

ALEDO INDEPENDENT SCHOOL DISTRICT

**ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED**

AUGUST 31, 2014

ALEDO INDEPENDENT SCHOOL DISTRICT

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Year Ended August 31, 2014**

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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, 2014, at a meeting of the board of trustees of such school district on the 19th day of January, 2015.



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.

Members of the American Institute of Certified Public Accountants

Tom Kirk, CPA

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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, the business-type activities and the aggregate remaining fund information of Aledo Independent School District (the "District") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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, the business-type activities, and the aggregate remaining fund information of the District, as of August 31, 2014, 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.

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 6-12 and 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The 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 required Texas Education Agency schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, required Texas Education Agency schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The 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, J4 and J-5.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Audit Standards*, we have also issued our report dated January 15, 2015 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 15, 2015

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, 2014. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

Financial Highlights

- 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 \$16,850,685, a decrease of \$3,238,644 from the prior year. The General Fund subsidized the Debt Service Fund by transferring \$2,925,000 to this fund. This actual decrease was less than the projected decrease of \$3,851,564. 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 \$19,019,437, a net decrease of \$6,122,587 from the prior year. The fund balance within the Debt Service and Capital Project funds had decreases of \$24,120 and \$3,017,223 respectively. The \$16,850,685 Unassigned Fund Balance represents approximately 89 percent of the \$19,019,437 total fund balance.
- The District's net position, including business-type activities, was (\$28,280,683) at the close of the fiscal year. Of this amount, \$4,133,895 (*unrestricted net position*) may be used to meet the District's ongoing obligations.

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.

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 and liabilities, 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 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 exceeded assets and deferred outflows of resources by \$28,280,683, as of August 31, 2014.

The District's Net Position

	August 31, 2014	August 31, 2013
Current assets	\$ 21,756,892	\$ 28,960,548
Capital assets	112,881,288	115,642,038
Total assets	<u>134,638,180</u>	<u>144,602,586</u>
Deferred Outflows of Resources	<u>4,216,471</u>	<u>4,016,509</u>
Current liabilities	2,573,514	3,722,353
Long-term liabilities outstanding	164,561,820	167,110,545
Total liabilities	<u>167,135,334</u>	<u>170,832,898</u>
Net investment in capital assets	(34,042,071)	(33,960,505)
Restricted	1,627,493	4,527,355
Unrestricted	<u>4,133,895</u>	<u>7,219,347</u>
Total net position	<u>\$ (28,280,683)</u>	<u>\$ (22,213,803)</u>

Investment in capital assets (e.g., land, buildings and improvements, furniture and equipment and construction in progress) less any related debt used to acquire those assets that is still outstanding is a negative \$34,042,071. 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 (\$1,627,493) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$4,133,895, including \$203,097 for Business-Type Activities) may be used to meet the District's ongoing obligations.

Governmental activities. The District's Governmental Activities decreased by \$6,059,851 and the Business-Type Activities decreased by \$7,029 for a net decrease of \$6,066,880. The total cost of all *governmental activities* this year was \$54,013,223. The amount that our taxpayers paid for these activities through property taxes was \$35,959,165 or 67%. The total cost of the Business-Type Activities was \$178,466.

Changes in the District's Net Position

	<u>Fiscal Year</u> <u>August 31, 2014</u>	<u>Fiscal Year</u> <u>August 31, 2013</u>
Revenues:		
Program revenues		
Charges for services	\$ 3,006,789	\$ 2,663,680
Operating grants and contributions	3,418,297	3,099,285
General revenues		
Property taxes	35,959,165	35,459,488
State aid - formula grants	5,270,585	3,843,814
Grants and contributions not restricted	946	-
Other	297,590	91,544
Total revenues	<u>47,953,372</u>	<u>45,157,811</u>
Expenses:		
Instruction	25,969,391	23,917,587
Instructional resources and media services	532,051	525,190
Curriculum and staff development	401,948	342,140
Instructional leadership	271,872	238,316
School leadership	2,917,176	2,780,615
Guidance, counseling & evaluation services	1,278,270	1,229,061
Health services	402,023	375,182
Student transportation	14,838	28,677
Food service	2,049,761	2,132,405
Cocurricular/extracurricular activities	2,400,592	2,214,351
General administration	1,606,609	1,528,455
Plant maintenance and operations	4,841,779	4,853,378
Security and monitoring services	612,548	467,432
Data processing services	445,759	469,197
Debt service-interest on long-term debt	6,420,661	6,782,424
Debt service-bond issuance costs & fees	269,880	465,224
Capital outlay	-	-
Payments to other governments	3,578,065	3,513,062
Total expenses	<u>54,013,223</u>	<u>51,862,696</u>
Increase (decrease) in net position	(6,059,851)	(6,704,885)
Net Business-type activities	<u>(7,029)</u>	<u>157,864</u>
Total Increase (decrease) in net position	(6,066,880)	(6,547,021)
Beginning net position	(22,213,803)	(14,992,305)
Prior period adjustment	-	(674,477)
Ending net position	<u>\$ (28,280,683)</u>	<u>\$ (22,213,803)</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 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 \$19,019,437, a net decrease of \$6,122,587.

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 \$16,850,685, 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. These fund balance represents 45 percent of the total general fund expenditures.

The fund balance of the District's general fund decreased \$3,238,644 primarily for reasons as previously stated.

The debt service fund has a total fund balance of \$578,571, all of which is restricted for the payment of debt service. The net decrease in the debt service fund balance was \$24,120.

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 \$908,212 as of August 31, 2014. The net decrease in fund balance for the fiscal year ended August 31, 2014, was \$3,017,223.

General Fund Budgetary Highlights

District recommended and Board approved revisions to budgeted revenue and appropriations.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of August 31, 2014, amounts to \$112,881,288 (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, 2014	August 31, 2013
Land	\$ 6,745,838	\$ 6,745,838
Construction in progress	2,650,686	81,196
Buildings and improvements	102,122,041	106,790,229
Furniture and equipment	1,362,723	2,024,775
Total at historical cost	<u>\$ 112,881,288</u>	<u>\$ 115,642,038</u>

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

Long-term debt. During the year, the District issued \$9,330,000 in Unlimited Tax Refunding Bonds, Series 2014 to advance refund \$9,330,000 in Unlimited Tax School Building Bonds, Series 2005-A. Additional information concerning the District's long-term debt 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 2013-2014 student attendance rate improved slightly to 96.5% from 96.2% in 2012-2013. The 2013-2014 student enrollment growth was 141 students, a 3.0% increase.
- Following is the outlook for the 2014-2015 fiscal year:
 - The most recent demographic projection of student enrollment growth forecasts an additional 163 students, a 3.3% increase.
 - The 2014 certified taxable value of all property in the District was \$2,651,272,657, an increase in value of \$101,247,430, or 3.97%, from the 2013 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 \$0.2552 per \$100 valuation for a total tax rate of \$1.4252 per \$100 valuation. The District's total tax rate has not changed since the 2008-2009 fiscal year, a period of seven years.
 - Due to the increase in taxable property values, 2014-2015 budgeted local revenues in the General Fund increased to \$31,370,326 while budgeted state revenues and other resources increased to \$6,970,795 as a result of the increase to public education funding by the State of Texas and projected student enrollment growth. This results in total 2014-2015 budgeted General Fund revenues of \$38,341,121 with General Fund expenditures budgeted at \$41,897,179. The budgeted difference of \$3,556,058, with \$2,835,525 of this amount being a Transfer Out to the Debt Service Fund, will reduce the fund balance in the General Fund.

