

JUNCTION INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED AUGUST 31, 2013

JUNCTION INDEPENDENT SCHOOL DISTRICT
 ANNUAL FINANCIAL REPORT
 for the Year Ended August 31, 2013

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CERTIFICATE OF BOARD

Junction Independent School District
Name of School District

Kimble
County

134-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) _____ approved _____ disapproved for the year ended August 31, 2013, at a meeting of the board of trustees of such school district on the 11th day of December, 2013 .

Signature of Board **Secretary**

Signature of Board **President**

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

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EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799
Email: edecpa@hotmail.com

UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION

Independent Auditor's Report

Board of Trustees
Junction Independent School District
1700 College St.
Junction, TX 76849

Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Junction Independent School District as of and for the year ended August 31, 2013, 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, each major fund, and the aggregate remaining fund information of the Junction Independent School District, as of August 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on page 7 through 12, 36 through 37 and 42 through 43, 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

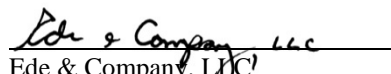
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Junction Independent School District's basic financial statements. The exhibits identified in the Table of Contents as J-1 through J-4 are presented for purposes of additional analysis 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 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 schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The exhibits identified in the Table of Contents as J-1 through J-4 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 2, 2013, on our consideration of the Junction Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Junction Independent School District's internal control over financial reporting and compliance.


Ede & Company, LLC
Certified Public Accountants
Knippa, Texas

November 2, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Junction Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2013. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position were \$6,381.4 at August 31, 2013.
- During the year, the District's expenses were \$200,922 less than the \$6,449,892 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs was virtually unchanged from last year, and no new programs were added this year.
- The general fund reported a fund balance this year of \$1,840,269.

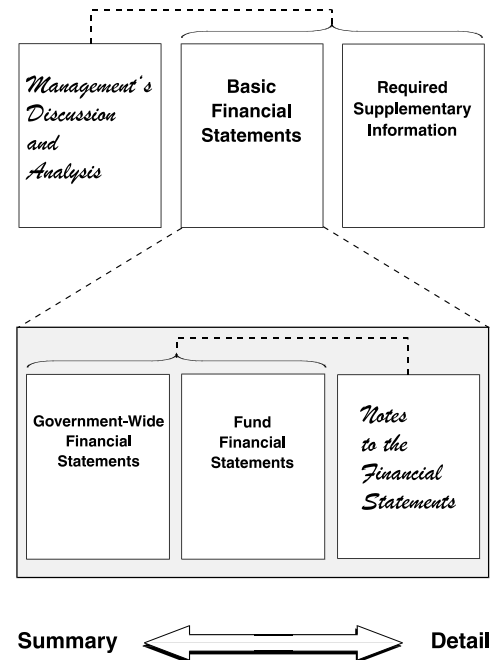
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities is one way to measure the District's financial health or *position*.

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position were \$6,381.4 thousand at August 31, 2013. (See Table A-1).

Table A-1
Junction Independent School District's Position
(in thousands dollars)

	Governmental Activities		Total Percentage Change
	2013	2012	2013-2012
Current assets:			
Cash and cash equivalents	\$ 2,065.4	\$ 1,916.6	7.8%
Property taxes receivable	125.3	142.5	-12.1%
Allowance for uncollectible taxes	(10.0)	(11.4)	-12.3%
Due from other governments	83.5	112.7	-25.9%
Internal balances	-	-	-
Other receivables	-	-	-
Total current assets	<u>2,264.2</u>	<u>2,160.4</u>	<u>4.8%</u>

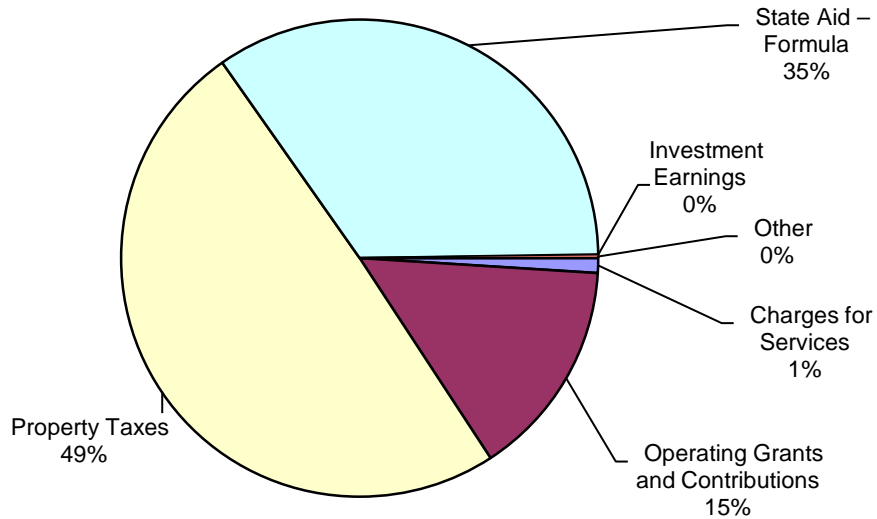
Noncurrent assets:			
Capital Assets	9,267.6	9,126.7	1.5%
Less accumulated depreciation	<u>(4,852.2)</u>	<u>(4,720.8)</u>	<u>2.8%</u>
Total noncurrent assets	<u>4,415.4</u>	<u>4,405.9</u>	<u>0.2%</u>
Total Assets	<u>6,679.6</u>	<u>6,566.4</u>	<u>1.7%</u>
Current liabilities:			
Accounts payable	58.7	21.2	176.9%
Payroll deductions and withholdings	6.9	5.6	23.2%
Accrued wages payable	227.3	217.0	4.7%
Due to other governments	-	-	0.0%
Accrued expenses	5.3	5.2	1.9%
Deferred revenue	-	138.4	-100.0%
Total current liabilities	<u>298.2</u>	<u>387.4</u>	<u>-23.0%</u>
Long-term liabilities:			
Capital lease payable	-	-	0.0%
Total Liabilities	<u>298.2</u>	<u>387.4</u>	<u>-23.0%</u>
Net Position:			
Invested in capital assets	4,415.4	4,405.9	0.2%
Restricted for Federal & State Programs	10.5	22.6	-53.5%
Unrestricted	1,955.5	1,750.5	11.7%
Total Net Position	<u>\$ 6,381.4</u>	<u>\$ 6,179.0</u>	<u>3.3%</u>

The \$1,955.5 thousand of unrestricted net asset represents the sources available to fund the programs of the District next year.

