

ALEDO INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED**

AUGUST 31, 2015

ALEDO INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF THE BOARD

Aledo Independent School District
Name of School District

Parker
County

184-907
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, 2015, at a meeting of the board of trustees of such school district on the 11th day of January, 2016.



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)

KIRK, RICHARDSON & POOLE, P. C.

Certified Public Accountants

Tom Kirk, CPA	Don Richardson, CPA	Cindy Poole, CPA
7559 John T. White Road	P. O. Box 8342	Fort Worth, Texas 76124
(817) 451-7406		Fax (817) 451-7597

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District (the "District") as of and for the year ended August 31, 2015, 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 District, as of August 31, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note I to the financial statements, during fiscal year 2015, the District adopted new accounting guidance prescribed by GASB 68 – Accounting and Financial Reporting for Pensions (“GASB 68”) for its pension plan – a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation. Because GASB 68 implements new measurement criteria and reporting provisions, significant information has been added to the Government-wide Statements. Exhibit A-1 Statement of Net Position discloses the District’s net pension liability and some deferred resource outflows and deferred resource inflows related to the District’s pension plan. Exhibit B-1 Statement of Activities discloses the adjustment to the District’s beginning net position. Our opinion is not modified with respect to the 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 7-13 and 60 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. Also included as required supplementary information are the schedule of the District’s proportionate share of the net pension liability – Teacher Retirement System of Texas and schedule of District contributions – Teacher Retirement System of Texas on pages 61 and 62 respectively. 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 combining fund financial statements 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 combining fund financial statements, the schedule of expenditures of federal awards, and the required Texas Education Agency schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, the schedule of expenditures of federal awards, and the required Texas Education Agency schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1, J-4 and J-5.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on internal control over financial reports and compliance with 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.

Kirk, Richardson & Poole, P.C.

Kirk, Richardson & Poole P.C.
Fort Worth, Texas
January 7, 2016

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015
UNAUDITED

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended August 31, 2015. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- The District implemented GASB 68 –Accounting and Financial Reporting for Pensions during the current fiscal year. More detailed information concerning the effect of implementation can be found in Note 1 in the Notes to the Financial Statements. A prior period adjustment of (\$4,098,728) to the government-wide financial statement of activities resulted from implementing GASB 68.
- Unlimited Tax Refunding Bonds, Series 2015, in the amount of \$13,195,000, were issued to refund a portion of outstanding Unlimited Tax School Building Bonds, Series 2005-B, Unlimited Tax School Building Bonds, Series 2006-A, and Unlimited Tax School Building Bonds, Series 2008. Additional information regarding this refunding issue can be found in the Notes to the Financial Statement.
- Unlimited Tax School Building Bonds, Series 2015-A, in the amount of \$47,075,000, were issued for the construction, acquisition and equipment of school buildings in the District, including the purchase of new school buses.
- District rated “Superior Achievement” in financial management based on 20 financial indicators of the TEA Financial Integrity Rating System of Texas.
- Ending fund balance for the General Fund was \$13,687,465, a decrease of \$3,163,220 from the prior fiscal year. The General Fund subsidized the Debt Service Fund by transferring \$2,565,000 to this fund. This actual decrease was less than the projected decrease of \$4,052,710. The District continues to be prudent by “setting aside” funds for future District operating costs in light of state funding changes.
- The School District and Appraisal District continue to be efficient in collecting ad valorem taxes.
- Governmental funds reported combined ending fund balances of \$67,332,095, a net increase of \$48,312,658 over the prior fiscal year. The Capital Projects Fund, which includes the Unlimited Tax School Building Bonds, Series 2015-A, increased by \$51,545,692. This amount was offset by decreases of \$3,163,220, \$19,612, and \$50,202 within the General Fund, Debt Service Fund, and Other Funds respectively.
- The District's net position, including business-type activities, was (\$37,250,033) at the close of the fiscal year. Of this amount, (\$2,035,295) is unrestricted net position.

Overview of the Financial Statements

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

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015
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Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has several business-type activities. There are no component units for which it is financially accountable.

Fund financial statements. 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 requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

- Some funds are required by State law and/or bond covenants.
- Other funds may be established by the Board to control and manage money for particular purposes or to show that it is properly using certain taxes or grants.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District adopts an annual appropriated budget for its general fund, debt service fund and food

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015
UNAUDITED

service fund. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

- **Proprietary funds.** Proprietary funds are used to account for on-going organizations and activities where net income and capital maintenance are measured. All related assets, liabilities, equities, revenues, expenses, non-operating revenues and expenses, and transfers are accounted for through the fund affected. Generally accepted accounting principles that apply to similar businesses in the private sector are applicable to proprietary type funds, as net income and financial position are to be determined. These funds utilize the accrual basis of accounting. The District had several enterprise funds during the year. A budget is not required to be approved by the District's Board of Trustees. Expenses of an enterprise operation, including depreciation, are generally intended to be financed or recovered primarily through user charges, rather than from governmental grants or subsidies.
- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the financial statements. The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$37,250,033 as of August 31, 2015.

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015
UNAUDITED

The District's Net Position

	August 31, 2015	August 31, 2014
ASSETS		
Current assets	\$ 71,650,221	\$ 21,756,892
Capital assets	108,501,775	112,881,288
Total assets	<u>180,151,996</u>	<u>134,638,180</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge for refunding	11,029,721	4,216,471
Deferred outflow related to TRS	989,394	0
Total deferred outflows of resources	<u>12,019,115</u>	<u>4,216,471</u>
LIABILITIES		
Current liabilities	4,183,507	2,573,514
Long-term liabilities	220,513,434	164,561,820
Net pension liability (District share)	3,617,576	0
Total Liabilities	<u>228,314,517</u>	<u>167,135,334</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to TRS	<u>1,106,627</u>	<u>0</u>
NET POSITION		
Net investment in capital assets	(41,228,549)	(34,042,071)
Restricted	6,013,811	1,627,493
Unrestricted	<u>(2,035,295)</u>	<u>4,133,895</u>
Total net position	<u><u>\$(37,250,033)</u></u>	<u><u>\$(28,280,683)</u></u>

Investment in capital assets (e.g., land, buildings and improvements, furniture and equipment and instruction in progress) less any related debt used to acquire those assets that is still outstanding is a negative \$41,228,549. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the District's net position, \$6,013,811 represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net position (\$2,035,295), including \$229,331 for business-type activities.

Governmental activities. The District's Governmental Activities decreased \$4,896,856 from current fiscal year operations plus \$4,098,728 prior period adjustment related to implementing GASB 68 for a total decrease of \$8,995,584. Business-type activities increased \$26,234 from current fiscal year operations.

The total cost of all governmental activities this year was \$55,507,520. The amount that our taxpayers paid for these activities through property taxes was \$37,242,947 or 67%. State aid – formula grants contributed \$5,854,579, or 11%, toward the cost of governmental activities. Additional revenues from charges for services of \$3,090,259, operating grants and contributions of \$4,078,556, and other revenues of \$344,323 were also used to fund governmental activities during the fiscal year. The total cost of the business-type activities was \$213,480 and charges for services were \$239,714.

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015
UNAUDITED

Changes in the District's Net Position

	August 31, 2015	August 31, 2014
REVENUES		
Program revenues		
Charges for services	\$ 3,090,259	\$ 3,006,789
Operating grants and contributions	4,078,556	3,418,297
General revenues		
Property taxes	37,242,947	35,959,165
State-aid formula	5,854,579	5,270,585
Grants and contributions not restricted	1,897	946
Other	342,426	297,590
Total revenues	<u>50,610,664</u>	<u>47,953,372</u>
EXPENSES		
Instruction	27,723,102	25,969,391
Instructional resources and media services	555,788	532,051
Curriculum and staff development	388,141	401,948
Instructional leadership	421,217	271,872
School leadership	3,030,140	2,917,176
Guidance, counseling and evaluation services	1,323,495	1,278,270
Health services	421,900	402,023
Student transportation	2,204,799	14,838
Food service	2,185,023	2,049,761
Cocurricular/extracurricular activities	2,340,452	2,400,592
General administration	1,783,258	1,606,609
Plant maintenance and operations	4,750,199	4,841,779
Security and monitoring services	609,991	612,548
Data processing services	1,223,628	445,759
Debt service – interest on long-term debt	4,431,950	6,420,661
Debt service – bond issuance costs and fees	824,569	269,880
Capital outlay	0	0
Payments to other governments	1,289,868	3,578,065
Total expenses	<u>55,507,520</u>	<u>54,013,223</u>
NET POSITION		
Increase (decrease) in net position	(4,896,856)	(6,059,851)
Net business-type activities	26,234	(7,029)
Total increase (decrease) in net position	<u>(4,870,622)</u>	<u>(6,066,880)</u>
Beginning net position	(28,280,683)	(22,213,803)
Prior period adjustment	(4,098,728)	0
Ending net position	<u>\$(37,250,033)</u>	<u>\$(28,280,683)</u>

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, bond covenants, and segregation for particular purposes.

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

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015
UNAUDITED

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 a fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$67,332,095, a net increase of \$48,312,658.

The general fund is the primary operating fund of the District. At the end of the current fiscal year the fund balance within the General Fund was \$13,687,465, all unassigned, that may be used at the District's discretion. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to the total fund expenditures. The fund balance represents 35 percent of the total general fund expenditures.

The fund balance of the District's general fund decreased \$3,163,220 primarily for reasons as previously stated.

The debt service fund has a total fund balance of \$558,959, all of which is restricted for the payment of debt service. The net decrease in the debt service fund balance was \$19,612.

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment purchases. The fund balance of the District's capital projects fund was \$52,453,904. The net increase in fund balance for the fiscal year ended August 31, 2015, was \$51,545,692, primarily from the issuance of new bonds for future construction.

General Fund Budgetary Highlights

Over the course of the year, the District recommended, and Board approved revisions to budgeted revenue and appropriations. The General Fund most significant amendment was to increase Function 11 – Instruction by \$1,470,000 for additional cost not included in the original budget. The Debt Service Fund was amended to recognize the additional cost associated with the issuance of refunding bonds during the year.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2015, amounts to \$108,501,775 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress.

District's Capital Assets (net of depreciation)

	August 31, 2015	August 31, 2014
Land	\$ 6,745,838	\$ 6,745,838
Construction in progress	0	2,650,686
Buildings and improvements	100,116,709	102,122,041
Furniture and equipment	1,639,228	1,362,723
Total	<u>\$108,501,775</u>	<u>\$112,881,288</u>

Additional information on the District's capital assets can be found in the notes to the financial statements.

