

**RAYMONDVILLE
INDEPENDENT SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
AUGUST 31, 2013

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2013

ORGANIZATIONAL DATA

BOARD OF TRUSTEES

Guadalupe M. Ruiz, Jr. – President

Jessica R. Cantu – Vice-President

Ramiro A. Ramirez, Jr. – Secretary

Javier R. Longoria – Asst. Secretary

Mario Tijerina – Member

Johnnie C. Karseno, Jr. – Member

Apolinar Gonzales, Jr. – Member

SUPERINTENDENT OF SCHOOLS

Johnny I. Pineda


CERTIFICATE OF BOARD

Raymondville Independent School District
Name of District

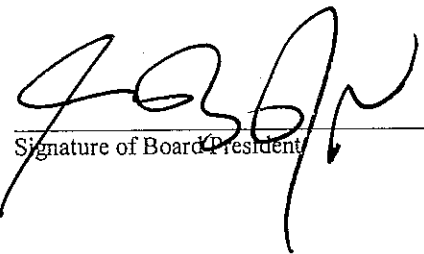
Willacy
County

245-903
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) ☒ approved ☐ disapproved for the year ended August 31, 2013 at a meeting of the Board of Trustees of such school district on the 12th day of November, 2013.



Signature of Board Secretary



Signature of Board President

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2013

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Raymondville Independent School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Raymondville Independent School District (the "District") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Raymondville Independent School District as of August 31, 2013, and the respective changes in financial position, and, where applicable, thereof and the respective budgetary comparison for the general fund 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 on pages 3 through 9 and the budgetary comparison information on pages 47 through 48, 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 and individual nonmajor 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 and individual nonmajor fund financial statements 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 and individual nonmajor fund financial statements 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PATTILLO, BROWN & HILL, LLP

November 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

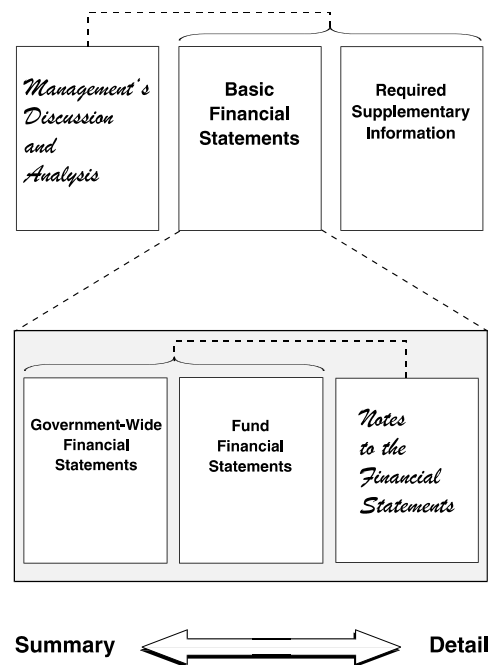
- The District's total combined net position was \$29,670,605 at August 31, 2013. This is a decrease of \$1,642,021 from the prior year.
- During the year, the District's expenses were \$1,642,021 more than the \$25,996,693 generated in taxes and other revenues for governmental activities.
- The general fund reported a fund balance this year of \$8,317,757.
- The District received a superior rating for the Financial Integrity Reporting System of Texas (FIRST) for 2012. This rating rates quality performance in the management of school district's financial resources.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

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

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

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

Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

- *Governmental funds*—Most of the District's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

