	
1240	Due from Other Governments		52,750	24,285		
1260	Due from Other Funds					
1290	Other Receivables					
1000	Total Assets		1,928,564			
	LIABILITIES:					
	Current Liabilities:				_	
2110	Accounts Payable	\$	1,603,381	\$ 	\$	
2160	Accrued Wages Payable					
2170	Due to Other Funds					
2180	Due to Other Governments					
2190	Due to Student Groups					
2300	Unearned Revenue		324,423	 	_	
2000	Total Liabilities	_	1,927,804	 	_	
	FUND BALANCES:					
	Restricted Fund Balances:					
3490	Other Restrictions of Fund Balance		760			
3490	Unassigned, Reported in Nonmajor:		760			
3610	Special Revenue Funds					
3000	Total Fund Balances		760	 	-	
3000	Total Fully Dalatices		700	 	-	
4000	Total Liabilities and Fund Balances	\$	1,928,564	\$ 	\$	

_	461 Campus Activity Funds	482 School Improvement Facilitators	483 AVID	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$	1,354,623 1,354,623	\$ 1,901 1,901	\$ 156 156	\$ (1,780,577) 7,335,735 4,690 298 5,560,146
\$	 1,354,623 1,354,623	\$ 1,901	\$ 	\$ 1,771,312 1,171,065 27,719 8,666 1,354,623 1,197,004 5,530,389
_	 	 		760 28,997 29,757
\$	1,354,623	\$1,901	\$ 156	\$ 5,560,146

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COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2014

			211		212		224		225
Data			ESEA Title I		ESEA				
Contro	I		Improving	Ti	tle I, Part C		IDEA-B		IDEA-B
Codes	;	Ва	asic Programs	Mig	rant Children		Formula	Pr	eschool Grant
	REVENUES:					_			
5800	State Program Revenues	\$		\$		\$		\$	
5900	Federal Program Revenues		13,805,448		2,720,338		4,402,267		117,659
5020	Total Revenues		13,805,448		2,720,338		4,402,267		117,659
	EXPENDITURES:								
	Current:								
0011	Instruction		8,072,905		640,433		4,240,623		117,659
0012	Instructional Resources and Media Services		231,320						
0013	Curriculum and Staff Development		1,932,000						
0021	Instructional Leadership		1,693,973		381,296		161,644		
0023	School Leadership		95,234						
0031	Guidance, Counseling, & Evaluation Services		569,490		1,640,777				
0032	Social Work Services				54,104				
0033	Health Services		3,789						
0051	Facilities Maintenance and Operations		188						
0052	Security and Monitoring Services								
0061	Community Services	_	1,206,549		3,728	_			
6030	Total Expenditures	_	13,805,448		2,720,338	_	4,402,267	_	117,659
1100	Excess (Deficiency) of Revenues Over (Under)								
1100	Expenditures								
1200	Net Change in Fund Balances								
0100	Fund Balances - Beginning								
3000	Fund Balances - Ending	\$		\$		\$		\$	

Car			255 ESEA Title II	Fn	263 Iglish Language		265 21st Century		272
	Basic Grant	-	Training & Recruiting	Ad	equisition and inhancement	Ĺ	Community Learning Centers		 MAC Program
\$ 	78,200 78,200	\$	1,470,699 1,470,699	\$ 	1,246,919 1,246,919	\$ _	1,014,311 1,014,311		\$ 202,935 202,935
	5,326				681,124		484,565		
			 1 470 600		 430,903		 201 720		
			1,470,699		111,860		391,730 98,501		
							30,301		
	72,874								72,480
									130,455
							39,515		
					23,032				
	78,200	-	1,470,699		1,246,919	-	1,014,311		202,935
		-		_		_			
\$		\$		\$		\$_			\$