Changes in net position. The District's total revenues were \$6,449.9 thousand. A significant portion, 49 percent, of the District's revenue comes from taxes. (See Figure A-3.) 35 percent comes from state aid – formula grants, while only 1 percent relates to charges for services.

The total cost of all programs and services was \$6,249.0 thousand 54 percent of these costs are for instructional and student services.

Figure A-3 2013 Revenue Sources



Governmental Activities

- Property tax rates remained the same in 2013, however a 8.9 percent increase in values resulted in the increase of tax revenues from \$2,945.5 thousand to \$3,192.4 thousand.

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

	Governmental Activities		Percentage Change 2013-2012
	2013	2012	
Program Revenues:			
Charges for Services	\$ 64.5	\$ 66.6	-3.2%
Operating Grants and Contributions	952.3	981.3	-3.0%
General Revenue			
Property Taxes	3,192.4	2,945.5	8.4%
State Aid - Formula	2,225.4	2,235.0	-0.4%
Investment Earnings	3.8	4.0	-5.0%
Other	11.5	2.1	447.6%
Total Revenue	<u>6,449.9</u>	<u>6,234.5</u>	<u>3.5%</u>
Instruction	3,389.1	3,441.2	-1.5%
Instructional Resources and Media Services	63.5	61.4	3.4%
Curriculum and Instructional Staff Development	86.6	93.9	-7.8%
School Leadership	294.1	302.5	-2.8%
Guidance Counseling and Evaluation Services	111.0	111.6	-0.5%
Health Services	58.3	60.3	-3.3%
Student (Pupil) Transportation	233.3	216.8	7.6%
Food Services	297.1	283.4	4.8%
Cocurricular/Extracurricular Activities	424.4	452.6	-6.2%
General Administration	327.2	324.9	0.7%
Plant Maintenance and Operations	618.6	610.4	1.3%
Security and Monitoring Services	5.5	-	100.0%
Data Processing Service	146.5	144.7	1.2%
Community Services	1.7	2.8	-39.3%
Payments to Fiscal Agent	113.8	130.9	-13.1%
Other Intergovernment Charges	78.3	66.3	18.1%
Total Expense	<u>6,249.0</u>	<u>6,303.7</u>	<u>-0.9%</u>
Excess (Deficiency) Before Other Resources, Uses & Transfers	200.9	(69.2)	-390.3%
Other Resources (Uses)	<u>-</u>	<u>-</u>	<u>0.0%</u>
Increase (Decrease) in Net Position	<u>\$ 200.9</u>	<u>\$ (69.2)</u>	<u>-390.3%</u>

Figure A-4 2013 Expenses by Function

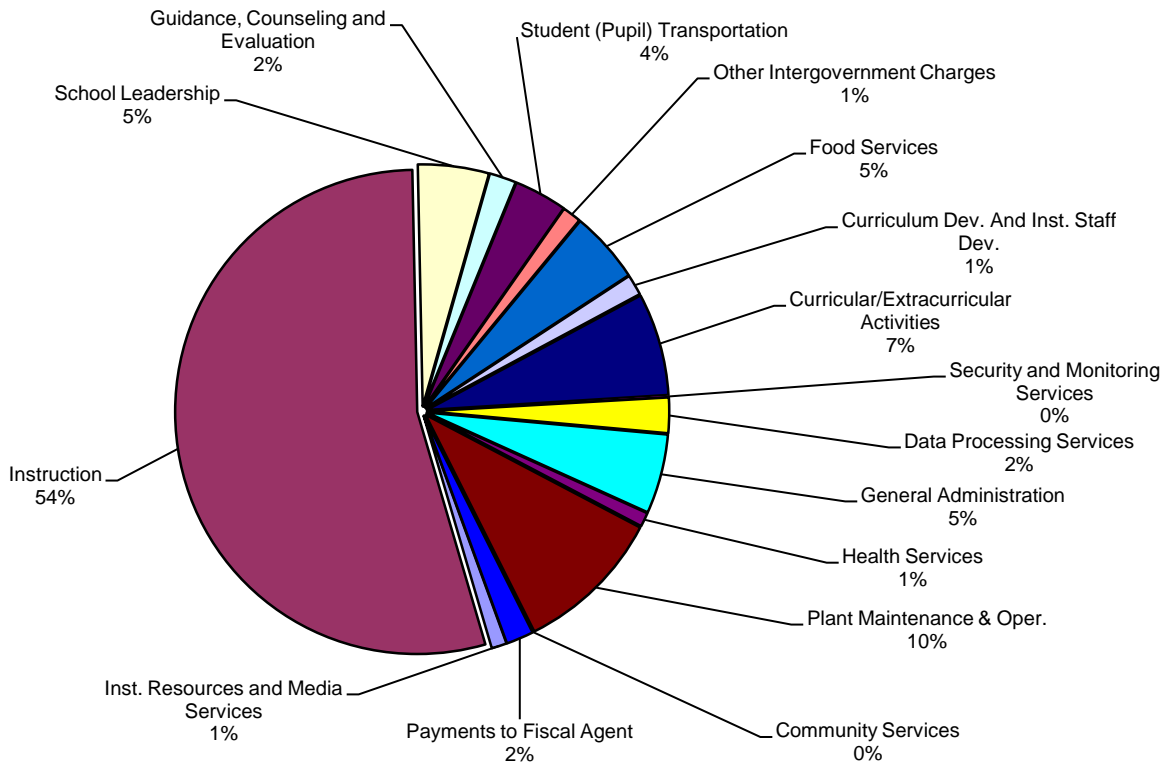


Table A-3 presents the cost of each of the District's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