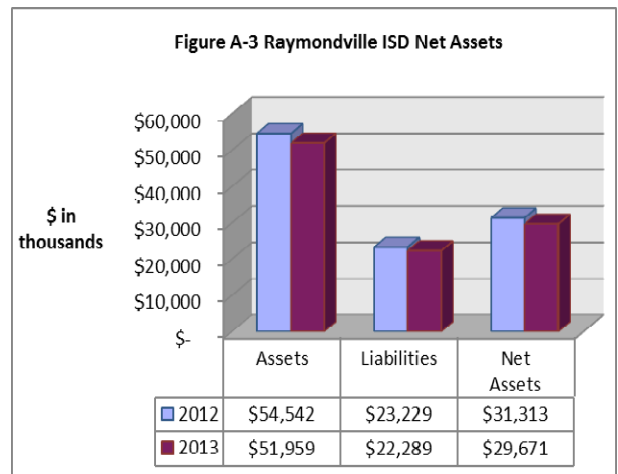
- *Proprietary funds*—Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.
- *Fiduciary funds*—The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that—because of a trust arrangement—can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's combined net position were \$29,670,605 as of August 31, 2013. (See Table A-1).

Table A-1
Raymondville Independent School District's Net position
(in thousands of dollars)

	Governmental Activities	
	2013	2012
Current & other assets	\$11,117	\$12,340
Capital assets	40,842	42,202
Total assets	\$51,959	\$54,542
Current liabilities	750	815
Long-term liabilities	21,539	22,414
Total liabilities	22,289	23,229
Net position:		
Invested in capital assets-Net	19,304	19,788
Restricted	4,434	4,279
Unrestricted	5,933	7,246
Total Net position	\$29,671	\$31,313



Net position may serve over time as a useful indicator of a government's financial position. In the case of Raymondville ISD, assets exceeded liabilities by \$29,670,605 at the close of August 31, 2013.

Approximately 65% of Raymondville ISD's net position reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Raymondville ISD uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the Raymondville ISD's investment in 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 net position (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$5,932,719) may be used to meet the government's ongoing obligations to students and creditors.

Changes in net position

Raymondville ISD's net position decreased by \$1,642,021 during the current fiscal year. The District's total revenues were \$25,996,693. A portion, 15% of the District's revenue comes from taxes, 67% comes from state aid – formula grants, while only 3% relates to charges for services as reflected in Figure A-5.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

Governmental Activities

As reflected in Table A-2 and Figure A-4:

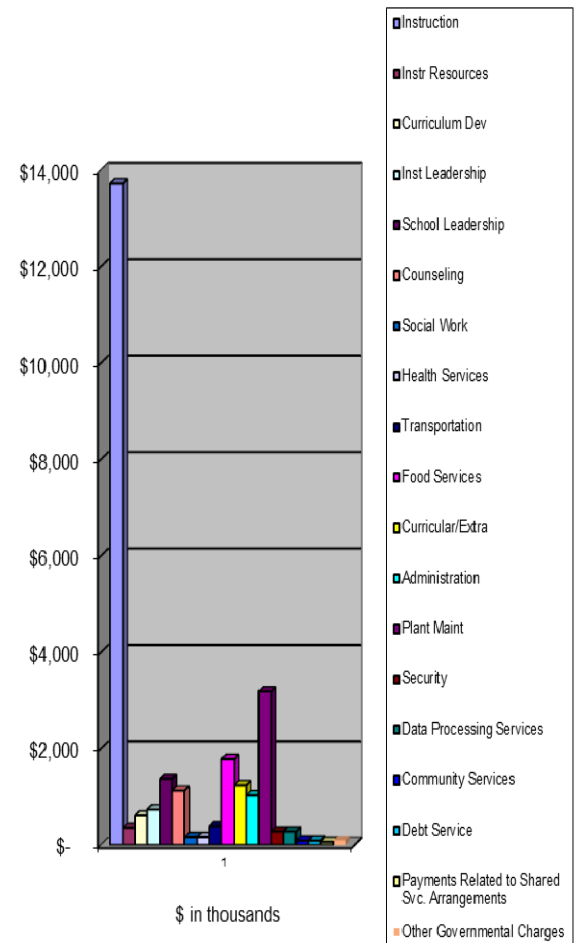
- Property tax rates increased from 1.3199 to 1.380/\$100 during the current fiscal year ended August 31, 2012. Property taxable values decrease by 10% from the prior year.
- The cost of all *governmental* activities this year was \$27,638,714, a decrease of \$581,013.
- However, the amount that our taxpayers paid for these activities through property taxes was \$3,945,568.
- Some of the cost was paid by those who directly benefited from the programs (\$698,351) or by grants and contributions (\$7,931,854).