ALEDO INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2015
UNAUDITED

Long-term debt. As previously stated, the District issued Unlimited Tax Refunding Bonds, Series 2015, in the amount of \$13,195,000 to refund a portion of outstanding Unlimited Tax School Building Bonds, Series 2005-B, Unlimited Tax School Building Bonds, Series 2006-A, and Unlimited Tax School Building Bonds, Series 2008. Additional information regarding this refunding issue can be found in the notes to the financial statements.

The "AAA" long-term rating on the District's Texas bonds reflects the Texas Permanent School Fund guarantee. The "AA" Fitch Ratings underlying rating on the District's unenhanced debt reflects the District's: (1) strong assessed value growth, (2) changing property tax base that is becoming more suburban and less agriculture and rural, (3) improved financial performance and position due to the implementation of its financial recovery plan, and (4) moderate overall debt levels with future capital needs, which the District expects to finance through debt issuance. Source: Fitch Ratings.

Economic Factors and Next Year's Budgets and Rates

- The District's 2014-2015 student attendance rate remained stable at 96.5%. This is the same student attendance rate the District had in 2013-2014. The 2014-2015 student enrollment growth was 182 students, a 3.7% increase.
- Following is the outlook for the 2015-2016 fiscal year:
 - The most recent demographic projection of student enrollment growth forecasts an additional 185 students, a 3.7% increase.
 - The 2015 certified taxable value of all property in the District was \$2,893,054,230, an increase in value of \$241,781,573, or 9.12%, from the 2014 certified taxable value.
 - The Maintenance and Operations tax rate was adopted at \$1.17 per \$100 valuation and the Debt Service tax rate was adopted at \$0.4250 per \$100 valuation for a total tax rate of \$1.5950 per \$100 valuation. The increase of \$0.1698 in the Debt Service tax rate was attributable to the 2015 bond program (\$0.0851) and the General Fund no longer subsidizing the I&S rate (\$0.0847). This was the first increase in the District's total tax rate since the 2008-2009 fiscal year, a period of seven years.
 - Due to the increase in taxable property values, 2015-2016 budgeted local revenues in the General Fund increased to \$33,639,825 while budgeted state revenues and other resources decreased slightly to \$6,924,745 as a result of the increase in taxable property values. This results in total 2015-2016 budgeted General Fund revenues of \$40,564,570 with General Fund expenditures budgeted at \$41,209,156. The budgeted difference of \$644,586 will reduce the fund balance in the General Fund.
 - Due to the increases in taxable property values and Debt Service tax rate, 2015-2016 budgeted local revenues in the Debt Service Fund increased to \$11,721,815 with budgeted expenditures increasing to \$11,721,815. This increase in budgeted Debt Service expenditures is attributable to the sale of Unlimited Tax School Building Bonds, Series 2015-A in August, 2015. The fund balance in the Debt Service Fund is projected to remain stable at \$578,571.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Aledo ISD Business Office.

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BASIC FINANCIAL STATEMENTS

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ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2015

EXHIBIT A-1

Data Control Codes	1	2	3
	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 53,481,091	\$ 316,066	\$ 53,797,157
1120 Current Investments	15,305,851	-	15,305,851
1220 Property Taxes Receivable (Delinquent)	907,469	-	907,469
1230 Allowance for Uncollectible Taxes	(446,362)	-	(446,362)
1240 Due from Other Governments	2,035,137	-	2,035,137
1300 Inventories	50,969	-	50,969
Capital Assets:			
1510 Land	6,745,838	-	6,745,838
1520 Buildings, Net	100,116,709	-	100,116,709
1530 Furniture and Equipment, Net	1,639,228	-	1,639,228
1000 Total Assets	<u>179,835,930</u>	<u>316,066</u>	<u>180,151,996</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701 Deferred Charge for Refunding	11,029,721	-	11,029,721
1705 Deferred Outflow Related to TRS	989,394	-	989,394
1700 Total Deferred Outflows of Resources	<u>12,019,115</u>	<u>-</u>	<u>12,019,115</u>
LIABILITIES			
2110 Accounts Payable	2,155,104	86,735	2,241,839
2140 Interest Payable	555,819	-	555,819
2150 Payroll Deductions & Withholdings	95,346	-	95,346
2160 Accrued Wages Payable	1,223,351	-	1,223,351
2200 Accrued Expenses	23,260	-	23,260
2300 Unearned Revenue	43,892	-	43,892
Noncurrent Liabilities			
2501 Due Within One Year	3,059,989	-	3,059,989
2502 Due in More Than One Year	217,453,445	-	217,453,445
2540 Net Pension Liability (District's Share)	3,617,576	-	3,617,576
2000 Total Liabilities	<u>228,227,782</u>	<u>86,735</u>	<u>228,314,517</u>
DEFERRED INFLOWS OF RESOURCES			
2605 Deferred Inflow Related to TRS	1,106,627	-	1,106,627
2600 Total Deferred Inflows of Resources	<u>1,106,627</u>	<u>-</u>	<u>1,106,627</u>
NET POSITION			
3200 Net Investment in Capital Assets	(41,228,549)	-	(41,228,549)
Restricted:			
3820 Restricted for Federal and State Programs	308,396	-	308,396
3850 Restricted for Debt Service	3,140	-	3,140
3860 Restricted for Capital Projects	5,378,904	-	5,378,904
3870 Restricted for Campus Activities	323,371	-	323,371
3900 Unrestricted	(2,264,626)	229,331	(2,035,295)
3000 Total Net Position	<u>\$ (37,479,364)</u>	<u>\$ 229,331</u>	<u>\$ (37,250,033)</u>

The notes to the financial statements are an integral part of this statement.

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	1 Expenses	Program Revenues	
		3 Charges for Services	4 Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 27,723,102	\$ 351,089	\$ 2,752,470
12 Instructional Resources and Media Services	555,788	-	24,229
13 Curriculum and Staff Development	388,141	-	81,335
21 Instructional Leadership	421,217	-	21,494
23 School Leadership	3,030,140	-	123,157
31 Guidance, Counseling and Evaluation Services	1,323,495	-	225,657
33 Health Services	421,900	-	22,734
34 Student (Pupil) Transportation	2,204,799	-	-
35 Food Services	2,185,023	1,637,643	526,636
36 Extracurricular Activities	2,340,452	978,817	56,062
41 General Administration	1,783,258	-	159,189
51 Facilities Maintenance and Operations	4,750,199	122,710	45,059
52 Security and Monitoring Services	609,991	-	22,320
53 Data Processing Services	1,223,628	-	2,914
72 Debt Service - Interest on Long Term Debt	4,431,950	-	-
73 Debt Service - Bond Issuance Cost and Fees	824,569	-	-
91 Contracted Instructional Services Between Schools	759,607	-	-
93 Payments related to Shared Services Arrangements	15,300	-	15,300
99 Other Intergovernmental Charges	514,961	-	-
[TG] Total Governmental Activities:	55,507,520	3,090,259	4,078,556
BUSINESS-TYPE ACTIVITIES:			
01 Aledo ISD Pre-K Academy	79,650	79,650	-
02 Bearcat Store	16,451	29,700	-
03 Bearcat Vision	2,097	-	-
04 Community Partners	24,281	12,150	-
06 Stadium/Gym Advertising	91,001	118,214	-
[TB] Total Business-Type Activities:	213,480	239,714	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 55,721,000	\$ 3,329,973	\$ 4,078,556

Data	General Revenues:
Control	Taxes:
Codes	MT Property Taxes, Levied for General Purposes
	DT Property Taxes, Levied for Debt Service
	SF State Aid - Formula Grants
	GC Grants and Contributions not Restricted
	IE Investment Earnings
	MI Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
NE	Net Position--Ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business Type Activities	Total
\$ (24,619,543)	\$ -	\$ (24,619,543)
(531,559)	-	(531,559)
(306,806)	-	(306,806)
(399,723)	-	(399,723)
(2,906,983)	-	(2,906,983)
(1,097,838)	-	(1,097,838)
(399,166)	-	(399,166)
(2,204,799)	-	(2,204,799)
(20,744)	-	(20,744)
(1,305,573)	-	(1,305,573)
(1,624,069)	-	(1,624,069)
(4,582,430)	-	(4,582,430)
(587,671)	-	(587,671)
(1,220,714)	-	(1,220,714)
(4,431,950)	-	(4,431,950)
(824,569)	-	(824,569)
(759,607)	-	(759,607)
-	-	-
(514,961)	-	(514,961)
<u>(48,338,705)</u>	<u>-</u>	<u>(48,338,705)</u>
-	-	-
-	13,249	13,249
-	(2,097)	(2,097)
-	(12,131)	(12,131)
-	27,213	27,213
<u>-</u>	<u>26,234</u>	<u>26,234</u>
<u>(48,338,705)</u>	<u>26,234</u>	<u>(48,312,471)</u>
30,574,129	-	30,574,129
6,668,818	-	6,668,818
5,854,579	-	5,854,579
1,897	-	1,897
14,503	-	14,503
327,923	-	327,923
<u>43,441,849</u>	<u>-</u>	<u>43,441,849</u>
(4,896,856)	26,234	(4,870,622)
(28,483,780)	203,097	(28,280,683)
(4,098,728)	-	(4,098,728)
<u>\$ (37,479,364)</u>	<u>\$ 229,331</u>	<u>\$ (37,250,033)</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 434,067	\$ 57,216	\$ 52,203,630
1120 Investments - Current	13,106,925	506,201	1,692,725
1220 Property Taxes - Delinquent	741,977	165,492	-
1230 Allowance for Uncollectible Taxes (Credit)	(366,695)	(79,667)	-
1240 Receivables from Other Governments	1,783,727	-	-
1260 Due from Other Funds	-	-	2,358
1300 Inventories	-	-	-
1000 Total Assets	<u>\$ 15,700,001</u>	<u>\$ 649,242</u>	<u>\$ 53,898,713</u>
LIABILITIES			
2110 Accounts Payable	\$ 293,550	\$ 2,100	\$ 1,444,809
2150 Payroll Deductions and Withholdings Payable	95,346	-	-
2160 Accrued Wages Payable	1,211,985	-	-
2170 Due to Other Funds	-	2,358	-
2200 Accrued Expenditures	23,073	-	-
2300 Unearned Revenues	13,300	-	-
2000 Total Liabilities	<u>1,637,254</u>	<u>4,458</u>	<u>1,444,809</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	375,282	85,825	-
2600 Total Deferred Inflows of Resources	<u>375,282</u>	<u>85,825</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	52,453,904
3480 Retirement of Long-Term Debt	-	558,959	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3600 Unassigned Fund Balance	13,687,465	-	-
3000 Total Fund Balances	<u>13,687,465</u>	<u>558,959</u>	<u>52,453,904</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 15,700,001</u>	<u>\$ 649,242</u>	<u>\$ 53,898,713</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ 786,178	\$ 53,481,091
-	15,305,851
-	907,469
-	(446,362)
251,410	2,035,137
-	2,358
50,969	50,969
<u>\$ 1,088,557</u>	<u>\$ 71,336,513</u>
\$ 414,645	\$ 2,155,104
-	95,346
11,366	1,223,351
-	2,358
187	23,260
30,592	43,892
<u>456,790</u>	<u>3,543,311</u>
-	461,107
<u>-</u>	<u>461,107</u>
50,969	50,969
257,427	257,427
-	52,453,904
-	558,959
323,371	323,371
-	13,687,465
<u>631,767</u>	<u>67,332,095</u>
<u>\$ 1,088,557</u>	<u>\$ 71,336,513</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2015