- The cost of all *governmental* activities this year was \$6,249.0 thousand.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$3,192.4 thousand.
- Some of the cost was paid by those who directly benefited from the programs \$64.5 thousand, or
- By grants and contributions \$952.3 thousand.

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

	Total Costs of Services			Net Cost of Services		
	2013	2012	Percent Change	2013	2012	Percent Change
Instructional	\$ 3,389.1	\$ 3,441.2	-1.5%	\$ 2,808.8	\$ 2,737.2	2.6%
School Administration	327.2	324.9	0.7%	315.4	313.6	0.6%
Plant Maintenance & Operations	618.6	610.4	1.3%	508.0	594.9	-14.6%
Cocurricular/Extracurricular	424.4	452.6	-6.2%	408.4	431.4	-5.3%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types totaled \$6,449.9 compared to \$6,234.4 thousand, in the prior year.

General Fund Budgetary Highlights

Over the course of the year, the District amended its budget as needed, with these adjustments, actual expenditures were \$163,933 below final budget amounts. Also, resources available were \$328,489 above the final budgeted amount. Some reasons for these differences are:

- Changes in personnel during the year.
- Major items and services were less than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had invested \$8,773.4 in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.) This amount represents no change (including additions and deductions) over last year.

Table A-4
District's Capital Assets
(in thousands of dollars)

	Governmental Activities		Percentage Change 2013-2012
	2013	2012	
Land	\$ 429.6	\$ 408.5	5.2%
Construction in Progress	-	-	0.0%
Building and Improvements	7,497.1	7,398.9	1.3%
Furniture & Equipment	1,341.0	1,319.3	1.6%
Totals at historical cost	9,267.7	9,126.7	1.5%
Total Accumulated Depreciation	(4,852.2)	(4,720.8)	2.8%
Net Capital Assets	\$ 4,415.5	\$ 4,405.9	0.2%

Long Term Debt

The District had no outstanding debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- There is no appreciable change in appraised value used for the 2014 budget preparation.
- Tax rates remained the same in 2014 at \$.9533.
- State funding is subject to legislative cuts.

These indicators were taken into account when adopting the general fund budget for 2014. Amounts available for appropriation in the general fund budget are approximately \$5.8 million, with no major increase over the final 2012

Expenditures are budgeted remain constant at approximately \$5.8 million. The District continues to coordinate local funds with federal funds to optimize instructional programs.

If these estimates are realized, the District's budgetary general fund fund balance is expected to remain the same by the close of 2014.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Office.

BASIC FINANCIAL STATEMENTS

JUNCTION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2013

Data Control Codes	1 Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 2,065,448
1220 Property Taxes Receivable (Delinquent)	125,250
1230 Allowance for Uncollectible Taxes	(10,017)
1240 Due from Other Governments	83,492
1267 Due from Fiduciary Fund	37
1290 Other Receivable, net	-
Capital Assets:	
1510 Land	429,517
1520 Buildings, Net	3,712,404
1530 Furniture & Fixtures, Net	273,515
1000 Total Assets	6,679,646
LIABILITIES	
2110 Accounts Payable	58,706
2150 Payroll Deductions and Withholdings	6,946
2160 Accrued Wages Payable	227,322
2200 Accrued Expenses	5,253
2300 Unearned Revenue	-
2000 Total Liabilities	298,227
NET POSITION	
3200 Invested in Capital Assets, Net of Related Debt	4,415,436
3820 Restricted for Federal and State Programs	10,485
3900 Unrestricted Net Position	1,955,498
3000 Total Net Position	\$ 6,381,419

The accompanying notes are an integral part of this statement.

JUNCTION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
AUGUST 31, 2013

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		3	4	6	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
GOVERNMENTAL ACTIVITIES:					
11	Instruction	\$ 3,389,094	\$ 4,200	\$ 576,076	\$ (2,808,818)
12	Instructional Resources and Media Services	63,522	-	3,299	(60,223)
13	Curriculum and Staff Development	86,588	-	9,102	(77,486)
21	Instructional Leadership	-	-	-	-
23	School Leadership	294,041	-	16,020	(278,021)
31	Guidance Counseling and Evaluation Services	111,006	-	6,192	(104,814)
33	Health Services	58,317	-	3,442	(54,875)
34	Student (Pupil) Transportation	233,306	-	6,105	(227,201)
35	Food Services	297,116	52,516	192,511	(52,089)
36	Extracurricular Activities	424,386	7,775	8,261	(408,350)
41	General Administration	327,185	-	11,787	(315,398)
51	Facilities Maintenance and Operations	618,638	-	110,639	(507,999)
52	Security and Monitoring Services	5,482	-	-	(5,482)
53	Data Processing Services	146,483	-	7,368	(139,115)
61	Community Services	1,716	-	1,453	(263)
93	Payments related to Shared Services Arrangement	113,839	-	-	(113,839)
99	Other Intergovernment Charges	78,251	-	-	(78,251)
	TG Total governmental activities	<u>\$ 6,248,970</u>	<u>\$ 64,491</u>	<u>\$ 952,255</u>	<u>\$ (5,232,224)</u>
Data					
Control	General revenues:				
Codes	Taxes:				
MT	Property taxes, levied for general purposes			3,192,385	
DT	Property taxes, levied for debt service			-	
SF	State aid-formula grants			2,225,422	
GC	Grants and contributions not restricted to specific programs				
IE	Investment earnings			3,820	
MI	Miscellaneous			11,519	
FR	Transfers In (Out)			-	
TR	Total general revenues, and transfers			<u>5,433,146</u>	
CN			Change in net position	<u>200,922</u>	
NB	Net position—beginning			<u>6,180,497</u>	
NE	Net position—ending			<u>\$ 6,381,419</u>	

The accompanying notes are an integral part of this statement.