- Due to the increase in taxable property values, 2014-2015 budgeted local revenues in the Debt Service Fund increased slightly to \$6,676,939 with budgeted expenditures decreasing to \$9,512,464. After a Transfer In of \$2,835,525 from the General Fund, the projected fund balance in the Debt Service Fund will remain stable at \$566,208. Rather than increase the Debt Service tax rate at this time, the Board of Trustees decided to transfer in fund balance dollars from the General Fund to assist with the District's annual debt service payments.

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.

BASIC FINANCIAL STATEMENTS

ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2014

EXHIBIT A-1

Data Control Codes	1	2	3
	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
1110 Cash and Cash Equivalents	\$ 1,119,637	\$ 218,698	\$ 1,338,335
1120 Current Investments	19,589,332	-	19,589,332
1220 Property Taxes Receivable (Delinquent)	965,416	-	965,416
1230 Allowance for Uncollectible Taxes	(463,312)	-	(463,312)
1240 Due from Other Governments	275,571	-	275,571
1300 Inventories	51,550	-	51,550
Capital Assets:			
1510 Land	6,745,838	-	6,745,838
1520 Buildings, Net	102,122,041	-	102,122,041
1530 Furniture and Equipment, Net	1,362,723	-	1,362,723
1580 Construction in Progress	2,650,686	-	2,650,686
1000 Total Assets	<u>134,419,482</u>	<u>218,698</u>	<u>134,638,180</u>
DEFERRED OUTFLOWS OF RESOURCES			
1701 Deferred Charge for Refunding	4,216,471	-	4,216,471
1700 Total Deferred Outflows of Resources	<u>4,216,471</u>	<u>-</u>	<u>4,216,471</u>
LIABILITIES			
2110 Accounts Payable	753,177	15,601	768,778
2140 Interest Payable	541,259	-	541,259
2150 Payroll Deductions & Withholdings	52,301	-	52,301
2160 Accrued Wages Payable	1,050,526	-	1,050,526
2200 Accrued Expenses	152,558	-	152,558
2300 Unearned Revenue	8,092	-	8,092
Noncurrent Liabilities			
2501 Due Within One Year	2,320,016	-	2,320,016
2502 Due in More Than One Year	162,241,804	-	162,241,804
2000 Total Liabilities	<u>167,119,733</u>	<u>15,601</u>	<u>167,135,334</u>
NET POSITION			
3200 Net Investment in Capital Assets	(34,042,071)	-	(34,042,071)
Restricted for:			
3820 Restricted for Federal and State Programs	353,124	-	353,124
3850 Restricted for Debt Service	37,312	-	37,312
3860 Restricted for Capital Projects	908,212	-	908,212
3870 Restricted for Campus Activities	328,845	-	328,845
3900 Unrestricted	3,930,798	203,097	4,133,895
3000 Total Net Position	<u>\$ (28,483,780)</u>	<u>\$ 203,097</u>	<u>\$ (28,280,683)</u>

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

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ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 25,969,391	\$ 778,751	\$ 2,172,940
12 Instructional Resources and Media Services	532,051	-	25,316
13 Curriculum and Staff Development	401,948	-	91,482
21 Instructional Leadership	271,872	-	13,080
23 School Leadership	2,917,176	-	120,325
31 Guidance, Counseling and Evaluation Services	1,278,270	-	176,309
33 Health Services	402,023	-	21,549
34 Student (Pupil) Transportation	14,838	-	-
35 Food Services	2,049,761	1,635,363	544,179
36 Extracurricular Activities	2,400,592	488,150	52,585
41 General Administration	1,606,609	-	115,485
51 Facilities Maintenance and Operations	4,841,779	104,525	46,361
52 Security and Monitoring Services	612,548	-	22,429
53 Data Processing Services	445,759	-	1,969
61 Community Services	-	-	1,238
72 Debt Service - Interest on Long Term Debt	6,420,661	-	-
73 Debt Service - Bond Issuance Cost and Fees	269,880	-	-
91 Contracted Instructional Services Between Schools	740,207	-	-
93 Payments related to Shared Services Arrangements	2,341,320	-	13,050
99 Other Intergovernmental Charges	496,538	-	-
[TG] Total Governmental Activities:	<u>54,013,223</u>	<u>3,006,789</u>	<u>3,418,297</u>
BUSINESS-TYPE ACTIVITIES:			
01 Pre-K Child Care	64,080	64,080	-
02 Bearcat Store	35,008	31,834	-
03 Bearcat Vision	16,778	72	-
04 Community Partners	13,694	22,200	-
06 Stadium/Gym Advertising	48,906	53,251	-
[TB] Total Business-Type Activities:	<u>178,466</u>	<u>171,437</u>	<u>-</u>
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 54,191,689</u>	<u>\$ 3,178,226</u>	<u>\$ 3,418,297</u>
Data Control Codes	General Revenues:		
MT	Taxes:		
DT	Property Taxes, Levied for General Purposes		
SF	Property Taxes, Levied for Debt Service		
GC	State Aid - Formula Grants		
IE	Grants and Contributions not Restricted		
MI	Investment Earnings		
TR	Miscellaneous Local and Intermediate Revenue		
	Total General Revenues		
CN	Change in Net Position		
NB	Net Position - Beginning		
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
\$ (23,017,700)	\$ -	\$ (23,017,700)
(506,735)	-	(506,735)
(310,466)	-	(310,466)
(258,792)	-	(258,792)
(2,796,851)	-	(2,796,851)
(1,101,961)	-	(1,101,961)
(380,474)	-	(380,474)
(14,838)	-	(14,838)
129,781	-	129,781
(1,859,857)	-	(1,859,857)
(1,491,124)	-	(1,491,124)
(4,690,893)	-	(4,690,893)
(590,119)	-	(590,119)
(443,790)	-	(443,790)
1,238	-	1,238
(6,420,661)	-	(6,420,661)
(269,880)	-	(269,880)
(740,207)	-	(740,207)
(2,328,270)	-	(2,328,270)
(496,538)	-	(496,538)
(47,588,137)	-	(47,588,137)
-	-	-
-	(3,174)	(3,174)
-	(16,706)	(16,706)
-	8,506	8,506
-	4,345	4,345
-	(7,029)	(7,029)
(47,588,137)	(7,029)	(47,595,166)
29,519,870	-	29,519,870
6,439,295	-	6,439,295
5,270,585	-	5,270,585
946	-	946
11,918	-	11,918
285,672	-	285,672
41,528,286	-	41,528,286
(6,059,851)	(7,029)	(6,066,880)
(22,423,929)	210,126	(22,213,803)
\$ (28,483,780)	\$ 203,097	\$ (28,280,683)