Total Fund Balances - Governmental Funds	\$	67,332,095
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 \$168,367,819 and the accumulated depreciation was (\$55,486,531). In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.		(48,005,320)
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase net position.		3,943,714
3 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$3,617,576, a Deferred Resource Inflow related to TRS in the amount of \$1,106,627 and a Deferred Resource Outflow related to TRS in the amount of \$989,394. The net effect of the GASB 68 entries is to decrease net position.		(3,734,809)
4 The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(5,938,211)
5 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 property taxes as revenue, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(51,076,833)
19 Net Position of Governmental Activities	<u>\$</u>	<u>(37,479,364)</u>

The notes to the financial statements are an integral part of this statement.

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 31,461,731	\$ 6,721,341	\$ 2,155
5800 State Program Revenues	7,470,383	-	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	<u>38,932,114</u>	<u>6,721,341</u>	<u>2,155</u>
EXPENDITURES:			
Current:			
0011 Instruction	21,228,796	-	29,940
0012 Instructional Resources and Media Services	490,282	-	-
0013 Curriculum and Instructional Staff Development	239,775	-	-
0021 Instructional Leadership	424,856	-	-
0023 School Leadership	2,416,153	-	-
0031 Guidance, Counseling and Evaluation Services	1,167,579	-	1,141
0033 Health Services	425,539	-	-
0034 Student (Pupil) Transportation	2,077,452	-	1,125,093
0035 Food Services	683	-	-
0036 Extracurricular Activities	2,064,513	-	-
0041 General Administration	1,662,510	-	-
0051 Facilities Maintenance and Operations	4,705,146	-	-
0052 Security and Monitoring Services	442,760	-	88,420
0053 Data Processing Services	1,016,495	-	130,964
Debt Service:			
0071 Principal on Long Term Debt	-	5,545,375	-
0072 Interest on Long Term Debt	-	3,717,459	-
0073 Bond Issuance Cost and Fees	-	351,291	473,278
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	283,263
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	759,607	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0099 Other Intergovernmental Charges	514,961	-	-
6030 Total Expenditures	<u>39,637,107</u>	<u>9,614,125</u>	<u>2,132,099</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(704,993)</u>	<u>(2,892,784)</u>	<u>(2,129,944)</u>
OTHER FINANCING SOURCES (USES):			
7901 Refunding Bonds Issued	-	13,195,000	-
7911 Capital Related Debt Issued (Regular Bonds)	-	-	47,075,000
7915 Transfers In	-	2,565,000	-
7916 Premium or Discount on Issuance of Bonds	-	8,590,408	6,600,636
7949 Other Resources - Various Items (See Notes)	106,773	-	-
8911 Transfers Out (Use)	(2,565,000)	-	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(21,477,236)	-
7080 Total Other Financing Sources (Uses)	<u>(2,458,227)</u>	<u>2,873,172</u>	<u>53,675,636</u>
1200 Net Change in Fund Balances	(3,163,220)	(19,612)	51,545,692
0100 Fund Balance - September 1 (Beginning)	16,850,685	578,571	908,212
3000 Fund Balance - August 31 (Ending)	<u>\$ 13,687,465</u>	<u>\$ 558,959</u>	<u>\$ 52,453,904</u>

The notes to the financial statements are an integral part of this statement.

	Other Funds	Total Governmental Funds
\$	2,425,447	\$ 40,610,674
	880,181	8,350,564
	1,583,649	1,583,649
	4,889,277	50,544,887
	2,358,183	23,616,919
	69,145	559,427
	71,622	311,397
	-	424,856
	-	2,416,153
	169,332	1,338,052
	-	425,539
	-	3,202,545
	2,221,807	2,222,490
	7,029	2,071,542
	25,996	1,688,506
	-	4,705,146
	1,065	532,245
	-	1,147,459
	-	5,545,375
	-	3,717,459
	-	824,569
	-	283,263
	-	759,607
	15,300	15,300
	-	514,961
	4,939,479	56,322,810
	(50,202)	(5,777,923)
	-	13,195,000
	-	47,075,000
	-	2,565,000
	-	15,191,044
	-	106,773
	-	(2,565,000)
	-	(21,477,236)
	-	54,090,581
	(50,202)	48,312,658
	681,969	19,019,437
\$	631,767	\$ 67,332,095

ALEDO 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, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	48,312,658
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to increase net position.		3,943,714
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(5,938,211)
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 8/31/2014 caused the change in the ending net position to increase in the amount of \$698,301. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for fiscal year 2015 were \$561,961 for pension expense columns 6 - 12 from TRS data and the amounts de-expended for the net deferred resource inflow recognized by TRS in the measurement period were \$227,579. The net effect of these entries is to increase net position.		363,919
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 property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(51,578,936)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(4,896,856)</u>

The notes to the financial statements are an integral part of this statement.

ALED0 INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2015

	Business-Type Activities
	Total Enterprise Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 316,066
Total Assets	<u>316,066</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>86,735</u>
Total Liabilities	<u>86,735</u>
NET POSITION	
Unrestricted Net Position	<u>229,331</u>
Total Net Position	<u><u>\$ 229,331</u></u>

The notes to the financial statements are an integral part of this statement.

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Business-Type Activities
	Total Enterprise Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 239,714
Total Operating Revenues	<u>239,714</u>
OPERATING EXPENSES:	
Payroll Costs	79,742
Professional and Contracted Services	1,749
Supplies and Materials	13,039
Other Operating Costs	118,950
Total Operating Expenses	<u>213,480</u>
Operating Income	26,234
Total Net Position - September 1 (Beginning)	<u>203,097</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 229,331</u></u>

The notes to the financial statements are an integral part of this statement.

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 239,714
Cash Payments to Employees for Services	(79,742)
Cash Payments for Suppliers	(18,456)
Cash Payments for Other Operating Expenses	(44,148)
Net Cash Provided by Operating Activities	<u>97,368</u>
Net Increase in Cash and Cash Equivalents	97,368
Cash and Cash Equivalents at Beginning of Year	<u>218,698</u>
Cash and Cash Equivalents at End of Year	<u>\$ 316,066</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income:	\$ 26,234
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	<u>71,134</u>
Net Cash Provided by Operating Activities	<u>\$ 97,368</u>

The notes to the financial statements are an integral part of this statement.

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2015

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 4,010	\$ 262,414
Investments - Current	136,190	-
Total Assets	<u>140,200</u>	<u>\$ 262,414</u>
LIABILITIES		
Due to Student Groups	-	\$ 262,414
Total Liabilities	<u>-</u>	<u>\$ 262,414</u>
NET POSITION		
Restricted for Scholarships	<u>140,200</u>	
Total Net Position	<u>\$ 140,200</u>	

The notes to the financial statements are an integral part of this statement.

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2015

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 6,004
Total Additions	<u>6,004</u>
DEDUCTIONS:	
Other Operating Costs	<u>13,000</u>
Total Deductions	<u>13,000</u>
Change in Net Position	(6,996)
Total Net Position - September 1 (Beginning)	<u>147,196</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 140,200</u></u>

The notes to the financial statements are an integral part of this statement.

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Aledo Independent School District is a public educational agency under the applicable laws and regulations of the State of Texas. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (“GASB”) 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 the *Financial Accountability System Resource Guide*, issued by the Texas Education Agency (“TEA”), and the requirements of contracts and grants of agencies from which it receives funds.

Pensions – The District adopted new accounting guidance prescribed by GASB 68 – Accounting and Financial Reporting for Pensions for its pension plan – a multiple-employer, cost-sharing, defined benefit pension plan that has a special funding situation as related to the Teacher Retirement System of Texas (TRS). The fiduciary net position of the TRS has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS’s fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. Reporting entity

The Board of Trustees (“Board”), a seven-member group, has governance responsibilities over all the activities related to public elementary and secondary education within the jurisdiction of the District. Because members of the board are elected by the public, they have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and they have primary accountability for fiscal matters. The District is not included in any other governmental “reporting entity” as defined by GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus; and amendment of GASB Statements No. 14 and No. 34.*” The District is not financially accountable for any other organizations; therefore, no component units are included within the reporting entity. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, state foundation funds, grants and other intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates how direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense and workers’ compensation have been allocated to all applicable functions in order to present the expenses of the District more accurately on the statement of activities. 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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included in among program revenues are reported instead as general revenue.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories – governmental, proprietary, and fiduciary. Since 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 other funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary's fund's principal ongoing operations. All other revenues and expenses are non-operating.

Major Governmental Funds

General Fund – The General Fund is the District's primary operating fund. It is used to account for all financial transactions except those required to be accounted for in another fund. Major revenue sources include local property taxes and state funding under the Foundation School Program. Expenditures include all costs associated with the daily operations of the schools except for costs incurred by programs accounted for in the Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. The General Fund is a budgeted fund, and any fund balances are considered resources available for current operations.

Debt Service Fund – The Debt Service Fund, which is a budgeted fund, accounts for the resources accumulated and payments made on long-term general obligation debt of governmental funds. Revenues include collections on general property taxes, state funding under the Instructional Facilities and Existing Debt Allotments, and earnings of interest on bonded debt. The fund balance represents amounts that will be used for retirement of bonds and payments of interest in the future.

Capital Projects Fund – This fund is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction and technology projects/enhancements.

Other Non-major Governmental Funds

Special Revenue Funds - These funds are used to account for federal, state and locally financed programs where unused balances are generally returned to the grantor at the close of specified project periods. Proceeds of specific revenues resources are restricted or committed to expenditures for specified purposes in a special revenue fund. Project accounting is employed to maintain integrity for the various sources of funds.