JUNCTION INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes	10 General Fund	20 Special Revenue Funds
ASSETS		
1110	\$ 2,054,844	\$ 10,604
1220	125,250	21,624
1230	(10,017)	-
1240	61,868	-
1267	37	-
1290	-	-
1000	<u>\$ 2,231,982</u>	<u>\$ 32,228</u>
LIABILITIES		
2110	\$ 56,913	\$ 1,793
2120	6,946	-
2160	208,841	18,481
2200	3,784	1,469
2300	-	-
2000	<u>276,484</u>	<u>21,743</u>
DEFERRED INFLOWS OF RESOURCES		
2601	115,229	-
2600	<u>115,229</u>	<u>-</u>
FUND BALANCE		
Restricted Fund Balance:		
3450	-	10,485
Committed Fund Balance:		
3510	484,621	-
3530	484,621	-
3545	126,123	-
Unassigned Fund Balance:		
3600	744,904	-
3000	<u>1,840,269</u>	<u>10,485</u>
4000	<u>\$ 2,231,982</u>	<u>\$ 32,228</u>

The accompanying notes are an integral part of this statement.

98
 Total Governmental
Funds

\$ 2,065,448
 146,874
 (10,017)
 61,868
 37
 -
\$ 2,264,210

\$ 58,706
 6,946
 227,322
 5,253
 -
298,227

115,229
115,229

10,485
 484,621
 484,621
 126,123
 744,904
1,850,754
\$ 2,264,210

JUNCTION INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds	\$ 1,850,754
<p>1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$9,126,704 and accumulate depreciation was \$4,720,771. The net effect of including the beginning balances for the capital assets (net of depreciation) in the governmental activities is to increase net position.</p>	4,405,933
<p>2 Current year capital outlays are expended in the fund financial statements, but the should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2013 capital outlays is to increase net position.</p>	262,940
<p>3 The 2013 depreciation expense increased accumulate Depreciation. The net effect on the current year's depreciation is to decrease net position.</p>	(253,437)
<p>4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.</p>	115,229
19 Net Position of Governmental Activities	\$ 6,381,419

The accompanying notes are an integral part of this statement.

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JUNCTION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED AUGUST 31, 2013

Data	10	20
Control	General	Special Revenue
Codes	Fund	Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 3,293,374	\$ 52,528
5800 State Program Revenues	2,450,288	58,294
5900 Federal Program Revenues	<u>13,451</u>	<u>599,326</u>
5020 Total Revenue	<u>5,757,113</u>	<u>710,148</u>
EXPENDITURES:		
Current:		
0011 Instruction	2,964,565	310,006
0012 Instructional Resources and Media Services	63,522	-
0013 Curriculum and Instructional Staff Development	79,626	6,962
0021 Instructional Leadership	-	-
0023 School Leadership	294,041	-
0031 Guidance Counseling and Evaluation Services	111,006	-
0033 Health Services	58,317	-
0034 Student (Pupil) Transportation	313,317	-
0035 Food Services	6,593	257,116
0036 Extracurricular Activities	397,747	-
0041 General Administration	318,740	-
0051 Facilities Maintenance and Operations	610,811	99,317
0052 Security and Monitoring Services	5,482	-
0053 Data Processing Services	94,073	52,410
0061 Community Service	263	1,453
Capital Outlay:		
0081 Facilities Acquisition and Construction	21,016	-
Intergovernmental:		
0093 Payments to Fiscal Agent/Member Districts of SSA	113,839	-
0099 Other Intergovernment Charges	<u>78,251</u>	<u>-</u>
6030 Total Expenditures	<u>5,531,209</u>	<u>727,264</u>
1100 Excess (Deficiency) Revenues Over Expenditures	<u>225,904</u>	<u>(17,116)</u>
OTHER FINANCING SOURCES (USES):		
7915 Operating Transfers In	-	5,000
8911 Operating Transfers Out	<u>(5,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>5,000</u>
1200 Net Change in Fund Balances	220,904	(12,116)
0100 Fund Balance - September 1 (Beginning)	<u>1,619,365</u>	<u>22,601</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,840,269</u>	<u>\$ 10,485</u>

The accompanying notes are an integral part of this statement.

98
Total Governmental
Funds

\$ 3,345,902
2,508,582
<u>612,777</u>
<u>6,467,261</u>

3,274,571
63,522
86,588
-
294,041
111,006
58,317
313,317
263,709
397,747
318,740
710,128
5,482
146,483
1,716

21,016
113,839
78,251
<u>6,258,473</u>

<u>208,788</u>

5,000
<u>(5,000)</u>
<u>-</u>

208,788
1,641,966
<u>\$ 1,850,754</u>

JUNCTION INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

Total Net Change in Fund Balances - Governmental Funds	\$ 208,788
<p>Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2013 capital outlays to increase net position.</p>	262,940
<p>Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect on the current year's depreciation is to decrease net position.</p>	(253,437)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to (decrease) net position.</p>	(17,369)
Change in Net Position of Governmental Activities	\$ 200,922

The accompanying notes are an integral part of this statement.

