



# Rockwall

INDEPENDENT SCHOOL DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*FOR THE YEAR ENDED JUNE 30, 2014*



1050 Williams St. Rockwall, TX 75087



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**ROCKWALL INDEPENDENT SCHOOL DISTRICT**

**Rockwall, Texas**

**FOR THE YEAR ENDED JUNE 30, 2014**

**Prepared by  
Rockwall ISD Finance Department**

**Michael Ball, CPA, MBA  
Chief Financial Officer**

**Jan Arrington, CPA, MEd  
Executive Director of Finance**

# Rockwall

INDEPENDENT SCHOOL DISTRICT

The logo features three black silhouettes of a young boy, a young girl, and a graduate in a cap and gown, all running from left to right. They are positioned as if they are jumping over a wall made of several tan-colored rectangular blocks.

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**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2014**

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CERTIFICATE OF BOARD

Rockwall Independent School District  
Name of School District

Rockwall  
County

199-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended June 30, 2014 at a meeting of the Board of Trustees of such school district on the 17<sup>th</sup> day of November.

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

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

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

# Rockwall



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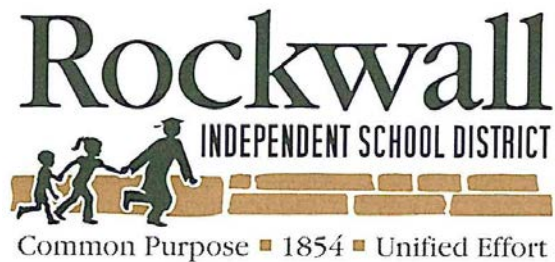


## **INTRODUCTORY SECTION**

# Rockwall



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November 17, 2014

Board of School Trustees  
Rockwall Independent School District  
1050 Williams Street  
Rockwall, Texas 75087

Members of the Board:

The Comprehensive Annual Financial Report (CAFR) of the Rockwall Independent School District (District) for the year ended June 30, 2014, is submitted herewith. This report was prepared by the District's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the District as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report includes all funds of the District. The District discusses in greater detail its financial position in the narrative, introduction, overview and analysis sections of the Management's Discussion and Analysis (MD&A).

The CAFR for the year ended June 30, 2014 is presented in conformance with the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

## GOVERNANCE

The governance of the District is overseen by a seven-member board of trustees (Board) that are elected by the citizens. Each member is elected to a three-year term. Terms are staggered, so that not all positions are voted on during the same year. See page vi for a listing of the present members of the Board along with the administrative officials who are appointed by the Board.

Regular action meetings are scheduled the third Monday of the month and are held in the District's Administration Building. Regular work sessions are scheduled the first Monday of the month and are also held at the District's Administration Building. Special meetings are scheduled as needed and announced in compliance with public notice requirements.

The Board has final control over local school matters limited only by the state legislature, by the courts and by the will of the people as expressed in School Board elections. Board decisions are based on a majority vote of a quorum of the Board.

In general, the Board adopts policies, sets direction for curriculum, employs the superintendent and oversees the operations of the District and its schools. The Board is also responsible for setting the tax rate, setting salary schedules, and acting as a board of appeals in personnel and student matters, and adopting and amending the annual budget. Since members of the Board are elected by the public and have the authority to make decisions, significantly influence operations, appoint administrators, and have

## **DEPARTMENT OF FINANCE AND OPERATIONS**

**1050 Williams Street • Rockwall, Texas 75087 • 469-698-7000 • [www.rockwallisd.com](http://www.rockwallisd.com)**

primary accountability for fiscal matters, the District is not included in any other governmental “reporting entity” as defined in GASB Statement No. 14 and as amended by GASB Statement No. 39 and No. 61. Also there are no component units for which the District or the Board are financially accountable.

The Board solicits and evaluates community input and support concerning school policies.

### MISSION AND BELIEFS

The District is a public school system whose adopted mission and beliefs are reflected in the following statements:

“Students are the center of all decisions.”

“Families and the community participate as partners.”

“Success is dependent on the strength of our relationships.”

“Instruction is meaningful and includes work that is engaging.”

“Sustained success comes from shared leadership and continuous improvement.”

To accomplish its mission, the District provides a full range of educational services appropriate to grade levels ranging from pre-kindergarten through grade 12. These include regular and enriched academic education, special education for the handicapped, career education and special programs for those with limited English proficiency. These programs are supplemented by a wide variety of co-curricular offerings, including those in fine arts and athletics. The District’s curriculum is well-defined for the purpose of preparing students early for college readiness. The participation rate of RISD students in Advanced Placement programs ranks among the highest in the state and nation. RISD is in its first year (2014-2015) for implementing the International Baccalaureate program, which provides additional high quality educational program choices for RISD high school students. RISD students’ performance on these exams gives them a competitive edge for college admission and college success.

As reflected in the District’s mission and belief statements, activities of the District focus on learning opportunities for students. The District is providing educational services to more than 14,000 students in state of the art facilities that include an early childhood center for prekindergarten age students, 13 elementary schools, three middle schools, two high schools and two special program centers.

### ECONOMIC CONDITIONS AND OUTLOOK

Rockwall Independent School District is a political subdivision of the State of Texas located in Rockwall County. The District, founded in 1841, is located in Rockwall and has experienced rapid growth since the 1970’s. The City of Rockwall enjoys easy access to major transportation and shipping hubs in air, rail and trucking to any destination in the United States. The combined effects of increases in population, income, employment and residential growth have ensured continued growth in the District, especially during the past ten years.

The District’s last multi-year bond program was successfully approved by the voters in May, 2007. The purpose of this \$198 million program was to provide funding for new schools, continued construction of one high school and changes to another, as well as the expansion and restoration of various other campuses within the District. The last capital project from the 2007 bond program was the completion of the Billie Stevenson Elementary School, which was opened at the beginning of the 2013-2014 school year. Prudent financial management resulted in cost savings from the construction of Billie Stevenson Elementary School and allowed for turf and track replacement at Wilkerson-Sanders Stadium. The turf and track replacement was completed before the end of the 2013-2014 school year.

In addition to the use of bond funds, noted above, the District began several major initiatives and

improvements during fiscal year 2014 that were funded from the District's General Fund annual budget and from the General Fund's fund balance, since the District's unassigned fund balance for the General Fund is approximately 40% of operating expenditures, or about four months of expenditures.

One of these projects was a \$2.5 million Technology initiative that was 80% complete by the end of fiscal year 2014. \$2.0 million was expended during fiscal year 2014 to expand and upgrade the District's technology resources at every campus in the District: Every student in Rockwall ISD has been positively impacted by this initiative. Only the District's primary server upgrades remain to be completed, during fiscal year 2015. Another project funded from fund balance was the purchase of school buses, to add to the District's fleet. In addition to these projects, the District also expended funds during fiscal year 2014 for capital improvements to a high school HVAC system, elementary computer labs, and band instruments. The District's commitment to complete the Technology initiative and other approved initiatives during fiscal year 2015 will require \$2.2 million of the General Fund's budget.

Much of the District's planning effort is focused on the District's Improvement Plan. The plan demonstrates the commitment to increase student achievement for all students. Campus Improvement Plans, which work in concert with the District's plan, address specific needs of students at individual campuses. The District and Campus Improvement Plans include annual goals for improving student achievement and objective evaluation criteria for measuring success.

On August 18, 2014 the District adopted a maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$0.40, representing a 2.00 cent reduction from 2013-14. The reduction in the debt service tax rate will generate enough revenue to cover the District's interest and debt obligations, because of increased property values.

The Board of Trustees is required to adopt a final budget by no later than the close of the fiscal year, June 30. Annual budgets for the General Fund, Debt Service Fund and Child Nutrition Fund were adopted by the Board of Trustees on June 16, 2014. The budget is prepared by fund and function. Site based decisions are made throughout the year as campuses and departments manage their budgets. Budget transfers between functions; however, require approval from the Board of Trustees. The District operates a tightly controlled budget in all areas of operation while maintaining a high quality educational program.

For additional information about the financial status of the District, readers should refer to Management's Discussion and Analysis section of this report.

## OTHER INFORMATION

### Internal Controls

An internal control structure that has been designed, managed and maintained by the District is in place to ensure the District's assets are protected from loss, theft and misuse, and to ensure that accurate accounting data is compiled in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of a control should not exceed the benefits to be derived therefore internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

### Independent Audit

State law and District policy require an annual audit of the accounts and financial records of the District by independent certified public accountants selected by the Board of Trustees. Weaver has issued an unmodified opinion on the financial statements of Rockwall Independent School District for the year ended June 30, 2014. The independent auditor's report has been included in this report at the front of the financial section.

## Awards

In 1999, the 76<sup>th</sup> Texas Legislature, approved legislation requiring the commissioner of education in consultation with the comptroller of public accounts to develop a rating system for school district financial accountability. The 77<sup>th</sup> Texas Legislature in 2001 subsequently adopted rules for the implementation and administration of the financial accountability rating system known as School FIRST, Financial Integrity Rating System of Texas. The financial accountability rating system benefits the public by having in place a system to ensure that school districts will be held accountable for the quality of their financial management practices and achieve improved performance in the management of their financial resources. Rockwall Independent School District has received a Superior Achievement rating since the implementation of the rating system in the 2001-02 year.


This is the first year that the District will be submitting the comprehensive annual financial report for the fiscal year ended June 30, 2014 to the Association of School Business Officials (ASBO) for its Certificate of Excellence in Financial Reporting and to the Government Finance Officers Association (GFOA) for its Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded these certificates, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current report conforms to both programs' requirements. We are submitting the current report for the year ended June 30, 2014 to ASBO and to GFOA to determine its eligibility for these certificates.

## Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its preparation.

We also wish to thank the members of the Board of Trustees for their continued leadership and support and for planning and conducting the financial operations of the District in a responsible and progressive manner.

  
\_\_\_\_\_  
Jeff Bailey  
Superintendent

  
\_\_\_\_\_  
Michael Ball  
Chief Financial Officer

LIST OF PRINCIPAL OFFICIALS

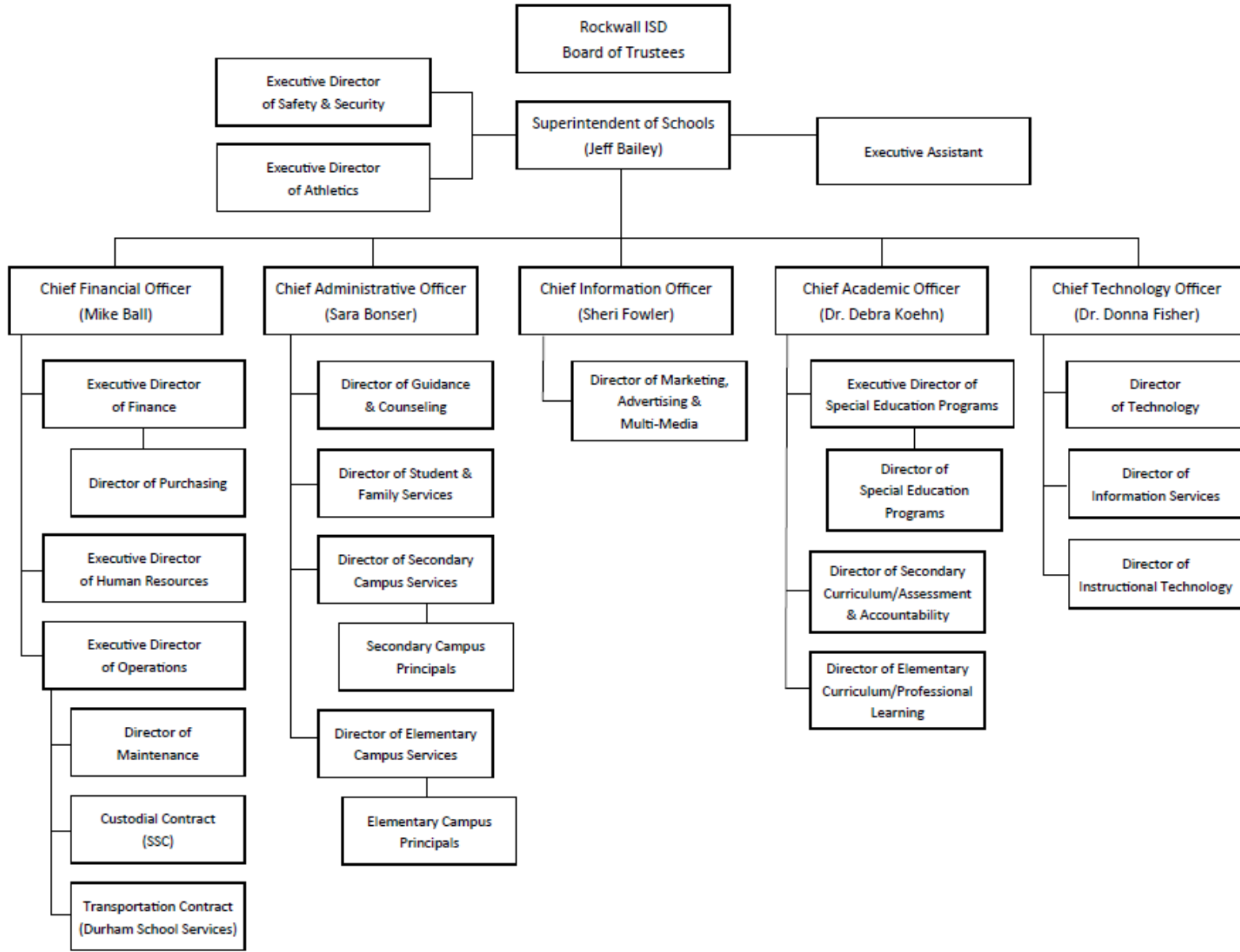
BOARD OF TRUSTEES

Name	Length of Service	Term Expires	Occupations
Chris Cuny President	5 Years	May 2015	Civil Engineer
Linda Duran Vice-President	2 Years	May 2015	Consultant/ Retired Teacher
Leigh Plagens Secretary	12 Years	May 2017	Civic Leader Retired Teacher
Stephanie Adams Trustee	3 Years	May 2017	Realtor
Jon Bailey Trustee	1 Year	May 2016	Human Resources Consultant
Russ Childers Trustee	5 Years	May 2015	Insurance Agent
Jim White Trustee	1 Year	May 2016	Sales Consultant

ADMINISTRATIVE OFFICIALS

Name	Position	Length of District Service
Jeff Bailey	Superintendent *total school district experience 35 years	5 Years*
Michael Ball, CPA	Chief Financial Officer *total school district experience 17 years	2 Years*
Sara Bonser	Chief Administrative Officer *total school district experience 23 years	4 Years*
Dr. Donna Fisher	Chief Technology Officer *total school district experience 16 years	14 Years*
Sheri Fowler	Chief Communications Officer *total school district experience 8 years	8 Years*
Dr. Debra Koehn	Chief Curriculum Officer *total school district experience 29 years	11 Years*

# ORGANIZATIONAL CHART





## **FINANCIAL SECTION**

# Rockwall



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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Rockwall Independent School District  
Rockwall, Texas

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall Independent School District (the District), as of and for the year ended June 30, 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 from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 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.

## **Change in Accounting Principle**

As discussed in Note 16 to the financial statements, the District adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, as of June 30, 2014. 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 on pages 4–12 and 52–54 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*

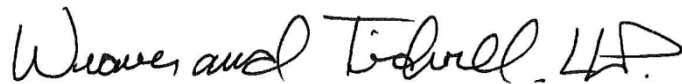
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, other supplementary information, statistical section, and School First Questionnaire are presented for purposes of additional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

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and 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, statistical section, and School First Questionnaire have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2014 on our consideration of the 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 the District's internal control over financial reporting and compliance.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 12, 2014

# Rockwall



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Rockwall Independent School District's (the District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The general fund reported an ending fund balance of \$44,144,965. This was an increase in the general fund balance from the prior year in the amount of \$717,843. Components of this increase include increased state revenue, which is generated by an increase in average daily attendance (ADA). This increase in revenues, with a decrease in expenditures compared to prior year levels, allowed the District to see an overall increase in the general fund balance from the prior year.
- The District's long-term debt (bonds) is to meet the facility needs associated with student population growth. Because the District's debt management practice is to utilize appropriate bond instruments depending upon the economic circumstances, capital appreciation bonds have been issued. As a result, the liabilities of the District exceeded its assets and deferred outflows of resources at year end by \$42.1 million (net position).
- Capital appreciation bonds outstanding necessitated the accreted interest accrual of \$70.9 million in the government-wide financial statements, which reduces the net position of the District.
- General revenues accounted for \$127.9 million (87%) of all fiscal year 2014 revenue. Program-specific revenues in the form of charges for services and operating grants and contributions accounted for \$19.7 million (13%) of total fiscal year revenues.
- The District had approximately \$155.4 million in expenses related to governmental activities, of which approximately \$18.6 million was offset by program-specific charges for services or operating grants and contributions.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$70.8 million. The general fund represents approximately 62% percent of this total amount, \$44.1 million which is available for spending at the government's discretion (unassigned fund balance).

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are composed of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements and required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

The basic financial statements include two kinds of statements that present different views of the District:

The first are government-wide financial statements, which 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 fund financial statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund financial statements offer short-term and long-term financial information about the activities the District operates like businesses. The District has two enterprise funds and an internal service fund reflected in the proprietary fund financial statements.

Fiduciary fund financial 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 belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Figure A-1 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.

<i>Type of Statements</i>	<b>Government-wide</b>	<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire District's government (Except fiduciary funds)	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
<i>Required financial statements</i>	* Statement of net position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures and 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
<i>Accounting basis and measurement focus</i>	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
<i>Type of asset/liability information</i>	All assets, liabilities, deferred inflows/outflows, 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, liabilities, deferred inflows/outflows, both financial and capital, short-term and long-term	All assets, liabilities, deferred inflows/outflows, both short-term and long-term; the District's funds do not currently contain capital assets, although they can.
<i>Type of inflow/outflow information</i>	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

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

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



Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's tax base. The government-wide financial statements of the District are divided into two categories:

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

**Business-type activities**—Account for funds where the District charges fees to customers to help it cover the costs of certain services it provides.

The government-wide financial statements can be found on pages 13-15 of this report.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds—not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 on the reconciliations that explain the relationship (or differences) between them.

The governmental fund financial statements can be found on pages 16-21 of this report.

**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- and short-term financial information. There are two proprietary fund types: enterprise funds and an internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. As mentioned above in the government-wide definition, the District has two business-type activities or enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among various functions. The District has one internal service fund that predominantly benefits governmental rather than business-type functions and has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements can be found on pages 22-24 of this report.

**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. Fiduciary funds are excluded from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

The fiduciary fund financial statements can be found on page 25 of this report.

**Notes to the Financial Statements**—The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-51 of this report.

**Other Information**—In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the budgetary comparison of the general fund. Required supplementary information can be found on pages 52-54 of this report.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net position.** The District’s overall deficit in net position increased between fiscal years 2013 and 2014 - increasing by \$8,681,977 to a deficit of approximately (\$42.1) million. (See Table A-1).

Rockwall Independent School District's Net Position							Table A-1
	Governmental Activities		Business-type Activities		Total		
	2014	2013	2014	2013	2014	2013	
<b>Assets:</b>							
Cash and investments	\$ 75,320,133	\$ 83,346,542	\$ 187,834	\$ 244,836	\$ 75,507,967	\$ 83,591,378	
Other assets	11,991,862	11,366,928	232,804	160,626	12,224,666	11,527,554	
Capital assets less accumulated depreciation	301,871,666	315,622,323	342,818	371,702	302,214,484	315,994,025	
<b>Total assets</b>	<b>389,183,661</b>	<b>410,335,793</b>	<b>763,456</b>	<b>777,164</b>	<b>389,947,117</b>	<b>411,112,957</b>	
<b>Total deferred outflows of resources</b>	<b>19,704,515</b>	<b>7,153,979</b>	<b>-</b>	<b>-</b>	<b>19,704,515</b>	<b>7,153,979</b>	
<b>Liabilities:</b>							
Current liabilities	18,764,543	23,020,929	332,763	214,747	19,097,306	23,235,676	
Long-term liabilities	431,761,519	427,510,412	-	-	431,761,519	427,510,412	
<b>Total liabilities</b>	<b>450,526,062</b>	<b>450,531,341</b>	<b>332,763</b>	<b>214,747</b>	<b>450,858,825</b>	<b>450,746,088</b>	
<b>Total deferred inflows of resources</b>	<b>935,744</b>	<b>981,808</b>	<b>-</b>	<b>-</b>	<b>935,744</b>	<b>981,808</b>	
<b>Net position:</b>							
Net investment in capital assets	(9,843,204)	(4,506,937)	342,818	422,571	(9,500,386)	(4,084,366)	
Restricted	12,112,318	10,415,814	-	-	12,112,318	10,415,814	
Unrestricted	(44,842,744)	(39,932,254)	87,875	139,846	(44,754,869)	(39,792,408)	
<b>Total net position</b>	<b>\$ (42,573,630)</b>	<b>\$ (34,023,377)</b>	<b>\$ 430,693</b>	<b>\$ 562,417</b>	<b>\$ (42,142,937)</b>	<b>\$ (33,460,960)</b>	

Unrestricted net position showed a \$44.8 million deficit at the end of this year. This deficit does not mean that the District does not have significant resources available to pay its bills next year. Rather, it is the result of having long-term commitments that are more than currently available resources.