ALEDO INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 359,717	\$ 18,200	\$ 741,720	\$ 1,119,637
1120 Investments - Current	17,787,272	555,074	1,246,986	19,589,332
1220 Property Taxes - Delinquent	786,903	178,513	-	965,416
1230 Allowance for Uncollectible Taxes (Credit)	(381,714)	(81,598)	-	(463,312)
1240 Receivables from Other Governments	257,656	7,397	10,518	275,571
1300 Inventories	-	-	51,550	51,550
1000 Total Assets	<u>\$ 18,809,834</u>	<u>\$ 677,586</u>	<u>\$ 2,050,774</u>	<u>\$ 21,538,194</u>
LIABILITIES				
2110 Accounts Payable	\$ 442,632	\$ 2,100	\$ 308,445	\$ 753,177
2150 Payroll Deductions and Withholdings Payable	52,301	-	-	52,301
2160 Accrued Wages Payable	1,039,308	-	11,218	1,050,526
2200 Accrued Expenditures	19,720	-	132,838	152,558
2300 Unearned Revenues	-	-	8,092	8,092
2000 Total Liabilities	<u>1,553,961</u>	<u>2,100</u>	<u>460,593</u>	<u>2,016,654</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	405,188	96,915	-	502,103
2600 Total Deferred Inflows of Resources	<u>405,188</u>	<u>96,915</u>	<u>-</u>	<u>502,103</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	-	-	51,550	51,550
3445 Other Non-Spendable Fund Balance	-	-	125,457	125,457
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	301,574	301,574
3470 Capital Acquisition and Contractual Obligation	-	-	782,755	782,755
3480 Retirement of Long-Term Debt	-	578,571	-	578,571
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	328,845	328,845
3600 Unassigned Fund Balance	16,850,685	-	-	16,850,685
3000 Total Fund Balances	<u>16,850,685</u>	<u>578,571</u>	<u>1,590,181</u>	<u>19,019,437</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 18,809,834</u>	<u>\$ 677,586</u>	<u>\$ 2,050,774</u>	<u>\$ 21,538,194</u>

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

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

Total Fund Balances - Governmental Funds	\$	19,019,437
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 \$165,470,098 and the accumulated depreciation was \$49,828,060. 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 total debt outstanding as of the beginning of the year was \$163,094,036. Interest payable on bonds at the beginning of the year was \$525,341. 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.		(47,977,339)
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. Current year amortizations of bond premiums, deferred charge on refunding and adjustment for interest payable caused an increase to net position of \$250,862. The net effect of including the 2014 capital outlays, debt principal payments, and current year amortizations is to increase net position.		5,854,826
3 The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(5,731,981)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, 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 increase net position.		351,277
19 Net Positions of Governmental Activities	\$	(28,483,780)

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, 2014

EXHIBIT C-3

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 30,323,609	\$ 6,474,190	\$ 2,332,593	\$ 39,130,392
5800 State Program Revenues	6,775,639	-	458,622	7,234,261
5900 Federal Program Revenues	-	-	1,454,633	1,454,633
5020 Total Revenues	<u>37,099,248</u>	<u>6,474,190</u>	<u>4,245,848</u>	<u>47,819,286</u>
EXPENDITURES:				
Current:				
0011 Instruction	20,050,351	-	1,741,861	21,792,212
0012 Instructional Resources and Media Services	477,451	-	54,600	532,051
0013 Curriculum and Instructional Staff Development	239,437	-	82,128	321,565
0021 Instructional Leadership	271,872	-	-	271,872
0023 School Leadership	2,274,076	-	-	2,274,076
0031 Guidance, Counseling and Evaluation Services	1,160,209	-	118,061	1,278,270
0033 Health Services	402,023	-	-	402,023
0035 Food Services	1,289	-	2,027,548	2,028,837
0036 Extracurricular Activities	1,864,365	-	22,284	1,886,649
0041 General Administration	1,469,767	-	27,533	1,497,300
0051 Facilities Maintenance and Operations	4,811,847	-	61	4,811,908
0052 Security and Monitoring Services	498,969	-	257	499,226
0053 Data Processing Services	369,590	-	-	369,590
Debt Service:				
0071 Principal on Long Term Debt	-	4,085,000	-	4,085,000
0072 Interest on Long Term Debt	-	5,219,256	-	5,219,256
0073 Bond Issuance Cost and Fees	-	269,880	-	269,880
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	3,018,288	3,018,288
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	740,207	-	-	740,207
0093 Payments to Fiscal Agent/Member Districts of SSA	2,328,270	-	13,050	2,341,320
0099 Other Intergovernmental Charges	496,538	-	-	496,538
6030 Total Expenditures	<u>37,456,261</u>	<u>9,574,136</u>	<u>7,105,671</u>	<u>54,136,068</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(357,013)</u>	<u>(3,099,946)</u>	<u>(2,859,823)</u>	<u>(6,316,782)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	9,330,000	-	9,330,000
7915 Transfers In	-	2,925,000	-	2,925,000
7916 Premium or Discount on Issuance of Bonds	-	617,568	-	617,568
7949 Other Resources - Mineral Interests	43,369	-	-	43,369
8911 Transfers Out (Use)	(2,925,000)	-	-	(2,925,000)
8949 Other (Uses)	-	(9,796,742)	-	(9,796,742)
7080 Total Other Financing Sources (Uses)	<u>(2,881,631)</u>	<u>3,075,826</u>	<u>-</u>	<u>194,195</u>
1200 Net Change in Fund Balances	(3,238,644)	(24,120)	(2,859,823)	(6,122,587)
0100 Fund Balance - September 1 (Beginning)	<u>20,089,329</u>	<u>602,691</u>	<u>4,450,004</u>	<u>25,142,024</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 16,850,685</u>	<u>\$ 578,571</u>	<u>\$ 1,590,181</u>	<u>\$ 19,019,437</u>

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

ALED0 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, 2014

Total Net Change in Fund Balances - Governmental Funds	\$	(6,122,587)
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. Current year amortizations of bond premiums, deferred charge on refunding and adjustment for interest payable caused an increase to net position of \$250,862. The net effect of removing the 2014 capital outlays, debt principal payments, and adding current year amortizations is to increase net position.		5,854,826
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.		(5,731,981)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, 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.		(60,109)
Change in Net Positions of Governmental Activities	<u>\$</u>	<u>(6,059,851)</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, 2014

	Business-Type Activities
	Total Enterprise Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 218,698
Total Assets	<u>218,698</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	<u>15,601</u>
Total Liabilities	<u>15,601</u>
NET POSITION	
Unrestricted Net Position	<u>203,097</u>
Total Net Position	<u><u>\$ 203,097</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, 2014