JUNCTION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED AUGUST 31, 2013

	Agency Funds
ASSETS:	
Cash & Cash Equivalents	\$ 29,018
Due From Other Funds	-
Total Assets	\$ 29,018
LIABILITIES:	
Due to Other Funds	\$ 37
Accrued Wages Payable	-
Due to Student Groups	24,290
Accrued Expenses	4,691
Total Liabilities	\$ 29,018

**JUNCTION INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2013**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Junction 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 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 and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; 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.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. 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 Junction Independent School District nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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 District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

C. 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. 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.

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 [GASB 2300.106a(2) and 1600.108], 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 deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors some times require the District to refund all or part of the unused amount [GASB 2300.106a(2) and 1600.108].

The Fiduciary Funds 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. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. 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. Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes 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

Additionally, the District reports the following fund type(s):

Fiduciary Funds:

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

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

E. OTHER ACCOUNTING POLICIES

1. The District records purchases of supplies as expenditures.
2. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the district. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
3. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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

Buildings, furniture and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Building Improvements	20
Vehicles	5
Office Equipment	5
Computer Equipment	5

4. Risk Management - The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the fiscal year, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.
5. In the fund financial statements, governmental funds report designations for restrictions, commitments, assignments and non-spendable reserves of fund balance of amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of

fund balance have been eliminated from the government-wide financial statements. The unassigned fund balance represents that portion of the fund balance that is available for budgeting in future periods. Commitments and assignments of fund balance may only be done by a resolution of the Board of Trustees. Commitments and assignments may only be relieved by incurring expenditures for that purpose or by Board resolution. Fund balance amounts that are restricted, committed, or assigned are considered to have been spent when the expenditure is incurred for the purpose for which the fund balance was restricted, committed, or assigned. If an expenditure that meets the criteria in more than one fund balance category, then the District considers that the fund balance is relieved in the following order: restricted, committed, assigned, and then unassigned.

6. The Data Control Codes refer to the account code structure prescribed by TEA in the Financial Accountability System Resource Guide. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, and the Food Service Fund (which is included in Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-5 and the other reports are in Exhibit J-4.

The following procedures are followed in establishing the budgetary data reflected in the general-purpose financial statements:

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

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Custodial Credit Risk for Deposits State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not participating in foreign currency transactions.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires a governmental entity 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 authorize the entity to invest in (1) obligations of Use U.S. Treasury, certain U.S. agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Junction Independent School District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2013, Junction Independent School District had the following investments which are reported as cash and cash equivalents on the balance sheet.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		<u>Credit Rating</u>
		<u>(in years)</u>		
		<u>Less Than 1</u>		
Investment Pools	\$ 5,279	\$	5,279	AAA
	<u>\$ 5,279</u>	<u>\$</u>	<u>5,279</u>	

Credit Risk To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments to depository bank certificates of deposits and state sponsored investment pools.

Custodial Credit Risk for Investments To limit 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 investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District investments in both depository bank certificates of deposits and state sponsored investment pools.

Interest Rate Risk To limit the risk that changes in interest rates will adversely affect the fair value of

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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 Fund 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.

D. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at August 31, 2013 and Interfund transfers for the year ended August 31, 2013 consisted of the following individual fund balances:

Interfund Balance	<u>From Other Funds</u>	<u>To Other Funds</u>
General Fund:		
Trust & Agency	\$ 37	\$ -
Total General Fund	<u>37</u>	<u>-</u>
Trust & Agency		
General Fund	<u>-</u>	<u>37</u>
Total Trust & Agency Fund	<u>-</u>	<u>37</u>
Total Interfund Balances	<u>\$ 37</u>	<u>\$ 37</u>
 Interfund Transfers		
General Fund:		
Special Revenue Fund	\$ -	\$ 5,000
Total General Fund	<u>-</u>	<u>5,000</u>
Special Revenue Fund:		
General Fund	<u>5,000</u>	<u>-</u>
Total Special Revenue Fund	<u>5,000</u>	<u>-</u>
TOTAL	<u>\$ 5,000</u>	<u>\$ 5,000</u>

The District had not cleared all interfund receivables and payables at the end of the year. All amounts are scheduled to be repaid within one year.

E. CAPITAL ASSET ACTIVITY

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

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 408,501	\$ 21,016	\$ -	\$ 429,517
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>408,501</u>	<u>21,016</u>	<u>-</u>	<u>429,517</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	7,398,942	98,204	-	7,497,146
Furniture and Equipment	1,319,261	143,720	121,994	1,340,987
Total capital assets being depreciated	<u>8,718,203</u>	<u>241,924</u>	<u>121,994</u>	<u>8,838,133</u>
Less accumulated depreciation for:				
Buildings and Improvements	3,603,787	180,955	-	3,784,742
Furniture and Equipment	1,116,984	72,482	121,994	1,067,472
Total accumulated depreciation	<u>4,720,771</u>	<u>253,437</u>	<u>121,994</u>	<u>4,852,214</u>
Total capital assets being depreciated, net	<u>3,997,432</u>	<u>(11,513)</u>	<u>-</u>	<u>3,985,919</u>
Governmental activities capital assets, net	<u><u>\$4,405,933</u></u>	<u><u>\$ 9,503</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,415,436</u></u>

Depreciation was charged to functions as follows:

Instruction	\$ 114,523
Student Transportation	63,709
Food Services	33,407
Cocurricular/Extracurricular	26,639
General Administration	8,445
Plant Maintenance and Operations	6,714
	<u><u>\$ 253,437</u></u>

F. 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 writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) the state constitution requires the legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation of all members of the system; (2) a state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contribution rates and contributions for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting 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.