**Changes in net position.** The District’s total revenues increased 3% percent to \$147.6 million. (See Table A-2.) A significant portion, 61% of the District’s revenue comes from taxes. (See Graph A-1.) 26% comes from state allocations and from federal and state grants. The remaining 13% relates to charges for services, investment earnings, and miscellaneous revenues. The total cost of all programs and services were \$156.3 million (2%). The District’s expenses cover a range of services.

## Governmental Activities

Revenues for the District's governmental activities increased 3%, while total expenses increased 2%. The District's governmental net position decreased \$8.6 million.

	Governmental Activities		Business-type Activities		Total	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	2014	2013	2014	2013	2014	2013
<b>Program revenues:</b>						
Charges for services	\$ 6,838,657	\$ 6,531,111	\$ 1,161,330	\$ 1,138,647	\$ 7,999,987	\$ 7,669,758
Operating grants and contributions	11,742,340	11,699,405	-	-	11,742,340	11,699,405
<b>General revenues:</b>						
Property taxes	89,419,720	86,361,814	-	-	89,419,720	86,361,814
State aid - formula	37,915,078	37,081,797	-	-	37,915,078	37,081,797
Investment earnings	121,994	192,884	-	-	121,994	192,884
Other	423,253	355,500	-	-	423,253	355,500
<b>Total revenues</b>	<b>\$ 146,461,042</b>	<b>\$ 142,222,511</b>	<b>\$ 1,161,330</b>	<b>\$ 1,138,647</b>	<b>\$ 147,622,372</b>	<b>\$ 143,361,158</b>
<b>Expenses:</b>						
Instruction	\$ 77,702,515	\$ 74,658,394	\$ -	\$ -	\$ 77,702,515	\$ 74,658,394
Instructional resources and media services	3,244,541	3,155,851	-	-	3,244,541	3,155,851
Curriculum and staff development	2,287,128	2,282,918	-	-	2,287,128	2,282,918
Instructional leadership	1,270,122	868,334	-	-	1,270,122	868,334
School leadership	6,711,312	6,550,942	-	-	6,711,312	6,550,942
Guidance, counseling and evaluation services	4,588,083	4,315,689	-	-	4,588,083	4,315,689
Social work services	201,715	272,740	-	-	201,715	272,740
Health services	1,748,698	1,667,256	-	-	1,748,698	1,667,256
Student (pupil) transportation	3,894,882	3,803,881	-	-	3,894,882	3,803,881
Food services	6,225,510	6,119,653	-	-	6,225,510	6,119,653
Cocurricular/extracurricular activities	8,978,902	8,903,179	-	-	8,978,902	8,903,179
General administration	3,343,939	3,256,873	-	-	3,343,939	3,256,873
Plant maintenance and operations	11,783,768	11,440,704	-	-	11,783,768	11,440,704
Security and monitoring services	1,306,536	880,966	-	-	1,306,536	880,966
Data processing services	2,532,153	2,232,590	-	-	2,532,153	2,232,590
Community services	225,245	206,984	-	-	225,245	206,984
Debt service	18,662,764	20,883,552	-	-	18,662,764	20,883,552
Capital outlay	10,337	8,252	-	-	10,337	8,252
Payments for shared service arrangements	16,875	25,885	-	-	16,875	25,885
Other intergovernmental charges	676,270	645,043	-	-	676,270	645,043
Sports marketing	-	-	96,542	72,055	96,542	72,055
ROCK after school program	-	-	796,512	739,700	796,512	739,700
<b>Total expenses</b>	<b>155,411,295</b>	<b>152,179,686</b>	<b>893,054</b>	<b>811,755</b>	<b>156,304,349</b>	<b>152,991,441</b>
<b>Increase (decrease) in net position</b>	<b>\$ (8,950,253)</b>	<b>\$ (9,957,175)</b>	<b>\$ 268,276</b>	<b>\$ 326,892</b>	<b>\$ (8,681,977)</b>	<b>\$ (9,630,283)</b>
<b>Transfers</b>	<b>400,000</b>	<b>400,000</b>	<b>(400,000)</b>	<b>(400,000)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(8,550,253)</b>	<b>(9,557,175)</b>	<b>(131,724)</b>	<b>(73,108)</b>	<b>(8,681,977)</b>	<b>(9,630,283)</b>
<b>Net position - beginning (July 1)</b>	<b>(34,023,377)</b>	<b>(20,950,030)</b>	<b>562,417</b>	<b>635,525</b>	<b>(33,460,960)</b>	<b>(20,314,505)</b>
<b>Net position - ending (June 30)</b>	<b>\$ (42,573,630)</b>	<b>\$ (30,507,205)</b>	<b>\$ 430,693</b>	<b>\$ 562,417</b>	<b>\$ (42,142,937)</b>	<b>\$ (29,944,788)</b>

**Business-Type Activities-** Business type activities, decreased the District's net position by \$131,724. The decrease in net position is a direct result of transfers from the business-type activities to the governmental activities of \$400,000.

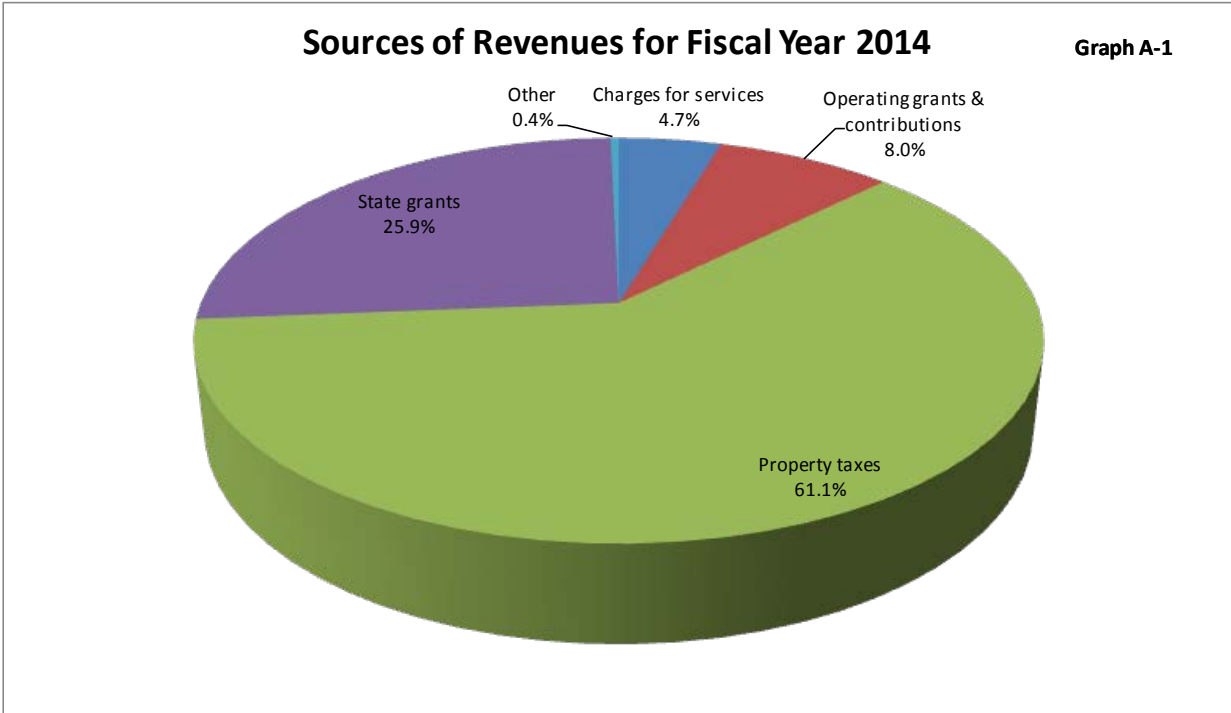


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

The cost of all governmental activities this year was \$156.3 million. However, the amount that our taxpayers paid for these activities through property taxes was only \$89.4 million.

Some of the cost was paid by those who directly benefited from the programs (\$6.8 million), or by operating grants and contributions (\$11.7 million).

Table A-3

Rockwall Independent School District Net Cost of Selected District Functions							
	Total Cost of Services			% Change	Net Cost of Services		% Change
	Year Ended	Year Ended			Year Ended	Year Ended	
	2014	2013			2014	2013	
Instruction	\$77,702,515	\$74,658,394	4.1%	\$70,072,517	\$66,849,411	4.8%	
School leadership	6,711,312	6,550,942	2.4%	6,384,964	6,233,382	2.4%	
General administration	3,343,939	3,256,873	2.7%	3,189,886	3,108,439	2.6%	
Plant maintenance and operations	11,783,768	11,440,704	3.0%	10,857,514	10,595,967	2.5%	
Debt service	18,662,764	20,883,552	-10.6%	18,481,558	20,518,280	-9.9%	

## **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds.* The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending balances of \$70.8 million. Approximately 62% of this total amount or \$44.1 million constitutes the unassigned fund balance. The remainder of fund balance is nonspendable, restricted, or committed to indicate that it is not available for new spending because it has already been: 1) restricted for retirement of long-term debt \$15.5 million, 2) restricted for capital projects \$7.8 million, and 3) restricted, committed for other purposes, or nonspendable, totaling \$3.4 million.

The general fund is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$44.1 million, while the total fund balance of all governmental funds was \$70.8 million.

The fund balance of the District's general fund increased by \$0.7 million during the current fiscal year. The major factors contributing to this increase include increased state revenue, which is generated by an increase in average daily attendance (ADA). This increase in revenues, with a decrease in expenditures compared to prior year levels, allowed the District to see an overall increase in the general fund balance from the prior year.

The debt service fund has a total fund balance of \$15.5 million, all of which is restricted for the payment of debt service. The net decrease in fund balance during the period in the debt service fund was \$1.0 million. The current year debt payments are approximately the same as the prior year; however, the prior year refundings recognized approximately \$1 million in sources in excess of the costs of the refundings. There were no refundings in the current year.

### **General Fund Budgetary Highlights**

Over the course of the year, the District recommended and the Board approved several revisions to budgeted revenues and appropriations. The amendments fall into the following categories:

- Amendments approved shortly after the beginning of the new fiscal year for amounts reserved and designated in the prior year.
- Amendments throughout the year to revise estimates for local and state revenue based on the latest information on student attendance and tax collections.
- Amendments throughout the year for transfers to and from other funds and federal indirect cost calculations.
- Amendments throughout the year for unexpected occurrences.
- Amendments throughout the year for resignations and employment of new personnel.

After appropriations were amended as described above, actual revenues for the general fund were \$131,378 below the final budget amounts. The District saw an increase in SHARS (School Health and Related Services) program revenues, due to the 2012 cost settle up. Actual expenditures were \$4,742,651 below final budget amounts, primarily due to salaries and benefits being less than budgeted from turnover from the prior year, and several major projects budgeted for in 2014 that were not completed by fiscal year end.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$301.9 million (net of accumulated depreciation). This amount represents a net decrease (including additions and deletions) of \$13.8 million or 4.4%. The investment in capital assets includes land, buildings and improvements, vehicles, equipment, and construction in progress.

Rockwall Independent School District's Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 18,891,536	\$ 18,020,018	\$ -	\$ -	\$ 18,891,536	\$ 18,020,018
Construction in progress	1,049,021	912,102	-	-	1,049,021	912,102
Buildings and improvements	418,763,376	417,538,747	-	-	418,763,376	417,538,747
Vehicles	8,595,585	7,850,765	-	-	8,595,585	7,850,765
Equipment	8,500,921	8,163,915	491,603	491,603	8,992,524	8,655,518
<b>Totals at historical cost</b>	<b>455,800,439</b>	<b>452,485,547</b>	<b>491,603</b>	<b>491,603</b>	<b>456,292,042</b>	<b>452,977,150</b>
Less accumulated depreciation	(153,928,773)	(136,863,224)	(148,785)	(119,901)	(154,077,558)	(136,983,125)
<b>Net capital assets</b>	<b><u>\$ 301,871,666</u></b>	<b><u>\$ 315,622,323</u></b>	<b><u>\$ 342,818</u></b>	<b><u>\$ 371,702</u></b>	<b><u>\$ 302,214,484</u></b>	<b><u>\$ 315,994,025</u></b>

Additional information on the District's capital assets can be found in Note 5.

### Long-Term Debt,

At year-end the District had \$424.4 million in long term debt – a decrease of 2.1% over last year – as shown in Table A-5.

Rockwall Independent School District's Long Term Debt			
	2014	2013	Total Percentage Change
Bonds payable	337,278,257	348,148,255	-3.1%
Accreted interest	70,920,625	67,781,321	4.6%
Bond premiums	16,154,301	17,390,585	-7.1%
	<u>424,353,183</u>	<u>433,320,161</u>	-2.1%

The "AAA" long term rating of the District's Texas bonds reflects the Texas Permanent School guarantee. The District has an underlying bond rating of "Aa2" and "AA" given to it by both Moody's and Standard & Poors respectively. This rating reflects the District's (1) strong economic situation, (2) strong administrative management, and (3) excellent financial performance.

Additional information on the District's long-term debt can be found in Note 7.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES**

The District's certified property values for 2014 reflect a 3.2% increase in property values, from the prior year. This increase in property values was offset by a decrease in state revenue for the general fund, as provided for under current state law. This provision does not apply to the debt service fund.

The maintenance and operating tax rate of \$1.04 is the same as the prior year. A total of 4 cents above \$1.00 is allowable at the local level, under provisions of HB 1. The District is now at its maximum maintenance and operating tax rate, and will remain at this rate until the Board of Trustees call for a tax ratification election to access up to 13 additional pennies.

Student enrollment has continued to increase, each year. With annual increases in student enrollment, the District continues to evaluate future facility needs to determine the timing of its next bond election. Construction of a new elementary school was completed during the summer of 2013 and opened for the 2013-2014 school year.

The Administration is carefully monitoring future and outstanding debt, as well as fund balance, to maintain a tax rate not to exceed \$0.50 for debt service payments. The debt service tax rate was reduced from \$0.42 to \$0.40 for the 2014 tax year, due to the increase in property values.

The Board of Trustees adopted a 2014-2015 general fund budget reflecting revenues and transfers from other funds of \$110,894,262 and expenditures of \$111,813,304. The Board of Trustees approved this planned use of fund balance as well as the carryforward of \$2.2 million in encumbrances related to projects approved in 2013-2014 but not completed by the end of the fiscal year. These projects include capital improvements and completion of a technology initiative.

The District will continue to review its priorities to maintain the level of service to its children and taxpayers for future budget years.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide 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 Mike Ball, Chief Financial Officer for the District.

# Rockwall



Common Purpose ■ 1854 ■ Unified Effort



## **BASIC FINANCIAL STATEMENTS**

# Rockwall



Common Purpose ■ 1854 ■ Unified Effort

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
1110 Cash and cash equivalents	\$ 75,320,133	\$ 187,834	\$ 75,507,967
1220 Property taxes receivables (delinquent)	3,179,663	-	3,179,663
1230 Allowance for uncollectible taxes (credit)	(158,983)	-	(158,983)
1240 Due from other governments	8,715,437	-	8,715,437
1260 Internal balances	52,323	(52,323)	-
1290 Other receivables, net	90,245	285,127	375,372
1300 Inventories	87,878	-	87,878
1410 Prepaid items	25,299	-	25,299
Capital assets:			
1510 Land	18,891,536	-	18,891,536
1520 Buildings, net	278,582,119	-	278,582,119
1530 Furniture and equipment, net	3,348,990	342,818	3,691,808
1580 Construction in progress	1,049,021	-	1,049,021
1000 Total assets	<u>389,183,661</u>	<u>763,456</u>	<u>389,947,117</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
1701 Accumulated decrease in fair value of hedging derivative	7,408,336	-	7,408,336
1702 Deferred loss on refunding	12,296,179	-	12,296,179
Total deferred outflows of resources	<u>19,704,515</u>	<u>-</u>	<u>19,704,515</u>
<b>LIABILITIES</b>			
2110 Accounts payable	586,462	6,607	593,069
2140 Interest payable	5,512,648	-	5,512,648
2150 Payroll deductions and withholdings	2,044,293	3,619	2,047,912
2160 Accrued wages payable	10,407,026	24,948	10,431,974
2180 Due to other governments	2,157	-	2,157
2300 Unearned revenue	211,957	297,589	509,546
2302 Derivative instrument	7,408,336	-	7,408,336
Long term liabilities:			
2501 Due within one year	11,131,897	-	11,131,897
2502 Due in more than one year	413,221,286	-	413,221,286
2000 Total liabilities	<u>450,526,062</u>	<u>332,763</u>	<u>450,858,825</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2600 Deferred gain	935,744	-	935,744
Total deferred inflows of resources	<u>935,744</u>	<u>-</u>	<u>935,744</u>
<b>NET POSITION</b>			
3200 Net investment in capital assets	(9,843,204)	342,818	(9,500,386)
Restricted for:			
3820 Federal and state programs	178,630	-	178,630
3840 Food service	1,450,106	-	1,450,106
3850 Debt service	10,483,582	-	10,483,582
3900 Unrestricted	(44,842,744)	87,875	(44,754,869)
3000 Total net position	<u>\$ (42,573,630)</u>	<u>\$ 430,693</u>	<u>\$ (42,142,937)</u>

The Notes to Financial Statements are  
an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes	1  Expenses	Program Revenues	
		3 Charges for Services	4 Operating Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES:</b>			
11	Instruction	\$ 77,702,515	\$ 6,212,825
12	Instructional resources and media services	3,244,541	158,956
13	Curriculum and staff development	2,287,128	309,180
21	Instructional leadership	1,270,122	127,283
23	School leadership	6,711,312	326,348
31	Guidance, counseling, and evaluation services	4,588,083	533,407
32	Social work services	201,715	9,464
33	Health services	1,748,698	58,176
34	Student (pupil) transportation	3,894,882	188,401
35	Food services	6,225,510	2,518,922
36	Cocurricular/Extracurricular activities	8,978,902	358,501
41	General administration	3,343,939	154,053
51	Plant maintenance and operations	11,783,768	556,536
52	Security and monitoring services	1,306,536	58,234
53	Data processing services	2,532,153	101,773
61	Community services	225,245	34,709
72	Debt service - interest on long-term debt	18,481,558	-
73	Debt service - amortization and fees	181,206	-
81	Facilities acquisition and construction	10,337	3,550
93	Payments to fiscal agent/member districts of SSA	16,875	298
99	Other intergovernmental charges	676,270	31,724
	Total governmental activities	155,411,295	11,742,340
<b>BUSINESS-TYPE ACTIVITIES:</b>			
01	Sports marketing	\$ 96,542	\$ -
02	ROCK after school program	796,512	-
	Total business-type activities	\$ 893,054	\$ -
	<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 156,304,349</b>	<b>\$ 11,742,340</b>

Data  
Control  
Codes

MT  
DT  
GC  
IE

MI  
FR

TR  
CN  
NB  
NE

General Revenues:

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Grants and contributions not restricted

Investment earnings

Gain on sale of capital assets

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position- beginning, as restated

Net position- ending

The Notes to Financial Statements are an integral part of this statement.