Proprietary Funds

Enterprise Funds – These funds are conceived to be self-supporting. Revenues are earned mainly from sales of services to the schools and operating departments of the District.

Fiduciary Funds

Private-purpose Trust Fund – This fund is used to account for all trust agreements under which the principal and income benefit a specific school or group of students.

Fiduciary Funds – Agency Funds – The Agency Fund, which is an unbudgeted fund, is custodial in nature and accounts for activities of student groups and other types of activities requiring clearing accounts. The fund has no equity. Assets are equal to liabilities, and do not include revenues and expenditures for general operations of the District. This accounting reflects the District’s agency relationship with student activity organizations. Fiduciary funds use the accrual basis of accounting to recognize assets and liabilities.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are principally certain inter-governmental revenues, property taxes and investment income. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Funds received from federal, state and other grants designated for payment of specific District expenditures 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.

The proprietary fund types are accounted for on an economic resources measurement focus. Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Management's Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimations and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

The amount of state foundation revenue a 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 into the next fiscal year. It is at least reasonably possible that the foundation revenue for fiscal will ultimately change from the amount calculated as of August 31, 2015 because of the factors that TEA uses in its calculations.

D. Assets, Liabilities, and Net Position or Fund Balances

1. Cash and cash equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. Investments for the District are reported at fair value.

2. Receivables and payables

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as a single "transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "internal balances" line of the governmental-wide statement of net position.

3. Property taxes

Property taxes are levied by October 1 based upon property valuations as of January 1. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Tax collections are prorated between the General Fund and Debt Service Fund based on the tax rate adopted by the Board. The District is permitted under the Texas Education Code to levy taxes up to \$1.17 per \$100 of assessed valuation for general governmental services other than debt services

on general obligation bonds. The tax rate which may be levied to service general obligation bonds is limited to \$0.50, except under certain conditions. For the current fiscal year, the Board of Trustees set tax rates applicable to general governmental services and to debt services of \$1.1700 per \$100 valuation and \$0.2552 per \$100 valuation, respectively, based on a net assessed valuation of \$2,606,380,768.

Delinquent property taxes receivables are prorated between the General and Debt Service Funds based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables is based on historical experience in collecting property taxes. Management periodically reviews outstanding property taxes and establishes an allowance adequate to reflect the anticipated net collectible balance. The District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

Delinquent taxes receivables and the related allowance for uncollectible taxes in the governmental fund financial statements as of August 31, 2015 are as follows:

	<u>Gross Delinquent Taxes Receivable</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Net Delinquent Taxes Receivables</u>
General Fund	\$741,977	(\$366,695)	\$375,282
Debt Service Fund	165,492	(79,667)	85,825
Totals	<u>\$907,469</u>	<u>(\$446,362)</u>	<u>\$461,107</u>

Current tax collections for the levy year ended August 31, 2015 were 99.1% of the year-end adjusted tax levy.

4. Inventories and prepaid items

Except for inventories of food commodities, the District records purchases of supplies and materials as expenditures when purchased. This method is used to avoid administrative costs that are excessive to the benefit gained and where expenditures tend to be equalized over a period of years. Inventories of food commodities used in the food service program are recorded at fair market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is recorded as inventory and deferred revenue when received. As commodities are consumed, inventory and unearned revenues are relieved, expenditures are charged, and revenue is recognized for an equal amount.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayment in both government-wide and fund financial statements.

5. Interfund transactions and receivables and payables

Interfund receivables and payables arise from interfund transactions in the normal course of operations and are recorded in all affected funds in the period in which transactions are executed. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations.

6. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in the accounting system in order to reserve a portion of the applicable appropriation, is employed in the governmental fund types on the governmental fund financial statements. Encumbrances are liquidated at year end.

7. Capital assets

Capital assets, which include land, buildings and improvements, furniture and equipment and construction in progress, are reported in the governmental column in the government-wide financial statements. The cost of the infrastructure (e.g., roads, bridges, sidewalks, and similar items) was initially capitalized with the building cost and is being depreciated over the same useful life as the building. The District defines capital assets with an initial, individual cost which equals or exceeds \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Land and construction in progress are not depreciable.

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 and improvements, furniture and equipment, and capital lease assets of the District are depreciated using the straight-line method over the following estimated lives:

Asset Classification	Useful Life
Land	Not depreciated
Construction in progress	Not depreciated
Buildings and improvements	30
Furniture and equipment	3-15

8. Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the appropriate effective interest rate and straight-line methods.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as 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.

9. Unearned revenues

Unearned revenues at year end represents revenues received by the District but not yet earned and are not available for use by the District to liquidate current year liabilities. A summary of unearned revenues by fund follows:

	<u>Other Revenues</u>	<u>State Revenues</u>
General Fund	\$13,300	\$0
Other Funds		
Advanced Placement Incentives	\$0	\$ 686
State Textbook Fund	0	22,500
Other State Special Revenue Funds	0	7,406
Total	<u>\$0</u>	<u>\$30,592</u>

10. Deferred outflows/inflow of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. During the current year, the District had \$11,029,721 in deferred charges for refunding and \$989,394 deferred outflow related to TRS as a result of implementing GASB 68. This amount consisted of \$291,093 for total net amounts per TRS August 31, 2014 measurement date and \$698,301 for contributions paid to TRS subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District recorded in the government-wide statement of net position \$1,106,627 for total net amounts per TRS August 31, 2014 measurement date as a result of implementing GASB 68. The District also recorded in the governmental fund balance sheet as deferred inflows of resources \$375,282 and \$85,825 as unavailable revenues - property taxes within the General Fund and Debt Service Fund respectively. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

11. Net position and fund balances

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

Net investment in capital assets – the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt and is directly attributable to the acquisition, construction, or improvement of these capital assets.

Restricted for federal and state programs – the component of net position that reports the difference between assets and liabilities related to federal and state programs that consist of assets with constraints placed on their use by granting agencies.

Restricted for debt service – the component of net position that reports the difference between assets and liabilities adjusted on a government-wide basis that consists of assets with constraints placed on their use by the bond covenants.

Restricted for capital projects – funds that have been assigned for future expenditures for equipment.

Restricted for campus activities – funds that have been committed solely for the use by various campuses within the District.

Unrestricted net position - the difference between the assets and liabilities that are not reported in net investment in capital assets or restricted net position.

Net position flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restrict bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, government funds report fund balances as either a non-spendable fund balance or a spendable fund balance.

Non-spendable fund balance – Non-spendable fund balance is that portion of fund balance that is not in spendable form, such as inventory.

Spendable fund balance – Spendable fund balance includes restricted, committed, assigned, and unassigned components. These components can be described as follows:

Restricted fund balance – the component of the spendable fund balance constrained to a specific purpose by a provider, such as creditor, grantor, contributor, or law or regulation of other governments. Restricted fund balance includes funds for federal/state grants, construction programs, debt service, and other restrictions.

Committed fund balance – the component of spendable fund balance constrained to a specific purpose by the Board. A Board resolution is required to establish, modify, or rescind a fund balance commitment. Only the action that constitutes the most binding constraint of the Board can be considered a commitment for fund balance classification purposes. Committed fund balance includes funds for construction and capital expenditures for equipment.

Assigned fund balance – the component of the spendable fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board of Trustees or by an official or body to which the Board of Trustees delegates. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended

use of those amounts is a specific purpose that is narrower than the general purposes of the District itself. The District does not have assigned fund balances.

Unassigned fund balance – the component of the spendable fund balance which may be spent for any legal purpose. This portion of the total fund balance in the general fund is available to finance operating expenditures.

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

The District does not have a minimum fund balance policy.

Disclosure of Fund Balances Reported on Balance Sheet – Governmental Funds
 For Fiscal Year Ending August 31, 2015

Fund Balance	General Fund	Debt Service Fund	Capital Projects	Other Funds
Nonspendable				
Inventories	\$ 0	\$ 0	\$ 0	\$ 50,969
Restricted				
Nat’l Sch. Break. & Lunch Prog.	0	0	0	255,833
Advanced Placement Incentives	0	0	0	1,594
Capital acquis. & contract. oblig.	0	0	52,453,904	0
Retirement of long-term debt	0	558,959	0	0
Committed				
Campus activity fund	0	0	0	323,371
Unassigned	13,687,465	0	0	0
Total Fund Balance	\$13,687,465	\$558,959	\$52,453,904	\$631,767

12. Data control codes

The data control codes refer to the account code structure prescribed by the TEA. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a statewide data base for policy development and funding plans.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS.

Exhibit C-2 “Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position” provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as

liabilities in the funds. Also, the property taxes receivable which is included as unavailable revenue in the fund financial statements are adjusted based on when the tax levy was made and adjusted for uncollectible amounts. Also included are all of the adjustments required by GASB 68.

Exhibit C-4 “Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities” provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The debt payments on retirement of debt are recorded as expenditures for fund basis financial statements but are a reduction of debt in the government-wide financial statements. The capital asset additions are expenditures in the fund basis financial statements but capitalized in the government-wide financial statements. The fund-basis financial statements do not include depreciation expense. The depreciation expense is a deduction to reconcile to the government-wide statement of activities. New debt issues are treated as sources of revenue for fund-basis financial statements, but for the government-wide statements, those amounts are recorded as a liability. Property taxes are adjusted for the accrual basis and the unavailable revenues are adjusted based on prior year levies and current year uncollectable amounts. Also included are all of the adjustments required by GASB 68.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgets and Budgetary Information

The District is legally required to adopt budgets for the General Fund, Debt Service Fund and the Child Nutrition Program. 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-1 and the other two reports are in Exhibit J-4 and J-5.

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

1. The superintendent or his designee prepares a budget covering all estimated revenues and proposed expenditures of the District for the next succeeding fiscal year. The budget is prepared by generic fund type and function.
2. Ten days after public notice of the meeting has been given, a public hearing is held, allowing the public to comment on the proposed budget.
3. A public meeting of the Board of Trustees is called for the purpose of adopting the budget. The State Board of Education requires that the budget be prepared no later than August 20th of each year.

4. Budget data must be received by the Texas Education Agency on or before December 15 each year. The legal level of budgetary control is at the function level within each generic fund type. Budget amounts are as originally adopted, or as amended by the Board. Once a budget is approved, it can be amended at the function and fund level only by approval of a majority of the members of the Board of Trustees. Changes can be made to the budget at any detail within the function level without an amendment approved by the Board. During the year, several budget amendments were made with Board approval. The most significant amendments were for carryover funding; mid-year adjustment of local and state revenues and appropriations and operating costs; and year-end adjustments to revise estimates of revenues and expenditures based on the latest information on student attendance, interest earnings, and operating costs. All budget appropriations lapse at year-end.