Table A-2

Changes in Raymondville Independent School District's Net position
(in thousands of dollars)

	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Program Revenues:		
Charges for Services	\$698	\$640
Operating Grants and Contributions	7,932	9,182
Capital Grants and Contributions		
General Revenues		
Property Taxes	3,946	4,114
State Aid – Formula	13,237	13,251
Investment Earnings	17	25
Other	167	229
Total Revenues	25,997	27,441
Instruction	13,724	13,837
Instructional Resources and Media Services	355	376
Curriculum Dev. And Instructional Staff Dev	616	903
Instructional Leadership	738	754
School Leadership	1,372	1,398
Guidance, Counseling and Evaluation Services	1,131	1,123
Social Work Services	164	185
Health Services	163	156
Student (Pupil) Transportation	389	320
Food Services	1,786	1,669
Curricular/Extracurricular Activities	1,240	1,202
General Administration	1,034	1,174
Plant Maintenance & Operations	3,188	3,300
Security & Monitoring Services	280	269
Data Processing Services	279	318
Community Services	92	103
Debt Service	925	958
Payments Related to Shared Services Arrangements	65	70
Other Governmental Charges	97	105
Total Expenses	27,638	28,220
Increase (Decrease) in Net position	(\$1,641)	(\$779)

Figure A-4 Raymondville ISD Expenses FY 2012-2013



MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

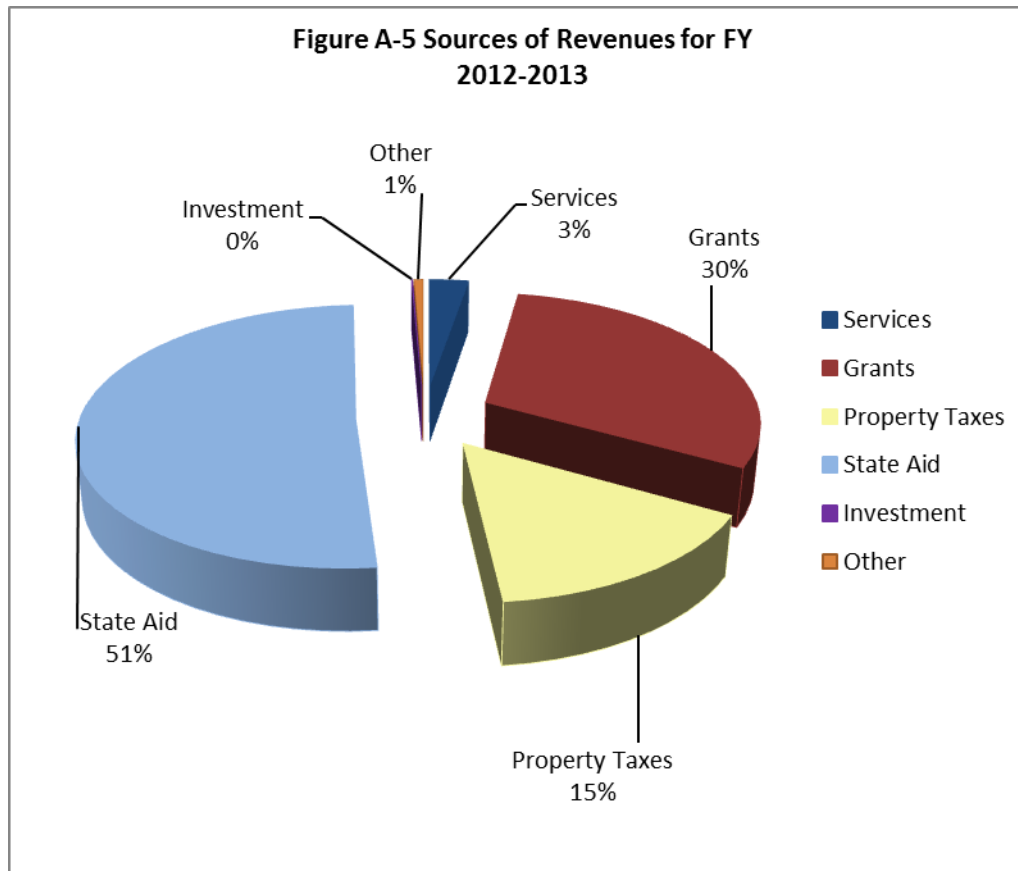


Table A-3 presents the cost of each of the District's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

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

	Total Cost of Services			Net Cost of Services		
	2013	2012	% Change	2013	2012	% Change
Instruction	13,724	13,838	-0.8%	9,350	9,004	3.8%
School administration	1,372	1,398	-1.9%	1,284	863	48.8%
Food Services	1,786	1,669	7.0%	204	127	60.6%
Plant Maintenance & Operations	3,188	3,300	-3.4%	3,129	3,224	-2.9%
Debt Service – Interest & Fiscal Charges	924	956	-3.3%	924	956	-3.3%

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

General Fund

The fund balance of the Raymondville ISD's General Fund is \$8,317,757 as of August 31, 2013. The 15% decrease is a result of a lower ADA and the use of Fund Balance for construction and vehicle purchases.

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

General Fund Budgetary Highlights

Differences between original & final budgets can be briefly summarized as follows:

- There was a change between the original and final budgets which reflects additional funding being received through grants.
- As we go through the year, budget amendments are being requested to move monies from one function to another which is consistent with the difference between original and final budgets.
- Actions taken to the board to move monies for capital projects are also a factor in the difference.

Differences between final budget and actual revenues and expenditures can be briefly summarized as follows:

- Decline in student ADA
- Decline in taxable property values
- Decline due to changes in state funding formula

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had invested \$261,343 in a broad range of capital assets, including land, equipment, buildings, vehicles, and Construction in Progress. (See Table A-4.)

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

Table A-4		
District's Capital Assets (In thousands of dollars)		
	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Land	\$479	\$479
Construction in progress	9	5
Buildings and improvements	55,427	55,422
Furniture & Equipment	2,661	2,584
Vehicles	1,717	1,587
Capital Lease Assets	28	28
Totals at historical cost	60,321	60,105
Total accumulated	19,480	17,904
Net capital assets	<u>\$40,841</u>	<u>\$42,201</u>

Long Term Debt

At year-end the District had \$21,538,697 outstanding as shown in Table A-5. Of this amount, \$935,000 is due within the next year. More detailed information about the District's debt is presented in the notes to the financial statements.

Table A-5		
District's Long Term Debt (In thousands of dollars)		
	Governmental Activities	
	<u>2013</u>	<u>2012</u>
Bonds payable	21,180	22,065
Accreted interest payable	-	-
Compensated absences	359	349
Total bonds & notes	21,539	22,414

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2014 budget preparation is up \$58,903,618 or 15% increase from last year.
- General operating fund spending per student increased in the 2014 budget from approximately \$10,591 to \$10,824, a 2% increase.
- The District's 2014 refined average daily attendance is expected to be 2,022, up .09%.

These indicators were taken into account when adopting the general fund budget for 2014. Expenditures as budgeted are \$20,039,900, an increase of 2.5% from 2012-2013 actual expenditures.