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31, 2014

			274		276		280		286
Data					Title I	Te	exas Migrant		Title I
Contro	1			Р	riority School	Miç	grant Interstate	Pı	iority School
Codes					Cycle 2		Program	Grant - ARRA	
-	REVENUES:								
5800	State Program Revenues	\$		\$		\$		\$	
5900	Federal Program Revenues		295,597		5,627,155		536,738		1,477
5020	Total Revenues	_	295,597		5,627,155		536,738		1,477
	EXPENDITURES:								
	Current:								
0011	Instruction		43,177		4,309,882				892
0012	Instructional Resources and Media Services				250,683				
0013	Curriculum and Staff Development		12,420		564,482				585
0021	Instructional Leadership				243,157		530,249		
0023	School Leadership				8,059				
0031	Guidance, Counseling, & Evaluation Services		240,000		100				
0032	Social Work Services				196,569				
0033	Health Services								
0051	Facilities Maintenance and Operations						6,489		
0052	Security and Monitoring Services								
0061	Community Services	_			54,223				
6030	Total Expenditures	_	295,597		5,627,155		536,738	_	1,477
1100	Excess (Deficiency) of Revenues Over (Under)								
1100	Expenditures								
1200	Net Change in Fund Balances	_							
0100	Fund Balances - Beginning								
3000	Fund Balances - Ending	\$		\$		\$		\$	

288 i3 Early College Expansion Partnership	289 Rio Grande Valley Center for Teaching and Leading Excellence	397 Advanced Placement ceIncentives	409 Texas High School Project	410 State Textbook Fund
\$	\$	\$ 416	\$ 23,670	\$ 1,817,277
578,770	645,911			
578,770	645,911	416	23,670	1,817,277
204,371	169,697	416		1,817,277
49,745	319,658			
	156,556			
218,052				
106,602				
			23,670	
			'	
				(760)
578,770	645,911	416	23,670	1,816,517
				760
				760
			28,841	
\$	\$	\$	\$ 28,841	\$ 760

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED AUGUST 31. 2014

_			429 te Funded cial Revenue Fund		483 AVID			Total Nonmajor Special Revenue Funds (See Exhibit H-2)
5800	State Program Revenues	\$	14,208	\$			\$	1,855,571
5900	Federal Program Revenues	Ψ		Ψ			Ψ	32,744,424
5020	Total Revenues	-	14,208				-	34,599,995
3020	Total Nevenues		14,200	_			_	34,399,993
	EXPENDITURES: Current:							
0011	Instruction		14,208					20,802,555
0011	Instructional Resources and Media Services		14,200					482,003
0012	Curriculum and Staff Development							5,172,222
0013	Instructional Leadership							3,377,236
0021	School Leadership							321,345
0020	Guidance, Counseling, & Evaluation Services							2,702,323
0032	Social Work Services							274,343
0032	Health Services							134,244
0051	Facilities Maintenance and Operations							5,917
0052	Security and Monitoring Services							39,515
0061	Community Services							1,287,532
6030	Total Expenditures		14,208	_			_	34,599,235
0000	Total Exponentialos		11,200	_			_	01,000,200
1100	Excess (Deficiency) of Revenues Over (Under)							
1100	Expenditures							760
1200	Net Change in Fund Balances							760
	Fund Balances - Beginning					156_		28,997
3000	Fund Balances - Ending	\$		\$		156	\$	29,757

COMBINING BALANCE SHEET NONMAJOR PERMANENT FUNDS AUGUST 31, 2014

			836		837
Data					
Contro	ol .				
Codes	S		Escrow I	E	scrow II
	ASSETS:				
1110	Cash and Cash Equivalents	\$	(57,086)	\$	8,445
1260	Due from Other Funds				
1290	Other Receivables		59,817		41,270
1000	Total Assets	<u> </u>	2,731		49,715
	LIABILITIES:				
	Current Liabilities:				
2110	Accounts Payable	\$		\$	47,195
2170	Due to Other Funds		117		
2180	Due to Other Governments		546		
2190	Due to Student Groups				
2000	Total Liabilities		663		47,195
	FUND BALANCES:				
	Restricted Fund Balances:				
3490	Other Restrictions of Fund Balance		2,068		2,520
3000	Total Fund Balances		2,068		2,520
4000	Total Liabilities and Fund Balances	\$	2,731	\$	49,715