<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>6</b>	<b>7</b>	<b>8</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (70,072,517)	\$ -	\$ (70,072,517)
(2,984,279)	-	(2,984,279)
(1,977,948)	-	(1,977,948)
(1,142,839)	-	(1,142,839)
(6,384,964)	-	(6,384,964)
(3,965,668)	-	(3,965,668)
(192,251)	-	(192,251)
(1,690,522)	-	(1,690,522)
(3,706,481)	-	(3,706,481)
(581,684)	-	(581,684)
(6,902,862)	-	(6,902,862)
(3,189,886)	-	(3,189,886)
(10,857,514)	-	(10,857,514)
(1,248,302)	-	(1,248,302)
(2,430,380)	-	(2,430,380)
(190,536)	-	(190,536)
(18,481,558)	-	(18,481,558)
(181,206)	-	(181,206)
(6,787)	-	(6,787)
(16,577)	-	(16,577)
(625,537)	-	(625,537)
<u>(136,830,298)</u>	<u>-</u>	<u>(136,830,298)</u>
\$ -	\$ 97,994	\$ 97,994
<u>-</u>	<u>170,282</u>	<u>170,282</u>
\$ -	\$ 268,276	\$ 268,276
<u>-</u>	<u>268,276</u>	<u>268,276</u>
\$ (136,830,298)	\$ 268,276	\$ (136,562,022)
63,732,151	-	63,732,151
25,687,569	-	25,687,569
37,915,078	-	37,915,078
121,994	-	121,994
151,952	-	151,952
271,301	-	271,301
400,000	(400,000)	-
<u>128,280,045</u>	<u>(400,000)</u>	<u>127,880,045</u>
(8,550,253)	(131,724)	(8,681,977)
(34,023,377)	562,417	(33,460,960)
<u>\$ (42,573,630)</u>	<u>\$ 430,693</u>	<u>\$ (42,142,937)</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

Data Control Codes		10  General Fund	24 Child Nutrition Fund
<b>ASSETS</b>			
1110	Cash and cash equivalents	\$ 47,975,766	\$ 1,792,391
1220	Property taxes delinquent	2,327,220	-
1230	Allowance for uncollectable taxes (credit)	(116,361)	-
1240	Due from other governments	8,181,095	59,382
1260	Due from other funds	164,619	2,446
1290	Other receivables	67,206	-
1300	Inventories	18,518	65,663
1410	Prepaid items	25,299	-
1000	Total assets	<u>\$ 58,643,362</u>	<u>\$ 1,919,882</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
2110	Accounts payable	\$ 476,584	\$ 387
2150	Payroll deductions and withholdings	1,948,142	43,849
2160	Accrued wages payable	9,909,510	155,591
2170	Due to other funds	269	78,353
2180	Due to other governments	1,940	-
2300	Unearned revenue	85,329	125,933
2000	Total liabilities	<u>12,421,774</u>	<u>404,113</u>
<b>Deferred inflows</b>			
2600	Unavailable revenue	2,076,623	-
	Total deferred inflows	<u>2,076,623</u>	<u>-</u>
<b>Fund balances:</b>			
Nonspendable			
3410	Inventories	18,518	65,663
3430	Prepaid items	25,299	-
Restricted			
3480	Debt service	-	-
3470	Capital projects	-	-
3450	Grant funds	-	1,450,106
Committed			
3545	Local special revenue	-	-
3600	Unassigned	44,101,148	-
3000	Total fund balances	<u>44,144,965</u>	<u>1,515,769</u>
4000	Total liabilities, deferred inflows, and fund balances	<u>\$ 58,643,362</u>	<u>\$ 1,919,882</u>

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT C-1

50 Debt Service Fund	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$ 15,222,954	\$ 7,815,968	\$ 1,815,509	\$ 74,622,588
852,443	-	-	3,179,663
(42,622)	-	-	(158,983)
73,883	-	401,077	8,715,437
-	-	5,311	172,376
-	-	22,698	89,904
-	-	3,697	87,878
-	-	-	25,299
<u>\$ 16,106,658</u>	<u>\$ 7,815,968</u>	<u>\$ 2,248,292</u>	<u>\$ 86,734,162</u>
\$ 8,531	\$ 40,000	\$ 19,811	\$ 545,313
-	-	52,302	2,044,293
-	-	341,925	10,407,026
-	-	419	79,041
-	-	217	2,157
-	-	695	211,957
<u>8,531</u>	<u>40,000</u>	<u>415,369</u>	<u>13,289,787</u>
555,209	-	-	2,631,832
<u>555,209</u>	<u>-</u>	<u>-</u>	<u>2,631,832</u>
-	-	3,697	87,878
-	-	-	25,299
15,542,918	-	-	15,542,918
-	7,775,968	-	7,775,968
-	-	178,630	1,628,736
-	-	1,650,596	1,650,596
-	-	-	44,101,148
<u>15,542,918</u>	<u>7,775,968</u>	<u>1,832,923</u>	<u>70,812,543</u>
<u>\$ 16,106,658</u>	<u>\$ 7,815,968</u>	<u>\$ 2,248,292</u>	<u>\$ 86,734,162</u>

# Rockwall



Common Purpose ■ 1854 ■ Unified Effort



**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2014**

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$ 70,812,543
<b>1</b> The District uses internal service funds to charge the cost of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The effect of this consolidation is to increase the net position.	615,725
<b>2</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund financial statements.	455,800,439
<b>3</b> Accumulated depreciation has not been included in the governmental fund financial statements.	(153,928,773)
<b>4</b> Bonds payable and contractual obligations have not been included in the governmental fund financial statements.	(337,278,257)
<b>5</b> Accreted interest for capital appreciation bonds have not been included in the governmental fund financial statements as a liability.	(70,920,625)
<b>6</b> Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, interest expenditures are reported when due.	(5,512,648)
<b>7</b> Revenue reported as a deferred inflow in the governmental fund financial statements was recorded as revenue in the government-wide financial statements.	2,631,832
<b>8</b> Premiums and discounts on the issuance of current interest bonds are reflected in the statement of net position in the government-wide financial statements, net of amortization.	(16,154,301)
<b>9</b> Gains from partial refundings of hedges is reported as other resources in the governmental fund financial statements, however, they are recorded as a liability in the government-wide financial statements, net of amortization.	(935,744)
<b>10</b> The loss on refunding amount is reflected in the statement of net position in the government-wide financial statements, net of amortization.	<u>12,296,179</u>
<b>19 NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<u>\$ (42,573,630)</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes		General Fund	Child Nutrition Fund
<b>REVENUES</b>			
5700	Total local and intermediate sources	\$ 65,486,278	\$ 3,126,693
5800	State program revenues	42,439,005	27,408
5900	Federal program revenues	601,284	2,491,514
5020	Total revenues	<u>108,526,567</u>	<u>5,645,615</u>
<b>EXPENDITURES</b>			
CURRENT:			
0011	Instruction	63,828,173	-
0012	Instructional resources and media services	2,472,424	-
0013	Curriculum and staff development	2,038,632	-
0021	Instructional leadership	1,191,726	-
0023	School leadership	6,257,865	-
0031	Guidance, counseling, and evaluation services	4,105,815	-
0032	Social work services	201,758	-
0033	Health services	1,240,197	-
0034	Student (pupil) transportation	4,016,262	-
0035	Food services	-	5,168,937
0036	Cocurricular/extracurricular activities	3,667,860	-
0041	General administration	3,283,909	-
0051	Plant maintenance and operations	11,741,238	-
0052	Security and monitoring services	1,218,325	-
0053	Data processing services	2,169,557	-
0061	Community services	81,948	-
DEBT SERVICE:			
0071	Debt service - Principal on long-term debt	-	-
0072	Debt service - Interest on long-term debt	-	-
0073	Debt service - Bond issuance costs and fees	-	-
CAPITAL OUTLAY:			
0081	Facilities acquisition and construction	75,695	-
INTERGOVERNMENTAL:			
0093	Payments to member districts of SSA	6,375	10,500
0099	Other intergovernmental charges	676,270	-
6030	Total expenditures	<u>108,274,029</u>	<u>5,179,437</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>252,538</u>	<u>466,178</u>
<b>OTHER FINANCING SOURCES (USES) :</b>			
7912	Proceeds from sale of assets	166,743	-
7915	Transfers in	543,000	-
8911	Transfers out	(244,438)	(73,000)
7919	Insurance recoveries	-	-
7080	Total other financing sources (uses)	<u>465,305</u>	<u>(73,000)</u>
1200	Net change in fund balances	717,843	393,178
0100	Fund balance - July 1 (beginning)	43,427,122	1,122,591
3000	Fund balances - June 30 (ending)	<u>\$ 44,144,965</u>	<u>\$ 1,515,769</u>

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT C-2

Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 25,810,097	\$ 9,345	\$ 2,954,152	\$ 97,386,565
-	-	407,903	42,874,316
-	-	3,292,585	6,385,383
<u>25,810,097</u>	<u>9,345</u>	<u>6,654,640</u>	<u>146,646,264</u>
-	894,450	3,830,830	68,553,453
-	118,535	120,196	2,711,155
-	-	248,797	2,287,429
-	-	78,691	1,270,417
-	136,032	116,724	6,510,621
-	3,940	415,058	4,524,813
-	-	-	201,758
-	10,601	-	1,250,798
-	-	-	4,016,262
-	82,077	24,520	5,275,534
-	-	1,184,210	4,852,070
-	16,582	2,326	3,302,817
-	8,368	11,658	11,761,264
-	25,538	44,886	1,288,749
-	-	-	2,169,557
-	-	143,333	225,281
10,869,998	-	-	10,869,998
15,723,826	-	-	15,723,826
181,206	-	-	181,206
-	2,757,017	-	2,832,712
-	-	-	16,875
-	-	-	676,270
<u>26,775,030</u>	<u>4,053,140</u>	<u>6,221,229</u>	<u>150,502,865</u>
<u>(964,933)</u>	<u>(4,043,795)</u>	<u>433,411</u>	<u>(3,856,601)</u>
-	-	-	166,743
-	212,641	65,197	820,838
-	-	(103,400)	(420,838)
-	691,529	-	691,529
-	904,170	(38,203)	1,258,272
<u>(964,933)</u>	<u>(3,139,625)</u>	<u>395,208</u>	<u>(2,598,329)</u>
<u>16,507,851</u>	<u>10,915,593</u>	<u>1,437,715</u>	<u>73,410,872</u>
<u>\$ 15,542,918</u>	<u>\$ 7,775,968</u>	<u>\$ 1,832,923</u>	<u>\$ 70,812,543</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

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<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b>	<b>\$ (2,598,329)</b>
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The effect of removing the 2014 capital outlays is to increase net position.	3,324,443
The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.	(9,551)
Current year long-term debt principal payments on bonds payable and capital leases are expenditures in the fund financial statements, but are shown as reductions in long-term debt in the government-wide financial statements.	10,869,998
Net increase in current year accretion on capital appreciation bonds is not reflected in the fund financial statements, but is shown as an increase in accreted interest on the government-wide financial statements.	(3,139,304)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due. This amount represents the current year decrease in interest payable.	748,581
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(343,366)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net position.	(17,065,549)
The District uses internal service funds to charge the costs of self-insurance to appropriate functions in other funds. The net effect of this consolidation is to increase net position.	29,833
Amortization of the deferred loss on refunding is not recognized on the governmental fund financial statements.	(1,649,357)
Amortization of the gain on swap agreement is not recognized on the governmental fund financial statements.	46,064
Amortization of the premium on issuance of current interest bonds is not recognized on the governmental fund financial statements.	<u>1,236,284</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (8,550,253)</u></b>

The Notes to Financial Statements are an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

Data Control Codes		Business-Type Activities	Governmental Activities
		Total Nonmajor Enterprise Funds	Internal Service Fund
<b>ASSETS</b>			
Current assets:			
1110	Cash and cash equivalents	\$ 187,834	\$ 697,545
1290	Other receivables, net	285,127	341
	Total current assets	472,961	697,886
Noncurrent assets:			
1530	Furniture and equipment, net	342,818	-
	Total noncurrent assets	342,818	-
1000	<b>Total assets</b>	<b>\$ 815,779</b>	<b>\$ 697,886</b>
<b>LIABILITIES AND NET POSITION</b>			
Liabilities:			
Current liabilities:			
2110	Accounts payable	\$ 6,607	\$ 41,149
2150	Payroll deductions and withholdings	3,619	-
2160	Accrued wages payable	24,948	-
2170	Due to other funds	52,323	41,012
2300	Unearned revenue	297,589	-
	Total current liabilities	385,086	82,161
2000	<b>Total liabilities</b>	<b>385,086</b>	<b>82,161</b>
Net position:			
3200	Investment in capital assets	342,818	-
3620	Unrestricted	87,875	615,725
3000	<b>Total net position</b>	<b>430,693</b>	<b>615,725</b>
4000	<b>Total liabilities and net position</b>	<b>\$ 815,779</b>	<b>\$ 697,886</b>

The Notes to Financial Statements are an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION-PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes		Business-Type Activities	Governmental Activities
		Total Nonmajor Enterprise Funds	Internal Service Fund
<b>OPERATING REVENUES</b>			
5700	Total local and intermediate sources	\$ 1,161,330	\$ 509,636
5020	Total operating revenues	1,161,330	509,636
<b>OPERATING EXPENSES</b>			
6100	Payroll costs	659,417	-
6200	Professional and contracted services	46,570	477,585
6300	Supplies and materials	83,665	873
6400	Other operating costs	103,402	2,297
6030	Total operating expenses	893,054	480,755
	Operating income	268,276	28,881
<b>NONOPERATING REVENUES</b>			
7955	Earnings from temporary deposits and investments	-	952
8030	Total nonoperating revenues	-	952
	Income before transfers	268,276	29,833
8911	<b>TRANSFERS OUT</b>	(400,000)	-
1300	Change in net position	(131,724)	29,833
0100	Total net position, beginning (July 1)	562,417	585,892
3300	Total net position, ending (June 30)	\$ 430,693	\$ 615,725

The Notes to Financial Statements are an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Nonmajor Business-Type Activities</b>	<b>Nonmajor Governmental Activities</b>
	<b>Total Nonmajor Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from user charges	\$ 1,169,964	\$ 509,636
Payments to employees	(662,714)	-
Payments to suppliers	(29,506)	-
Cash payments for claims and administration	-	(477,585)
Other payments or receipts	(134,746)	(641,100)
Net cash provided by (used in) operating activities	<u>342,998</u>	<u>(609,049)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers out	(400,000)	-
Net cash used in non-capital financing activities	<u>(400,000)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest earned	-	952
Net cash provided by investing activities	<u>-</u>	<u>952</u>
Net decrease in cash and cash equivalents	(57,002)	(608,097)
Cash and cash equivalents, beginning of year	244,836	1,305,642
Cash and cash equivalents, end of year	<u>\$ 187,834</u>	<u>\$ 697,545</u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating income:	\$ 268,276	\$ 28,881
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation expense	28,884	-
Effect of increases and decreases in current assets and liabilities:		
Increase in account receivable	(109,085)	-
Decrease in prepaids	2,500	-
Increase in accounts payable	3,594	18,538
Increase (decrease) in interfund payable	34,407	(656,468)
Decrease in accrued liabilities	(3,297)	-
Increase in unearned revenue	117,719	-
Net cash provided by (used) in operating activities	<u>\$ 342,998</u>	<u>\$ (609,049)</u>

The Notes to Financial Statements are  
an integral part of this statement.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2014**

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	<b>Student Activity</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 143,774
Total assets	<u>\$ 143,774</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 18,065
Due to student groups	125,709
Total liabilities	<u>\$ 143,774</u>



**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Rockwall Independent School District (the District) is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of School Trustees (the Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (the Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

**Reporting Entity**

The 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 as a body corporate 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 (Agency) or to the State Board of Education are reserved for the Board, and the Agency may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District is not included in any other governmental "reporting entity".

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District (primary government) and its component units. There are no component units of the District that are required to be presented in the financial statements.

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

**Government-Wide and Fund Financial Statements**

The statement of net position and the statement of activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed except for interfund services provided and used which are not eliminated. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues. *Business-type activities*, which are reported separately, rely to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identified with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting operational or capital requirements of a particular function. Taxes are reported as *general revenues*.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Government-Wide and Fund Financial Statements – Continued**

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The emphasis on 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 funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting, as do the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The effect of interfund activity has been eliminated from the government-wide financial statements. Agency funds also use the accrual basis of accounting, however, they have no measurement focus.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 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.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued**

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

**Fund Accounting**

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Child Nutrition Fund** – This fund accounts for the child nutrition program's transactions. The child nutrition fund is considered a special revenue fund because it meets the following criteria: 1) user fees are charged to supplement the national school lunch program (NSLP), 2) the general fund subsidizes the child nutrition program for all expenditures in excess of NSLP, and 3) the District does not consider the child nutrition program completely self-supporting. Child nutrition fund balances are used exclusively for child nutrition program purposes.
3. **Debt Service Fund** – The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
4. **Capital Projects Funds** – The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in the capital projects funds.

Additionally, the District reports the following fund types:

**Governmental Funds:**

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, a specific purpose by the District or a grantor in a special revenue fund. Most federal and some state financial assistance is accounted for in a special revenue fund and sometimes unused balances must be returned to the grantor at the close of specified project periods.

**Proprietary Funds:**

1. **Enterprise Funds** – The two funds account for the operation of a self-supporting activity which provides services to outside parties in return for fees. The funds account for assets, liabilities, revenues and expenses of the sports marketing effort of the District and the ROCK after school program.
2. **Internal Service Fund** – This fund is used to account for revenues and expenses related to services provided to parties inside the District. This fund facilitates the 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.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Fund Accounting – Continued**

**Fiduciary Funds:**

1. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's agency fund is the student activity fund. Agency funds typically involve only the receipt, temporary investment, and remittance of resources to individuals, private organizations, or governments.

**Financial Statement Amounts**

**Cash and Cash Equivalents**

The District pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as a part of the District's cash and cash equivalents. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

**Inventory**

Inventories of materials, supplies and food commodities are reported on the balance sheet at weighted average cost. Inventory items are recorded as expenditures when consumed. Supplies are used for almost all functions of activities, while food commodities are used only in the food service functional activity.

**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 located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which they were imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the general and debt service funds are based on 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.

The tax rates assessed for the year ended June 30, 2014 to finance general fund operations and the payment of principal and interest on general obligation debt were \$1.04 and \$0.42 per \$100 valuation, respectively, for a total of \$1.46 per \$100 valuation.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Financial Statement Amounts – Continued**

**Capital Assets**

Capital assets, which include land, construction in progress, buildings, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land improvements, buildings, furniture and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Buildings and Improvements	15-50
Vehicles	5-10
Other Equipment	3-15

**Long-Term Debt**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains or losses on refunding are deferred and amortized over the lesser of the remaining life of the old debt or the life of the new debt using the straight line method and are presented as deferred inflows/outflows in the government-wide financial statements. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Accretion**

Accretion is an adjustment of the difference between the price of a bond issued at an original discount and the par value of the bond. For governmental activities debt, the accreted value is recognized as it accrues by fiscal year.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Financial Statement Amounts – Continued**

**Fund Balances and Net Position**

**Government-Wide Financial Statements**

Net position on the statement of net position includes the following:

Net investment in capital assets -- the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted for debt service -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the bond covenants.

Restricted for federal and state grants -- the component of net position that reports the difference between assets and liabilities with constraints placed on their use by the U.S. Department of Agriculture or other federal and state agencies.

Unrestricted -- the difference between the assets and liabilities that is not reported in net position invested in capital assets, net of related debt, net position restricted for food service or net position restricted for debt service.

**Governmental Fund Financial Statements**

Fund balance classifications, under GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB 54) are: nonspendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. In accordance with GASB 54, the District classifies governmental fund balances as follows:

Nonspendable -- includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories and prepaid items.

Restricted -- includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts restricted due to constitutional provisions or enabling legislation. This classification includes the child nutrition program, retirement of long term debt, construction programs and other federal and state grants.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Financial Statement Amounts – Continued**

**Governmental Fund Financial Statements - Continued**

Committed -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification includes campus activity funds, local special revenue funds and potential litigation, claims and judgments.

Assigned -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Assistant Superintendent of Finance and Human Resources. This classification includes insurance deductibles, encumbrances, program start-up costs, projected budget deficit for subsequent years and other legal uses.

Unassigned -- includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The order of spending is to first use committed fund balance, then assigned fund balance, and last of all, unassigned fund balance. Restricted fund balance will be used before the unrestricted portion.

**Interfund Activities**

Interfund activity results from loans, service 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 "transfer" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of government-wide statement of net position.

**Data Control Codes**

Data control codes refer to the account code structure prescribed by the Agency in the Resource Guide. The Agency requires the District to display these codes in its financial statements filed with the Agency in order to ensure accuracy in building a statewide database for policy development and funding plans.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

**Financial Statement Amounts – Continued**

**Account Code Reporting**

In accordance with Texas Education Code, Chapter 44, Subchapter A, the District adopted and implemented an accounting system which at least meets the minimum requirements prescribed by the State Board of Education and approved by the state auditor. The District's accounting system uses codes and the code structure presented in the accounting code section of the *Resource Guide*. Mandatory codes are utilized in the form provided in that section.

**Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The amount of state foundation revenue a school district earns for a year can and does vary until the time when final values for each of the factors in the formula become available. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that the foundation revenue estimates as of June 30, 2014 will change.

**Subsequent Events**

The District has evaluated all events or transactions that occurred after June 30, 2014 up through November 12, 2014, the date the financial statements were issued. During this period, there were no subsequent events requiring recognition or disclosure.

**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The funds of the District must be deposited and invested under the terms of a depository contract, contents of which are set out in the Depository Contract Law.

At June 30, 2014, all District cash deposits have been covered by the Federal Deposit Insurance Corporation (FDIC) insurance. The District's deposits were properly secured throughout the fiscal year.