	Original Budget Appropriations	Increase (Decrease)	Amended Budget Appropriations
General Fund – Exhibit G-1	\$38,861,654	\$966,652	\$39,828,306
Child Nutrition Program – Exhibit J-4	2,414,648	0	2,414,648
Debt Service Fund – Exhibit J-5	9,512,464	251,739	9,764,203

The General Fund – Function 11, Instruction original budget was increased by \$1,470,000 for additional personnel not anticipated in the original budget. This amount was offset by general reductions in other areas within the General Fund.

The Debt Service Fund was increased to recognize the additional cost associated with the issuance of refunding bonds during the year.

A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

August 31, 2015 Fund Balance	
Appropriated Budgeted Funds – Food Service Special Revenue Fund	\$306,802
Non-appropriated Budgeted Funds	324,965
All Special Revenue Funds	\$631,767

B. Excess of Expenditures over Appropriations

General Fund Function 0041 – General Administration was over expended by \$16,691, or 1.0%. This amount is considered immaterial.

C. Deficit Fund Equity

There were no deficit fund equities for the year ended August 31, 2015.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The District’s funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank places approved pledged

ALEDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2015

Exhibit F-1

securities for safekeeping and trust with the District’s agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Cooperation (“FDIC”) insurance.

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 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 returns, (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. The District maintains an investment policy which authorizes the District to invest in obligations of U.S. Treasury and U.S. agencies, municipal securities and repurchase agreements and the State Treasurer’s investment pool or similar public investment pools. 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 policy.

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy.

At August 31, 2015, the carrying value of the District’s deposits was \$53,797,157 and the bank balance was \$54,676,694. The District’s cash deposits at August 31, 2015, and during the year then ended, were entirely covered by FDIC insurance or by pledged collateral held by the District’s agent bank in the District’s name.

Cash in bank – Governmental activities	\$53,481,091
Cash in bank – Business-type activities	316,066
Total cash in bank	<u>\$53,797,157</u>

The District’s investments at August 31, 2015, are shown below:

Investment/Credit Ratings	Carrying Amount	Fair Value	Percentage of Investments	Weighted Average Maturity (Days)
TexPool/AAAm	<u>\$15,305,851</u>	<u>\$15,305,851</u>	100.0	On demand

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The collateral shall always be held by and independent third party with whom the District has a current custodial agreement. The District is not exposed custodial credit risk for its deposits as all were covered by depository insurance or securities pledged to the District and held by a third-party custodian.

Custodial Credit Risk – Investments: For an investment this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District’s investment in public funds money market accounts not exposed to custodial risk. External

investment pools are not subject to custodial risk because investments are not evidenced by securities that exist in physical or book entry form. State law limits investments in public funds investment pools to those rated no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service. The FDIC insured investments are in insured cash management program for state and local governments. These programs provides FDIC protection on deposits beyond the current \$250,000 limit for each category of legal ownership by linking to multiple FDIC insured banks and savings institutions. District investments are fully protected by FDIC

Credit Risk – This is the risk that a security issuer may default on an interest or principal payment. State law limits investment in local government pools to those that are rated AAA or equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO). The District controls and monitors this risk by purchasing quality rated instruments that have been evaluated by agencies such as Standard and Poor’s (S&P) or Moody’s Investors Service, or by investing in public fund investment pools rated no lower than AAA or AAAM.

Interest-rate Risk – This type of risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District’s investment policy does not allow the purchase of investments that would expose the District to interest-rate risk.

Concentration of Credit Risk – This type of risk is defined as positions of 5 percent or more in securities of a single issuer. The District is not exposed to concentration of credit risk because the investment portfolio mainly consists of external investment pools.

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.

The fair value of investments in external investment pools is the same as the value of the pool shares. The District reports investment at amortized cost. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, state that investments should be reported at fair value, but provides an exception which applies to all investments of the District. Investments with a remaining maturity at time of purchase of one year or less and investments in an external pool that operates as a “2a7-like” pool may be reported at amortized cost. The external investment pools are not registered with the SEC, but are under the regulatory oversight of the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

B. Receivables and Payables

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

There are no significant receivables which are not scheduled for collection within one year of August 31, 2015.

C. Due from Other Governments

Receivables due from other governments, as of August 31, 2015, are as follow:

Fund	Due from State
General Operating Fund	\$1,783,727
Special Revenue Funds	
National Breakfast & Lunch Program	12,151
State Textbook Fund	239,259
Total	<u>\$2,035,137</u>

D. Interfund Receivables and Payables

Interfund receivables and payables generally arise from interfund loans between different funds with balances being repaid generally within one year.

The Debt Service Fund owes the Capital Projects Fund \$2,358.

E. Other Financing Sources (Uses)

The General Fund had \$15,873 from mineral interest and \$90,900 from land lease proceeds.

The Debt Service Fund had the following other financing sources and other financing uses as follows:

Other Financing Sources:	
Refunding bonds issued	\$13,195,000
Premiums or discount on issuance of bonds	8,590,408
Other Financing Uses:	
Payment to bond refunding escrow agent	(21,477,236)

The General Fund transferred \$2,565,000 to the Debt Service Fund to prevent the Debt Service Fund from having a deficit fund balance.

The Capital Projects Fund had the following other financing sources and other financing uses as follows:

Other Financing Sources:	
Capital related debt issued (regular bonds)	\$47,075,000
Premiums or discount on issuance of bonds	6,600,636

F. Operating Leases

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$321,245 for the year. The future minimum lease payments for active operating leases are summarized below:

Year Ending August 31	Amount
2016	\$393,548
2017	298,003
2018	250,830
2019	63,599
2020	58,299

G. Capital Asset Activity

Capital asset activity for the year ended August 31, 2015 is as follows:

	Beginning Balance	Increases/ Adjustments	Decreases/ Adjustments	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,745,838	\$ 0	\$ 0	\$ 6,745,838
Construction in Progress	2,650,686	0	2,650,686	0
Total Capital Assets, not being depreciated	9,396,524	0	2,650,686	6,745,838
Capital assets, being depreciated:				
Buildings and improvements	152,276,323	2,987,154	0	155,263,477
Furniture and equipment	6,694,972	1,222,230	0	7,917,202
Total capital assets, being depreciated	158,971,295	4,209,384	0	163,180,679
Less accumulated depreciation for:				
Buildings and improvements	50,154,282	4,992,486	0	55,146,768
Furniture and equipment	5,332,249	945,725	0	6,277,974
Total accumulated depreciation	55,486,531	5,938,211	0	61,424,742
Governmental activities capital assets, net	\$112,881,288	\$(1,728,827)	\$2,650,686	\$108,501,775

Major additions to building and improvements was the completion of the new Learning Center and High School additions and renovation. Major addition to furniture and equipment was the addition of 12 new school buses.

Depreciation expense was charged to governmental functions of the District as follows:

Governmental activities:	
11 – Instruction	\$4,364,567
13 – Curriculum Resources & Media Services	80,383
23 – School Leadership	643,100
34 – Student Transportation	127,347
35 – Food Services	30,665
36 – Extracurricular Activities	283,467
41 – General Administration	109,309
51 – Plant Maintenance & Operations	101,897
52 – Security & Monitoring Services	121,307
53 – Data Processing Services	76,169
Total Depreciation Expense	<u>\$5,938,211</u>

H. Long-Term Debt

Long-term debt of the District is comprised of bonds payable, accreted interest, premium on bonds, and net pension liability. Debt service requirements for general obligation bonds are payable from fund balance and future revenues of the Debt Service Fund which consists principally of property taxes collected by the District, state funding, and interest earnings.

The following is a summary of changes in long-term debt for government activities for the year ended August 31, 2015.

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$140,930,860	\$60,270,000	\$15,580,016	\$185,620,844	\$3,059,989
Accreted interest	13,421,990	7,436,088	8,179,689	12,678,389	0
Premium on bonds	10,208,970	15,191,044	3,185,813	22,214,201	0
Net pension liability					
District share	0	3,617,576	0	3,617,576	0
Total	<u>\$164,561,820</u>	<u>\$86,514,708</u>	<u>\$26,945,518</u>	<u>\$224,131,010</u>	<u>\$3,059,989</u>

Bonds Payable

During the year, the District issued \$13,195,000 in Unlimited Tax Refunding Bonds, Series 2015 with an average interest rate of 3.5% to advance refund \$3,015,000 in Unlimited Tax School Building Bonds, Series 2005-A, \$7,265,000 in Unlimited Tax School Building Bonds, Series 2006, and \$2,915,000 in Unlimited Tax School Building Bonds, Series 2008 with a combined average interest rate of 4.2%. Cost of issuance was also paid by the refunding bonds.

The net proceeds from the refunding portion were used to purchase U.S government securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments of the aforementioned bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. The District in effect reduced its aggregate debt service payments by \$3,502,667 over 20 years and obtained a net present value savings \$2,612,869.

The registered voters of the District approved a bond issue of \$53,200,000 for future construction, acquisition and equipment of school buildings within the District. During the year the District issued \$47,075,000 in Unlimited Tax School Building Bonds, Series 2015-A for this purpose. After the issuance of the Bonds, the District will have no authorized but unissued bonds remaining from its May 9, 2015 bond election and \$6,025,000 of authorized but unissued bonds remaining from an election held on May 10, 2008. Except for possible refundings for debt service savings, the District does not anticipate the issuance of additional unlimited tax school building bonds.

ALEDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2015

Exhibit F-1

The following is a description of the District's bonds outstanding as of August 31, 2015:

Issue/Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balances	Issued	Retired	Ending Balances	Due Within One Year
Series 2001 UTSB Bonds/2032	4.55%	\$7,418,568	\$ 3,825,875	\$ 0	239,944	\$ 3,585,930	\$ 224,989
Series 2005- A UTSB Bonds/2033	3.5%	34,875,000	3,585,000	0	3,585,000	0	0
Series 2005-B UTSB Bonds/2015	3.51%	2,282,852	235,000	0	235,000	0	0
Series 2006 UTSB Bonds/2029	3.375%	23,035,000	7,370,000	0	7,370,000	0	0
Series 2006-A UTSB Bonds/2035	5.5%	16,910,000	14,855,000	0	240,000	14,615,000	295,000
Series 2007 UTR Bonds/2029	3.62%	7,520,000	7,450,072	0	345,072	7,105,000	385,000
Series 2008 UTSB Bonds/2043	3.374%	61,000,000	60,630,000	0	3,230,000	57,400,000	285,000
Series 2012 UTR Bonds/2027	5.82%	8,519,913	8,264,913	0	125,000	8,139,913	125,000
Series 2013-A UTR Bonds/2031	2.0%	8,985,000	8,950,000	0	40,000	8,910,000	40,000
Series 2013-B UTR Bonds/2028	3.5%	16,615,000	16,575,000	0	40,000	16,535,000	1,230,000
Series 2014 UTR Bonds/2033	0.4%	9,330,000	9,190,000	0	65,000	9,125,000	65,000
Series 2015 UTR Bonds/2035	1.63%	13,195,000	0	13,195,000	65,000	13,130,000	410,000
Series 2015-A UTSB Bonds/2045	4.0%	47,075,000	0	47,075,000	0	47,075,000	0
Totals	5.0%		\$140,930,860	\$60,270,000	\$15,580,016	\$185,620,843	\$3,059,989

Interest and fees paid on general obligation bonds during the year were \$4,068,750.

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds.

Year Ended August 31	Principal	Interest	Total Requirements
2016	\$ 3,059,989	\$8,877,187	\$ 11,937,176
2017	3,128,732	9,068,024	12,196,756
2018	3,958,035	9,084,796	13,042,831
2019	4,774,218	8,569,051	13,343,269
2020	5,941,594	8,026,662	13,968,256
2021/2025	31,099,694	40,276,960	71,376,654
2026/2030	21,914,413	36,482,340	58,396,753
2031/2035	31,304,168	27,316,340	58,620,508
2036/2040	42,350,000	15,028,000	57,378,000
2041/2045	38,090,000	3,801,000	41,891,000
Totals	\$185,620,843	\$166,530,360	\$352,151,203

There are a number of limitations and restrictions contained in the various general obligation bond indentures. The District is in compliance with all significant limitations and restrictions at August 31, 2015.

ALEDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2015

Exhibit F-1

In prior years and during the current year, the District issued refunding bonds for the purpose of restructuring debt cash flow requirements. Proceeds from the refunding bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. The old bonds are considered defeased, and accordingly, the trust account assets and liabilities are not included in the District's financial statements. On August 31, 2015, \$54,250,000 of bonds considered defeased are still outstanding.

I. Revenue from Local and Intermediate Sources

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

	General Fund	Debt Service Fund	Capital Projects Fund	Other Funds	Fund Totals
Property Taxes	\$30,602,660	\$6,681,283	\$ 0	\$ 0	\$37,283,943
Food Sales	0	0	0	1,637,622	1,637,622
Investment Income	11,663	685	2,155	819	15,322
Penalties, interest & other tax related income	181,778	39,373	0	0	221,151
Extracurricular activities	452,184	0	0	540,139	992,323
Other	213,446	0	0	246,867	460,313
Total	\$31,461,731	\$6,721,341	\$2,155	\$2,425,447	\$40,610,674

J. State Aid Revenue

The District receives state revenues from TEA based upon application of formula allocations, on behalf allocations, and other state miscellaneous programs. The components of state program revenues as shown in the governmental fund financial statements are as follows:

Revenues	General Fund	Special Revenue Funds	Totals
Per Capita Apportionment	\$1,223,334	\$ 0	\$1,223,334
Foundation School Prg. Act Entitlements	4,631,245	0	4,631,245
State Program Revenues	1,898	828,646	830,544
TRS On-behalf Payments	1,511,763	51,535	1,563,298
TRS Medicare Part-D	102,143	0	102,143
Totals	\$7,470,383	\$880,181	\$8,350,564

K. Federal Program Revenues

The District receives federal program revenues for various programs as follows:

Revenues	Other Funds
U. S. Department of Education – Passed Through TEA	\$1,117,443
U. S. Department of Agriculture – Passed Through TEA	466,206
Totals	\$1,583,649

L. Employee Benefits

The following is a summary of the various insurance, reimbursement and retirement programs provided for the benefit of District employees and their dependents.

1. Compensated absences

Vacations are to be taken within the same year they are earned, and any unused days at the end of the year are forfeited. Therefore, no liability has been accrued in the accompanying government-wide statements or the governmental financial statements. Employees of the District are entitled to sick leave based on category/class of employment. Sick leave is allowed to accumulate but does not vest. Therefore, a liability for unused sick leave has not been recorded in either the government-wide financial statements or the governmental fund financial statements.

2. Defined Benefit Pension Plan

Plan Description - The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

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

Pension Plan Fiduciary Net Position - Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592. The information provided in the Notes to the Financial Statements in the 2014 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2014.

Net Pension Liability	Total
Total Pension Liability	\$159,496,075,886
Less: Plan Fiduciary Net Position	(132,779,075,085)
Net Pension Liability	<u>\$ 26,716,832,801</u>
Net Position as percentage of Total Pension Liability	83.25%

Benefits Provided - TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The

normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in above.

Contributions - Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas 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 paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the 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.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. It also added a 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees effective for fiscal year 2015 as discussed in Note 1 of the TRS 2014 CAFR. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015.

	<u>Contribution Rates</u>	
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
District - 2014 Employer Contributions	\$ 343,358	
District - 2014 Member Contributions	\$1,493,589	
District - 2014 NECE On-behalf Contributions	\$1,268,357	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or actuarial methods and assumptions are primarily based on a study of actual experience for the four-year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement local funds.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions - The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age
Normal	
Amortization Method	Level Percentage of
Payroll, Open	
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

**Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

Discount Rate - The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was

ALEDO INDEPENDENT SCHOOL DISTRICT
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Exhibit F-1

determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long-Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	7.0%	1.4%
Non-U.S. Developed	13%	7.3%	1.1%
Emerging Markets	9%	8.1%	0.9%
Directional Hedge Funds	4%	5.4%	0.2%
Private Equity	13%	9.2%	1.4%
Stable Value			
U. S. Treasuries	11%	2.9%	0.3%
Absolute Return	0%	4.0%	0.0%
Stable Value Hedge Funds	4%	5.2%	0.2%
Cash	1%	2.0%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	3.1%	0.0%
Real Assets	16%	7.3%	1.5%
Energy and Natural Resources	3%	8.8%	0.3%
Commodities	0%	3.4%	0.0%
Risk Parity			
Risk Parity	5%	8.9%	0.4%
Alpha			1.0%
Total	100%		8.7%

* *The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.*

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount Rate (9.0%)
District's proportionate share of the net pension liability:	\$6,464,389	\$3,617,576	\$1,488,690

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2015, the District reported a liability of \$3,617,576 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

ALEDO INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AUGUST 31, 2015

Exhibit F-1

District's Proportionate share of the collective net pension liability	\$ 3,617,576
State's proportionate share that is associated with District	<u>13,391,760</u>
Total	<u>\$17,009,336</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

At August 31, 2014 the employer's proportion of the collective net pension liability was 0.000135432%. Since this is the first year of implementation, the District does not have the proportion measured as of August 31, 2013. The Notes to the Financial Statements for August 31, 2014 for TRS stated that the change in proportion was immaterial and therefore disregarded this year.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer's reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective September 1, 2013. The amount of the expected resultant change in the employer's proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$1,238,043 and revenue of \$1,268,357 for support provided by the State.

At August 31, 2015, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 55,947	\$ 0
Changes in actuarial assumptions	235,146	0
Difference between projected and actual investment earnings	0	1,105,679
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	0	948
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	698,301	0
Total	<u>\$989,394</u>	<u>\$1,106,627</u>

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31:	Pension Expense Amount
2016	\$(227,472)
2017	(227,472)
2018	(227,472)
2019	48,947
2020	45,407

3. 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 Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants to the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site under the TRS Publication 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.

Funding Policy – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively.

Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2015-2013.

Year	Contribution Rates and Contribution Amounts					
	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2015	.65%	\$161,184	1.0%	\$247,984	.55%	\$136,389
2014	.65%	151,674	1.0%	233,342	.55%	128,157
2013	.65%	142,123	0.5%	109,327	.55%	120,262

4. Retiree Medicare Part D Coverage

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For

the fiscal years ended August 31, 2015, 2014, and 2013, these on-behalf payments, in the amounts of \$102,143, \$63,202, and \$56,608, were recognized by the District as revenues and expenditures, respectively.

5. Health Care Coverage

Employees of the District are covered by TRS ActiveCare. TRS ActiveCare is a statewide health coverage program for public education employees established by the 77th Texas Legislature. The District contributed \$250 per month per participant to the plan, and employees, at their option, authorized payroll withholdings to pay employee contributions and additional premiums for dependents. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS ActiveCare. That report may be obtained by visiting the TRS Web site at www.trs.state.tx.us, by writing the Communications Department of the Texas Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling (800) 223-8778.

M. Commitments and Contingencies

State and Federal Grants

The District receives monies under various state and federal grant project awards. These grants are subject to audit by the individual grantors and any disallowed costs arising from these audits would have to be refunded by the District. Management believes that the District has substantially complied with the terms and provisions of these grants, and any refunds, which might arise from these audits, would not be material.

Litigation

The District is a party in a civil action litigation which it is believed by the administration to have no material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements of such contingencies.

N. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 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.