If these estimates are realized, the District's budgetary general fund balance is not expected to change depreciably by the close of 2014.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

		Primary	Government
Data	Control		
Codes		Governmental Activities	
<hr/>			
ASSETS			
1110	Cash and Cash Equivalents	\$	7,645,086
1220	Property Taxes Receivable (Delinquent)		1,282,112
1230	Allowance for Uncollectible Taxes		(128,211)
1240	Due from Other Governments		1,884,562
1260	Internal Balances		132,433
1267	Due from Fiduciary Funds		45,273
1290	Other Receivables, net		1,400
1410	Prepayments		254,671
Capital Assets:			
1510	Land		479,351
1520	Buildings, Net		39,024,994
1530	Furniture and Equipment, Net		848,765
1540	Other Capital Assets, Net		467,969
1550	Leased Property Under Capital Leases, Net		11,740
1580	Construction in Progress		9,490
		<hr/>	
1000	Total Assets		51,959,635
		<hr/>	
LIABILITIES			
2110	Accounts Payable		84,894
2150	Payroll Deductions & Withholdings		826
2160	Accrued Wages Payable		529,930
2177	Due to Fiduciary Funds		132,433
2400	Payable from Restricted Assets		2,250
Noncurrent Liabilities			
2501	Due Within One Year		935,000
2502	Due in More Than One Year		20,603,697
		<hr/>	
2000	Total Liabilities		22,289,030
		<hr/>	
NETPOSITION			
3200	Net Investment in Capital Assets		19,303,590
3850	Restricted for Debt Service		398,111
3890	Restricted for Other Purposes		4,036,185
3900	Unrestricted		5,932,719
		<hr/>	
3000	Total Net Position	\$	29,670,605

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT B-1

Data Control Codes	1	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		3	4	
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 13,723,707	\$ -	\$ 4,373,216	\$ (9,350,491)
12 Instructional Resources and Media Services	354,918	-	93,768	(261,150)
13 Curriculum and Staff Development	615,507	-	410,333	(205,174)
21 Instructional Leadership	737,681	-	327,832	(409,849)
23 School Leadership	1,371,520	-	87,214	(1,284,306)
31 Guidance, Counseling and Evaluation Services	1,130,638	-	648,771	(481,867)
32 Social Work Services	164,331	-	108,695	(55,636)
33 Health Services	162,667	-	140,363	(22,304)
34 Student (Pupil) Transportation	389,093	-	12,343	(376,750)
35 Food Services	1,786,364	95,995	1,486,087	(204,282)
36 Extracurricular Activities	1,240,438	100,086	23,405	(1,116,947)
41 General Administration	1,034,489	404,771	52,661	(577,057)
51 Facilities Maintenance and Operations	3,187,518	-	58,751	(3,128,767)
52 Security and Monitoring Services	279,526	97,499	15,612	(166,415)
53 Data Processing Services	279,419	-	4,838	(274,581)
61 Community Services	92,485	-	87,965	(4,520)
72 Debt Service - Interest on Long Term Debt	924,242	-	-	(924,242)
73 Debt Service - Bond Issuance Cost and Fees	1,300	-	-	(1,300)
93 Payments related to Shared Services Arrangements	65,794	-	-	(65,794)
99 Other Intergovernmental Charges	97,077	-	-	(97,077)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 27,638,714	\$ 698,351	\$ 7,931,854	(19,008,509)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			2,954,522
DT	Property Taxes, Levied for Debt Service			991,046
SF	State Aid - Formula Grants			12,124,187
GC	Grants and Contributions not Restricted			1,112,760
IE	Investment Earnings			17,283
MI	Miscellaneous Local and Intermediate Revenue			166,690
TR	Total General Revenues			17,366,488
CN	Change in Net Position			(1,642,021)
NB	Net Position - Beginning			31,312,626
NE	Net Position--Ending			\$ 29,670,605