	Business-Type Activities
	Total Enterprise Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 170,199
State Program Revenues	1,238
Total Operating Revenues	<u>171,437</u>
OPERATING EXPENSES:	
Payroll Costs	82,544
Professional and Contracted Services	9,900
Supplies and Materials	82,586
Other Operating Costs	3,436
Total Operating Expenses	<u>178,466</u>
Transfers In	177,620
Transfers Out	<u>(177,620)</u>
Operating Income (Loss)	(7,029)
Total Net Position - September 1 (Beginning)	<u>210,126</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 203,097</u></u>

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

ALED0 INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 170,199
Cash Payments to Employees for Services	(82,805)
Cash Payments for Suppliers	(66,986)
Cash Payments for Other Operating Expenses	(13,336)
Net Cash Provided by Operating Activities	<u>7,072</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Operating Transfer In	177,620
Operating Transfer Out	(177,620)
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	7,072
Cash and Cash Equivalents at Beginning of Year	<u>211,626</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 218,698</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ (7,029)
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	<u>14,101</u>
Net Cash Provided by Operating Activities	<u><u>\$ 7,072</u></u>

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

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

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 134	\$ 283,518
Investments - Current	147,062	-
Total Assets	<u>147,196</u>	<u>\$ 283,518</u>
LIABILITIES		
Accounts Payable	-	\$ 60
Due to Student Groups	-	283,458
Total Liabilities	<u>-</u>	<u>\$ 283,518</u>
NET POSITION		
Restricted for Scholarships	<u>147,196</u>	
Total Net Position	<u>\$ 147,196</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, 2014

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 5,073
Total Additions	<u>5,073</u>
DEDUCTIONS:	
Other Operating Costs	<u>13,000</u>
Total Deductions	<u>13,000</u>
Change in Net Position	(7,927)
Total Net Position - September 1 (Beginning)	<u>155,123</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 147,196</u></u>

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

I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Aledo Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The District follows the generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified by the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of the Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting entity

The Board of Trustees ("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.

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.

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.

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.

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 2014 will ultimately change from the amount calculated as of August 31, 2014 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 \$1.17 per \$100 valuation and \$0.2552 per \$100 valuation, respectively, based on a net assessed valuation of \$2,504,191,131.

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, 2014 are as follows:

	Gross Delinquent Taxes Receivable	Allowance for Uncollectible Taxes	Net Delinquent Taxes Receivables
General Fund	\$786,903	(\$381,714)	\$405,189
Debt Service Fund	178,513	(81,598)	96,915
Totals	<u>\$965,416</u>	<u>(\$463,312)</u>	<u>\$502,104</u>

Current tax collections for the levy year ended August 31, 2014 were 99.2% 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. 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.

9. 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.

10. 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:

	State Revenues
Advance Placement Incentives – SRF 397	\$ 686
Other State Special Revenue Funds – SRF 429	7,406
Total	<u>\$8,092</u>

11. 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. The District’s deferred outflows of resources was for deferred charge for refunding in the amount of \$4,216,471.

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 has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds reports \$405,188 and \$96,915 as unavailable revenues from 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.

12. 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, 2014

	General Fund	Debt Service Fund	Other Funds	Total Governmental Funds
Nonspendable Fund Balance				
Inventories	\$ 0	\$ 0	\$ 51,550	\$ 51,550
Other Non-spendable fund bal.	0	0	125,457	125,457
Restricted Fund Balance				
Nat'l Sch. Break. & Lunch Prog.	0	0	299,980	299,980
Advanced Placement Incentives	0	0	1,594	1,594
Capital acquis. & contract. oblig.	0	0	782,755	782,755
Retirement of long-term debt	0	578,571	0	578,571
Committed Fund Balance				
Campus activity fund	0	0	328,845	328,845
Unassigned	16,850,685	0	0	16,850,685
Total Fund Balance	<u>\$16,850,685</u>	<u>\$578,571</u>	<u>\$1,590,181</u>	<u>\$19,019,437</u>

10. 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.

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.

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	Increase (Decrease)	Amended Budget
	<u>Appropriations</u>	<u>(Decrease)</u>	<u>Appropriations</u>
General Fund – Exhibit G-1	\$37,069,828	\$591,276	\$37,661,104
Child Nutrition Program – Exhibit J-4	2,414,287	0	2,414,287
Debt Service Fund – Exhibit J-5	9,596,613	150,826	9,747,439

The General Fund – Function 11, Instruction original budget was increased by \$1,185,226 for additional personnel not anticipated in the original budget. This amount 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, 2014 Fund Balance	
Appropriated Budgeted Funds – Food Service Special Revenue Fund	\$351,530
Non-appropriated Budgeted Funds	<u>330,439</u>
All Special Revenue Funds	<u><u>\$681,969</u></u>

B. Excess of Expenditures over Appropriations

There were no excess of expenditures over appropriations for the year ended August 31, 2014.

C. Deficit Fund Equity

There were no deficit fund equities for the year ended August 31, 2014.

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 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, 2014, the carrying value of the District's deposits was \$1,338,335 and the bank balance was \$2,013,882. The District's cash deposits at August 31, 2014, 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	\$1,119,637
Cash in bank – Business-type activities	218,698
Total cash in bank	<u>\$1,338,335</u>

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

Investment/Credit Ratings	Carrying Amount	Fair Value	Percentage of Investments	Weighted Average Maturity (Days)
TexPool/AAAm	<u>\$19,589,332</u>	<u>\$19,589,332</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, 2014.

C. Due from Other Governments

Receivables due from other governments, as of August 31, 2014, are as follow:

Fund	Due From State	Due From Other Governments	Totals
General Operating Fund	\$231,668	\$25,988	\$257,656
Special Revenue Funds			
National Breakfast & Lunch Program	10,152	0	10,152
State Textbook Fund	366	0	366
Debt Service Fund	0	7,397	7,397
Total	<u>\$242,186</u>	<u>\$33,385</u>	<u>\$275,571</u>

D. Interfund Receivables and Payables

There were no interfund receivables and payables as of August 31, 2014.

E. Other Financing Sources (Uses)

The General Fund had \$43,369 from other resources - mineral interest.

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

Other Financing Sources:	
Refunding bonds issued	\$9,330,000
Premiums or Discount on Issuance of Bonds	617,568
Other Financing Uses:	
Payment to Bond Refunding Escrow Agent	(9,796,742)

The General Fund transferred \$2,925,000 to the Debt Service Fund to prevent the Debt Service Fund from having a negative fund balance.

F. Operating Leases

The District leases office equipment under noncancelable operating leases. Total costs for such leases were \$291,622 for the year. The future minimum lease payments for active operating leases are summarized below:

Year Ending August 31	Amount
2014	\$222,743
2015	183,751
2016	65,640
2017	0

G. Capital Asset Activity

Capital asset activity for the year ended August 31, 2014 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	81,196	2,569,490	0	2,650,686
Total Capital Assets, not being depreciated	6,827,034	2,569,490	0	9,396,524
Capital assets, being depreciated:				
Buildings and improvements	152,103,187	448,798	275,662	152,276,323
Furniture and equipment	6,539,877	155,095	0	6,694,972
Total capital assets, being depreciated	158,643,064	603,893	275,662	158,971,295
Less accumulated depreciation for:				
Buildings and improvements	45,312,958	4,914,834	73,510	50,154,282
Furniture and equipment	4,515,102	817,147	0	5,332,249
Total accumulated depreciation	49,828,060	5,731,981	73,510	55,486,531
Governmental activities capital assets, net	\$115,642,038	\$(2,558,598)	\$202,152	\$112,881,288

Old turf was removed turf from one of football stadiums and replace it with new turf.