O. Shared Services Arrangements

The District participates in a shared service arrangement (“SSA”) for students with visual impairments with the Parker County Co-op. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has joint ownership interest in fixed assets purchased by the fiscal agent, Parker County Co-op, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future benefit or

burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

The District participates in a SSA for transportation and technology with Dallas County Schools. The District and other districts are members of this SSA arrangement. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has joint ownership interest in fixed assets purchased by the fiscal agent, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant resources nor fiscal exigencies that would give rise to a future benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

P. Evaluation of Subsequent Events

The District has evaluated subsequent events through January 7, 2015 the date which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 31,370,326	\$ 31,370,326	\$ 31,461,731	\$ 91,405
5800	State Program Revenues	6,938,895	6,938,895	7,470,383	531,488
5020	Total Revenues	38,309,221	38,309,221	38,932,114	622,893
EXPENDITURES:					
Current:					
0011	Instruction	19,807,838	21,277,838	21,228,796	49,042
0012	Instructional Resources and Media Services	541,546	491,546	490,282	1,264
0013	Curriculum and Instructional Staff Development	278,771	240,771	239,775	996
0021	Instructional Leadership	424,724	425,724	424,856	868
0023	School Leadership	2,390,576	2,418,576	2,416,153	2,423
0031	Guidance, Counseling and Evaluation Services	1,170,885	1,168,385	1,167,579	806
0033	Health Services	420,692	427,092	425,539	1,553
0034	Student (Pupil) Transportation	-	2,078,500	2,077,452	1,048
0035	Food Services	3,000	3,000	683	2,317
0036	Extracurricular Activities	2,068,064	2,068,064	2,064,513	3,551
0041	General Administration	1,598,319	1,645,819	1,662,510	(16,691)
0051	Facilities Maintenance and Operations	5,042,062	4,837,062	4,705,146	131,916
0052	Security and Monitoring Services	545,948	445,948	442,760	3,188
0053	Data Processing Services	412,481	1,019,481	1,016,495	2,986
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	825,000	765,000	759,607	5,393
0093	Payments to Fiscal Agent/Member Districts of SSA	2,813,748	-	-	-
0099	Other Intergovernmental Charges	518,000	515,500	514,961	539
6030	Total Expenditures	38,861,654	39,828,306	39,637,107	191,199
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(552,433)	(1,519,085)	(704,993)	814,092
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	500	500	-	(500)
7949	Other Resources - Various Items (See Notes)	31,400	31,400	106,773	75,373
8911	Transfers Out (Use)	(3,035,525)	(2,565,525)	(2,565,000)	525
7080	Total Other Financing Sources (Uses)	(3,003,625)	(2,533,625)	(2,458,227)	75,398
1200	Net Change in Fund Balances	(3,556,058)	(4,052,710)	(3,163,220)	889,490
0100	Fund Balance - September 1 (Beginning)	16,850,685	16,850,685	16,850,685	-
3000	Fund Balance - August 31 (Ending)	\$ 13,294,627	\$ 12,797,975	\$ 13,687,465	\$ 889,490

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED AUGUST 31, 2015

EXHIBIT G-6

	2015
District's Proportion of the Net Pension Liability (Asset)	0.000135432%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 3,617,576
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	13,391,760
Total	\$ 17,009,336
District's Covered-Employee Payroll	\$ 23,334,205
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	15.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2015

EXHIBIT G-7

	2015
Contractually Required Contribution	\$ 698,301
Contribution in Relation to the Contractually Required Contribution	(698,301)
	\$ -0-
Contribution Deficiency (Excess)	\$ -0-
District's Covered-Employee Payroll	\$ 24,798,446
Contributions as a Percentage of Covered-Employee Payroll	2.82%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

COMBINING SCHEDULES

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
ASSETS			
1110 Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240 Receivables from Other Governments	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
2110 Accounts Payable	\$ -	\$ -	\$ -
2160 Accrued Wages Payable	-	-	-
2200 Accrued Expenditures	-	-	-
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance:			
3410 Inventories	-	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds
\$ 431,070	\$ -	\$ -	\$ -	\$ 2,280	\$ 22,051	\$ 7,406	\$ 323,371
12,151	-	-	-	-	239,259	-	-
50,969	-	-	-	-	-	-	-
<u>\$ 494,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280</u>	<u>\$ 261,310</u>	<u>\$ 7,406</u>	<u>\$ 323,371</u>
\$ 175,835	\$ -	\$ -	\$ -	\$ -	\$ 238,810	\$ -	\$ -
11,366	-	-	-	-	-	-	-
187	-	-	-	-	-	-	-
-	-	-	-	686	22,500	7,406	-
<u>187,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>686</u>	<u>261,310</u>	<u>7,406</u>	<u>-</u>
50,969	-	-	-	-	-	-	-
255,833	-	-	-	1,594	-	-	-
-	-	-	-	-	-	-	323,371
<u>306,802</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,594</u>	<u>-</u>	<u>-</u>	<u>323,371</u>
<u>\$ 494,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280</u>	<u>\$ 261,310</u>	<u>\$ 7,406</u>	<u>\$ 323,371</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2015

Data Control Codes	490 Education Foundation Grant Awards	Total Nonmajor Governmental Funds
ASSETS		
1110 Cash and Cash Equivalents	\$ -	\$ 786,178
1240 Receivables from Other Governments	-	251,410
1300 Inventories	-	50,969
1000 Total Assets	<u>\$ -</u>	<u>\$ 1,088,557</u>
LIABILITIES		
2110 Accounts Payable	\$ -	\$ 414,645
2160 Accrued Wages Payable	-	11,366
2200 Accrued Expenditures	-	187
2300 Unearned Revenues	-	30,592
2000 Total Liabilities	<u>-</u>	<u>456,790</u>
FUND BALANCES		
Nonspendable Fund Balance:		
3410 Inventories	-	50,969
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	257,427
Committed Fund Balance:		
3545 Other Committed Fund Balance	-	323,371
3000 Total Fund Balances	<u>-</u>	<u>631,767</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 1,088,557</u>

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ALED0 INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	250,931	781,090	7,644
5020 Total Revenues	<u>250,931</u>	<u>781,090</u>	<u>7,644</u>
EXPENDITURES:			
Current:			
0011 Instruction	230,341	612,715	7,644
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	5,290	-	-
0031 Guidance, Counseling and Evaluation Services	-	168,375	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0052 Security and Monitoring Services	-	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	15,300	-	-
6030 Total Expenditures	<u>250,931</u>	<u>781,090</u>	<u>7,644</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	289 Other Federal Special Revenue Funds	397 Advanced Placement Incentives	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds
\$ 1,650,444	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,958
60,429	-	-	-	-	819,700	52	-
466,206	63,282	13,389	1,107	-	-	-	-
<u>2,177,079</u>	<u>63,282</u>	<u>13,389</u>	<u>1,107</u>	<u>-</u>	<u>819,700</u>	<u>52</u>	<u>540,958</u>
-	1,500	8,839	1,107	-	819,700	-	442,292
-	-	-	-	-	-	52	69,093
-	61,782	4,550	-	-	-	-	-
-	-	-	-	-	-	-	957
2,221,807	-	-	-	-	-	-	-
-	-	-	-	-	-	-	7,029
-	-	-	-	-	-	-	25,996
-	-	-	-	-	-	-	1,065
-	-	-	-	-	-	-	-
<u>2,221,807</u>	<u>63,282</u>	<u>13,389</u>	<u>1,107</u>	<u>-</u>	<u>819,700</u>	<u>52</u>	<u>546,432</u>
(44,728)	-	-	-	-	-	-	(5,474)
<u>351,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,594</u>	<u>-</u>	<u>-</u>	<u>328,845</u>
<u>\$ 306,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,371</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	490 Education Foundation Grant Awards	Total Nonmajor Governmental Funds
REVENUES:		
5700 Total Local and Intermediate Sources	\$ 234,045	\$ 2,425,447
5800 State Program Revenues	-	880,181
5900 Federal Program Revenues	-	1,583,649
5020 Total Revenues	<u>234,045</u>	<u>4,889,277</u>
EXPENDITURES:		
Current:		
0011 Instruction	234,045	2,358,183
0012 Instructional Resources and Media Services	-	69,145
0013 Curriculum and Instructional Staff Development	-	71,622
0031 Guidance, Counseling and Evaluation Services	-	169,332
0035 Food Services	-	2,221,807
0036 Extracurricular Activities	-	7,029
0041 General Administration	-	25,996
0052 Security and Monitoring Services	-	1,065
Intergovernmental:		
0093 Payments to Fiscal Agent/Member Districts of SSA	-	15,300
6030 Total Expenditures	<u>234,045</u>	<u>4,939,479</u>
1200 Net Change in Fund Balance	-	(50,202)
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>681,969</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ 631,767</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 AUGUST 31, 2015

	715	730
	Pre-K Child Care	Bearcat Store Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 20,364	\$ 22,218
Total Assets	<u>20,364</u>	<u>22,218</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	-	1
Total Liabilities	<u>-</u>	<u>1</u>
NET POSITION		
Unrestricted Net Position	<u>20,364</u>	<u>22,217</u>
Total Net Position	<u><u>\$ 20,364</u></u>	<u><u>\$ 22,217</u></u>

731 Bearcat Vision Fund	732 Community Partners Fund	733 Stadium/Gym Advertising Fund	Total Nonmajor Enterprise Funds
\$ -	\$ 37,447	\$ 236,037	\$ 316,066
-	37,447	236,037	316,066
-	3,400	83,334	86,735
-	3,400	83,334	86,735
-	34,047	152,703	229,331
<u>\$ -</u>	<u>\$ 34,047</u>	<u>\$ 152,703</u>	<u>\$ 229,331</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	715 Pre-K Child Care	730 Bearcat Store Fund
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 79,650	\$ 29,700
Total Operating Revenues	<u>79,650</u>	<u>29,700</u>
OPERATING EXPENSES:		
Payroll Costs	79,650	-
Professional and Contracted Services	-	-
Supplies and Materials	-	12,783
Other Operating Costs	-	3,668
Total Operating Expenses	<u>79,650</u>	<u>16,451</u>
Operating Income (Loss)	-	13,249
Total Net Position - September 1 (Beginning)	<u>20,364</u>	<u>8,968</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 20,364</u></u>	<u><u>\$ 22,217</u></u>

731 Bearcat Vision Fund	732 Community Partners Fund	733 Stadium/Gym Advertising Fund	Total Nonmajor Enterprise Funds
\$ -	\$ 12,150	\$ 118,214	\$ 239,714
-	12,150	118,214	239,714
92	-	-	79,742
1,749	-	-	1,749
256	-	-	13,039
-	24,281	91,001	118,950
2,097	24,281	91,001	213,480
(2,097)	(12,131)	27,213	26,234
2,097	46,178	125,490	203,097
\$ -	\$ 34,047	\$ 152,703	\$ 229,331

ALED0 INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	715	730
	Pre-K Child Care	Bearcat Store Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 79,650	\$ 29,700
Cash Payments to Employees for Services	(79,650)	-
Cash Payments for Suppliers	-	(16,451)
Cash Payments for Other Operating Expenses	-	-
Net Cash Provided by (Used for) Operating Activities	<u>-</u>	<u>13,249</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	13,249
Cash and Cash Equivalents at Beginning of Year	20,364	8,969
Cash and Cash Equivalents at End of Year	<u>\$ 20,364</u>	<u>\$ 22,218</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ -	\$ 13,249
Effect of Increases and Decreases in Current Assets and Liabilities:		
Increase (decrease) in Accounts Payable	-	-
Net Cash Provided by (Used for) Operating Activities	<u>\$ -</u>	<u>\$ 13,249</u>