 838 Escrow III		840 Trick D-Treat holarship	841 General Agency & Trust	P Fi	Total Nonmajor ermanent unds (See xhibit H-1)
\$ 69,131 69,131	\$ 	2,928 2,928	\$ 408,782 296,179 6,106 711,067	\$	432,200 296,179 107,193 835,572
\$ 69,131 69,131	\$	2,056 2,056	\$ 295 254,475 84,092 366,406 705,268	\$	116,621 254,592 84,638 368,462 824,313
\$ 69,131	<u> </u>	872 872 2,928	\$ 5,799 5,799 711,067	 \$	11,259 11,259 835,572

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR PERMANENT FUNDS FOR THE YEAR ENDED AUGUST 31, 2014

		836		837
Data				
Control				
Codes		Escrow I		Escrow II
R	EVENUES:		_	
5020	Total Revenues	\$ 	\$	
E	XPENDITURES:			
6030	Total Expenditures	 	_	
	xcess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	 	_	
	und Balances - Beginning	 2,068		2,520
3000 Ft	und Balances - Ending	\$ 2,068	\$_	2,520

		Total
840	841	Nonmajor
Trick	General	Permanent
O-Treat	Agency	Funds (See
Scholarship	& Trust	Exhibit H-2)
\$	\$	\$
		
872	5,799	11,259
\$ 872	\$ 5,799	\$ 11,259

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS AUGUST 31, 2014

			752		753
Data			Print		
Contro			Shop		Insurance
Codes			Fund		Fund
	ASSETS:	_		_	
	Current Assets:				
1110	Cash and Cash Equivalents	\$	14,398	\$	3,417,783
	Receivables:				
1250	Accrued Interest				3,660
1260	Due from Other Funds				610
1290	Other Receivables (net)				140,361
1310	Inventories, at Cost		2,245		
	Total Current Assets	_	16,643	-	3,562,414
		_	<u> </u>	_	· · · · ·
	Noncurrent Assets:				
	Capital Assets:				
1530	Furniture and Equipment		62,049		
1570	Accumulated Depreciation		(62,049)		
	Total Noncurrent Assets	_		_	
1000	Total Assets	_	16,643	_	3,562,414
	LIABILITIES:				
	Current Liabilities:				
2110	Accounts Payable	\$	6,694	\$	497
2160	Accrued Wages Payable		8,190		
2170	Due to Other Funds	_	163	_	1,240,390
	Total Current Liabilities	_	15,047	_	1,240,887
2000	Total Liabilities	_	15,047	_	1,240,887
	NET POSITION:				
3800	Restricted		1,596		2,321,527
3900	Unrestricted				
3000	Total Net Position	\$	1,596	\$	2,321,527
			,===		,- ,

771 Copier Fund	772 Workmen's Compensation	Total Internal Service Funds (See Exhibit D-1)
\$ 248,109	\$ 5,128,694	\$ 8,808,984
		3,660
	137,379	137,989
2	9,104	149,467
		2,245
248,111	5,275,177	9,102,345
27,009		89,058
(18,004)		(80,053)
9,005		9,005
257,116	5,275,177	9,111,350
\$ 724 724 724	\$ 220,722 220,722 220,722	\$ 7,915 8,190 1,461,275 1,477,380 1,477,380
256,392	4,217,106	6,796,621
	837,349	837,349
\$ 256,392	\$	\$

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2014

		752	753
Data		Print	
Contro	l	Shop	Insurance
Codes	i	Fund	Fund
	OPERATING REVENUES:		
5700	Local and Intermediate Sources	\$ 294,680	\$ 23,268,811
5020	Total Revenues	294,680	23,268,811
	OPERATING EXPENSES:		
6100	Payroll Costs	131,918	
6200	Professional and Contracted Services	108,121	29,455,650
6300	Supplies and Materials	53,046	6,160
6400	Other Operating Costs		7,004
6030	Total Expenses	293,085	29,468,814
1300	Change in Net Position	1,595	(6,200,003)
0100	Total Net Position - Beginning	1	8,521,530
3300	Total Net Position - Ending	\$ 1,596	\$ 2,321,527