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

Governmental activities:	
11 – Instruction	\$4,261,559
13 – Curriculum Resources & Media Services	80,383
23 – School Leadership	643,100
34 – Student Transportation	14,838
35 – Food Services	20,924
36 – Extracurricular Activities	311,791
41 – General Administration	109,309
51 – Plant Maintenance & Operations	100,586
52 – Security & Monitoring Services	113,322
53 – Data Processing Services	76,169
Total Depreciation Expense	<u><u>\$5,731,981</u></u>

Construction Contracts

The District was obligated at August 31, 2014, under major contracts for construction, renovations or repairs of various facilities. The construction contracts associated with some of the major contracts are as follows:

Project	Approved Construction Budget	Construction In Progress	Estimated Remaining Commitment
Learning Center & HS additions & renovations	\$2,155,944	\$1,917,016	\$238,928
Other miscellaneous contracts	733,670	733,670	0
Totals	<u><u>\$2,889,614</u></u>	<u><u>\$2,650,686</u></u>	<u><u>\$238,928</u></u>

H. Long-Term Debt

Long-term debt of the District is comprised of bonds payable, accreted interest, and premium on bonds. 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, 2014.

	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable	\$143,481,258	\$ 9,330,000	\$11,880,398	\$140,930,860	\$2,320,016
Accreted interest	13,491,493	1,465,099	1,534,602	13,421,990	0
Premium on bonds	10,137,794	617,568	546,392	10,208,970	0
Total	<u><u>\$167,110,545</u></u>	<u><u>\$11,412,667</u></u>	<u><u>\$13,961,392</u></u>	<u><u>\$164,561,820</u></u>	<u><u>\$2,320,016</u></u>

Bonds Payable

During the year, the District issued \$9,330,000 in Unlimited Tax Refunding Bonds, Series 2014 with an average interest rate of 3.07% to advance refund \$9,330,000 in Unlimited Tax School

Building Bonds, Series 2005-A with an average interest rate of 5.1%. 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 Unlimited Tax School Building Bonds, Series 2005-A. 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 \$1,866,979 over 21 years and obtained an economic gain (the difference between the present values of the old and new debt service payments) of \$1,397,632.

The following is a description of the District's bonds outstanding as of August 31, 2014:

Issue/Maturity Date	Interest Rates Payable	Amounts Original Issue	Beginning Balances	Issued	Retired	Ending Balances	Due Within One Year
Series 1998 ULTSB&R Bonds/2014	4.4%/5.0%	\$4,412,145	\$ 535,000	\$ 0	\$ 535,000	\$ 0	\$ 0
Series 2001 ULTSB Bonds/2032	4.5%/5.55%	7,418,568	4,081,273	0	255,398	3,825,875	239,944
Series 2005- A ULTSB Bonds/2033	3.5%/5.125%	34,875,000	13,460,000	0	9,875,000	3,585,000	570,000
Series 2005-B ULTSB Bonds/2015	3.51%/4.39%	2,282,852	480,000	0	245,000	235,000	235,000
Series 2006 ULTSB Bonds/2029	3.375%/5.5%	23,035,000	7,430,000	0	60,000	7,370,000	105,000
Series 2006-A ULTSB Bonds/2035	3.62%/3.75%	16,910,000	15,085,000	0	230,000	14,855,000	240,000
Series 2007 ULTRB Bonds/2029	3.5%/5.0%	7,520,000	7,455,072	0	5,000	7,450,072	345,072
Series 2008 ULTSB Bonds/2043	3.374%/5.82%	61,000,000	60,970,000	0	340,000	60,630,000	315,000
Series 2012 ULTR Bonds/2027	2.0%/3.5%	8,519,913	8,384,913	0	120,000	8,264,913	125,000
Series 2013-A ULTR Bonds/2031	2.0%/3.5%	8,985,000	8,985,000	0	35,000	8,950,000	40,000
Series 2013-B ULTR Bonds/2028	0.4%/3.13%	16,615,000	16,615,000	0	40,000	16,575,000	40,000
Series 2014 ULTR Bonds/2033	1.63%/4.0%	9,330,000	0	9,330,000	140,000	9,190,000	65,000
Totals			\$143,481,258	\$9,330,000	\$11,880,398	\$140,930,860	\$2,320,016

Interest and fees paid on general obligation bonds during the year were \$5,489,136.

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
2015	\$ 2,320,016	\$7,636,647	\$ 9,956,663
2016	3,604,989	6,347,573	9,952,562
2017	3,708,732	6,255,355	9,964,087
2018	3,808,035	6,143,427	9,951,462
2019	3,569,218	6,392,407	9,961,625
2020/2024	20,480,849	29,331,140	49,811,989
2025/2029	24,506,713	25,315,873	49,822,586
2030/2034	18,942,308	31,489,149	50,431,457
2035/2039	27,990,000	16,698,125	44,688,125
2040/2044	32,000,000	3,300,000	35,300,000
Totals	\$140,930,860	\$138,909,696	\$279,840,556

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, 2014.

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, 2014, \$43,140,000 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	Other Funds	Fund Totals
Property Taxes	\$29,438,499	\$6,429,949	\$ 0	\$35,868,448
Food Sales	0	0	1,635,363	1,635,363
Investment Income	10,208	645	1,999	12,852
Penalties, interest & other tax related income	198,705	43,596	0	242,301
Extracurricular activities	488,150	0	553,630	1,041,780
Other	188,047	0	141,601	329,648
Total	\$30,323,609	\$6,474,190	\$2,332,593	\$39,130,392

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	\$1,177,112	\$ 0	\$1,177,112
Foundation School Prg. Act Entitlements	4,093,474	0	4,093,474
State Program Revenues	2,187	407,480	409,667
TRS On-behalf Payments	1,439,664	51,142	1,490,806
TRS Medicare Part-D	63,202	0	63,202
Totals	<u>\$6,775,639</u>	<u>\$458,622</u>	<u>\$7,234,261</u>

K. 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. Employees Retirement Plan

Plan Description – The District contributes to the Teacher Retirement System of Texas (“TRS”), a cost-sharing, multiple-employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805 respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS internet website, www.trs.state.tx.us, under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy – Contribution requirements are not actuarially determined but are established and amended pursuant to the following policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during the current year; (2) state statute prohibit benefit improvements, if as a result of a particular action, the time to amortize TRS’s unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Contribution rates and contributions for fiscal years 2014-2012 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state’s and/or member’s contribution and on the portion of the employees’ salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2014	6.4%	\$1,493,589	6.8%	\$1,586,726	\$269,389
2013	6.4%	1,399,392	6.4%	1,399,392	188,559
2012	6.4%	1,418,055	6.0%	1,329,427	196,333

2. 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 2014-2012.