Contribution Rates and Contribution Amounts

Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2013	6.40%	\$ 235,507	6.00%	\$ 210,737	\$ 22,510
2012	6.40%	244,113	6.00%	225,485	22,038
2011	6.40%	250,850	6.64%	244,310	25,597

G. SCHOOL DISTRICT RETIREE HEALTH PLAN

Plan Description. The District contributes to TRS-Care, a cost-sharing multiple-employer defined benefit postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under TRS. 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. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

Funding Policy. Contribution requirements are not actuarially determined, but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for fee basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2013-2011.

Contribution Rates and Contribution Amounts

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2013	0.65%	\$ 23,919	1.00%	\$ 1,611	0.55%	\$ 20,239
2012	0.65%	24,793	1.00%	2,978	0.55%	20,978
2011	0.65%	25,441	0.50%	3,824	0.55%	21,527

H. MEDICARE PART D – ON BEHALF PAYMENTS

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which became effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (“TRS-Care”) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments must be recognized as equal revenues and expenditures/expenses by the District. These payments totaled \$14,129, \$8,926, and \$9,419 for fiscal years 2013, 2012, and 2011, respectively.

I. HEALTH CARE COVERAGE

The District sponsors a modified self-insurance plan to provide health care benefits to staff. During the year ended August 31, 2013, employees of the District were covered by health insurance plan (the Plan). The District paid premiums of \$150 per month per employee to the plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a licensed insurer. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

The contract between the District and the licensed insurer is renewed September 1, 2013, and terms of coverage and premium costs are included in the contractual provisions.

J. DUE FROM STATE AGENCIES

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. 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 August 31, 2013, are summarized below. All federal grants shown below are passed through the TEA.

<u>FUND</u>	<u>STATE ENTITLEMENT</u>	<u>FEDERAL GRANT</u>	<u>TOTAL</u>
General	\$ 61,868	\$ -	\$ 61,868
Special Revenue	-	21,624	21,624
	<u>\$ 61,868</u>	<u>\$ 21,624</u>	<u>\$ 83,492</u>

K. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Property Taxes	\$ 3,209,754	\$ -	\$ 3,209,754
Penalties & Interest and Other			
Tax -related Income	56,318	-	56,318
Investment Income	3,808	12	3,820
Tuition & Fees	-	-	-
Food Sales	-	52,516	52,516
Rent	4,200	-	4,200
Co-curricular Student Activities	7,775	-	7,775
Other	11,519	-	11,519
Shared Service Arrangement	-	-	-
	<u>\$ 3,293,374</u>	<u>\$ 52,528</u>	<u>\$ 3,345,902</u>

L. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District participates in numerous State and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2013 may be impaired. In the opinion of the District, there were no significant contingent liabilities relating to compliance with rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

M. LITIGATION

The District is occasionally involved in litigation in the general course of business. Attorneys for the District indicate that the Junction Independent School District has no pending or threatened litigation as of August 31, 2013. No provision has been made in the financial statements regarding these matters.

N. UNFAVORABLE BUDGET VARIANCE

The District had unfavorable budget variances in the following areas:

Child Nutrition Program	
Function 35	\$17,721

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REQUIRED TEA SCHEDULES

JUNCTION INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED AUGUST 31, 2013

Data	Budgeted Amounts	
Control	Original	Final
Codes	Original	Final
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 3,012,174	\$ 3,023,569
5800 State Program Revenues	2,389,055	2,389,055
5900 Federal Program Revenues	16,000	16,000
5020 Total Revenue	<u>5,417,229</u>	<u>5,428,624</u>
EXPENDITURES:		
Current:		
0011 Instruction	2,960,421	3,043,783
0012 Instructional Resources and Media Services	69,507	65,507
0013 Curriculum and Instructional Staff Development	75,817	79,817
0021 Instructional Leadership	-	-
0023 School Leadership	307,463	297,463
0031 Guidance Counseling and Evaluation Services	115,452	115,452
0033 Health Services	61,389	59,389
0034 Student (Pupil) Transportation	210,553	360,974
0035 Food Services	11,300	7,300
0036 Cocurricular/Extracurricular Activities	399,859	403,959
0041 General Administration	309,668	319,537
0051 Plant Maintenance and Operations	592,167	626,943
0052 Security and Monitoring Services	-	5,685
0053 Data Processing Services	104,782	95,782
0061 Community Service	410	394
Capital Outlay:		-
0081 Facilities Acquisition and Construction	-	21,016
Intergovernmental:		
0093 Payments to Fiscal Agent/Member Districts of SSA	113,840	113,840
0099 Other Intergovernment Charges	79,601	78,301
6030 Total Expenditures	<u>5,412,229</u>	<u>5,695,142</u>
1100 Excess (Deficiency) Revenues Over Expenditures	<u>5,000</u>	<u>(266,518)</u>
OTHER FINANCING SOURCES (USES):		
7915 Operating Transfers In	-	-
8911 Operating Transfers Out	(5,000)	(5,000)
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>
1200 Net Change in Fund Balances	-	(271,518)
0100 Fund Balance - September 1 (Beginning)	<u>1,619,365</u>	<u>1,619,365</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 1,619,365</u>	<u>\$ 1,347,847</u>

The accompanying notes are an integral part of this statement.