	771	772	Total Internal
			Service
	Copier	Workmen's	Funds (See
_	Fund	Compensation	Exhibit D-2)
\$	34,728	\$ 2,629,232	\$ 26,227,451
	34,728	2,629,232	26,227,451
			131,918
	29,844	1,784,155	31,377,770
	5,810	861	65,877
			7,004
	35,654	1,785,016	31,582,569
	(926)	844,216	(5,355,118)
	257,318	4,210,239	12,989,088
\$	256,392	\$ 5,054,455	\$ 7,633,970

COMBINING STATEMENT OF CASH FLOWS ALL INTERNAL SERVICE FUNDS FOR THE YEAR ENDED AUGUST 31, 2013

		752 Print Shop Fund		753 Insurance Fund		771 Copier Fund
Cash Flows from Operating Activities: Cash Received from Customers	\$		\$		\$	
Cash Receipts (Payments) for Quasi-external	φ		Ψ		Ψ	
Operating Transactions with Other Funds		400,680		23,375,085		34,728
Cash Payments to Employees Cash Payments to Suppliers for Goods and Services		(129,379)		 (20 E07 44E)		 (40,428)
Cash Payments to Suppliers for Goods and Services Cash Payments for Grants to Other Organizations		(178,181) 		(28,507,445)		(40,426)
Other Operating Cash Receipts (Payments)						
Net Cash Provided (Used) by Operating Activities		93,120		(5,132,360)		(5,700)
Cash Flows from Non-capital Financing Activities:						
Proceeds (Payments) from (for) Borrowings						
Transfers From (To) Other Funds	_				_	
Net Cash Provided (Used) by Non-capital Financing Activities			-		_	
•						
Cash Flows from Capital and Related Financing Activities: Proceeds from Issuance of Long-term Debt						
Contributed Capital						
Net Cash Provided (Used) for Capital and					-	
Related Financing Activities					_	
Cash Flows from Investing Activities:						
Retirement of Investment Due to Maturity						
Net Cash Provided (Used) for Investing Activities						
Net Increase (Decrease) in Cash and Cash Equivalents		93,120		(5,132,360)		(5,700)
Cash and Cash Equivalents at Beginning of Year		(83,723)		8,550,143		253,809
Cash and Cash Equivalents at End of Year	\$	9,397	\$	3,417,783	\$	248,109
Reconciliation of Operating Income to Net Cash						
Provided by Operating Activities: Operating Income (Loss)	\$	1,596	\$	(6,200,003)	\$	(926)
Adjustments to Reconcile Operating Income to Net	Ψ	1,590	Ψ	(0,200,003)	Ψ	(920)
Cash Provided by Operating Activities						
Depreciation						
Provision for Uncollectible Accounts						
Change in Assets and Liabilities: Decrease (Increase) in Accrued Interest				15,886		
Increase (Decrease) in Due from Other Funds		106,000		90,300		
Increase (Decrease) in Other Receivables		´		88		
Increase (Decrease) in Accrued Wages Payable		2,539		(274,515)		(4,774)
Increase (Decrease) in Due to Other Funds		(15)		1,235,884		
Increase (Decrease) in Accounts Payable Total Adjustments		(11,999) 96,525		1,067,643	_	(4,774)
Net Cash Provided (Used) by Operating Activities	\$	98,121	\$	(5,132,360)	\$	(5,700)
(, - , - p	-	,	-	(-, -,-,-,-)	-	(2,1.2.7)

EXHIBIT H-9

\$	772 Workmen's Compensation 2,615,097 (1,777,618) 837,479	Total Internal Service Funds (See Exhibit D-3) \$ 26,425,590 (129,379) (30,503,672) (4,207,461)
_		
- - \$_	837,479 4,291,216 5,128,695	(4,207,461) 13,011,445 \$8,803,984
\$	844,217	\$ (5,355,116)
	 (14,135)	 15,886 182,165 88
- \$_	7,398 (6,737) 837,480	(276,750) 1,243,267 (11,999) 1,152,657 \$ (4,202,459)

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES AGENCY FUNDS AUGUST 31, 2014

		842		865		Total	
Data	Ge	eneral				Agency	
Control	Ag	gency		Student	F	unds (See	
Codes	&	Trust		Activity	E	xhibit E-1)	
ASSETS:			-				
1110 Cash and Cash Equivalents	\$	216	\$	630,027	\$	630,243	
1000 Total Assets		216		630,027		630,243	
LIABILITIES:							
Current Liabilities:							
2190 Due to Student Groups	\$	216	\$	630,027	\$	630,243	
2000 Total Liabilities		216		630,027		630,243	
NET POSITION:							
3000 Total Net Position	\$		\$		\$	-	

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.