**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED**

The Public Funds Investment Act (Government Code Chapter 2256) (PFIA) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes and the District’s investment policy authorized the District to invest in the following investments as summarized in the table below:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	10 years	None	None
U.S. Agencies Securities	10 years	None	None
Certificates of Deposits	n/a	None	None
Fully Collateralized Repurchase Agreements	90 days	None	None
Securities Lending Program	1 year	None	None
Banker's Acceptance	270 days	None	None
Commercial Paper	270 days	None	None
No-Load Money Market Mutual Funds	90 days	None	None
No-Load Mutual Funds	2 years	None	None
Guaranteed Investment Contracts	5 years	None	None
Public Funds Investment Pools	n/a	None	None

The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

District investments include deposits in external investment pools, such as Lone Star Investment Pool, Texas CLASS, TexasTERM, and TexPool. All investment pool accounts are reported at share price (fair value) and are presented as cash equivalents.

The Lone Star Investment Pool is an investment pool available to governmental entities. The pool was established under the guidance of the Texas Public Funds Investment Act. A board of directors made up of members of the pool is responsible for the overall operation of the pool. The Board has employed various third party organizations to assist in the operations. These third parties are as follows: American Beacon Advisors and BNY Mellon Cash Investment Strategies-Investment Managers, RBC Wealth Management- Investment Consultant, Bank of New York Mellon- Custodian, First Public- Administration. In combination with these third party organizations, the pool has received an AAAM rating from Standard & Poor’s. This rating allows the pool to meet the standards required by the Texas Public Funds Investment Act.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 2. CASH, CASH EQUIVALENTS AND INVESTMENTS – CONTINUED**

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code. The Texas CLASS Trust Agreement (Trust) is an agreement of indefinite term regarding the investment, reinvestment and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate (the Participants), MBIA Municipal Investors Service Corporation as Program Administrator (the Program Administrator) and Wells Fargo Bank Texas, NA as Custodian (the Custodian).

Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian, and the Program Administrator. The Board administers the affairs of the Trust. It also selects the consultants for Texas CLASS, including the Program Administrator and the Custodian.

The Board of Trustees has appointed an Advisory Board composed of Participants and other persons who do not have a business relationship with the Trust and are qualified to advise the Trust. The Advisory Board provides advice to the Board of Trustees and the Program Administrator about the investment policy and investment strategy of the Trust and about other matters as requested by the Board of Trustees and the Program Administrator.

The Fund is rated AAAM by Standard & Poor's rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor's.

TexasTERM Local Government Investment Pool (TexasTERM) has been organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code (PFIA). TexasTERM offers a series of professionally managed portfolios that are available to municipalities, counties, school districts, special districts and other governmental entities in the State of Texas.

An Advisory Board is responsible for the overall management of TexasTERM. With respect to TexasTERM, the Advisory Board's responsibilities include the formulation and implementation of its investment and operating policies. The Advisory Board selects and oversees the activities of the Investment Advisor/Administrator and the Custodian for TexasTERM and monitors TexasTERM investment performance and the method of valuing its shares. Board members serve a term of two years. Annually, Board members are elected by the participants for positions for staggered two-year terms.

TexasTERM purchases only investments of the type in which Texas local governments are permitted to invest their own funds. TexasTERM complies with statutory investment restrictions for Texas local governments as provided in the PFIA.

The Investment Advisor and Administrator for TexasTERM is PFM Asset Management LLC. The Custodian for TexasTERM is U.S. Bank, N.A.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

The TexasTERM portfolio is a fixed rate, fixed term portfolio option rated AAAm by Standard & Poor’s rating agency.

The District is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexPool is rated AAAm by Standard & Poor’s rating agency. This rating is the highest principal stability fund rating assigned by Standard & Poor’s.

The following table categorizes the District’s investments at June 30, 2014:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
Lone Star Investment Pool	\$ 37,870,608	AAA/AAAm	AAA
Texas CLASS	16,570,274	AAA/AAAm	AAAm
TexPool	8,750,346	AAA/AAAm	AAAm
TexasTERM	<u>10,457,361</u>	AAA/AAAm	AAAm
Total cash equivalents	<u>\$ 73,648,589</u>		

At June 30, 2014, the carrying amount of the District’s deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$1,996,662 and the bank balance was \$2,216,819. The District’s cash deposits at June 30, 2014 and during the year ended June 30, 2014 were covered by the FDIC and pledged securities.

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

- a. Depository: American National Bank.
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$20,690,844.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$18,993,686 and occurred on December 18, 2013.
- d. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 75,507,967
Fiduciary funds:	
Cash and cash equivalents	<u>143,774</u>
Total cash and cash equivalents	<u><u>\$ 75,651,741</u></u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 6,490
Deposits with financial institutions	1,996,662
Cash equivalents	<u>73,648,589</u>
Total cash and investments	<u><u>\$ 75,651,741</u></u>

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The table on page 36 presents the minimum rating required by (where applicable) the Public Funds Investment Act, the District’s investment policy, or debt agreements, and the actual rating as of the year-end for each investment type held by the District.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Investments held by third parties were fully collateralized and held in the District’s name.

**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.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 2. CASH AND INVESTMENTS – CONTINUED**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. As of June 30, 2014 the District did not invest in any securities which are highly sensitive to interest rate fluctuations.

**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.

As of June 30, 2014, the District had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
Held in governmental funds:		
Lone Star Investment Pool	\$ 37,870,608	61 days
Texas CLASS	16,570,274	50 days
TexPool	8,750,346	48 days
TexasTERM	<u>10,457,361</u>	47 days
Total cash equivalents	<u>\$ 73,648,589</u>	

**NOTE 3. DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. The District also receives federal grants from the Region X Service Center. In addition, the District receives entitlements from the state through the school foundation and per capita programs. Amounts due from federal and state governments as of June 30, 2014, are summarized below. All federal grants shown below are passed through the Agency and are reported on the balance sheet as due from other governments. Furthermore, there are times whenever overpayment is received from a state agency and money may be due to other governments.

<u>Purpose</u>	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
State Entitlement	\$ 7,177,417	\$ -	\$ 73,883	\$ -	\$ 7,251,300
Federal Grants	820,453	59,382	-	346,798	1,226,633
State Grants	-	-	-	54,279	54,279
Other	<u>183,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,225</u>
	<u>\$ 8,181,095</u>	<u>\$ 59,382</u>	<u>\$ 73,883</u>	<u>\$ 401,077</u>	<u>\$ 8,715,437</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Interfund balances at June 30, 2014 consisted of the following individual fund receivables and payables:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Primary Purpose</u>
Child Nutrition Fund	General Fund	\$ 73,042	To cover cash shortage
Enterprise Fund	General Fund	52,323	To cover cash shortage
Internal Service Fund	General Fund	38,835	To cover cash shortage
Internal Service Fund	Child Nutrition Fund	1,087	To cover cash shortage
General Fund	Child Nutrition Fund	269	To cover cash shortage
Internal Service Fund	Child Nutrition Fund	1,090	To cover cash shortage
Child Nutrition Fund	Nonmajor Governmental Funds	5,311	To cover cash shortage
Nonmajor Governmental Funds	General Fund	419	To cover cash shortage
		<u>\$ 172,376</u>	

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

The detail transfer schedule for the year ended June 30, 2014 includes the following:

<u>Transfer In:</u>	<u>Transfer Out:</u>	<u>Amount:</u>	<u>Purpose:</u>
General Fund	Enterprise Funds	\$ 200,000	BOT Approved TRF
General Fund	Enterprise Funds	200,000	BOT Approved TRF
General Fund	Nonmajor Funds	70,000	BOT Approved TRF
General Fund	Food Service Fund	73,000	BOT Approved TRF
Nonmajor Funds	Nonmajor Funds	10,000	Campus Needs
Nonmajor Funds	Nonmajor Funds	23,400	Visioning Project
Nonmajor Funds	General Fund	25,797	Campus Needs
Nonmajor Funds	General Fund	6,000	Visioning Project
Capital Projects Funds	General Fund	212,641	Athletics Projects
		<u>\$ 820,838</u>	

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 5. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
<u>Governmental Activities:</u>					
Capital assets not being depreciated:					
Land	\$ 18,020,018	\$ 856,069	\$ (9,551)	\$ 25,000	\$ 18,891,536
Construction in progress	912,102	161,919	-	(25,000)	1,049,021
Total capital assets not being depreciated	18,932,120	1,017,988	(9,551)	-	19,940,557
Capital assets being depreciated:					
Buildings and improvements	417,538,747	1,224,629	-	-	418,763,376
Furniture and equipment	16,014,680	1,081,826	-	-	17,096,506
Total capital assets being depreciated	433,553,427	2,306,455	-	-	435,859,882
Less accumulated depreciation for:					
Buildings and improvements	(124,597,035)	(15,584,222)	-	-	(140,181,257)
Furniture and equipment	(12,266,189)	(1,481,327)	-	-	(13,747,516)
Total accumulated depreciation	(136,863,224)	(17,065,549)	-	-	(153,928,773)
Total capital assets being depreciated, net	296,690,203	(14,759,094)	-	-	281,931,109
Governmental activities capital assets, net	<u>\$ 315,622,323</u>	<u>\$ (13,741,106)</u>	<u>\$ (9,551)</u>	<u>\$ -</u>	<u>\$ 301,871,666</u>
<u>Business-type activities:</u>					
Capital assets being depreciated:					
Furniture and equipment	\$ 491,603	\$ -	\$ -	\$ -	\$ 491,603
Total capital assets being depreciated	491,603	-	-	-	491,603
Less accumulated depreciation for:					
Furniture and equipment	(119,901)	(28,884)	-	-	(148,785)
Total accumulated depreciation	(119,901)	(28,884)	-	-	(148,785)
Total capital assets being depreciated, net	371,702	(28,884)	-	-	342,818
Business-type activities capital assets, net	<u>\$ 371,702</u>	<u>\$ (28,884)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,818</u>

Depreciation expense was charged to governmental functions as follows:

<u>Governmental Function</u>	<u>Depreciation</u>
Instruction	\$ 9,335,455
Instructional resources and media services	534,164
School leadership	202,849
Guidance, counseling and evaluation services	64,489
Health services	498,113
Pupil transportation	683,461
Food services	976,243
Co-curricular/ Extracurricular activities	4,132,634
General administration	41,601
Plant maintenance and operations	170,333
Security and monitoring services	37,916
Data processing services	388,291
Total depreciation expense	<u>\$ 17,065,549</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 6. UNEARNED AND UNAVAILABLE REVENUE**

Unearned and unavailable revenue reported in the governmental funds at year end consisted of the following:

	General Fund	Child Nutrition Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
Net tax unavailable revenue	\$ 1,701,383	\$ -	\$ 555,209	\$ -	\$ 2,256,592
Other unavailable revenue	3,540	-	-	-	3,540
SHARS unavailable revenue	371,700	-	-	-	371,700
Other unearned revenues	85,329	125,933	-	695	211,957
	<u>\$ 2,161,952</u>	<u>\$ 125,933</u>	<u>\$ 555,209</u>	<u>\$ 695</u>	<u>\$ 2,843,789</u>

Revenue that is not considered available at year end is reported as a deferred inflow in the governmental funds and is recorded as revenue in the government-wide financial statements. Accordingly, tax and SHARS unavailable revenues are reported as revenue in the government-wide financial statements.

**NOTE 7. LONG-TERM DEBT**

**Unlimited Tax Bonds**

Long-term obligation activities during the year ended June 30, 2014, were as follows:

	Beginning Balance	Additions	Reductions/ Refunded	Ending Balance	Due Within One Year
<b>Government Activities</b>					
Bonds payable:					
General obligation bonds	\$ 348,148,255	\$ -	\$ (10,869,998)	337,278,257	\$11,030,000
Accreted interest	67,781,321	4,803,033	(1,663,729)	70,920,625	101,897
Bond premium (discount)	17,390,585	-	(1,236,284)	16,154,301	-
Total long-term liabilities	<u>\$ 433,320,161</u>	<u>\$ 4,803,033</u>	<u>\$ (13,770,011)</u>	<u>\$ 424,353,183</u>	<u>\$11,131,897</u>

The District issues unlimited tax bonds for the governmental activities to provide funds for the acquisition and construction of major capital facilities. Unlimited tax bonds are direct obligations and pledge the full faith and credit of the District. Bonded indebtedness of the District is reflected in the statement of net position. The bonds issued require the District to levy an ad valorem tax annually to retire the current maturities.



**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 7. LONG-TERM DEBT– CONTINUED**

**Unlimited Tax Bonds – Continued**

In prior years and in the current year, the District issued refunding bonds for the purpose of generating resources and decreasing the total debt service payments. Placing the proceeds of the refunding bonds in an irrevocable trust has provided for all future debt service payments on the original bonds. As of June 30, 2014, the outstanding balance of defeased bonds is \$177,538,257.

Unlimited tax bonds outstanding as of June 30, 2014 are as follows:

<u>Purpose and Lawful Authority</u>	<u>Interest Rate</u>	<u>Amount</u>	<u>Amounts Outstanding 07/01/13</u>	<u>Retired</u>	<u>Amounts Outstanding 06/30/14</u>	<u>Interest Accretion 6/30/14</u>
Variable Rate Unlimited Tax School Building Bonds, Series 2006	4.50% to 4.82%	32,000,000	27,000,000	-	27,000,000	-
Unlimited Tax Refunding Bonds Series 2006A	4.10% to 5.00%	50,653,257	44,913,257	5,170,000	39,743,257	55,940,652
Unlimited Tax School Building Bonds, Series 2007	4.00% to 5.00%	84,000,000	10,660,000	3,995,000	6,665,000	-
Unlimited Tax School Building Bonds, Series 2008	5.00% to 6.00%	90,000,000	90,000,000	140,000	89,860,000	13,818,028
Unlimited Tax School Building Bonds, Series 2010	4.00% to 4.38%	15,500,000	15,500,000	-	15,500,000	1,161,945
Unlimited Tax School Building and Refunding Bonds, Series 2011	4.00% to 4.50%	9,425,000	9,425,000	-	9,425,000	-
Unlimited Tax School Building Bonds, Series 2012	2.00% to 5.00%	11,115,000	10,115,000	-	10,115,000	-
Unlimited Tax Refunding Bonds Series 2012	2.00% to 5.00%	49,620,000	48,370,000	-	48,370,000	-
Unlimited Tax Refunding Bonds Series 2012A	2.00% to 4.00%	9,280,000	9,280,000	-	9,280,000	-
Unlimited Tax School Building Series 2013	4.00% to 5.00%	10,600,000	10,600,000	-	10,600,000	-
Unlimited Tax Refunding Bonds Series 2013	2.00% to 5.00%	72,284,998	72,284,998	1,564,998	70,720,000	-
			<u>\$ 348,148,255</u>	<u>\$ 10,869,998</u>	<u>\$ 337,278,257</u>	<u>\$ 70,920,625</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 7. LONG-TERM DEBT – CONTINUED**

**Unlimited Tax Bonds – Continued**

Debt service requirements are as follows:

Year Ending June 30	Principal Requirements	Interest Requirements	Total Requirements
2015	\$ 11,030,000	\$ 14,671,209	\$ 25,701,209
2016	4,704,345	21,428,664	26,133,009
2017	10,353,788	17,146,571	27,500,359
2018	4,914,878	22,485,432	27,400,310
2019	7,067,418	22,205,942	29,273,360
2020 - 2024	38,123,926	116,923,336	155,047,262
2025 - 2029	80,103,902	79,692,500	159,796,402
2030 - 2034	86,445,000	52,853,875	139,298,875
2035 - 2039	81,515,000	11,792,928	93,307,928
2040 - 2042	13,020,000	1,323,751	14,343,751
	<u>\$ 337,278,257</u>	<u>\$ 360,524,208</u>	<u>\$ 697,802,465</u>

There are a number of limitations and restrictions contained in the unlimited tax school building and refunding bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2014.

Voters have authorized the issuance of additional bonds for construction and improvements. The following represents these authorizations:

Date of Authorization	Amount Authorized	Amount Issued	Remaining Unissued
May 12, 2007	\$ 198,150,000	\$ 159,065,000	\$ 39,085,000

**Interest Rate Swap Agreement**

Objective. The objective of the swap is to hedge against the potential of rising rates associated with the District's Variable Rate Unlimited Tax School Building Bonds, Series 2006 (Series 2006 Bonds).

Terms. The notional amount totals \$27,000,000, the principal amount of the Series 2006 Bonds. The District's swap agreement contains scheduled reductions to outstanding notional amounts that follow anticipated payments of principal of the Series 2006 Bonds in varying amounts during the years 2031 through 2036.

Under the terms of the swap, the District is obligated to make payments to JP Morgan Chase Bank (JPMCB) at a fixed rate of 3.853% per annum, and JPMCB is obligated to make floating rate payments to the District calculated on a notional amount that is equal to the hedge portion of the Series 2006 Bonds at a rate equal to 62.5% of the 5-year constant maturity swap rate (a reported market fixed rate at which 5-year interest rate swaps for a one-month U.S. dollar LIBOR rate are entered into from time to time). The Series 2006 Bonds and the 2006 Swap Agreement have a stated final maturity date of June 1, 2037. On August 11, 2010 the terms were amended to the floating rate from 68% of 1 month LIBOR to 68% of LIBOR.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 7. LONG-TERM DEBT – CONTINUED**

**Interest Rate Swap Agreement – Continued**

Interest in the maturity schedule was calculated at a rate, representing the sum of: (a) the actual fixed payment swap rate of 3.853% pursuant to the 2006 Swap Agreement; (b) the estimated cost of the liquidity facility for the Series 2006 Bonds (0.120%); (c) the estimated cost of remarketing the Series 2006 Bonds (0.125%); and (d) 0.72% per year to offset the potential differences between the floating rates payable to the District pursuant to the 2006 Swap Agreement and the actual interest rates payable by the District on the Series 2006 Bonds.

Arrangements made in respect of the 2006 Swap Agreement do not alter the District's obligation to pay principal of and interest on the Series 2006 Bonds. The 2006 Swap Agreement does not provide a source of security or other credit for the Series 2006 Bonds. The District's obligations under the 2006 Swap Agreement are secured by a levy of an annual ad valorem tax on parity with the District's obligation to pay principal and interest on the Series 2006 Bonds.

Fair value. Because long-term interest rates have changed since inception of the swaps, the swaps had a negative fair value of \$7,408,336, or a negative change of \$254,357. Fair market value is determined to be the amount the District would have paid, should the swap have terminated at June 30, 2014.

Credit risk. As of June 30, 2014, the District was not exposed to credit risk with JPMCB on the 2006 Swap Agreement because the swap has a negative fair value. However, should interest rates change so that the fair value of the 2006 Swap Agreement became positive, the District would be exposed to credit risk in the amount of the fair value of the 2006 Swap Agreement.

As of June 30, 2014, JPMCB was rated Aa3 and A+ by Moody's Investors Service (Moody's) and Standard & Poor's (S&P), respectively.

Termination risk. The 2006 Swap Agreement is subject to mandatory termination in the event of default or as follows:

If the ratings assigned to the District's unenhanced long-term debt obligations are withdrawn or reduced to Baa3 by Moody's or BBB- by S&P, or if the ratings assigned to JPMCB's unenhanced long-term debt obligations are withdrawn or reduced to Baa3 by Moody's or BBB- by S&P.

The 2006 Swap Agreement is also subject to optional termination by the District at any time over the term of the 2006 Swap Agreement at the then prevailing market value. JPMCB does not have the elective right to optionally terminate the 2006 Swap Agreement.

Swap payments and associated debt. The debt service requirements of the hedged portion of the Series 2006 Bonds are included in the debt service maturity schedule on page 43. As interest rates change in the future, the differences between the floating rates payable to the District under the 2006 Swap Agreements and the actual interest rates payable by the District on the Series 2006 Bonds will vary.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 8. GENERAL FUND FEDERAL SOURCE REVENUES**

During the current year, general fund federal source revenues consisted of the following:

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>
Medicare Reimbursement (SHARS)	N/A	<u>\$ 601,284</u>
		<u>\$ 601,284</u>

**NOTE 9. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

During the year ended June 30, 2014, the District received revenues from local and intermediate sources consisting of the following:

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Property taxes-current	\$ 62,322,294	\$ -	\$ 25,141,646	\$ -	\$ -	\$ 87,463,940
Property taxes-delinquent	1,030,102	-	424,055	-	-	1,454,157
Penalties, interest, and other	545,604	-	197,084	-	-	742,688
Investment earnings	63,280	1,105	47,312	9,345	-	121,042
Food service income	-	3,125,588	-	-	-	3,125,588
Gifts and bequest	56,789	-	-	-	231,280	288,069
Co-curricular/extracurricular activities	432,645	-	-	-	746,517	1,179,162
Other	1,035,564	-	-	-	1,976,355	3,011,919
Total local revenue	<u>\$ 65,486,278</u>	<u>\$ 3,126,693</u>	<u>\$ 25,810,097</u>	<u>\$ 9,345</u>	<u>\$ 2,954,152</u>	<u>\$ 97,386,565</u>

**NOTE 10. RECEIVABLES**

Receivables at June 30, 2014 for the District's individual major funds and aggregate nonmajor funds including any applicable allowances for uncollectible accounts are as follows:

	<u>General Fund</u>	<u>Child Nutrition Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
Due from other governments	\$ 8,181,095	\$ 59,382	\$ 73,883	\$ 401,077	\$ -	\$ 8,715,437
Property taxes	2,327,220	-	852,443	-	-	3,179,663
Other receivables	67,206	-	-	22,698	302,648	392,552
Less: Allowance for uncollectible accounts	<u>(116,361)</u>	<u>-</u>	<u>(42,622)</u>	<u>-</u>	<u>(17,180)</u>	<u>(176,163)</u>
Net receivables	<u>\$ 10,459,160</u>	<u>\$ 59,382</u>	<u>\$ 883,704</u>	<u>\$ 423,775</u>	<u>\$ 285,468</u>	<u>\$ 12,111,489</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 11. DEFINED BENEFIT PENSION PLAN**

**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.trrs.state.tx.us](http://www.trrs.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.