Contribution Rates and Contribution Amounts

Year	Active Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	.65%	\$151,674	1.0%	233,342	.55%	\$128,157
2013	.65%	142,123	0.5%	109,327	.55%	120,262
2012	.65%	135,020	1.0%	207,723	.55%	114,248

3. 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, 2014, 2013, and 2012, these on-behalf payments, in the amounts of \$63,202, 56,608, and \$45,825, were recognized by the District as revenues and expenditures, respectively.

4. Health Care Coverage

During the year ended August 31, 2014 employees of the District were covered by the Teacher Retirement System-Active Care, a statewide health coverage program for public education employees. The District paid premiums of \$250 on behalf of the employees to the Plan; and, employees, at their option, could authorize payroll withholdings to pay premiums for dependents.

L. 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.

M. 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 2014, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

N. 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.

O. Evaluation of Subsequent Events

The District has evaluated subsequent events through January 15, 2015 the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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ALEDO INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2014

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	\$ 30,247,014	\$ 30,247,014	\$ 30,323,609	\$ 76,595
5800 State Program Revenues	6,470,894	6,470,894	6,775,639	304,745
5020 Total Revenues	36,717,908	36,717,908	37,099,248	381,340
EXPENDITURES:				
Current:				
0011 Instruction	18,940,752	20,131,178	20,050,351	80,827
0012 Instructional Resources and Media Services	490,537	485,537	477,451	8,086
0013 Curriculum and Instructional Staff Development	265,315	245,315	239,437	5,878
0021 Instructional Leadership	260,230	275,230	271,872	3,358
0023 School Leadership	2,316,592	2,281,592	2,274,076	7,516
0031 Guidance, Counseling and Evaluation Services	1,211,119	1,166,119	1,160,209	5,910
0033 Health Services	403,906	408,906	402,023	6,883
0035 Food Services	3,000	3,000	1,289	1,711
0036 Extracurricular Activities	1,957,732	1,867,732	1,864,365	3,367
0041 General Administration	1,471,596	1,491,596	1,469,767	21,829
0051 Facilities Maintenance and Operations	4,975,055	4,835,055	4,811,847	23,208
0052 Security and Monitoring Services	501,964	501,964	498,969	2,995
0053 Data Processing Services	370,380	380,380	369,590	10,790
Intergovernmental:				
0091 Contracted Instructional Services Between Schools	850,000	760,000	740,207	19,793
0093 Payments to Fiscal Agent/Member Districts of SSA	2,415,000	2,330,000	2,328,270	1,730
0099 Other Intergovernmental Charges	507,500	497,500	496,538	962
6030 Total Expenditures	36,940,678	37,661,104	37,456,261	204,843
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(222,770)	(943,196)	(357,013)	586,183
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	500	500	-	(500)
7949 Other Resources - Mineral Interests	16,400	16,400	43,369	26,969
8911 Transfers Out (Use)	(1,801,105)	(2,925,268)	(2,925,000)	268
7080 Total Other Financing Sources (Uses)	(1,784,205)	(2,908,368)	(2,881,631)	26,737
1200 Net Change in Fund Balances	(2,006,975)	(3,851,564)	(3,238,644)	612,920
0100 Fund Balance - September 1 (Beginning)	20,089,329	20,089,329	20,089,329	-
3000 Fund Balance - August 31 (Ending)	\$ 18,082,354	\$ 16,237,765	\$ 16,850,685	\$ 612,920

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COMBINING SCHEDULES

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2014

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 384,530
1120	Investments - Current	-	-	-	-
1240	Receivables from Other Governments	-	-	-	10,152
1300	Inventories	-	-	-	51,550
1000	Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,232</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 83,298
2160	Accrued Wages Payable	-	-	-	11,218
2200	Accrued Expenditures	-	-	-	186
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,702</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	51,550
3445	Other Non-Spendable Fund Balance	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	299,980
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>351,530</u>
4000	Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,232</u>

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	490 Education Foundation Grant Awards
\$ -	\$ -	\$ -	\$ 2,280	\$ 4,434	\$ 7,406	\$ 328,845	\$ 1,891
-	-	-	-	-	-	-	-
-	-	-	-	366	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280</u>	<u>\$ 4,800</u>	<u>\$ 7,406</u>	<u>\$ 328,845</u>	<u>\$ 1,891</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,800	\$ -	\$ -	\$ 1,891
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	686	-	7,406	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>686</u>	<u>4,800</u>	<u>7,406</u>	<u>-</u>	<u>1,891</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,594	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	328,845	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,594</u>	<u>-</u>	<u>-</u>	<u>328,845</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280</u>	<u>\$ 4,800</u>	<u>\$ 7,406</u>	<u>\$ 328,845</u>	<u>\$ 1,891</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2014

Data Control Codes	Total Nonmajor Special Revenue Funds	620 Capital Projects Fund	Total Nonmajor Governmental Funds	
ASSETS				
1110	Cash and Cash Equivalents	\$ 729,386	\$ 12,334	\$ 741,720
1120	Investments - Current	-	1,246,986	1,246,986
1240	Receivables from Other Governments	10,518	-	10,518
1300	Inventories	51,550	-	51,550
1000	Total Assets	<u>\$ 791,454</u>	<u>\$ 1,259,320</u>	<u>\$ 2,050,774</u>
LIABILITIES				
2110	Accounts Payable	\$ 89,989	\$ 218,456	\$ 308,445
2160	Accrued Wages Payable	11,218	-	11,218
2200	Accrued Expenditures	186	132,652	132,838
2300	Unearned Revenues	8,092	-	8,092
2000	Total Liabilities	<u>109,485</u>	<u>351,108</u>	<u>460,593</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	51,550	-	51,550
3445	Other Non-Spendable Fund Balance	-	125,457	125,457
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	301,574	-	301,574
3470	Capital Acquisition and Contractual Obligation	-	782,755	782,755
Committed Fund Balance:				
3545	Other Committed Fund Balance	328,845	-	328,845
3000	Total Fund Balances	<u>681,969</u>	<u>908,212</u>	<u>1,590,181</u>
4000	Total Liabilities and Fund Balances	<u>\$ 791,454</u>	<u>\$ 1,259,320</u>	<u>\$ 2,050,774</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	240 National Breakfast and Lunch Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 1,649,368
5800 State Program Revenues	-	-	-	60,044
5900 Federal Program Revenues	208,826	667,732	8,166	484,132
5020 Total Revenues	<u>208,826</u>	<u>667,732</u>	<u>8,166</u>	<u>2,193,544</u>
EXPENDITURES:				
Current:				
0011 Instruction	188,936	550,777	8,166	-
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	6,840	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	116,955	-	-
0035 Food Services	-	-	-	2,027,548
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	13,050	-	-	-
6030 Total Expenditures	<u>208,826</u>	<u>667,732</u>	<u>8,166</u>	<u>2,027,548</u>
1200 Net Change in Fund Balance	-	-	-	165,996
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,534</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 351,530</u>