Actual Amounts (GAAP Basis)	Variance With Final Budget Positive or (Negative)
\$ 3,293,374	\$ 269,805
2,450,288	61,233
13,451	(2,549)
<u>5,757,113</u>	<u>328,489</u>
2,964,565	79,218
63,522	1,985
79,626	191
-	-
294,041	3,422
111,006	4,446
58,317	1,072
313,317	47,657
6,593	707
397,747	6,212
318,740	797
610,811	16,132
5,482	203
94,073	1,709
263	131
21,016	-
113,839	1
78,251	50
<u>5,531,209</u>	<u>163,933</u>
<u>225,904</u>	<u>492,422</u>
-	-
(5,000)	-
<u>(5,000)</u>	<u>-</u>
220,904	492,422
1,619,365	-
<u>\$ 1,840,269</u>	<u>\$ 492,422</u>

JUNCTION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2013

For Years Ended August 31	(1) Tax Rates		(3) Assessed/Appraised Value For School Tax Purposes	(10) Beginning Balance 9/1/2012
	Maintenance	Debt Service		
2004 and prior years	Various	Various	Various	19,572
2005	1.48000	-	192,695,823	3,272
2006	1.43000	-	211,358,708	4,333
2007	1.21000	-	237,473,738	5,220
2008	0.95000	-	262,695,056	4,487
2009	0.95000	-	265,140,796	9,476
2010	0.95330	-	280,591,844	19,821
2011	0.95330	-	293,487,599	23,608
2012	0.95330	-	309,243,575	52,688
2013 (School year under audit)	0.95330	-	337,012,063	
1000 TOTALS				142,478

(20) Current Year's Total Levy	(31) Maintenance Total Collections	(32) Debt Service Total Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
	1,752	-	5,926	11,893
	482	-	59	2,731
	814	-	57	3,462
	1,423	-	2	3,795
	1,385	-	-	3,102
	5,749	-	(861)	4,588
	11,782	-	(796)	8,835
	10,467	-	(823)	13,965
	35,460	-	811	16,417
<u>3,212,736</u>	<u>3,140,441</u>	<u>-</u>	<u>15,834</u>	<u>56,461</u>
<u><u>3,212,736</u></u>	<u><u>3,209,754</u></u>	<u><u>-</u></u>	<u><u>20,211</u></u>	<u><u>125,249</u></u>

JUNCTION INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 YEAR ENDED AUGUST 31, 2013

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COSTS

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ 614	\$ -	\$ 137,436	\$ 85,458	\$ 1	\$ -	\$ 223,510
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)				-			-
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)				-			-
6211	Legal Services	3,942	-	-		-	-	3,942
6212	Audit Services				10,000			10,000
6213	Tax Appraisal and Collection		57,888					57,888
621X	Other Prof. Services	-	-	800	-	990	-	1,790
6220	Tuition and Transfer Payments							-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair							-
6250	Utilities							-
6260	Rentals	-	-	665	-	-	-	665
6290	Miscellaneous Contr.	-	-	-	-	-	-	-
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	2,126	-	1,482	628	1,550	-	5,787
6410	Travel, Subsistence, Stipends	-	-	22	506	-	-	528
6420	Ins. and Bonding Costs	1,263	-	-	-	1,706	-	2,969
6430	Election Costs	6,641						6,641
6490	Miscellaneous Operating	475	-	782	830	2,933	-	5,019
6500	Debt Service							-
6600	Capital Outlay							-
6000	TOTAL	\$ 15,061	\$ 57,888	\$ 141,188	\$ 97,422	\$ 7,180	\$ -	\$ 318,740

Total expenditures/expenses for General and Special Revenue Funds 9 \$6,258,473

LESS: Deductions of Unallowable Costs

		FISCAL YEAR	
Total Capital Outlay (6600)	10	\$	326,775
Total Debt & Lease (6500)	11		-
Plant Maintenance (Function 51, 6100-6400)	12		611,924
Food (Function 35, 6341 and 6499)	13		99,486
Stipends (6413)	14		-
Column 4 (above) - Total Indirect Cost			97,422
Sub Total			<u>1,135,607</u>
Net Allowed Direct Cost			<u>\$5,122,866</u>

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	15	\$7,497,146
Historical Cost of Buildings Over 50 Years Old	16	-
Amount of Federal Money in Building Cost (Net of #16)	17	-
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	18	1,340,987
Historical Cost of Furniture & Equipment Over 16 Years Old	19	161,704
Amount of Federal Money in Furniture & Equipment (Net of Above)	20	-

(8) Note A - No Function 53 or 99 expenditures are included in this report on administrative costs.

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JUNCTION INDEPENDENT SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 CHILD NUTRITION PROGRAM
 YEAR ENDED AUGUST 31, 2013

Data	Budgeted Amounts		
Control	Original	Final	
Codes			
REVENUES:			
5700	Total Local and Intermediate Sources	\$ 53,010	\$ 53,010
5800	State Program Revenues	1,700	1,700
5900	Federal Program Revenues	179,685	179,685
5020	Total Revenue	<u>234,395</u>	<u>234,395</u>
EXPENDITURES:			
Current:			
0035	Food Services	239,395	239,395
6030	Total Expenditures	<u>239,395</u>	<u>239,395</u>
1100	Excess (Deficiency) Revenues Over Expenditures	<u>(5,000)</u>	<u>(5,000)</u>
OTHER FINANCING SOURCES (USES):			
7915	Operating Transfers In	5,000	5,000
	Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>
1200	Net Change in Fund Balances	<u>-</u>	<u>-</u>
0100	Fund Balance - September 1 (Beginning)	22,601	22,601
1300	Cumulative Effect - Change in Accounting	-	-
3000	Fund Balance - August 31 (Ending)	<u>\$ 22,601</u>	<u>\$ 22,601</u>

The accompanying notes are an integral part of this statement.

<u>Actual Amounts</u> <u>(GAAP Basis)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive or (Negative)</u>
\$ 52,528	\$ (482)
1,554	(146)
<u>185,918</u>	<u>6,233</u>
<u>240,000</u>	<u>5,605</u>
<u>257,116</u>	<u>(17,721)</u>
<u>257,116</u>	<u>(17,721)</u>
<u>(17,116)</u>	<u>(12,116)</u>
<u>5,000</u>	<u>-</u>
<u>5,000</u>	<u>-</u>
<u>(12,116)</u>	<u>(12,116)</u>
22,601	-
-	-
<u>\$ 10,485</u>	<u>\$ (12,116)</u>

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OVERALL COMPLIANCE, INTERNAL CONTROLS
AND FEDERAL AWARDS SECTION

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EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799
Email: edecpa@hotmail.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

Independent Auditor's Report

Board of Trustees
Junction Independent School District
1700 College St.
Junction, TX 76849

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Junction Independent School District, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Junction Independent School District's basic financial statements, and have issued our report thereon dated November 2, 2013.