**Types of Employees Covered**

All employees of public, state-supported educational institutions in Texas who are employed for ½ or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Subtitle C § 822.002 are covered by TRS membership.

**Benefit Provisions**

The Teacher Retirement System of Texas administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school system of Texas. It operates primarily under the provisions of Texas Constitution, Article XVI, § 67 and Texas Government Code, Title 8, Subtitle C. The system also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapter 803 and Chapter 805, respectively.

**Service Retirement**

To be eligible to retire and receive a lifetime monthly service retirement annuity (normal-age or early-age), you must:

- i. Have at least five years of service credit
- ii. Meet the eligibility requirements for age and service
- iii. Terminate employment
- iv. Apply for retirement
- v. Complete the required break in service

**Normal-Age**

If you became a member of TRS prior to September 1, 2007 and maintain your membership until retirement, you will meet the age and service requirements for normal-age service retirement when:

- a) You are age 65 with 5 or more years of service credit

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 11. DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Service Retirement - Continued**

Normal Age – Continued

- b) Your age and years of service credit total 80 and you have at least five years of service credit

If you first became a member of TRS or returned to membership on or after September 1, 2007, you will meet the age and service requirements for normal-age service retirement when:

- a) You are age 65 with 5 or more years of service credit
- b) You are age 60, and your age and years of service credit total 80, and have at least five years of service credit
- c) Your age and years of service credit total 80, you are at least age 55, and you have at least 20 years of service credit – provided you are “grandfathered” (i.e., you were previously employed and “grandfathered” but terminated your account by withdrawal of contributions at any time and returned to employment on or after 9/1/2007)

Early-Age

If you became a member of TRS prior to September 1, 2007, and you maintain your membership until retirement but you do not yet meet normal-age retirement eligibility, you are entitled to early-age service retirement when one of the following conditions is met:

- a) You are at least age 55 with five or more years of service credit
- b) You are any age below 50 with 30 or more years of service credit

If you became a member of TRS or returned to membership on or after September 1, 2007 but you do not yet meet normal-age retirement eligibility, you are entitled to early-age service retirement when one of the following conditions is met:

- a) You are at least age 55 with five or more years of service credit
- b) Your age and years of service credit total 80 but you are less than age 60 (age 55 if you are grandfathered) with at least five years of service credit
- c) You have 30 years of service credit but you are less than age 60 (age 50 if you are grandfathered)

You are grandfathered if you met at least one of the following criteria as a member of TRS before September 1, 2005:

- a) You were at least 50 years of age
- b) Your age and years of service credit totaled at least 70, or
- c) You had at least 25 years of service credit.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 11. DEFINED BENEFIT PENSION PLAN – CONTINUED**

**Funding Policy**

Contribution requirements are not actuarially determined but are legally established each biennium by Texas State Legislature. The following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.00% of the member's annual compensation and a state contribution rate of not less than 6.00% and not more than 10.00% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides a member contribution rate of 6.40% for fiscal years 2014, 2013 and 2012 and a state contribution rate of 6.80% for fiscal year 2014, 6.40% for fiscal year 2013 and 6.00% for fiscal year 2012. In certain instances, the District is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

State contributions to TRS made on behalf of the District's employees for the years ended June 30, 2014, and 2013, and 2012 were \$4,506,971, \$4,209,420, and \$4,453,768, respectively. The District paid additional state contributions for the years ended June 30, 2014, and 2013, and 2012 in the amounts of \$907,773, \$831,373, and \$770,138, respectively, on the portion of the employees' salaries that exceeded the statutory minimum. The District's employees' contributions to TRS for the years ended June 30, 2014, 2013 and 2012 were \$4,780,903, \$4,622,511, and \$4,577,938, respectively, equal to the required contribution for each year.

**On-behalf Payments**

In accordance with GASB Statement No. 24, "Accounting and Financial Reporting Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$4,506,971 are reflected in the general fund.

**NOTE 12. SCHOOL DISTRICT RETIREE HEALTH PLAN**

**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-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas 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](http://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 Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 12. SCHOOL DISTRICT RETIREE HEALTH PLAN – CONTINUED**

**Funding Policy**

Contribution requirements are not actuarially determined but are legally established each biennium by Texas State Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.00% and 0.65% of public school payroll for fiscal year 2014, and 0.50% and 0.65% of public school payroll for fiscal year 2013. The school district contributed a percentage of payroll set at 0.55% for fiscal years 2014, 2013 and 2012. Per Texas Insurance Code, Chapters 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2014, 2013, and 2012 the State's contributions to TRS-Care were \$747,016, \$361,134, and \$715,303 respectively, the active member contributions were \$485,560, \$469,474 and \$464,947 respectively, and the District's contributions were \$410,859, \$397,247 and \$393,417 respectively, which equaled the required contributions each year.

**On-behalf Payments**

In accordance with GASB Statement No. 24, "Accounting and Financial Reporting Certain Grants and Other Financial Assistance," on-behalf payments (payments made by the State) of \$747,016 are reflected in the financial statements for retiree health plan contributions. Included in that amount are payments made by the State of \$190,882 for Medicare Part D and for the Early Retiree Reinsurance Program. The contributions made by the State on behalf of the District have been recorded in the government-wide financial statements and in the fund financial statements of the general fund as both state revenues and payroll expenditures. These contributions are the legal responsibility of the State.

**NOTE 13. RISK MANAGEMENT**

**Health Care**

The District terminated the previously established health self insurance plan (Plan) beginning September 10, 2010. The plan will continue to pay claims until all are settled.

The District had a contract and inter-local agreement with United Healthcare, Inc. which limited the District's exposure on individual health claims incurred prior to October 1, 2008.

Claims incurred after October 1, 2008 were subject to an individual stop-loss of \$170,000 per participant annually and \$2,000,000 lifetime maximum benefits. Individual employee health claims were self insured up to \$170,000 annually and stop-loss benefits above \$170,000 were provided up to an aggregate district wide attachment point of \$9,181,607.

The latest financial statements available for United Healthcare, Inc. are filed with the Texas State Board of Insurance, Austin, Texas, and are public record. The District does not provide any post-retirement health benefits to its employees.



**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 13. RISK MANAGEMENT – CONTINUED**

**Unemployment Compensation Pool**

During the year ended June 30, 2014, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Local Government Code. The Fund's Unemployment Compensation program is authorized by Section 22.005 of Government Code. All members participating in the Fund execute interlocal agreements that define the responsibilities of the parties.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2013 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**Other Risk Management**

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the District purchased commercial insurance to cover these 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.

**NOTE 14. COMMITMENTS AND CONTINGENCIES**

The District is a party to various legal actions, none of which are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying basic financial statements for such contingencies. The District participates in numerous state and federal grant programs that 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, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2014 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 financial statements for such contingencies.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 14. COMMITMENTS AND CONTINGENCIES – CONTINUED**

The Tax Reform Act of 1986 imposed regulations on tax-exempt bond issues. Governmental bonds issued after August 31, 1986 are subject to the rebate provisions of the Tax Reform Act of 1986. The rebate applies to earnings from bond issue proceeds investments that exceed bond issue stated interest rates. There is a complicated formula based on a five year history, therefore the exact amount of liability, if any, is not known until five years from the bond issuance date. There was no rebate liability at June 30, 2014.

**NOTE 15. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which will be effective for periods beginning after June 15, 2014, or fiscal year 2015. The objective of this Statement is to improve accounting and financial reporting of state and local governmental pension plans. This Statement applies to all state and governmental entities and replaces Statements 27 and 50. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 69, *Governmental Combinations and Disposals of Government Operations*, which will be effective for periods beginning after December 15, 2013, or fiscal year 2015. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68, which will be effective for fiscal year 2015. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. The District will evaluate the impact of the standard on its financial statements and will take the necessary steps to implement it.

**NOTE 16. CHANGE IN ACCOUNTING PRINCIPLE**

The District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during the fiscal year ended June 30, 2014. In accordance with GASB Statement No. 65, debt issuance costs should be recognized as expenses in the period incurred. Previously, debt issuance costs were recorded as assets and amortized over the life of the debt. The implementation of GASB Statement No. 65 resulted in the following prior period adjustment to the net position of the governmental activities:

Net position, beginning of year:	
As originally presented	\$ (30,507,205)
Cumulative effect of change in accounting principle	<u>(3,516,172)</u>
As restated	<u><u>\$ (34,023,377)</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**

# Rockwall



Common Purpose ■ 1854 ■ Unified Effort

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP BASIS	Variance With Final Budget Positive or (Negative)
		Original	Final	Fund	
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 62,981,496	\$ 64,118,996	\$ 65,486,278	\$ 1,367,282
5800	State program revenues	41,702,845	44,152,083	42,439,005	(1,713,078)
5900	Federal program revenues	386,866	386,866	601,284	214,418
5020	Total revenues	<u>105,071,207</u>	<u>108,657,945</u>	<u>108,526,567</u>	<u>(131,378)</u>
<b>EXPENDITURES</b>					
CURRENT:					
0011	Instruction	63,068,028	64,761,303	63,828,173	933,130
0012	Instructional resources and media services	2,560,993	2,686,781	2,472,424	214,357
0013	Curriculum and instructional staff development	2,403,099	2,308,139	2,038,632	269,507
0021	Instructional leadership	896,504	1,252,824	1,191,726	61,098
0023	School leadership	6,254,583	6,353,514	6,257,865	95,649
0031	Guidance, counseling, and evaluation services	4,011,718	4,155,069	4,105,815	49,254
0032	Social work services	273,483	209,331	201,758	7,573
0033	Health services	1,190,891	1,285,897	1,240,197	45,700
0034	Student (pupil) transportation	3,812,168	4,338,389	4,016,262	322,127
0036	Cocurricular/extracurricular activities	3,556,184	3,783,209	3,667,860	115,349
0041	General administration	3,395,970	3,439,549	3,283,909	155,640
0051	Plant maintenance and operations	11,486,746	12,300,387	11,741,238	559,149
0052	Security and monitoring services	1,137,942	1,340,298	1,218,325	121,973
0053	Data processing services	4,143,902	2,825,070	2,169,557	655,513
0061	Community services	84,438	89,438	81,948	7,490
0081	Facilities acquisition and construction	-	1,154,107	75,695	1,078,412
0099	Payments to member districts of SSA	-	6,375	6,375	-
0099	Other intergovernmental charges	727,000	727,000	676,270	50,730
6030	Total expenditures	<u>109,003,649</u>	<u>113,016,680</u>	<u>108,274,029</u>	<u>4,742,651</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(3,932,442)</u>	<u>(4,358,735)</u>	<u>252,538</u>	<u>4,611,273</u>
<b>OTHER FINANCING SOURCES (USES) :</b>					
7912	Proceeds from sale of assets	-	166,743	166,743	-
7915	Transfers in	543,000	543,000	543,000	-
8911	Transfers out	-	(244,625)	(244,438)	187
7080	Total other financing sources (uses)	<u>543,000</u>	<u>465,118</u>	<u>465,305</u>	<u>187</u>
1200	Net change in fund balances	(3,389,442)	(3,893,617)	717,843	4,611,460
0100	Fund balance - July 1 (beginning)	43,427,122	43,427,122	43,427,122	-
3000	Fund balance - June 30 (ending)	<u>\$ 40,037,680</u>	<u>\$ 39,533,505</u>	<u>\$ 44,144,965</u>	<u>\$ 4,611,460</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD NUTRITION FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP BASIS Fund	Variance With Final Budget Positive or (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ 3,285,700	\$ 3,285,700	\$ 3,126,693	\$ (159,007)
5800	State program revenues	105,000	105,000	27,408	(77,592)
5900	Federal program revenues	2,492,000	2,493,821	2,491,514	(2,307)
5020	Total revenues	<u>5,882,700</u>	<u>5,884,521</u>	<u>5,645,615</u>	<u>(238,906)</u>
<b>EXPENDITURES</b>					
0035	Food service	5,620,853	5,680,788	5,168,937	511,851
0093	Payments to member districts of SSA	10,500	10,500	10,500	-
6030	Total expenditures	<u>5,631,353</u>	<u>5,691,288</u>	<u>5,179,437</u>	<u>511,851</u>
1100	Excess of revenues over expenditures	<u>251,347</u>	<u>193,233</u>	<u>466,178</u>	<u>272,945</u>
<b>OTHER FINANCING USES</b>					
8911	Transfers out	<u>(73,000)</u>	<u>(73,000)</u>	<u>(73,000)</u>	<u>-</u>
6030	Total other financing uses	<u>(73,000)</u>	<u>(73,000)</u>	<u>(73,000)</u>	<u>-</u>
1200	Net change in fund balances	178,347	120,233	393,178	272,945
0100	Fund balance - July 1 (beginning)	<u>1,122,591</u>	<u>1,122,591</u>	<u>1,122,591</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ 1,300,938</u>	<u>\$ 1,242,824</u>	<u>\$ 1,515,769</u>	<u>\$ 272,945</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

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**BUDGETARY DATA**

The official budget was prepared for adoption for the general, child nutrition, and debt service funds. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements

1. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1.
2. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
3. Prior to the expenditures of funds, the budget is adopted by the Board.

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for the organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

# Rockwall

INDEPENDENT SCHOOL DISTRICT



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## **COMBINING STATEMENTS AND SCHEDULES**

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2014**

Data Control Codes		Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
1110	Cash and cash equivalents	\$ 58,747	\$ 101,573	\$ 1,655,189	\$ 1,815,509
1240	Due from other governments	346,798	54,279	-	401,077
1260	Due from other funds	-	-	5,311	5,311
1290	Other receivables	-	-	22,698	22,698
1300	Inventories	-	-	3,697	3,697
1000	Total assets	<u>\$ 405,545</u>	<u>\$ 155,852</u>	<u>\$ 1,686,895</u>	<u>\$ 2,248,292</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
2110	Accounts payable	\$ 1,161	\$ 1	\$ 18,649	\$ 19,811
2150	Payroll payable	49,775	-	2,527	52,302
2160	Accrued wages payable	330,773	-	11,152	341,925
2170	Due to other funds	349	13	57	419
2180	Due to other governments	-	-	217	217
2300	Unearned revenues	-	695	-	695
2000	Total liabilities	<u>382,058</u>	<u>709</u>	<u>32,602</u>	<u>415,369</u>
<b>Fund balances:</b>					
Nonspendable					
3410	Inventory	-	-	3,697	3,697
Restricted					
3450	Grant funds	23,487	155,143	-	178,630
Committed					
3545	Local special revenue	-	-	1,650,596	1,650,596
3000	Total fund balances	<u>23,487</u>	<u>155,143</u>	<u>1,654,293</u>	<u>1,832,923</u>
4000	Total liabilities and fund balances	<u>\$ 405,545</u>	<u>\$ 155,852</u>	<u>\$ 1,686,895</u>	<u>\$ 2,248,292</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes	Federal Special Revenue Funds	State Special Revenue Funds	Local Special Revenue Funds	Total Nonmajor Governmental Funds	
<b>REVENUES</b>					
5700	Total local and intermediate sources	\$ -	\$ 183,676	\$ 2,770,476	\$ 2,954,152
5800	State program revenues	-	407,903	-	407,903
5900	Federal program revenues	3,292,585	-	-	3,292,585
5020	Total revenues	3,292,585	591,579	2,770,476	6,654,640
<b>EXPENDITURES</b>					
Current:					
0011	Instruction	2,642,728	494,331	693,771	3,830,830
0012	Instructional resources and media services	-	12,855	107,341	120,196
0013	Curriculum and staff development	199,317	13,084	36,396	248,797
0021	Instructional leadership	70,910	-	7,781	78,691
0023	School leadership	-	12,406	104,318	116,724
0031	Guidance, counseling, and evaluation services	340,581	-	74,477	415,058
0035	Food services	-	24,520	-	24,520
0036	Cocurricular/extracurricular activities	-	648	1,183,562	1,184,210
0041	General administration	-	-	2,326	2,326
0051	Plant maintenance and operations	1,800	-	9,858	11,658
0052	Security and monitoring services	-	370	44,516	44,886
0061	Community services	30,705	-	112,628	143,333
6030	Total expenditures	3,286,041	558,214	2,376,974	6,221,229
1100	Excess (deficiency) of revenues over (under) expenditures	6,544	33,365	393,502	433,411
<b>Other Financing Sources (Uses):</b>					
7915	Transfers in	-	5,000	60,197	65,197
8911	Transfers out	-	(3,900)	(99,500)	(103,400)
7080	Total other financing sources (uses)	-	1,100	(39,303)	(38,203)
1200	Net change in fund balances	6,544	34,465	354,199	395,208
0100	Fund balance - July 1 (beginning)	16,943	120,678	1,300,094	1,437,715
3000	Fund balance - June 30 (ending)	\$ 23,487	\$ 155,143	\$ 1,654,293	\$ 1,832,923

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2014**

Data Control Codes		Business-Type Activities		
		Sports Marketing Fund	ROCK After School Program Fund	Total
	<b>ASSETS</b>			
	Current assets:			
1110	Cash and cash equivalents	\$ (542)	\$ 188,376	\$ 187,834
1290	Other receivables, net	284,310	817	285,127
	Total current assets	283,768	189,193	472,961
	Noncurrent assets:			
1530	Furniture and equipment, net	339,518	3,300	342,818
	Total noncurrent assets	339,518	3,300	342,818
1000	<b>Total assets</b>	<b>\$ 623,286</b>	<b>\$ 192,493</b>	<b>\$ 815,779</b>
	<b>LIABILITIES AND NET POSITION</b>			
	Liabilities:			
	Current liabilities:			
2110	Accounts payable	\$ 5,398	\$ 1,209	\$ 6,607
2150	Payroll deductions and withholdings	-	3,619	3,619
2160	Accrued wages payable	-	24,948	24,948
2170	Due to other funds	50,565	1,758	52,323
2300	Unearned revenue	286,590	10,999	297,589
	Total current liabilities	342,553	42,533	385,086
2000	<b>Total liabilities</b>	<b>342,553</b>	<b>42,533</b>	<b>385,086</b>
	Net position:			
3200	Investment in capital assets	339,518	3,300	342,818
3620	Unrestricted net position (deficit)	(58,785)	146,660	87,875
3000	<b>Total net position</b>	<b>280,733</b>	<b>149,960</b>	<b>430,693</b>
4000	<b>Total liabilities and net position</b>	<b>\$ 623,286</b>	<b>\$ 192,493</b>	<b>\$ 815,779</b>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
 IN FUND NET POSITION – NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes		Business-Type Activities		
		Sports Marketing Fund	ROCK After School Program Fund	Total
<b>OPERATING REVENUES</b>				
5700	Total local and intermediate sources	\$ 194,536	\$ 966,794	\$ 1,161,330
5020	Total operating revenues	194,536	966,794	1,161,330
<b>OPERATING EXPENSES</b>				
6100	Payroll costs	-	659,417	659,417
6200	Professional and contracted services	40,856	5,714	46,570
6300	Supplies and materials	20,473	63,192	83,665
6400	Other operating costs	35,213	68,189	103,402
6030	Total operating expenses	96,542	796,512	893,054
	Operating income	97,994	170,282	268,276
8911	<b>TRANSFERS OUT</b>	(200,000)	(200,000)	(400,000)
1300	Change in net position	(102,006)	(29,718)	(131,724)
0100	Total net position, beginning (July 1)	382,739	179,678	562,417
3300	Total net position, ending (June 30)	\$ 280,733	\$ 149,960	\$ 430,693

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Business-Type Activities</b>		
	<b>Sports Marketing Fund</b>	<b>ROCK After School Program Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from user charges	\$ 197,096	\$ 972,868	\$ 1,169,964
Payments to employees	-	(662,714)	(662,714)
Payments to suppliers	34,190	(63,696)	(29,506)
Other payments	(45,885)	(88,861)	(134,746)
Net cash provided by operating activities	<u>185,401</u>	<u>157,597</u>	<u>342,998</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Transfers out	(200,000)	(200,000)	(400,000)
Net cash used in non-capital financing activities	<u>(200,000)</u>	<u>(200,000)</u>	<u>(400,000)</u>
Net decrease in cash and cash equivalents	(14,599)	(42,403)	(57,002)
Cash and cash equivalents at beginning of the year	14,057	230,779	244,836
Cash and cash equivalents at end of the year	<u>\$ (542)</u>	<u>\$ 188,376</u>	<u>\$ 187,834</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating income:	\$ 97,994	\$ 170,282	\$ 268,276
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	27,684	1,200	28,884
Effect of increases and decreases in current assets and liabilities:			
Increase in account receivable	(109,085)	-	(109,085)
Decrease in prepaids	2,500	-	2,500
Increase (decrease) in accounts payable	4,098	(504)	3,594
Increase (decrease) in interfund payable	50,565	(16,158)	34,407
Decrease in accrued liabilities	-	(3,297)	(3,297)
Decrease in unearned revenue	111,645	6,074	117,719
Net cash provided by operating activities	<u>\$ 185,401</u>	<u>\$ 157,597</u>	<u>\$ 342,998</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