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	490 Education Foundation Grant Awards
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554,564	\$ 127,596
-	-	-	-	398,551	27	-	-
70,372	13,179	2,226	-	-	-	-	-
<u>70,372</u>	<u>13,179</u>	<u>2,226</u>	<u>-</u>	<u>398,551</u>	<u>27</u>	<u>554,564</u>	<u>127,596</u>
-	8,263	2,226	-	398,551	-	457,346	127,596
-	-	-	-	-	27	54,573	-
70,372	4,916	-	-	-	-	-	-
-	-	-	1,106	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	22,284	-
-	-	-	-	-	-	27,533	-
-	-	-	-	-	-	61	-
-	-	-	-	-	-	257	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>70,372</u>	<u>13,179</u>	<u>2,226</u>	<u>1,106</u>	<u>398,551</u>	<u>27</u>	<u>562,054</u>	<u>127,596</u>
-	-	-	(1,106)	-	-	(7,490)	-
-	-	-	2,700	-	-	336,335	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 328,845</u>	<u>\$ -</u>

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

Data Control Codes	Total Nonmajor Special Revenue Funds	620 Capital Projects Fund	Total Nonmajor Governmental Funds	
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 2,331,528	\$ 1,065	\$ 2,332,593
5800	State Program Revenues	458,622	-	458,622
5900	Federal Program Revenues	1,454,633	-	1,454,633
5020	Total Revenues	<u>4,244,783</u>	<u>1,065</u>	<u>4,245,848</u>
EXPENDITURES:				
Current:				
0011	Instruction	1,741,861	-	1,741,861
0012	Instructional Resources and Media Services	54,600	-	54,600
0013	Curriculum and Instructional Staff Development	82,128	-	82,128
0031	Guidance, Counseling and Evaluation Services	118,061	-	118,061
0035	Food Services	2,027,548	-	2,027,548
0036	Extracurricular Activities	22,284	-	22,284
0041	General Administration	27,533	-	27,533
0051	Facilities Maintenance and Operations	61	-	61
0052	Security and Monitoring Services	257	-	257
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	3,018,288	3,018,288
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	13,050	-	13,050
6030	Total Expenditures	<u>4,087,383</u>	<u>3,018,288</u>	<u>7,105,671</u>
1200	Net Change in Fund Balance	157,400	(3,017,223)	(2,859,823)
0100	Fund Balance - September 1 (Beginning)	<u>524,569</u>	<u>3,925,435</u>	<u>4,450,004</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 681,969</u>	<u>\$ 908,212</u>	<u>\$ 1,590,181</u>

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ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 AUGUST 31, 2014

	715 Pre-K Child Care	730 Bearcat Store Fund
<hr/>		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 20,364	\$ 8,969
Total Assets	<u>20,364</u>	<u>8,969</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	<u>-</u>	<u>1</u>
Total Liabilities	<u>-</u>	<u>1</u>
NET POSITION		
Unrestricted Net Position	<u>20,364</u>	<u>8,968</u>
Total Net Position	<u><u>\$ 20,364</u></u>	<u><u>\$ 8,968</u></u>

731 Bearcat Vision Fund	732 Community Partners Fund	733 Stadium/Gym Advertising Fund	Total Nonmajor Enterprise Funds
\$ 2,097	\$ 46,178	\$ 141,090	\$ 218,698
<u>2,097</u>	<u>46,178</u>	<u>141,090</u>	<u>218,698</u>
-	-	15,600	15,601
<u>-</u>	<u>-</u>	<u>15,600</u>	<u>15,601</u>
2,097	46,178	125,490	203,097
<u>\$ 2,097</u>	<u>\$ 46,178</u>	<u>\$ 125,490</u>	<u>\$ 203,097</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, 2014

	715 Pre-K Child Care	730 Bearcat Store Fund
OPERATING REVENUES:		
Local and Intermediate Sources	\$ 64,080	\$ 30,668
State Program Revenues	-	1,166
Total Operating Revenues	64,080	31,834
OPERATING EXPENSES:		
Payroll Costs	64,080	12,587
Professional and Contracted Services	-	-
Supplies and Materials	-	18,985
Other Operating Costs	-	3,436
Total Operating Expenses	64,080	35,008
Income (Loss) Before Transfers	-	(3,174)
Transfers In	-	-
Transfers Out	-	(177,620)
Change in Net Position	-	(180,794)
Total Net Position - September 1 (Beginning)	20,364	189,762
Total Net Position - August 31 (Ending)	\$ 20,364	\$ 8,968

731 Bearcat Vision Fund	732 Community Partners Fund	733 Stadium/Gym Advertising Fund	Total Nonmajor Enterprise Funds
\$ -	\$ 22,200	\$ 53,251	\$ 170,199
72	-	-	1,238
<u>72</u>	<u>22,200</u>	<u>53,251</u>	<u>171,437</u>
5,877	-	-	82,544
9,900	-	-	9,900
1,001	13,694	48,906	82,586
-	-	-	3,436
<u>16,778</u>	<u>13,694</u>	<u>48,906</u>	<u>178,466</u>
(16,706)	8,506	4,345	(7,029)
18,803	37,672	121,145	177,620
-	-	-	(177,620)
<u>2,097</u>	<u>46,178</u>	<u>125,490</u>	<u>(7,029)</u>
-	-	-	210,126
<u>\$ 2,097</u>	<u>\$ 46,178</u>	<u>\$ 125,490</u>	<u>\$ 203,097</u>

ALEDO INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

	715 Pre-K Child Care	730 Bearcat Store Fund
<u>Cash Flows from Operating Activities:</u>		
Cash Received from User Charges	\$ 64,080	\$ 30,668
Cash Payments to Employees for Services	(64,080)	(12,920)
Cash Payments for Suppliers	-	(18,985)
Cash Payments for Other Operating Expenses	-	(3,436)
Net Cash Provided by (Used for) Operating Activities	<u>-</u>	<u>(4,673)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>		
Operating Transfer In	-	-
Operating Transfer Out	-	(177,620)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>(177,620)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	(182,293)
Cash and Cash Equivalents at Beginning of Year	<u>20,364</u>	<u>191,262</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 20,364</u></u>	<u><u>\$ 8,969</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</u>		
Operating Income (Loss):	\$ -	\$ (3,174)
Effect of Increases and Decreases in Current Assets and Liabilities:		
Increase (decrease) in Accounts Payable	-	(1,499)
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ -</u></u>	<u><u>\$ (4,673)</u></u>

731 Bearcat Vision Fund	732 Community Partners Fund	733 Stadium/Gym Advertising Fund	Total Nonmajor Enterprise Funds
\$ -	\$ 22,200	\$ 53,251	\$ 170,199
(5,805)	-	-	(82,805)
(1,001)	(13,694)	(33,306)	(66,986)
(9,900)	-	-	(13,336)
<u>(16,706)</u>	<u>8,506</u>	<u>19,945</u>	<u>7,072</u>
18,803	37,672	121,145	177,620
-	-	-	(177,620)
<u>18,803</u>	<u>37,672</u>	<u>121,145</u>	<u>-</u>
2,097	46,178	141,090	7,072
-	-	-	211,626
<u>\$ 2,097</u>	<u>\$ 46,178</u>	<u>\$ 141,090</u>	<u>\$ 218,698</u>
\$ (16,706)	\$ 8,506	\$ 4,345	\$ (7,029)
-	-	15,600	14,101
<u>\$ (16,706)</u>	<u>\$ 8,506</u>	<u>\$ 19,945</u>	<u>\$ 7,072</u>