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

	1	2	3 Assessed/Appraised					
Year Ended		Tax Rates						
August 31	Maintenance	Debt Service	Tax Purposes					
2005 and Prior Years	\$ Various	\$ Various	\$ Various					
2006	1.50	.1134	2,371,994,976					
2007	1.37	.149	2,628,903,008					
2008	1.04	.1713	2,891,912,692					
2009	1.04	.231	2,308,797,178					
2010	1.04	.2613	3,460,753,968					
2011	1.04	.3192	3,428,758,885					
2012	1.17	.1892	3,454,074,798					
2013	1.17	.1892	3,470,999,451					
2014 (School Year Under Audit)	1.17	.1889	3,594,699,916					
1000 Totals								

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

10 Beginning		20 Current	31				32		32		40 Entire		50 Ending		
Balance 9/1/13		Year's Total Levy	Maintenance Collections									Debt Service Collections		Year's Adjustments	Balance 8/31/14
\$ 1,736,363	\$		\$	86,668	\$	15,098	\$	(118,891)	\$ 1,515,706						
306,985				28,844		2,184		(9,225)	266,732						
364,529				49,306		5,375		(8,668)	301,180						
379,058				65,537		10,793		(12,415)	290,313						
562,071				117,478		26,086		(12,896)	405,611						
725,852				156,170		39,238		(55,548)	474,896						
914,755				205,986		63,207		(10,008)	635,554						
1,284,402				390,617		63,167		(16,649)	813,969						
2,270,324				829,043		134,065		(91,635)	1,215,581						
		48,179,632		39,454,549		6,380,197		(113,393)	2,231,493						
\$ 8,544,339	\$_	48,179,632	\$_	41,384,198	\$_	6,739,410	\$_	(449,328)	\$ 8,151,035						
\$ 	\$		\$		\$		\$		\$ 						

Less: Allowance for uncollectable Net

DEBT SERVICE BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED AUGUST 31, 2014

			1 2				3	'	Variance with
Data							Actual		Final Budget
Control			Budgete	d Aı	mounts		Budget		Positive
Codes	_		Original		Final		Basis	_	(Negative)
	REVENUES:								
5700	Local and Intermediate Sources	\$	6,778,181	\$	10,432,464	\$	7,019,931	\$	(3,412,533)
5800	State Program Revenues	_	18,506,205	_	15,265,027		18,761,943	_	3,496,916
5020	Total Revenues		25,284,386	_	25,697,491		25,781,874	_	84,383
	EXPENDITURES:								
	Debt Service:								
0071	Principal on Long-Term Debt		12,825,000		14,315,000		14,315,000		
0072	Interest on Long-Term Debt		18,505,829		17,424,464		17,126,147		298,317
0073	Bond Issuance Costs and Fees	_	5,200	_	9,670		497,418	_	(487,748)
	Total Debt Service	_	31,336,029	_	31,749,134	_	31,938,565	_	(189,431)
		_		_		_		_	
6030	Total Expenditures	_	31,336,029	_	31,749,134	_	31,938,565	_	(189,431)
4400	Fundamental Control of December 2011								
1100	Excess (Deficiency) of Revenues Over (Under)		(0.054.040)		(0.051.040)		(0.450.004)		(405.040)
1100	Expenditures	_	(6,051,643)	_	(6,051,643)	_	(6,156,691)	_	(105,048)
	Other Financing Courses (Hose)								
7911	Other Financing Sources (Uses):						46 E76 079		46 E76 070
-	Capital-Related Debt Issued (Regular Bonds) Transfers In		1 000 010		1 000 010		46,576,978		46,576,978
7915 7916	Premium or Discount on Issuance of Bonds		1,886,616		1,886,616		1,986,550 8,184,241		99,934 8,184,241
8940	Payment to Bond Refunding Escrow Agent						(54,090,343)		, ,
	,	_	1,886,616	_	1,886,616	_	(, , ,	_	(54,090,343)
7080	Total Other Financing Sources and (Uses)	-	<u> </u>	-		_	2,657,426	-	770,810
1200	Net Change in Fund Balance		(4,165,027)		(4,165,027)		(3,499,265)		665,762
0100	Fund Balance - Beginning		7,661,926		7,661,926		7,661,926		
3000	Fund Balance - Beginning Fund Balance - Ending	\$	3,496,899	\$	3,496,899	\$	4,162,661	\$	665,762
0000	Tana Dalanoo Enaling	Ψ_	3, 100,000	Ψ_	3, 100,000	Ψ_	7,102,001	Ψ_	000,7 0E