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	<u>Balance 7/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2014</u>
Student Activities				
Assets:				
Cash and cash equivalents	\$ 166,659	\$ 530,838	\$ (553,723)	\$ 143,774
Total assets	<u>\$ 166,659</u>	<u>\$ 530,838</u>	<u>\$ (553,723)</u>	<u>\$ 143,774</u>
Liabilities:				
Accounts payable	\$ 19,415	\$ 571,789	\$ (573,139)	\$ 18,065
Due to student groups	147,244	530,839	(552,374)	125,709
Total liabilities	<u>\$ 166,659</u>	<u>\$ 1,102,628</u>	<u>\$ (1,125,513)</u>	<u>\$ 143,774</u>

# Rockwall

INDEPENDENT SCHOOL DISTRICT



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## **T.E.A. REQUIRED SCHEDULES**

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2014**

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Last Ten Years Ended August 31	Tax Rates		3 Net Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2005 and prior years	Various	Various	Various
2006	1.5000	0.3800	4,106,143,297
2007	1.5000	0.3800	4,826,934,598
2008	1.3300	0.3800	5,926,924,353
2009	1.0400	0.4300	6,408,876,215
2010	1.0400	0.4300	6,650,150,227
2011	1.0400	0.4300	6,633,659,311
2012	1.0400	0.4300	6,654,503,446
2013	1.0400	0.4300	6,762,448,611
2014 (School year under audit)	1.0400	0.4200	6,973,258,049
<b>1000 TOTALS</b>			

**EXHIBIT J-1**

<b>10</b> Beginning Balance 07/01/13	<b>20</b> Current Year's Total Levy	<b>31</b> Maintenance Collections	<b>32</b> Debt Service Collections	<b>40</b> Entire Year's Adjustments	<b>50</b> Ending Balance 06/30/14
\$ 367,287	\$ -	\$ 6,484	\$ 1,549	\$ -	\$ 359,254
125,032	-	2,266	560	-	122,206
146,543	-	2,904	829	(1,090)	141,720
141,856	-	(64,085)	(26,555)	(102,476)	130,020
243,011	-	74,842	30,944	45,628	182,853
287,298	-	89,969	37,192	52,959	213,096
381,635	-	141,291	58,264	44,422	226,502
472,086	-	168,974	69,668	40,416	273,860
1,268,668	-	611,348	251,604	(13,743)	391,973
-	<u>88,862,777</u>	<u>62,305,709</u>	<u>25,141,646</u>	<u>(277,243)</u>	<u>1,138,179</u>
<u>\$ 3,433,416</u>	<u>\$ 88,862,777</u>	<u>\$ 63,339,702</u>	<u>\$ 25,565,701</u>	<u>\$ (211,127)</u>	<u>\$ 3,179,663</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE – DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

Data Control Codes		Budgeted Amounts		Actual Amounts GAAP BASIS Fund	Variance With Final Budget Positive or (Negative)
		Original	Final		
<b>REVENUES</b>					
5700	Total local and intermediate sources	<u>\$ 25,471,717</u>	<u>\$ 25,471,717</u>	<u>\$ 25,810,097</u>	<u>\$ 338,380</u>
5020	Total revenues	<u>25,471,717</u>	<u>25,471,717</u>	<u>25,810,097</u>	<u>338,380</u>
<b>EXPENDITURES</b>					
0071	Debt service - principal on long-term debt	10,869,998	10,869,998	10,869,998	-
0072	Debt service - interest on long-term debt	15,961,691	15,888,691	15,723,826	164,865
0073	Debt service - bond issuance costs and fees	<u>99,997</u>	<u>172,997</u>	<u>181,206</u>	<u>(8,209)</u>
6030	Total expenditures	<u>26,931,686</u>	<u>26,931,686</u>	<u>26,775,030</u>	<u>156,656</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>(1,459,969)</u>	<u>(1,459,969)</u>	<u>(964,933)</u>	<u>495,036</u>
1200	Net change in fund balances	<u>(1,459,969)</u>	<u>(1,459,969)</u>	<u>(964,933)</u>	<u>495,036</u>
0100	Fund balance - July 1 (beginning)	<u>16,507,851</u>	<u>16,507,851</u>	<u>16,507,851</u>	<u>-</u>
3000	Fund balance - June 30 (ending)	<u>\$ 15,047,882</u>	<u>\$ 15,047,882</u>	<u>\$ 15,542,918</u>	<u>\$ 495,036</u>

## **STATISTICAL SECTION**

# Rockwall

INDEPENDENT SCHOOL DISTRICT



Common Purpose ■ 1854 ■ Unified Effort

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
INDEX STATISCAL SECTION**

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This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about Rockwall Independent School District’s overall financial health.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends Information</b> The schedules contain trend information intended to help the reader understand how the District’s financial position has changed over time.	65-78
<b>Revenue Capacity Information</b> These schedules contain information intended to help the reader assess the District’s most significant revenue source, state tax collections.	79-83
<b>Debt Capacity Information</b> These schedules contain information intended to assist users in understanding and assessing the District’s current levels of outstanding debt and the ability to issue additional debt.	84-87
<b>Demographic and Economic Information</b> These schedules provide demographic and economic indicators intended to help the readers understand the socioeconomic environment within which the District’s financial activities take place.	88-91
<b>Operating Information</b> These schedules provide contextual information about the District’s operations and resources intended to assist readers in using financial statement information to understand and assess the District’s economic condition.	92-95

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2005</u> As Restated	<u>2006</u> As Restated	<u>2007</u>	<u>2008</u>
Governmental Activities				
Net investment in capital assets	\$ 442,220	\$ 1,606,223	\$ 2,266,340	\$ 5,161,014
Restricted	2,729,180	3,198,994	2,673,643	4,899,096
Unrestricted	(14,662,757)	(12,277,169)	(11,302,133)	(14,210,842)
Total Governmental Net Position	<u><u>\$ (11,491,357)</u></u>	<u><u>\$ (7,471,952)</u></u>	<u><u>\$ (6,362,150)</u></u>	<u><u>\$ (4,150,732)</u></u>
Business Type Activities				
Net investment in capital assets	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-
Total Business Type Activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Total Primary Government				
Net investment in capital assets	\$ 442,220	\$ 1,606,223	\$ 2,266,340	\$ 5,161,014
Restricted	2,729,180	3,198,994	2,673,643	4,899,096
Unrestricted	(14,662,757)	(12,277,169)	(11,302,133)	(14,210,842)
Total Primary Government	<u><u>\$ (11,491,357)</u></u>	<u><u>\$ (7,471,952)</u></u>	<u><u>\$ (6,362,150)</u></u>	<u><u>\$ (4,150,732)</u></u>

**Source:** The Statement of Net Position for Rockwall Independent School District

**Note:**

<sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.



## EXHIBIT S-1

Fiscal Year					
<u>2009</u>	<u>2010</u> <sup>†</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> As Restated
\$ (1,920,027)	\$ (4,630,780)	\$ 11,653,217	\$ 2,038,357	\$ (4,506,937)	\$ (9,843,204)
5,311,372	8,941,901	10,037,999	12,305,454	10,415,814	12,112,318
<u>(20,469,424)</u>	<u>(17,435,074)</u>	<u>(36,869,687)</u>	<u>(35,293,841)</u>	<u>(36,416,082)</u>	<u>(44,842,744)</u>
<u>\$ (17,078,079)</u>	<u>\$ (13,123,953)</u>	<u>\$ (15,178,471)</u>	<u>\$ (20,950,030)</u>	<u>\$ (30,507,205)</u>	<u>\$ (42,573,630)</u>
\$ -	\$ -	\$ 422,570	\$ 400,586	\$ 422,571	\$ 342,818
11,360	56,810	(98,669)	234,939	139,846	87,875
<u>\$ 11,360</u>	<u>\$ 56,810</u>	<u>\$ 323,901</u>	<u>\$ 635,525</u>	<u>\$ 562,417</u>	<u>\$ 430,693</u>
\$ (1,920,027)	\$ (4,630,780)	\$ 12,075,787	\$ 2,438,943	\$ (4,084,366)	\$ (9,500,386)
5,311,372	8,941,901	10,037,999	12,305,454	10,415,814	12,112,318
<u>(20,458,064)</u>	<u>(17,378,264)</u>	<u>(36,968,356)</u>	<u>(35,058,902)</u>	<u>(36,276,236)</u>	<u>(44,754,869)</u>
<u>\$ (17,066,719)</u>	<u>\$ (13,067,143)</u>	<u>\$ (14,854,570)</u>	<u>\$ (20,314,505)</u>	<u>\$ (29,944,788)</u>	<u>\$ (42,142,937)</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2005</u> As Restated	<u>2006</u> As Restated	<u>2007</u>	<u>2008</u>
<b>Expenses</b>				
Governmental activities:				
Instruction	\$ 41,839,461	\$ 47,889,248	\$ 57,479,801	\$ 70,490,448
Instructional resources and media services	1,415,255	2,363,832	3,391,114	3,501,289
Curriculum and staff development	1,044,569	1,057,165	1,481,273	2,103,445
Instructional leadership	510,171	662,670	754,480	798,424
School leadership	4,209,424	4,573,889	5,119,252	6,110,000
Guidance, counseling, and evaluation services	2,660,063	3,045,027	3,481,384	3,978,092
Social work services	-	-	-	81,988
Health services	772,098	849,058	967,505	1,100,090
Student (pupil) transportation	2,599,644	2,956,892	3,421,186	4,180,383
Food services	3,340,758	3,852,992	4,303,159	5,356,988
Cocurricular/Extracurricular activities	3,120,804	3,910,484	4,542,461	5,282,005
General administration	2,947,496	3,636,755	3,786,349	3,485,669
Plant maintenance and operations	8,313,193	10,198,476	11,196,280	11,356,635
Security and monitoring services	328,427	392,583	510,662	601,485
Data processing services	1,020,724	1,478,829	1,596,041	2,107,973
Community services	386,537	378,447	347,507	248,394
Debt service - interest on long-term debt	11,123,544	9,662,686	13,623,932	13,383,346
Debt service - amortization and fees	42,495	139,462	286,017	1,944,959
Facilities acquisition and construction	2,725,814	1,833,294	241,407	265,702
Payments to fiscal agent/member districts of SSA	9,075	37,112	37,368	35,688
Payments to Juvenile Justice Alternative Ed. Prg.	-	-	-	18,750
Other intergovernmental charges	-	-	-	804,790
Total governmental activities expenses	<u>\$ 88,409,552</u>	<u>\$ 98,918,901</u>	<u>\$ 116,567,178</u>	<u>\$ 137,236,543</u>
Business-type activities:				
Sports marketing	\$ -	\$ -	\$ -	\$ -
ROCK after school program	-	-	-	-
Total business-type activities expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government expenses	<u>\$ 88,409,552</u>	<u>\$ 98,918,901</u>	<u>\$ 116,567,178</u>	<u>\$ 137,236,543</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
Instruction	\$ 793,338	\$ 1,494,561	\$ 1,232,612	\$ 1,113,005
Instructional resources and media services	5,739	9,647	12,574	10,241
School leadership	63,853	269,095	26,637	6,535
Guidance, counseling, & evaluation services	-	-	-	-
Health services	-	-	-	-
Food service	1,955,269	2,397,466	2,574,349	2,831,797
Extracurricular activities	381,997	539,142	979,010	1,405,873
General administration	-	3,986	2,007	1,856
Plant maintenance and operations	147,119	205,477	239,568	221,954
Community services	10,005	6,651	9,444	11,702
Payments to fiscal agent/Member districts of SSA	-	29,200	29,150	29,690
Other intergovernmental charges	-	-	-	-
Operating grants and contributions	7,196,026	8,146,296	8,420,072	11,490,035
Capital grants and contributions	-	-	140,582	-
Total governmental activities revenues	<u>\$ 10,553,346</u>	<u>\$ 13,101,521</u>	<u>\$ 13,666,005</u>	<u>\$ 17,122,688</u>
Business-type activities:				
Charges for services:				
Sports marketing	\$ -	\$ -	\$ -	\$ -
ROCK after school program	-	-	-	-
Operating grants and contributions	-	-	-	-
Total business-type activities revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government revenues	<u>\$ 10,553,346</u>	<u>\$ 13,101,521</u>	<u>\$ 13,666,005</u>	<u>\$ 17,122,688</u>

**EXHIBIT S-2  
(CONTINUED)**

Fiscal Year					
<u>2009</u>	<u>2010</u> <sup>1</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> As Restated
\$ 75,911,426	\$ 68,392,464	\$ 72,836,182	\$ 76,296,145	\$ 74,658,394	\$ 77,702,515
3,855,638	3,466,466	3,193,335	3,149,644	3,155,851	3,244,541
2,295,654	1,997,441	2,313,348	1,866,593	2,282,918	2,287,128
978,169	897,192	964,668	778,855	868,334	1,270,122
6,677,517	6,174,160	6,593,708	6,402,809	6,550,942	6,711,312
3,982,463	4,332,792	4,551,808	4,287,283	4,315,689	4,588,083
70,699	66,965	96,835	176,128	272,740	201,715
1,116,324	1,116,750	1,481,668	1,636,192	1,667,256	1,748,698
4,414,371	3,805,680	3,937,203	3,743,446	3,803,881	3,894,882
5,593,869	5,515,194	5,812,837	5,901,810	6,119,653	6,225,510
6,411,079	6,041,091	8,045,982	8,461,610	8,903,179	8,978,902
4,174,022	4,080,458	3,940,836	3,601,560	3,256,873	3,343,939
11,372,374	10,679,466	11,570,567	11,171,920	11,440,704	11,783,768
664,929	708,973	769,624	757,922	880,966	1,306,536
2,552,136	2,054,749	2,411,951	2,226,951	2,232,590	2,532,153
323,592	276,891	370,938	250,126	206,984	225,245
18,523,103	13,773,085	19,544,206	14,854,333	20,518,280	18,481,558
840,216	759,971	741,871	663,596	365,272	181,206
416,530	967,894	193,694	45,955	8,252	10,337
40,144	46,313	39,603	10,000	25,885	16,875
-	-	-	-	-	-
902,523	648,135	687,410	606,826	645,043	676,270
<u>\$ 151,116,778</u>	<u>\$ 135,802,130</u>	<u>\$ 150,098,274</u>	<u>\$ 146,889,704</u>	<u>\$ 152,179,686</u>	<u>\$ 155,411,295</u>
\$ 87,990	\$ 78,370	\$ 91,527	\$ 43,454	\$ 72,055	\$ 96,542
-	-	324,176	747,136	739,700	796,512
<u>\$ 87,990</u>	<u>\$ 78,370</u>	<u>\$ 415,703</u>	<u>\$ 790,590</u>	<u>\$ 811,755</u>	<u>\$ 893,054</u>
<u>\$ 151,204,768</u>	<u>\$ 135,880,500</u>	<u>\$ 150,513,977</u>	<u>\$ 147,680,294</u>	<u>\$ 152,991,441</u>	<u>\$ 156,304,349</u>
\$ 1,126,308	\$ 1,478,854	\$ 1,271,772	\$ 1,052,854	\$ 1,391,176	\$ 1,417,173
6,701	9,411	6,155	6,155	68,628	101,306
6,227	6,532	-	-	-	-
-	-	41,376	41,376	78,501	89,008
-	-	3,470	1,514	-	-
3,086,023	2,795,954	2,966,035	3,201,690	3,095,055	3,124,904
1,558,704	1,585,750	1,425,421	1,694,326	1,593,132	1,717,539
1,693	1,718	-	-	-	-
221,748	279,913	367,444	336,668	304,619	369,718
13,960	16,463	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	19,009
10,393,181	14,997,792	18,882,534	11,616,030	11,699,405	11,742,340
-	-	-	-	-	-
<u>\$ 16,414,545</u>	<u>\$ 21,172,387</u>	<u>\$ 24,964,207</u>	<u>\$ 17,950,613</u>	<u>\$ 18,230,516</u>	<u>\$ 18,580,997</u>
\$ 99,350	\$ 123,820	\$ 255,386	\$ 297,563	\$ 180,016	\$ 194,536
-	-	418,137	804,651	958,631	966,794
-	-	9,271	-	-	-
<u>\$ 99,350</u>	<u>\$ 123,820</u>	<u>\$ 682,794</u>	<u>\$ 1,102,214</u>	<u>\$ 1,138,647</u>	<u>\$ 1,161,330</u>
<u>\$ 16,513,895</u>	<u>\$ 21,296,207</u>	<u>\$ 25,647,001</u>	<u>\$ 19,052,827</u>	<u>\$ 19,369,163</u>	<u>\$ 19,742,327</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
CHANGE IN NET POSITION  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
	As Restated	As Restated		
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (77,856,206)	\$ (85,817,380)	\$ (102,901,173)	\$ (120,113,855)
Business-type activities	-	-	-	-
Total primary government net expense	<u>\$ (77,856,206)</u>	<u>\$ (85,817,380)</u>	<u>\$ (102,901,173)</u>	<u>\$ (120,113,855)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property taxes levied for general purposes	\$ 57,824,130	\$ 62,792,334	\$ 64,222,115	\$ 54,931,658
Property taxes levied for debt service	14,723,115	15,961,359	18,385,508	22,612,969
Unrestricted grants and contributions	8,477,532	8,139,692	17,170,198	36,897,922
Investment earnings	1,397,423	2,777,118	4,020,122	4,519,139
Miscellaneous	39,171	150,232	213,032	302,508
Transfers	-	-	-	-
Extraordinary item inflow	-	-	-	3,061,077
Total governmental activities	<u>\$ 82,461,371</u>	<u>\$ 89,820,735</u>	<u>\$ 104,010,975</u>	<u>\$ 122,325,273</u>
Business-type activities:				
Transfers	\$ -	\$ -	\$ -	\$ -
Total business-type activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total primary government	<u>\$ 82,461,371</u>	<u>\$ 89,820,735</u>	<u>\$ 104,010,975</u>	<u>\$ 122,325,273</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 4,605,165	\$ 4,003,355	\$ 1,109,802	\$ 2,211,418
Business-type activities	-	-	-	-
Total primary government	<u>\$ 4,605,165</u>	<u>\$ 4,003,355</u>	<u>\$ 1,109,802</u>	<u>\$ 2,211,418</u>

**Source:** The Statement of Activities for Rockwall Independent School District

**Note:**

<sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

**EXHIBIT S-2  
(CONCLUDED)**

Fiscal Year					
<u>2009</u>	<u>2010</u> <sup>1</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u> As Restated
\$ (134,702,233)	\$ (114,629,743)	\$ (125,134,067)	\$ (128,939,091)	\$ (133,949,170)	\$ (136,830,298)
11,360	45,450	267,091	311,624	326,892	268,276
<u>\$ (134,690,873)</u>	<u>\$ (114,584,293)</u>	<u>\$ (124,866,976)</u>	<u>\$ (128,627,467)</u>	<u>\$ (133,622,278)</u>	<u>\$ (136,562,022)</u>
\$ 58,828,569	\$ 59,931,916	\$ 60,096,381	\$ 60,003,422	\$ 61,117,242	\$ 63,732,151
24,291,965	24,762,841	24,834,434	24,770,157	25,244,572	25,687,569
36,554,086	33,553,483	37,781,730	37,756,514	37,081,797	37,915,078
1,806,552	153,137	380,676	250,959	192,884	121,994
293,714	150,680	43,138	386,480	355,500	423,253
-	-	-	-	400,000	400,000
-	(25,000)	-	-	-	-
<u>\$ 121,774,886</u>	<u>\$ 118,527,057</u>	<u>\$ 123,136,359</u>	<u>\$ 123,167,532</u>	<u>\$ 124,391,995</u>	<u>\$ 128,280,045</u>
\$ -	\$ -	\$ -	\$ -	\$ (400,000)	\$ (400,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (400,000)</u>	<u>\$ (400,000)</u>
<u>\$ 121,774,886</u>	<u>\$ 118,527,057</u>	<u>\$ 123,136,359</u>	<u>\$ 123,167,532</u>	<u>\$ 123,991,995</u>	<u>\$ 127,880,045</u>
\$ (12,927,347)	\$ 3,897,314	\$ (1,997,708)	\$ (5,771,559)	\$ (9,557,175)	\$ (8,550,253)
11,360	45,450	267,091	311,624	(73,108)	(131,724)
<u>\$ (12,915,987)</u>	<u>\$ 3,942,764</u>	<u>\$ (1,730,617)</u>	<u>\$ (5,459,935)</u>	<u>\$ (9,630,283)</u>	<u>\$ (8,681,977)</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
FUND BALANCES GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund	As Restated	As Restated		
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved	168,695	58,320	47,375	104,202
Unreserved designated	874,873	874,873	874,873	-
Unassigned	-	-	-	-
Unreserved	18,609,023	21,342,688	24,609,520	29,757,015
Total general fund	<u>\$ 19,652,591</u>	<u>\$ 22,275,881</u>	<u>\$ 25,531,768</u>	<u>\$ 29,861,217</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Reserved	14,021,566	37,995,877	76,407,151	135,790,067
Restricted:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Grant funds	-	-	-	-
Committed	-	-	-	-
Total all other governmental funds	<u>\$ 14,021,566</u>	<u>\$ 37,995,877</u>	<u>\$ 76,407,151</u>	<u>\$ 135,790,067</u>
Total governmental funds	<u>\$ 33,674,157</u>	<u>\$ 60,271,758</u>	<u>\$ 101,938,919</u>	<u>\$ 165,651,284</u>

**Source:** The Balance Sheet Governmental Funds for Rockwall Independent School District

**Notes:**

- <sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.
- <sup>2</sup> Fiscal year 2011, the District implemented GASB 54 which changed the fund balance classifications to Nonspendable, Restricted, Committed, Assigned and Unassigned. See Note 1 to the Basic Financial Statements.