ALED0 INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 AUGUST 31, 2014

	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	\$ 127	\$ 7	\$ -	\$ 134
Investments - Current	89,536	47,521	10,005	147,062
Total Assets	<u>89,663</u>	<u>47,528</u>	<u>10,005</u>	<u>147,196</u>
NET POSITION				
Restricted for Scholarships	<u>89,663</u>	<u>47,528</u>	<u>10,005</u>	<u>147,196</u>
Total Net Position	<u>\$ 89,663</u>	<u>\$ 47,528</u>	<u>\$ 10,005</u>	<u>\$ 147,196</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, 2014

	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	\$ 45	\$ 23	\$ 5,005	\$ 5,073
Total Additions	<u>45</u>	<u>23</u>	<u>5,005</u>	<u>5,073</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	(5,455)	(2,477)	5	(7,927)
Total Net Position - September 1 (Beginning)	<u>95,118</u>	<u>50,005</u>	<u>10,000</u>	<u>155,123</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 89,663</u></u>	<u><u>\$ 47,528</u></u>	<u><u>\$ 10,005</u></u>	<u><u>\$ 147,196</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, 2014

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2005 and prior years	Various	Various	\$ 1,060,816,740
2006	1.500000	0.259900	1,285,277,566
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 (School year under audit)	1.170000	0.255200	2,504,191,131
1000 TOTALS			

(10) Beginning Balance 9/1/2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2014
\$ 136,454	\$ -	\$ 2,795	\$ 410	\$ (6,386)	\$ 126,863
20,772	-	629	109	(264)	19,770
25,055	-	531	116	(307)	24,101
24,515	-	728	245	(187)	23,355
36,119	-	22,221	8,230	28,170	33,838
53,159	-	36,212	13,412	83,678	87,213
76,764	-	50,343	10,981	75,706	91,146
117,215	-	74,770	16,309	91,911	118,047
313,259	-	195,629	42,671	73,699	148,658
-	35,689,732	29,054,705	6,337,402	(5,200)	292,425
<u>\$ 803,312</u>	<u>\$ 35,689,732</u>	<u>\$ 29,438,563</u>	<u>\$ 6,429,885</u>	<u>\$ 340,820</u>	<u>\$ 965,416</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, 2014

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	\$ 1,649,368	\$ 129,368
5800 State Program Revenues	59,556	59,556	60,044	488
5900 Federal Program Revenues	450,000	450,000	484,132	34,132
5020 Total Revenues	<u>2,029,556</u>	<u>2,029,556</u>	<u>2,193,544</u>	<u>163,988</u>
EXPENDITURES:				
Current:				
0035 Food Services	<u>2,414,287</u>	<u>2,414,287</u>	<u>2,027,548</u>	<u>386,739</u>
6030 Total Expenditures	<u>2,414,287</u>	<u>2,414,287</u>	<u>2,027,548</u>	<u>386,739</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(384,731)	(384,731)	165,996	550,727
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
1200 Net Change in Fund Balances	(184,731)	(184,731)	165,996	350,727
0100 Fund Balance - September 1 (Beginning)	<u>185,534</u>	<u>185,534</u>	<u>185,534</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 803</u>	<u>\$ 803</u>	<u>\$ 351,530</u>	<u>\$ 350,727</u>

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, 2014

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	\$ 7,995,508	\$ 6,421,345	\$ 6,474,190	\$ 52,845
5020 Total Revenues	7,995,508	6,421,345	6,474,190	52,845
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	2,410,398	4,095,398	4,085,000	10,398
0072 Interest on Long Term Debt	7,036,215	5,351,215	5,219,256	131,959
0073 Bond Issuance Cost and Fees	150,000	300,826	269,880	30,946
6030 Total Expenditures	9,596,613	9,747,439	9,574,136	173,303
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,601,105)	(3,326,094)	(3,099,946)	226,148
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	9,330,000	9,330,000	-
7915 Transfers In	1,601,105	3,175,268	2,925,000	(250,268)
7916 Premium or Discount on Issuance of Bonds	-	617,568	617,568	-
8940 Payment to Bond Refunding Escrow Agent (Use)	-	(9,796,742)	(9,796,742)	-
7080 Total Other Financing Sources (Uses)	1,601,105	3,326,094	3,075,826	(250,268)
1200 Net Change in Fund Balances	-	-	(24,120)	(24,120)
0100 Fund Balance - September 1 (Beginning)	602,691	602,691	602,691	-
3000 Fund Balance - August 31 (Ending)	\$ 602,691	\$ 602,691	\$ 578,571	\$ (24,120)

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

KIRK, RICHARDSON & POOLE, P. C.

Members of the American Institute of Certified Public Accountants

Tom Kirk, CPA	Don Richardson, CPA	Cindy Poole, CPA
7559 John T. White Road	P. O. Box 8342	Fort Worth, Texas 76124-0342
(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, business-type activities, and the aggregate remaining fund information of Aledo Independent School District (the "District") as of and for the year ended August 31, 2014, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated January 15, 2015.

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 15, 2015

KIRK, RICHARDSON & POOLE, P. C

Members of the American Institute of Certified Public Accountants

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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 Road
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, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB 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, 2014.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing 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 15, 2015

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

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
10.553	School Breakfast Program
10.555	National School Lunch Program – Cash Assistance
10.555	National School Lunch Program – Non-cash Assistance

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, 2014

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, 2014

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

CORRECTIVE ACTION PLAN:

None required.

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 2014.

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>\$1,454,634</u>
Total federal expenditures on Schedule of Expenditures of Federal Awards	<u>\$1,454,634</u>

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

(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	14610101184907	\$ 208,826
*IDEA - Part B, Formula	84.027	146600011949076000	667,732
*IDEA - Part B, Preschool	84.173	146610011949076000	8,166
Total Special Education Cluster (IDEA)			675,898
Title III, Part A - English Language Acquisition	84.365A	14671001184907	13,179
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501184907	70,372
Summer School LEP	84.369	69551302	2,226
Total Passed Through State Department of Education			\$ 970,501
TOTAL DEPARTMENT OF EDUCATION			\$ 970,501
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 53,497
*National School Lunch Program - Cash Assistance	10.555		324,213
*National School Lunch Prog. - Non-Cash Assistance	10.555		106,423
Total CFDA Number 10.555			430,636
Total Child Nutrition Cluster			484,133
Total Passed Through the State Department of Agriculture			\$ 484,133
TOTAL DEPARTMENT OF AGRICULTURE			\$ 484,133
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,454,634

*Clustered Programs

SCHOOLS FIRST QUESTIONNAIRE

ALEDO INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2014

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	\$13,421,990