731 Bearcat Vision Fund	732 Community Partners Fund	733 Stadium/Gym Advertising Fund	Total Nonmajor Enterprise Funds
\$ -	\$ 12,150	\$ 118,214	\$ 239,714
(92)	-	-	(79,742)
(2,005)	-	-	(18,456)
-	(20,881)	(23,267)	(44,148)
(2,097)	(8,731)	94,947	97,368
(2,097)	(8,731)	94,947	97,368
2,097	46,178	141,090	218,698
<u>\$ -</u>	<u>\$ 37,447</u>	<u>\$ 236,037</u>	<u>\$ 316,066</u>
\$ (2,097)	\$ (12,131)	\$ 27,213	\$ 26,234
-	3,400	67,734	71,134
<u>\$ (2,097)</u>	<u>\$ (8,731)</u>	<u>\$ 94,947</u>	<u>\$ 97,368</u>

ALED0 INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2015

	816 Don Daniel Endowment Trust Fund	817 Dan Manning Endowment Trust Fund	818 Hyles Teacher Awards Fund	Total Private Purpose Trust Funds
ASSETS				
Cash and Cash Equivalents	\$ 1,503	\$ 6	\$ 2,501	\$ 4,010
Investments - Current	86,115	45,063	5,012	136,190
Total Assets	<u>87,618</u>	<u>45,069</u>	<u>7,513</u>	<u>140,200</u>
NET POSITION				
Restricted for Scholarships	<u>87,618</u>	<u>45,069</u>	<u>7,513</u>	<u>140,200</u>
Total Net Position	<u>\$ 87,618</u>	<u>\$ 45,069</u>	<u>\$ 7,513</u>	<u>\$ 140,200</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2015

	816 Don Daniel Endowment Trust Fund	817 Dan Manning Endowment Trust Fund	818 Hyles Teacher Awards Fund	Total Private Purpose Trust Funds
ADDITIONS:				
Local and Intermediate Sources	\$ 3,455	\$ 41	\$ 2,508	\$ 6,004
Total Additions	<u>3,455</u>	<u>41</u>	<u>2,508</u>	<u>6,004</u>
DEDUCTIONS:				
Other Operating Costs	<u>5,500</u>	<u>2,500</u>	<u>5,000</u>	<u>13,000</u>
Total Deductions	<u>5,500</u>	<u>2,500</u>	<u>5,000</u>	<u>13,000</u>
Change in Net Position	(2,045)	(2,459)	(2,492)	(6,996)
Total Net Position - September 1 (Beginning)	<u>89,663</u>	<u>47,528</u>	<u>10,005</u>	<u>147,196</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 87,618</u></u>	<u><u>\$ 45,069</u></u>	<u><u>\$ 7,513</u></u>	<u><u>\$ 140,200</u></u>

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REQUIRED TEXAS EDUCATION AGENCY SCHEDULES

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FISCAL YEAR ENDED AUGUST 31, 2015

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006 and prior years	Various	Various	\$ Various
2007	1.370000	0.298300	1,574,908,526
2008	1.040000	0.350000	1,908,823,774
2009	1.040000	0.385200	2,498,301,428
2010	1.040000	0.385200	2,527,725,812
2011	1.170000	0.255200	2,573,318,370
2012	1.170000	0.255200	2,434,577,463
2013	1.170000	0.255200	2,465,553,677
2014	1.170000	0.255200	2,504,191,131
2015 (School year under audit)	1.170000	0.255200	2,606,380,768
1000 TOTALS			

(10) Beginning Balance 9/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2015
\$ 146,633	\$ -	\$ 5,162	\$ 894	\$ -	\$ 140,577
24,101	-	2,634	573	(34)	20,860
23,355	-	2,112	711	(28)	20,504
33,838	-	4,261	1,578	(240)	27,759
87,213	-	36,331	13,457	(242)	37,183
91,146	-	50,003	10,907	9,684	39,920
118,047	-	66,740	14,557	16,367	53,117
148,658	-	63,912	13,941	15,565	86,370
292,425	-	138,236	30,152	38,785	162,822
-	37,146,139	30,233,304	6,594,478	-	318,357
<u>\$ 965,416</u>	<u>\$ 37,146,139</u>	<u>\$ 30,602,695</u>	<u>\$ 6,681,248</u>	<u>\$ 79,857</u>	<u>\$ 907,469</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,520,000	\$ 1,520,000	\$ 1,650,444	\$ 130,444
5800 State Program Revenues	61,679	61,679	60,429	(1,250)
5900 Federal Program Revenues	469,000	469,000	466,206	(2,794)
5020 Total Revenues	2,050,679	2,050,679	2,177,079	126,400
EXPENDITURES:				
0035 Food Services	2,414,648	2,414,648	2,221,807	192,841
6030 Total Expenditures	2,414,648	2,414,648	2,221,807	192,841
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(363,969)	(363,969)	(44,728)	319,241
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	200,000	200,000	-	(200,000)
1200 Net Change in Fund Balances	(163,969)	(163,969)	(44,728)	119,241
0100 Fund Balance - September 1 (Beginning)	351,530	351,530	351,530	-
3000 Fund Balance - August 31 (Ending)	\$ 187,561	\$ 187,561	\$ 306,802	\$ 119,241

ALEDO INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 6,676,939	\$ 6,676,939	\$ 6,721,341	\$ 44,402
5020	Total Revenues	6,676,939	6,676,939	6,721,341	44,402
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	2,320,017	5,595,517	5,545,375	50,142
0072	Interest on Long Term Debt	7,042,447	3,766,947	3,717,459	49,488
0073	Bond Issuance Cost and Fees	150,000	401,739	351,291	50,448
6030	Total Expenditures	9,512,464	9,764,203	9,614,125	150,078
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,835,525)	(3,087,264)	(2,892,784)	194,480
OTHER FINANCING SOURCES (USES):					
7901	Refunding Bonds Issued	-	13,195,000	13,195,000	-
7915	Transfers In	2,835,525	2,835,525	2,565,000	(270,525)
7916	Premium or Discount on Issuance of Bonds	-	8,533,976	8,590,408	56,432
8940	Payment to Bond Refunding Escrow Agent (Use)	-	(21,477,237)	(21,477,236)	1
7080	Total Other Financing Sources (Uses)	2,835,525	3,087,264	2,873,172	(214,092)
1200	Net Change in Fund Balances	-	-	(19,612)	(19,612)
0100	Fund Balance - September 1 (Beginning)	578,571	578,571	578,571	-
3000	Fund Balance - August 31 (Ending)	\$ 578,571	\$ 578,571	\$ 558,959	\$ (19,612)

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**REPORTS ON INTERNAL CONTROLS, COMPLIANCE
AND FEDERAL AWARDS**

KIRK, RICHARDSON & POOLE, P. C.

Certified Public Accountants

Tom Kirk, CPA	Don Richardson, CPA	Cindy Poole, CPA
7559 John T. White Road	P. O. Box 8342	Fort Worth, Texas 76124
(817) 451-7406		Fax (817) 451-7597

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Members of the Board of Trustees:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Aledo Independent School District (the "District") as of and for the year ended August 31, 2015, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated January 7, 2016.

Internal Control over Financial Reports

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 opinion 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those in charged with governance.

Our consideration of the 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 over financial reporting 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing 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 Audit Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kirk, Richardson & Poole, P.C.

Kirk, Richardson & Poole, P. C.
Fort Worth, Texas
January 7, 2016

KIRK, RICHARDSON & POOLE, P. C.

Certified Public Accountants

Tom Kirk, CPA	Don Richardson, CPA	Cindy Poole, CPA
7559 John T. White Road	P. O. Box 8342	Fort Worth, Texas 76124
(817) 451-7406		Fax (817) 451-7597

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
Aledo Independent School District
1008 Bailey Ranch
Aledo, Texas 76008

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited the Aledo Independent School District (the "District") 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 August 31, 2015. 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 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 the compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the 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, 2015.

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 our 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* 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 of 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.

Kirk, Richardson & Poole, P.C.

Kirk, Richardson & Poole, P.C.
Fort Worth, Texas
January 7, 2016

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED AUGUST 31, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010A	ESEA, Title I, Part A – Improving Basic Programs
84.027	IDEA – Part B, Formula
84.173	IDEA – Part B, Preschool

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

Auditee qualified as low risk auditee?: Yes

Section II – Financial Statement Findings

N/A – None.

Section III – Federal Award Findings and Questioned Costs

N/A – None.

ALEDO INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2015

PRIOR YEAR'S FINDING/NONCOMPLIANCE:

N/A – none required.

STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE:

N/A – none required.

ALEDO INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2015

Contact Person: Earl Husfeld, Chief Financial Officer
1008 Bailey Ranch Road
Aledo, Texas 76008
(817) 441-5111

CORRECTIVE ACTION PLAN:

None required.

ALEDO INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2015

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101184907	\$ 250,931
*IDEA - Part B, Formula	84.027	15660001184907	781,090
*IDEA - Part B, Preschool	84.173	15661001184907	7,644
Total Special Education Cluster (IDEA)			788,734
Title III, Part A - English Language Acquisition	84.365A	15671001184907	13,389
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501184907	63,282
Summer School LEP	84.369	69551402	1,107
Total Passed Through State Department of Education			\$ 1,117,443
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 1,117,443
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 54,577
*National School Lunch Program - Cash Assistance	10.555		330,793
*National School Lunch Prog - Non-Cash Assistance	10.555		80,836
Total CFDA Number 10.555			411,629
Total Child Nutrition Cluster			466,206
Total Passed Through the State Department of Agriculture			\$ 466,206
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 466,206
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,583,649

*Clustered Programs

ALEDO INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES TO FEDERAL AWARDS
AUGUST 31, 2015

Note 1 – Basis of Presentation

The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency’s *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus.

The modified accrual basis of accounting is used for the General and Special Revenue 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 liability is incurred, if measurable, except for 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 revenues are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such amounts are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods.

Note 2 – Period of Availability

Federal awards may specify a time period during which the District may use the Federal funds. Where a funding period is specified, the District may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the District during the same or future period.

The District shall liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation). The Federal agency may extend this deadline upon request. Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement 2015.

Note 3 – Reconciliation of Basic Financial Statements

The following is a reconciliation of expenditures of federal awards program per the Schedule of Expenditures of Federal Awards and expenditures reported in the financial statements as follows:

Total federal sources per financial statements for Governmental Funds	<u>\$1,583,649</u>
Total federal expenditures on Schedule of Expenditures of Federal Awards	<u><u>\$1,583,649</u></u>