**EXHIBIT S-3**

<b>Fiscal Year</b>					
<b><u>2009</u></b>	<b><u>2010</u><sup>1</sup></b>	<b><u>2011</u><sup>2</sup></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
\$ -	\$ -	\$ 275,575	\$ 143,790	\$ 215,173	\$ 43,817
74,377	82,638	-	-	-	-
-	-	-	-	-	-
-	-	37,099,985	41,417,355	43,211,949	44,101,148
28,063,582	31,167,401	-	-	-	-
<u>\$ 28,137,959</u>	<u>\$ 31,250,039</u>	<u>\$ 37,375,560</u>	<u>\$ 41,561,145</u>	<u>\$ 43,427,122</u>	<u>\$ 44,144,965</u>
\$ -	\$ -	\$ 29,105	\$ 69,703	\$ 67,903	\$ 69,360
17,770,293	31,034,919	-	-	-	-
-	-	14,013,982	16,560,225	16,507,851	15,542,918
-	-	8,305,766	17,226,651	10,915,593	7,775,968
-	-	304,300	865,489	1,193,480	1,628,736
-	-	1,105,575	1,229,264	1,298,923	1,650,596
<u>\$ 17,770,293</u>	<u>\$ 31,034,919</u>	<u>\$ 23,758,728</u>	<u>\$ 35,951,332</u>	<u>\$ 29,983,750</u>	<u>\$ 26,667,578</u>
<u>\$ 45,908,252</u>	<u>\$ 62,284,958</u>	<u>\$ 61,134,288</u>	<u>\$ 77,512,477</u>	<u>\$ 73,410,872</u>	<u>\$ 70,812,543</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS- REVENUES  
LAST TEN FISCAL YEARS (UNAUDITED)**

	<b>Fiscal Year</b>			
	<u>2005</u> As Restated	<u>2006</u> As Restated	<u>2007</u>	<u>2008</u>
Federal sources:				
Federal grants	\$ 2,660,874	\$ 3,435,277	\$ 3,228,237	\$ 3,332,924
Food service	973,995	1,171,758	1,389,739	1,637,878
Total federal sources	<u>\$ 3,634,869</u>	<u>\$ 4,607,035</u>	<u>\$ 4,617,976</u>	<u>\$ 4,970,802</u>
State sources:				
State grants and other	\$ 11,768,461	\$ 11,910,229	\$ 21,091,252	\$ 42,197,565
Food service	78,348	60,327	94,502	107,406
Debt service	145,158	29,253	-	9,500
Capital projects	-	-	-	3,553
Total state sources	<u>\$ 11,991,967</u>	<u>\$ 11,999,809</u>	<u>\$ 21,185,754</u>	<u>\$ 42,318,024</u>
Local sources:				
Local & intermediate sources	\$ 60,036,809	\$ 66,175,440	\$ 68,624,898	\$ 59,858,482
Food service	1,932,439	2,413,455	2,592,649	2,845,097
Debt service	14,839,048	16,295,254	18,539,657	22,767,073
Capital projects	540,620	792,082	1,723,575	2,677,606
Total local sources	<u>\$ 77,348,916</u>	<u>\$ 85,676,231</u>	<u>\$ 91,480,779</u>	<u>\$ 88,148,258</u>
Total revenues	<u>\$ 92,975,752</u>	<u>\$ 102,283,075</u>	<u>\$ 117,284,509</u>	<u>\$ 135,437,084</u>

**Source:** Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds for Rockwall Independent School District

**Note:**

<sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.



EXHIBIT S-4

		Fiscal Year									
		<u>2009</u>	<u>2010</u> <sup>1</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>				
As Restated											
\$	3,246,536	\$	8,902,726	\$	10,454,727	\$	3,936,175	\$	3,816,715	\$	3,893,869
	1,796,738		1,951,503		2,238,863		2,331,675		2,424,305		2,491,514
<u>\$</u>	<u>5,043,274</u>	<u>\$</u>	<u>10,854,229</u>	<u>\$</u>	<u>12,693,590</u>	<u>\$</u>	<u>6,267,850</u>	<u>\$</u>	<u>6,241,020</u>	<u>\$</u>	<u>6,385,383</u>
\$	41,734,309	\$	37,933,399	\$	43,082,792	\$	42,811,924	\$	42,050,291	\$	42,846,908
	109,510		105,666		103,365		29,306		27,422		27,408
	-		-		-		-		-		-
	8,884		8,004		9,657		-		-		-
<u>\$</u>	<u>41,852,703</u>	<u>\$</u>	<u>38,047,069</u>	<u>\$</u>	<u>43,195,814</u>	<u>\$</u>	<u>42,841,230</u>	<u>\$</u>	<u>42,077,713</u>	<u>\$</u>	<u>42,874,316</u>
\$	62,626,616	\$	62,276,165	\$	64,033,619	\$	64,638,274	\$	65,425,630	\$	68,440,430
	3,091,194		2,767,036		2,970,062		3,204,300		3,092,550		3,126,693
	24,334,882		24,370,141		25,147,624		25,230,852		25,382,160		25,810,097
	1,265,985		33,201		32,527		250,501		32,517		9,345
<u>\$</u>	<u>91,318,677</u>	<u>\$</u>	<u>89,446,543</u>	<u>\$</u>	<u>92,183,832</u>	<u>\$</u>	<u>93,323,927</u>	<u>\$</u>	<u>93,932,857</u>	<u>\$</u>	<u>97,386,565</u>
<u>\$</u>	<u>138,214,654</u>	<u>\$</u>	<u>138,347,841</u>	<u>\$</u>	<u>148,073,236</u>	<u>\$</u>	<u>142,433,007</u>	<u>\$</u>	<u>142,251,590</u>	<u>\$</u>	<u>146,646,264</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS- EXPENDITURES AND DEBT SERVICE RATIO  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2005</u> As Restated	<u>2006</u> As Restated	<u>2007</u>	<u>2008</u>
Expenditures:				
Instruction & instruction-related services	\$ 40,936,762	\$ 47,759,318	\$ 58,532,154	\$ 70,233,549
Instructional & school leadership	4,652,073	5,165,182	5,799,682	6,809,009
Support services-Student	11,492,797	13,250,904	15,919,476	19,805,854
Administrative support services	2,760,107	3,331,037	3,647,798	3,347,537
Support services-Nonstudent	9,691,050	12,021,571	13,425,047	14,168,982
Ancillary services	386,537	378,447	347,507	248,394
Debt service-Principal on long-term debt	6,713,127	8,689,479	9,239,092	9,658,447
Debt service-Interest on long-term debt	9,292,104	8,292,446	10,266,621	13,410,531
Debt service-Bond issuance costs and fees	93,324	1,308,240	367,837	1,330,792
Facilities acquisition & construction	21,830,316	8,712,252	42,279,796	27,467,002
Intergovernmental charges	9,075	37,112	37,368	859,228
Total expenditures	<u>\$ 107,857,272</u>	<u>\$ 108,945,988</u>	<u>\$ 159,862,378</u>	<u>\$ 167,339,325</u>
Debt service as a percentage of noncapital expenditures	18.7%	18.2%	16.9%	17.4%

**Source:** Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds  
for Rockwall Independent School District

**Note:**

<sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

**EXHIBIT S-5**

<b>Fiscal Year</b>					
<b><u>2009</u></b>	<b><u>2010</u><sup>1</sup></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
\$ 76,236,424	\$ 70,612,743	\$ 71,204,836	\$ 72,262,022	\$ 70,996,930	\$ 73,552,037
7,540,571	6,956,256	7,453,296	6,997,339	7,237,889	7,781,038
18,574,974	17,925,185	18,771,961	17,957,301	19,144,403	20,121,235
4,056,727	3,944,356	3,841,722	3,503,713	3,217,020	3,302,817
16,095,791	13,735,685	14,825,376	13,451,971	14,162,839	15,219,570
323,592	276,891	373,735	250,163	207,056	225,281
9,350,000	9,735,000	10,120,000	8,615,000	10,530,000	10,869,998
14,833,327	7,221,725	15,457,349	13,966,286	14,763,951	15,723,826
722,835	854,033	790,886	831,220	1,222,869	181,206
109,280,780	6,293,622	6,957,271	3,230,874	18,517,705	2,832,712
942,667	694,448	727,039	616,826	670,928	693,145
<b><u>\$ 257,957,688</u></b>	<b><u>\$ 138,249,944</u></b>	<b><u>\$ 150,523,471</u></b>	<b><u>\$ 141,682,715</u></b>	<b><u>\$ 160,671,590</u></b>	<b><u>\$ 150,502,865</u></b>
16.8%	13.5%	18.4%	16.9%	18.7%	18.1%

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
GOVERNMENTAL FUNDS OTHER FINANCING SOURCES AND USES AND  
NET CHANGE IN FUND BALANCES  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2005</u> As Restated	<u>2006</u> As Restated	<u>2007</u>	<u>2008</u>
<b>Excess of revenues over (under) expenditures</b>	\$ (14,881,520)	\$ (6,662,913)	\$ (42,577,869)	\$ (31,902,241)
<b>Other financing sources (uses)</b>				
Capital-related debt issued (Regular bonds)	13,195,000	82,653,257	84,000,000	90,000,000
Capital-related debt issued (Refunding bonds)	-	-	-	-
Sale of real or personal property	339	16,872	-	237,243
Transfers in	415,516	144,500	813	-
Premium or discount on issuance of bonds	10,019	40,136,854	245,028	3,191,160
Insurance recoveries	-	-	-	-
Other resources	-	-	-	-
Transfers out	(415,516)	(144,500)	(813)	(874,873)
Payments to refunded bond escrow agents	-	-	-	-
Other uses	-	(89,562,522)	-	-
<b>Total other financing sources (uses)</b>	<u>\$ 13,205,358</u>	<u>\$ 33,244,461</u>	<u>\$ 84,245,028</u>	<u>\$ 92,553,530</u>
<b>Extraordinary item source (use)</b>	\$ -	\$ -	\$ -	\$ 3,061,077
<b>Net change in fund balances</b>	<u>\$ (1,676,162)</u>	<u>\$ 26,581,548</u>	<u>\$ 41,667,159</u>	<u>\$ 63,712,366</u>

**Source:** Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds  
for Rockwall Independent School District

**Note:**

<sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.  
Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

EXHIBIT S-6

Fiscal Year					
<u>2009</u>	<u>2010</u> <sup>1</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ (119,743,034)	\$ 97,897	\$ (2,450,235)	\$ 750,292	\$ (18,420,000)	\$ (3,856,601)
-	15,500,000	-	11,115,000	10,600,000	-
-	-	9,425,000	49,620,000	81,564,998	-
-	-	-	-	59,162	166,743
-	693,917	-	2,970,000	623,805	820,838
-	803,809	521,787	7,343,943	11,951,042	-
-	-	-	-	776,947	691,529
-	-	1,120,000	-	-	-
-	(693,917)	-	(70,000)	(223,805)	(420,838)
-	-	(9,767,222)	(55,351,046)	(91,033,754)	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 16,303,809</u>	<u>\$ 1,299,565</u>	<u>\$ 15,627,897</u>	<u>\$ 14,318,395</u>	<u>\$ 1,258,272</u>
\$ -	\$ (25,000)	\$ -	\$ -	\$ -	\$ -
<u>\$ (119,743,034)</u>	<u>\$ 16,376,706</u>	<u>\$ (1,150,670)</u>	<u>\$ 16,378,189</u>	<u>\$ (4,101,605)</u>	<u>\$ (2,598,329)</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Actual Value				Less: Exemptions	Total Assessed Value	Total District Rate <sup>1</sup>
	Residential Property	Rural Acreage	Commercial & Industrial Property	Personal Property			
2005	2,801,921,736	208,718,160	531,630,410	356,502,767	416,240,702	3,482,532,371	1.880
2006 <sup>2</sup>						3,806,707,234	1.880
2007 <sup>2</sup>						4,106,143,297	1.710
2008	3,812,669,079	259,474,164	779,878,540	425,892,917	450,980,102	4,826,934,598	1.470
2009	4,731,380,233	280,042,836	919,786,847	480,695,468	484,981,031	5,926,924,353	1.470
2010	5,175,294,347	269,746,751	996,502,648	464,422,645	497,090,176	6,408,876,215	1.470
2011	5,430,299,192	268,468,475	989,526,661	442,826,999	497,462,016	6,633,659,311	1.470
2012	5,468,501,288	265,772,475	982,440,977	433,735,790	495,947,084	6,654,503,446	1.470
2013	5,559,724,362	265,702,610	989,006,917	441,405,307	499,932,274	6,755,906,922	1.470
2014	5,603,556,270	268,302,006	1,099,946,944	496,375,802	494,922,973	6,973,258,049	1.460

**Source:** Comptroller of Public Accounts-School District Summary Worksheet

**Notes:**

<sup>1</sup> Per \$100 of assessed value.

<sup>2</sup> Only the total assessed value is available for fiscal years 2006 and 2007.

# Rockwall



Common Purpose ■ 1854 ■ Unified Effort

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	District Direct Rates			Overlapping Rates <sup>1</sup>			
	Maintenance and Operations	Debt Service	Total	City of Rockwall	Rockwall County	Collin County	Kaufman County
2005	1.500	0.380	1.880	0.369	0.351	0.250	0.538
2006	1.500	0.380	1.880	0.425	0.351	0.245	0.562
2007	1.330	0.380	1.710	0.487	0.351	0.245	0.562
2008	1.040	0.430	1.470	0.503	0.375	0.243	0.557
2009	1.040	0.430	1.470	0.503	0.375	0.243	0.547
2010	1.040	0.430	1.470	0.503	0.386	0.240	0.557
2011	1.040	0.430	1.470	0.503	0.386	0.240	0.557
2012	1.040	0.430	1.470	0.503	0.386	0.240	0.499
2013	1.040	0.430	1.470	0.503	0.396	0.238	0.557
2014	1.040	0.420	1.460	0.503	0.396	0.235	0.557

**Source:** Texas State Comptroller's Office and appropriate governmental entities' Tax Departments

**Notes:**

<sup>1</sup> Includes levies for operating and debt service costs.

<sup>2</sup> Rates not established, for years indicated.



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Overlapping Rates <sup>1</sup>

City of Fate	City of Heath	City of McLendon-Chisholm	City of Rowlett	City of Wylie	City of Dallas	Rockwall County MUD #1
0.214	0.343		0.747	0.695	0.742	0.750
0.214	0.343		0.747	0.707	0.729	0.750
0.214	0.343		0.747	0.733	0.748	0.750
0.214	0.343		0.747	0.899	0.748	0.750
0.214	0.343	0.098	0.747	0.899	0.748	0.720
0.247	0.343	0.098	0.747	0.899	0.797	0.720
0.247	0.343	0.098	0.747	0.899	0.797	0.720
0.246	0.343	0.098	0.747	0.899	0.797	0.700
0.266	0.343	0.097	0.747	0.884	0.797	0.650
0.307	0.427	0.097	0.787	0.879	0.797	0.600

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

Taxpayer	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>1</sup>	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value <sup>2</sup>
Oncor Electric Delivery Company	\$ 80,683,840	1	1.2%	\$ -		0.0%
Excel Rockwall, LLC	55,675,990	2	0.8%	-		0.0%
BRE MF Rockwall, LLC C/O The Blackstone Group	47,438,850	3	0.7%	-		0.0%
Bimbo Bakeries	46,015,102	4	0.7%	-		0.0%
Rockwall Crossing, LTD	35,515,640	5	0.5%	-		0.0%
Bella Harbor Hotel Venture, LLC	34,772,370	6	0.5%	-		0.0%
Rockwall Regional Hospital, LLP	30,191,360	7	0.4%	-		0.0%
Allen Foods, Inc.	28,856,560	8	0.4%	-		0.0%
Lake Pointe Medical Center	25,066,110	9	0.4%	28,775,950	2	0.8%
Rockwall Dunhill, LLC	24,831,260	10	0.4%	-		0.0%
TXU Electric Delivery Service	-		0.0%	44,279,270	1	1.3%
Continental Pet Technology	-		0.0%	28,674,629	3	0.8%
Walmart Real Estate	-		0.0%	22,262,152	4	0.6%
Special Products & Manufacturing/WRI Rockwall, LP	-		0.0%	17,130,190	5	0.5%
Rockwall Apartment Associates, LP	-		0.0%	14,590,520	6	0.4%
Southwestern Bell Telephone Co.	-		0.0%	14,232,240	7	0.4%
Lowes Home Centers, Inc.	-		0.0%	11,859,853	8	0.3%
Steger Town Crossing, LP	-		0.0%	11,340,310	9	0.3%
Bent Tree Realty Co.	-		0.0%	9,667,830	10	0.3%
	<u>\$ 409,047,082</u>		<u>5.9%</u>	<u>\$ 202,812,944</u>		<u>5.8%</u>

Source: Rockwall Central Appraisal District

**Notes:**

<sup>1</sup> Total appraised taxable value for 2014 = \$6,973,258,049

<sup>2</sup> Total appraised taxable value for 2005 = \$3,482,532,371

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Taxes Levied <sup>2</sup>	Collected within the Fiscal Year of the Levy			Total Collections to Date <sup>3</sup>	
		Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Total Collections to Tax Levy
2005	71,756,733	71,660,122	99.87%	18,475	71,678,597	99.89%
2006	77,944,008	77,821,802	99.84%	37,608	77,859,410	99.89%
2007	81,416,753	81,275,033	99.83%	21,916	81,296,949	99.85%
2008	76,211,229	76,081,208	99.83%	81	76,081,289	99.83%
2009	81,990,746	81,807,893	99.78%	169	81,808,061	99.78%
2010 <sup>1</sup>	84,087,991	83,874,896	99.75%	78	83,874,974	99.75%
2011	83,935,889	83,709,389	99.73%	43	83,709,432	99.73%
2012	84,277,618	84,003,866	99.68%	123	84,003,990	99.68%
2013	85,553,556	85,161,474	99.54%	69	85,161,543	99.54%
2014	88,585,535	87,447,355	98.72%	69,733	87,517,087	98.79%

**Source:** Rockwall Central Appraisal District

**Notes:**

<sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

<sup>2</sup> The tax levy reflects the original levy, net of any supplements occurring during the year.

<sup>3</sup> Total collections, net of penalties and interest and other judgements, may result in collections that exceed 100% of original levy.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
OUTSTANDING DEBT BY TYPE<sup>1</sup>  
LAST TEN FISCAL YEARS (UNAUDITED)**

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	General Obligation Bonds	Loans Payable	Capital Leases			
2005	217,453,143	3,565,000	282,453	221,300,596	16.36%	6,616
2006	244,140,605	2,885,000	116,626	247,142,231	16.21%	6,794
2007	323,169,870	2,160,000	26,139	325,356,009	19.86%	8,617
2008	408,785,371	1,510,000	-	410,295,371	22.24%	10,623
2009	403,615,541	1,035,000	-	404,650,541	21.92%	10,378
2010 <sup>3</sup>	412,590,902	530,000	-	413,120,902	20.01%	9,843
2011	405,854,752	-	-	405,854,752	17.49%	9,277
2012	409,792,125	-	-	409,792,125	16.62%	8,978
2013	415,929,576	-	-	415,929,576	16.30%	8,905
2014	408,198,882	-	-	408,198,882	15.30%	8,599

**Notes:**

<sup>1</sup> Details of the District's outstanding debt can be found in the notes to the financial statements.