Gertified Public Accountants

208 W. Ferguson Unit #1 • Pharr, Texas 78577

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Email: org110n@aol.com

Oscar R. González Melissa González

Independent Auditor's 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 Pharr-San Juan-Alamo Independent School District P.O. Box 769 Pharr, Texas 78577

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 Pharr-San Juan-Alamo Independent School District, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise Pharr-San Juan-Alamo Independent School District's basic financial statements, and have issued our report thereon dated January 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo 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.

Oscar R. Gonzalez, CPA and Associates PLLC

Certified Public Accountants

Pharr, TX

January 19, 2015

Certified Public Accountants

208 W. Ferguson Unit #1 • Pharr, Jexas 78577

Sel: (956) 787-9909 • Fax: (956) 787-3067

Email: org110n@aol.com

Oscar R. González Melissa González

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

Board of Trustees Pharr-San Juan-Alamo Independent School District P.O. Box 769 Pharr, Texas 78577

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo Independent School District's major federal programs for the year ended August 31, 2014. Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo 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 Pharr-San Juan-Alamo 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 deficiences. 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.

Oscar R. Gonzalez, CPA 1 Associates, PUC Oscar R. Gonzalez, CPA and Associates PLLC

Certified Public Accountants

Pharr, TX

January 19, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED AUGUST 31, 2014

C. Federal Award Findings and Questioned Costs

NONE

Α.	Summary	of Au	<u>ıditor'</u>	<u>s R</u>	<u>lesults</u>
	•				

	1.	Financial Statements					
		Type of auditor's report issued:		Unmodif	<u>fied</u>		
		Internal control over financial reporting:					
		One or more material weaknesses	identified?	Y	es _	X	No
		One or more significant deficiencies are not considered to be material w		Y	es _	X	None Reported
		Noncompliance material to financial statements noted?		Y	es _	<u>X</u>	No
	2.	2. Federal Awards					
		Internal control over major programs:					
		One or more material weaknesses	identified?	Y	es _	X	No
	One or more significant deficiencies identified that are not considered to be material weaknesses?			Y	es _	X	None Reported
		Type of auditor's report issued on compl major programs:	ed that are required		<u>fied</u>		
		Any audit findings disclosed that are req to be reported in accordance with section of OMB Circular A-133?			es _	X	No
		Identification of major programs:					
		<u>CFDA Number(s)</u>	Name of Federal Pr Special Education C		<u>Cluster</u>		
		84.027 84.173 84.010A 84.287	IDEA-B Formula IDEA-B Preschool Title I - School Impr Title IV Part B21st (-	_earn	ing Centers
				\$1,596,3			
_		Auditee qualified as low-risk auditee?		XY	es _		No
В.	<u>Fina</u>	ancial Statement Findings NE					