Internal Control Over Financial Reporting

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

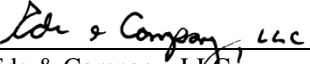
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination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

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

Compliance and Other Matters

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

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.



Ede & Company, LLC
Certified Public Accountants
Knippa, Texas

November 2, 2013

EDE & COMPANY, LLC

Certified Public Accountants

Eric Ede
Donna Ede Jones

P. O. Box 219
Knippa, Texas 78870
Telephone (830) 934-2148
Fax (830) 934-2799
Email: edecpa@hotmail.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Junction Independent School District
1700 College St.
Junction, TX 76849

Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited Junction Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Junction Independent School District's major federal programs for the year ended August 31, 2013. Junction Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Junction Independent School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Junction Independent School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Junction Independent School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Junction Independent School District's, 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 August 31, 2013.

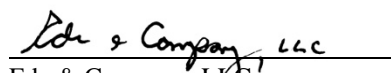
Report on Internal Control Over Compliance

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

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

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


Ede & Company, LLC
Certified Public Accountants
Knippa, Texas

November 2, 2013

**JUNCTION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2013**

I. Summary of the Auditor's Results:

- a. We have issued an unqualified opinion on the financial statements of the Junction Independent School District.
- b. No significant deficiencies in internal controls were disclosed by the audit of the financial statements.
- c. Our audit disclosed no instances of noncompliance which were material to the financial statements of the Junction Independent School District.
- d. Our audit disclosed no significant deficiencies in internal control over major programs.
- e. We have issued an unqualified opinion on the District's compliance with laws and regulations for major programs.
- f. Our audit disclosed no findings which we are required to report under section .510(a).
- g. The following programs were identified as major programs:
 - CFDA #84.010 Title I, Part A
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The Junction Independent School District does qualify as a low-risk auditee.

II. Findings Relating to the Financial Statements Which are Required To Be Reported in Accordance with Generally Accepted Government Auditing Standards.

2013.01 The District's expenditures exceeded the amount budgeted in the following functions:

Function 35 by \$ 17,721 in the Child Nutrition Program

III. Findings and Questioned Costs For Federal Awards Including Audit Findings as Described in If Above

- a. There were no findings or questioned costs involving Federal programs.

**JUNCTION INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2013**

There were no findings or questioned cost in the prior year.

**JUNCTION INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2013**

N/A

JUNCTION INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2013

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Direct Programs</u>			
Title VI, Part B REAP	84.358A	S358A122362	\$ 9,643
Total Direct Programs			<u>\$ 9,643</u>
<u>Passed through State Dept. of Education</u>			
ESEA Title I, Part A, Improving Basis Programs	84.010A	13610101134901	\$ 199,669
ESEA Title I, Part A, Improving Basis Programs	84.010A	14610101134901	14,895
Total CFDA Number 84.010			<u>214,564</u>
ESEA Title II , Part A Teacher & Principal Training	84.367A	13694501134901	38,521
ESEA Title II , Part A Teacher & Principal Training	84.367A	14694501134901	2,190
Total CFDA Number 84.367A			<u>40,710</u>
Total Passed Through State Dept. of Education			<u>\$ 264,918</u>
<u>Passed Through Menard Special Ed CO-OP</u>			
* IDEA B Forumla	84.027A	136600011649016600	\$ 45,747
Total CFDA Number 84.027A			<u>45,747</u>
* IDEA B Preschool *	84.173A	136600011649016600	4,539
* Total CFDA Number 84.243A			<u>4,539</u>
Total Passed Through Menard Special Ed Coop			<u>\$ 50,286</u>
TOTAL DEPARTMENT OF EDUCATION			<u><u>\$ 315,203</u></u>
U.S DEPARTMENT OF ENERGY			
<u>Passed Through The State Comptroller</u>			
State Energy Program	81.041	CM1332	\$ 98,204
Total CFDA Number 81.041			<u>98,204</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u><u>\$ 98,204</u></u>
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through State Dept. of Education</u>			
* National School Lunch & Breakfast Program - Cash	10.553	71400901	\$ 171,293
* Non Cash Assistance Lunch & Breakfast Programs	10.553	71400901	14,625
Total Passed Through State Dept. of Education			<u>\$ 185,919</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u><u>\$ 185,919</u></u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 599,326</u></u>

* Clustered Programs as required by Compliance Supplement March 2001.

**JUNCTION INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2013**

1. For all Federal programs, the District utilizes the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund determined by its measurement focus. The governmental Fund types and Expendable Trust Fund are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund Types, the Expendable Trust Fund, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i. e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General 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 a 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 Availability of Federal Funds, Part 3, *OMB Circular A-133 Compliance Supplement-Provisional 6/97*.
4. CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Summer Food Service Program (CFDA 10.559), the Commodity Supplemental Food Program (CFDA 10.565), and the Food Distribution Program on Indian Reservations (CFDA 10.567). USDA deleted this number from the CFDA on May 6, 2008. The audit covering Junction Independent School District fiscal year beginning September 1 2011, and future audits, will therefore identify commodity assistance by the CFDA numbers of the programs under which USDA donated the commodities.

SCHOOLS FIRST QUESTIONNAIRE

JUNCTION INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2013

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end..	N/A