<sup>2</sup> Refer to Exhibit S-14 for Per Capita personal income information.

<sup>3</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
FOR THE YEAR ENDED JUNE 30, 2014 (UNAUDITED)**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable <sup>1</sup></b>	<b>Estimated Share of Direct and Overlapping Debt</b>
City of Rockwall	\$ 153,483,155 <sup>2</sup>	100.00%	\$ 153,483,155
Rockwall County	152,985,722	52.98%	81,051,836
Collin County	393,350,000 <sup>2</sup>	0.01%	39,335
Kaufman County	20,512,111 <sup>2</sup>	0.22%	45,127
City of Fate	9,754,288 <sup>2</sup>	4.07%	397,000
City of Heath	28,085,000 <sup>2</sup>	100.00%	28,085,000
City of McLendon-Chisholm	-	100.00%	-
City of Rowlett	109,000,000 <sup>2</sup>	8.00%	8,720,000
City of Wylie	108,336,648 <sup>2</sup>	0.32%	346,677
City of Dallas	5,000,000,000 <sup>2</sup>	0.13%	6,500,000
Rockwall County MUD #1	14,395,000 <sup>3</sup>	1.85%	266,308
Subtotal, overlapping bonded debt			\$ 278,934,438
<b>Rockwall Independent School District debt outstanding</b>			<b>\$ 408,198,882</b>
<b>Total direct and overlapping debt</b>			<b>\$ 687,133,320</b>
<b>Ratio of (net) general bonded debt to the estimated actual property value</b>			<b>5.85%</b>

**Source:** Taxable value data used to estimate applicable percentages provided by the Rockwall Central Appraisal District. Debt outstanding data provided by each governmental unit.

**Notes:**

schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and

<sup>1</sup> The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

<sup>2</sup> Information not available for 2014. Used Debt Outstanding as of FYE 2013. City of Dallas CAFR as of FYE 2012.

<sup>3</sup> Municipal Utility Districts (MUDs) debt obtained from [www.texastransparency.org](http://www.texastransparency.org).

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS (UNAUDITED)**

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	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt limit	\$ 348,253,237	\$ 380,670,723	\$ 410,614,330	\$ 482,693,460
Total net debt applicable to limit	<u>221,300,596</u>	<u>247,142,231</u>	<u>325,356,009</u>	<u>410,295,371</u>
Legal debt margin	<u>\$ 126,952,641</u>	<u>\$ 133,528,492</u>	<u>\$ 85,258,321</u>	<u>\$ 72,398,089</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>63.55%</u>	<u>64.92%</u>	<u>79.24%</u>	<u>85.00%</u>

**Note:**

<sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.  
Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

**EXHIBIT S-13**

**Legal Debt Margin Calculation for Fiscal Year 2014:**

Assessed value	\$ 6,973,258,049
Debt limit (10% of assessed value)	<u>\$ 697,325,805</u>
Debt applicable to limit	<u>(408,198,882)</u>
Legal debt margin	<u><u>\$ 289,126,923</u></u>

<u>2009</u>	<u>2010</u> <sup>1</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 592,692,435	\$ 640,887,622	\$ 663,365,931	\$ 665,450,345	\$ 675,590,692	\$ 697,325,805
<u>404,650,541</u>	<u>413,120,902</u>	<u>405,854,752</u>	<u>409,792,125</u>	<u>415,929,576</u>	<u>408,198,882</u>
<u><u>\$ 188,041,894</u></u>	<u><u>\$ 227,766,720</u></u>	<u><u>\$ 257,511,179</u></u>	<u><u>\$ 255,658,220</u></u>	<u><u>\$ 259,661,116</u></u>	<u><u>\$ 289,126,923</u></u>
<u>68.27%</u>	<u>64.46%</u>	<u>61.18%</u>	<u>61.58%</u>	<u>61.57%</u>	<u>58.54%</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS (UNAUDITED)**

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<b>Period Ending</b>	<b>Population <sup>1</sup></b>	<b>Personal Income <sup>1</sup> (thousands of dollars)</b>	<b>Per Capita Personal Income (dollars)</b>	<b>Unemployment Rate <sup>2</sup></b>
2005	33,450	1,353,028	40,449	4.70%
2006	36,377	1,524,568	41,910	4.40%
2007	37,757	1,637,947	43,381	3.90%
2008	38,623	1,844,991	47,769	4.60%
2009	38,993	1,845,974	47,341	7.10%
2010	41,971	2,065,034	49,201	7.40%
2011	43,750	2,320,346	53,036	7.20%
2012	45,646	2,464,978	54,002	6.30%
2013	46,708	2,551,412	54,625	5.80%
2014	47,470	2,668,777	56,220	5.10%

**Sources:**

<sup>1</sup> Information obtained from the City of Rockwall and City of Heath CAFRs

<sup>2</sup> Unemployment rate obtained from the Bureau of Labor and Statistics



**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO (UNAUDITED)**

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Rockwall ISD	1,556	1	3.64%	891	1	2.75%
Lake Pointe Medical Center	700	2	1.64%	560	2	1.73%
Texas Health Presbyterian Hospital	592	3	1.39%			
Walmart Superstore	450	4	1.05%	<sup>1</sup>	4	
Rockwall County	299	5	0.70%	225	5	0.69%
Texas Star Express/Epes Transport	275	6	0.64%	455	3	1.40%
City of Rockwall	266	7	0.62%	223	6	0.69%
Special Products & Manufacturing	205	8	0.48%	180	7	0.55%
Target	200	9	0.47%	<sup>1</sup>	8	
Rockwall Nursing Home	160	10	0.37%	150	9	0.46%
Kohl's Department Store					10	
<b>Total</b>	<b>4,703</b>		<b>11.01%</b>	<b>2,684</b>		<b>8.27%</b>

**Sources:**

Bureau of Labor Statistics provided total labor force numbers - 2014 (42,717); 2005 (32,456)

Rockwall Economic Development Corporation provided 2014 Principal Employers

Individual employers provided 2005 employee numbers

**Note:**

<sup>1</sup> Information not available.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE  
 LAST TEN FISCAL YEARS (UNAUDITED)**

	<b>Full-time-Equivalent Employees</b>			
	<u>2005<sup>1</sup></u>	<u>2006<sup>1</sup></u>	<u>2007<sup>1</sup></u>	<u>2008<sup>1</sup></u>
<b>Teachers</b>	640.3	689.4	775.5	846.5
<b>Professional Support</b>				
Corrective Therapist				
Counselor				
Educational Diagnostician				
Librarian				
Occupational Therapist				
Certified Orientation & Mobility Specialist				
Physical Therapist				
Recreational Therapist				
School Nurse				
LSSP/Psychologist				
Speech Therapist/Speech-Language Pathologist				
Truant Officer/Visiting Teacher				
Teacher Facilitator				
Department Head				
Athletic Trainer				
Other Campus Professional Personnel				
Other Non-Campus Professional Personnel				
<b>Total Professional Support</b>	<u>122.8</u>	<u>140.8</u>	<u>141.9</u>	<u>153.8</u>
<b>Campus Administration</b>				
Assistant Principal				
District Instructional Program Director or Executive Director				
Principal				
Athletic Director				
<b>Total Campus Administration</b>	<u>35.6</u>	<u>37.0</u>	<u>42.3</u>	<u>53.0</u>
<b>Central Administration</b>				
Assistant/Assoc/Deputy Superintendent				
District Instructional Program Director or Executive Director				
Superintendent/Chief Administrative Officer/ CEO/President				
Athletic Director				
Business Manager				
Director of Personnel/HR				
<b>Total Central Administration</b>	<u>14.2</u>	<u>15.8</u>	<u>16.4</u>	<u>23.5</u>
<b>Educational Aides</b>	96.1	105.7	126.4	135.1
<b>Auxiliary Staff</b>	370.4	421.3	435.1	454.9
<b>Total All Full-Time Equivalent Employees</b>	<u>1,279.4</u>	<u>1,410.0</u>	<u>1,537.6</u>	<u>1,666.8</u>

**Source:** Fall Public Education Information Management System (PEIMS) Submissions with full-time equivalent employees

**Notes:**

<sup>1</sup> Detail Staffing FTEs not available for fiscal years 2005, 2006, 2007, 2008 and 2009.

<sup>2</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

<b>Full-time-Equivalent Employees</b>					
<u>2009</u> <sup>1</sup>	<u>2010</u> <sup>2</sup>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
861.4	887.0	907.4	875.0	883.7	902.3
	2.0	2.0	2.0	2.0	2.0
	28.0	28.5	29.0	28.8	30.0
	12.5	12.5	12.0	12.0	13.0
	17.0	15.9	17.0	15.8	18.0
	3.5	4.6	4.6	4.6	4.6
	3.0	3.0	3.0	3.0	3.0
	1.8	1.7	1.7	1.9	1.9
	1.0	1.0	1.0	1.0	1.0
	17.0	16.8	17.0	16.9	18.0
	4.0	4.0	3.0	3.0	4.0
	15.7	15.7	14.9	15.3	17.2
	2.0	1.0			
	4.0	4.0	5.7	6.0	4.3
	58.6	22.0	14.9	15.3	12.7
	2.0	1.9	2.0	2.0	2.0
	19.0	15.3	12.9	14.0	17.0
	22.5	28.5	23.9	25.9	33.6
<u>189.3</u>	<u>213.6</u>	<u>178.4</u>	<u>164.6</u>	<u>167.5</u>	<u>182.3</u>
	27.0	26.9	28.0	28.0	29.1
	0.0	0.0	0.0	0.0	1.0
	18.0	18.0	18.0	18.0	18.0
	2.0	1.5	1.5	1.3	1.0
<u>46.7</u>	<u>47.0</u>	<u>46.4</u>	<u>47.5</u>	<u>47.3</u>	<u>49.1</u>
	4.0	3.0	3.0	4.0	3.0
	19.4	20.0	18.6	20.3	20.3
	1.0	1.0	1.0	1.0	1.0
	0.0	0.0	0.5	0.3	1.0
	2.0	2.0	2.0	1.0	1.0
	2.5	2.5	2.0	1.0	2.0
<u>26.8</u>	<u>28.9</u>	<u>28.5</u>	<u>27.1</u>	<u>27.6</u>	<u>28.3</u>
132.9	114.1	126.1	121.9	120.0	80.1
484.3	526.0	522.4	296.4	291.9	280.2
<u>1,741.4</u>	<u>1,816.6</u>	<u>1,809.2</u>	<u>1,532.5</u>	<u>1,538.0</u>	<u>1,522.3</u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS (UNAUDITED)**

<b>Fiscal Year</b>	<b>Enrollment</b>	<b>Operating Expenditures</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil-Teacher Ratio</b>	<b>Percentage of Students Receiving Free or Reduced-Price Meals</b>
2005	10,545	64,518,529	6,118	3.39 %	640.3	16.5	17.4%
2006	11,519	73,215,750	6,356	3.88 %	689.4	16.7	17.4%
2007	12,468	83,753,778	6,717	5.69 %	775.5	16.1	19.6%
2008	13,027	96,682,201	7,422	10.48 %	846.5	15.4	19.9%
2009	13,372	102,423,674	7,660	3.21 %	861.4	15.5	20.8%
2010 <sup>1</sup>	13,732	95,549,575	6,958	(9.16)%	887.0	15.5	23.4%
2011	13,965	98,121,361	7,026	0.98 %	907.4	15.4	25.9%
2012	14,213	103,766,498	7,301	3.91 %	875.0	16.2	25.5%
2013	14,359	103,263,322	7,192	(1.50)%	883.7	16.2	25.7%
2014	14,626	108,287,499	7,404	2.95 %	902.3	16.2	25.0%

**Source:** PEIMS, AEIS, and District records

**Note:**

<sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30. Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
TEACHER BASE SALARIES  
LAST TEN FISCAL YEARS (UNAUDITED)**

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<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>	<b>District Average Salary</b>	<b>Statewide Average Salary</b>
2005	36,500	48,353	41,309	41,011
2006	37,750	49,288	42,294	41,744
2007	41,550	52,773	46,443	44,897
2008	43,450	54,358	48,536	46,179
2009	44,800	55,593	50,221	47,159
2010 <sup>1</sup>	45,750	56,443	49,732	48,263
2011	46,450	56,691	50,713	48,638
2012	46,050	56,691	50,589	48,375
2013	46,050	64,270	50,948	48,821
2014	46,700	65,381	50,708	<sup>2</sup>

**Source:** TEA reports and District records

**Notes:**

<sup>1</sup> Fiscal year 2010 represents a 10-month transitional year for the period of September 1 through June 30.

Years preceding 2010 are September 1 through August 31 and years following 2010 are July 1 through June 30.

<sup>2</sup> Information not available.

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS (UNAUDITED)**

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>Schools:</b>				
<b>Elementary</b>				
Buildings	10	10	12	12
Square feet	695,015	695,015	892,882	892,882
Enrollment	5,559	6,137	6,667	6,961
<b>Middle</b>				
Buildings	2	2	2	2
Square feet	296,865	296,865	296,865	296,865
Enrollment	1,606	1,759	1,984	2,039
<b>High</b>				
Buildings	2	2	2	2
Square feet	628,711	628,711	628,711	681,970
Enrollment	3,178	3,359	3,548	3,740
<b>Early Childhood Schools</b>				
Buildings	1	1	1	1
Square feet	10,680	10,680	10,680	10,680
Enrollment	202	264	269	287
<b>Total Schools</b>				
<b>Buildings</b>	15	15	17	17
<b>Square feet</b>	1,631,271	1,631,271	1,829,138	1,882,397
<b>Enrollment</b>	10,545	11,519	12,468	13,027
<b>Other RISD Facilities:</b>				
<b>Other Educational Facilities</b>				
Buildings	3	3	3	3
Square feet	55,603	55,603	55,603	55,603
<b>Administrative</b>				
Buildings	1	1	1	1
Square feet	94,132	94,132	94,132	94,132
<b>Facilities Services</b>				
Buildings	3	3	3	3
Square feet	42,790	42,790	42,790	42,790
<b>Athletics</b>				
Stadiums	2	2	2	2
Aquatic Center	-	-	-	-
Running tracks	5	5	5	5
Tennis Courts	2	2	2	2
Softball Fields	2	2	2	2
Baseball Fields	2	2	2	2
Indoor Athletic Fields	1	1	1	1

Source: PEIMS, AEIS, and District records

**EXHIBIT S-19**

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
12	12	12	12	13	13
892,882	892,882	892,882	892,882	984,882	984,882
7,051	7,195	7,332	7,325	7,462	7,458
3	3	3	3	3	3
455,104	492,352	492,352	492,352	492,352	492,352
2,085	2,165	2,167	2,237	2,324	2,380
2	2	2	2	2	2
900,966	900,966	900,966	900,966	900,966	900,966
3,968	4,053	4,185	4,362	4,300	4,406
1	1	1	1	1	1
10,680	10,680	10,680	10,680	10,680	10,680
268	319	281	289	273	382
18	18	18	18	19	19
2,259,632	2,296,880	2,296,880	2,296,880	2,388,880	2,388,880
13,372	13,732	13,965	14,213	14,359	14,626
3	3	3	3	3	3
55,603	55,603	55,603	55,603	55,603	55,603
1	1	1	1	1	1
94,132	94,132	94,132	94,132	94,132	94,132
3	3	3	3	3	3
42,790	42,790	42,790	42,790	42,790	42,790
2	2	2	2	2	2
1	1	1	1	1	1
5	5	5	5	5	5
2	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2

# Rockwall



Common Purpose ■ 1854 ■ Unified Effort



**OVERALL COMPLIANCE AND  
INTERNAL CONTROLS SECTION**

# Rockwall



Common Purpose ■ 1854 ■ Unified Effort



**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**

To the Board of Trustees  
Rockwall Independent School District

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, the business-type activities, each major fund, and the aggregate remaining fund information of Rockwall Independent School District (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

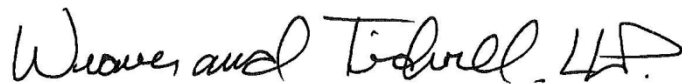
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 the 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.



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 12, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

To the Board of Trustees  
Rockwall Independent School District

**Report on Compliance for Each Major Federal Program**

We have audited Rockwall Independent School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The 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 the 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 the 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 the District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the 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 for the year ended June 30, 2014.

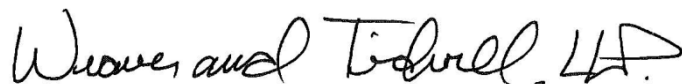
## Report on Internal Control Over Compliance

Management of the 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 the 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 the District's internal control over compliance.

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

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



WEAVER AND TIDWELL, L.L.P.

Dallas, Texas  
November 12, 2014

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**I. Summary of the Auditor's Results:**

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
  - Significant deficiency(ies) identified that are not considered a material weakness? \_\_\_\_\_ Yes      X   None Reported
- c. Noncompliance material to financial statements noted \_\_\_\_\_ Yes      X   No

Major Programs

- d. Internal control over major programs:
- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
  - Significant deficiency(ies) identified that are not considered a material weakness? \_\_\_\_\_ Yes      X   None Reported
- e. An unmodified opinion was issued on compliance for major programs.
- f. Any audit findings disclosed that were required to be reported under Section 510(a) or OMB Circular A-133. \_\_\_\_\_ Yes      X   No
- g. Identification of major programs:
- |  |                |
|--|----------------|
| Title I, Part A – Improving Basic Programs | 84.010         |
| Special Education Cluster                  | 84.027, 84.173 |
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$300,000
- i. Auditee qualified as a low-risk auditee.   X   Yes    \_\_\_\_\_ No

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**II. Findings Relating To The Financial Statements Which Are To Be Reported In Accordance With  
*Generally Accepted Government Auditing Standards:***

None

**III. Findings And Questioned Costs For Federal Awards Including Audit Findings As Described  
Above In I.b:**

None

**IV. Prior Year Findings and Questioned Costs:**

None



**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

(1) Federal and State/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(2A) Pass-Through Entity Identifying Number	(3) Federal Expenditures
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<u>Passed Through Education Service Center, Region X:</u>			
Head Start	93.600	06CH0391	\$ 224,622
Total Passed Through Education Service Center, Region X			<u>224,622</u>
<u>Passed Through Aldine ISD:</u>			
MAC Program	93.778	199-901	6,544
			<u>6,544</u>
Total Department of Health and Human Services			<u>231,166</u>
<b><u>U S DEPARTMENT OF EDUCATION:</u></b>			
<u>Passed Through the State Department of Education</u>			
ESEA Title I Part A Cluster			
ESEA Title I Part A- Improving Basic Programs*	84.010	13610101199901	755,906
Special Education Cluster (IDEA)			
IDEA- Part B, Fomula*	84.027	136600011999016600	1,920,959
IDEA- Part B, Preschool*	84.173	136610011999016610	16,998
Vocational Education- Basic Grant	84.048	13420006199901	85,914
ESEA Title III, Part A, LEP	84.365	13671001057950	109,904
ESEA Title II, Part A, Teacher Principal Training	84.367	13694501199901	162,834
Summer School LEP	84.369A	69551302	8,904
Total Passed Through State Department of Education			<u>3,061,419</u>
Total Department of Education			<u>3,061,419</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<u>Passed Through the State Department of Education</u>			
Child Nutrition Cluster			
National School Breakfast Program	10.553	71400701	403,897
National School Lunch Program	10.555	71300701	1,696,650
Commodity Supplemental Food Program	10.555	199002A	322,440
Summer Food Service Program	10.559	N/A	68,527
Total Passed Through State Department of Education			<u>2,491,514</u>
Total Department of Agriculture			<u>2,491,514</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 5,784,099</u>

\* Denotes Major Federal Program

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014**

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1. The District utilizes the funds specified in the Texas Education Agency Resource Guide.

**Special Revenue Funds** – are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes by a grantor. Federal and state awards generally are accounted for in the general fund and in special revenue funds. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the general fund and special revenue funds, which are governmental funds. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for the governmental funds. Accordingly, the schedule of expenditures of federal awards was prepared under this basis of accounting, which requires that revenues are recognized in the accounting period in which they become susceptible to accrual, i.e., both measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.
4. The following table reconciles total expenditures per the schedule of expenditures of federal awards (Exhibit K-1) to the federal program revenues per Exhibit C-2:

Total expenditures of federal awards per Exhibit K-1	\$ 5,784,099
SHARS revenue	<u>601,284</u>
Total federal programs revenue per Exhibit C-2	<u><u>\$ 6,385,383</u></u>

**ROCKWALL INDEPENDENT SCHOOL DISTRICT  
SCHOOL FIRST QUESTIONNAIRE (UNAUDITED)  
FOR THE YEAR ENDED JUNE 30, 2014**

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<u>Data Control Codes</u>		<u>Response</u>
SF2	Were there any disclosures in the Comprehensive 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 Comprehensive Annual Financial Report?	Yes
SF5	Did the Comprehensive Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Comprehensive Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year-end:	\$ 70,920,625