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED AUGUST 31, 2014

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
None		

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED AUGUST 31, 2014

None

EXHIBIT K-1 Page 1 of 2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2014

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
- regram rate			
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through State Department of Education: Medicaid Administrative Claiming Program - MAC *	93.778	108-909 \$	202,935
Total U. S. Department of Health and Human Services	93.776	100-909 φ_	202,935
Total C. C. Dopartificit of Floatill and Flamail Colvidor		-	202,000
U. S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs * *	84.010A	3610104108909118	1,000
ESEA Title I Part A - Improving Basic Programs *	84.010A	3610104108909044	590
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909001	6,703
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909002	6,716
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909003	5,736
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909005	48,583
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909005	60,001
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909007	2,989
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909042	1,282
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909045	625
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909046	13,174
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909047	12,001
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909048	4,078
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909128	4,067
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610112108909129	7,756
ESEA Title I Part A - Improving Basic Programs *	84.010A	3610101108909	41,516
ESEA Title I Part A - Improving Basic Programs *	84.010A	4610101108909	13,006,847
ESEA Title I Part A - Improving Basic Programs *	84.010A	5610101108909	581,784
Total CFDA Number 84.010A		-	13,805,448
ESEA Title I Part C - Education of Migratory Children	84.011	4615001108909	2,579,393
ESEA Title I Part C - Education of Migratory Children	84.011	5615001108909	140,945
Total CFDA Number 84.011		-	2,720,338
Tours Misses that we take Duraness	04.044.4	00150007110001	
Texas Migrant Interstate Program	84.011A	36150037110001	
Texas Migrant Interstate Program	84.011A	46150037110001	536,738
Total CFDA Number 84.011A		-	536,738
IDEA-B Formula *	84.027	46600011089096600	4,146,950
IDEA-B Formula *	84.027	56600011089096600	255,317
Total CFDA Number 84.027	55	-	4,402,267
		-	
Career and Technical - Basic Grant	84.048	4420006108909	70,256
Career and Technical - Basic Grant	84.048	5420006108909	7,944
Total CFDA Number 84.048		-	78,200
IDEA-B Preschool *	84.173	46610011089096610	114,394
IDEA-B Preschool *	84.173	56610011089096610	3,265
Total CFDA Number 84.173	<i></i>		117,659
		-	, , , , , ,
Title IV Part B21st Century Community Learning Centers	84.287	36950147110045	1,014,311
GEAR UP	84.334A	P334A110180-13 \$	295,597

EXHIBIT K-1 Page 2 of 2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED AUGUST 31, 2014

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Title III Part A English Language Acquisition and Language Enhance Title III Part A English Language Acquisition and Language Enhance Total CFDA Number 84.365		4671001108909 5671001108909	\$ 1,188,871 58,048 1,246,919
ESEA Title II Part A - Teacher & Principal Training & Recruiting ESEA Title II Part A - Teacher & Principal Training & Recruiting Total CFDA Number 84.367A	84.367A 84.367A	4694501108909 5694501108909	1,395,546 75,153 1,470,699
Teacher Incentive Fund *	84.374	S374A120099	439,937
Texas Title I Priority Schools Cycle 2, Year 3 * Texas Title I Priority Schools Cycle 2, Year 3 * Total CFDA Number 84.377	84.377 84.377	36107047110025 36107047110024	1,880,831 1,626,379 3,507,210
Title I Priority School Cycle 2 *	84.377A	06107067110006	2,119,945
ARRA - Title I Priority School Grant *	84.388	5520017110053	1,477
Rio Grande Valley Center for Teaching and Leading Excellence	84.396C	U396C100748	645,911
i3 Early College Expansion Partnership i3 Early College Expansion Partnership Total CFDA Number 84.411B Total Passed Through State Department of Education Total U. S. Department of Education	84.411B 84.411B	U411B120049 U411B120049	42,029 96,804 138,833 32,541,489 32,541,489
U. S. DEPARTMENT OF AGRICULTURE Passed Through State Department of Education: School Breakfast Program *	10.553	108-909	7,094,538
National School Lunch Program *	10.555	108-909	11,738,414
Commodity Supplemental Food Program * Total Passed Through State Department of Education Total U. S. Department of Agriculture TOTAL EXPENDITURES OF FEDERAL AWARDS	10.565	108-909	1,636,300 20,469,252 20,469,252 \$ 53,213,676

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

The accompanying notes are an integral part of this schedule.

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 Pharr-San Juan-Alamo 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.

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

 Data Control Codes	_	R	esponses
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?	\$	1,066,137