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

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

Data Control Codes	10 General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 7,549,655	\$ 95,431	\$ 7,645,086
1220 Property Taxes - Delinquent	1,058,953	223,159	1,282,112
1230 Allowance for Uncollectible Taxes	(105,895)	(22,316)	(128,211)
1240 Receivables from Other Governments	1,236,414	648,148	1,884,562
1260 Due from Other Funds	177,706	282,725	460,431
1290 Other Receivables	1,400	-	1,400
1410 Prepayments	254,671	-	254,671
1000 Total Assets	<u>\$ 10,172,904</u>	<u>\$ 1,227,147</u>	<u>\$ 11,400,051</u>
LIABILITIES			
2110 Accounts Payable	\$ 24,806	\$ 60,088	\$ 84,894
2150 Payroll Deductions and Withholdings Payable	826	-	826
2160 Accrued Wages Payable	459,071	70,859	529,930
2170 Due to Other Funds	415,158	-	415,158
2300 Unearned Revenues	953,036	200,843	1,153,879
2400 Payable from Restricted Assets	2,250	-	2,250
2000 Total Liabilities	<u>1,855,147</u>	<u>331,790</u>	<u>2,186,937</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	490,394	-	490,394
3480 Retirement of Long-Term Debt	-	398,111	398,111
Committed Fund Balance:			
3510 Construction	2,723,344	375,970	3,099,314
3530 Capital Expenditures for Equipment	239,914	-	239,914
3545 Other Committed Fund Balance	206,563	-	206,563
3600 Unassigned Fund Balance	4,657,542	121,276	4,778,818
3000 Total Fund Balances	<u>8,317,757</u>	<u>895,357</u>	<u>9,213,114</u>
4000 Total Liabilities and Fund Balances	<u>\$ 10,172,904</u>	<u>\$ 1,227,147</u>	<u>\$ 11,400,051</u>

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2013

Total Fund Balances - Governmental Funds	\$ 9,213,114
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 \$60,105,570 and the accumulated depreciation was \$17,903,889. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.	19,787,972
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2013 capital outlays and debt principal payments is to increase net position.	1,146,343
The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,620,715)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.	1,143,891
Net Position of Governmental Activities	\$ 29,670,605

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	10 General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 3,845,003	\$ 986,910	\$ 4,831,913
5800 State Program Revenues	12,688,641	1,630,390	14,319,031
5900 Federal Program Revenues	1,508,407	5,341,363	6,849,770
5020 Total Revenues	18,042,051	7,958,663	26,000,714
EXPENDITURES:			
Current:			
0011 Instruction	8,906,933	3,972,517	12,879,450
0012 Instructional Resources and Media Services	237,559	84,945	322,504
0013 Curriculum and Instructional Staff Development	142,256	410,043	552,299
0021 Instructional Leadership	392,046	308,359	700,405
0023 School Leadership	1,263,697	28,408	1,292,105
0031 Guidance, Counseling and Evaluation Services	430,021	626,064	1,056,085
0032 Social Work Services	52,266	105,582	157,848
0033 Health Services	9,363	140,338	149,701
0034 Student (Pupil) Transportation	490,640	-	490,640
0035 Food Services	1,676,831	-	1,676,831
0036 Extracurricular Activities	1,191,261	-	1,191,261
0041 General Administration	949,055	15,997	965,052
0051 Facilities Maintenance and Operations	3,090,193	5,092	3,095,285
0052 Security and Monitoring Services	289,435	-	289,435
0053 Data Processing Services	256,729	-	256,729
0061 Community Services	7,856	87,965	95,821
Debt Service:			
0071 Principal on Long Term Debt	-	885,000	885,000
0072 Interest on Long Term Debt	-	924,220	924,220
0073 Bond Issuance Cost and Fees	-	1,300	1,300
Capital Outlay:			
0081 Facilities Acquisition and Construction	9,490	-	9,490
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	65,794	-	65,794
0099 Other Intergovernmental Charges	97,077	-	97,077
6030 Total Expenditures	19,558,502	7,595,830	27,154,332
1200 Net Change in Fund Balances	(1,516,451)	362,833	(1,153,618)
0100 Fund Balance - September 1 (Beginning)	9,834,208	532,524	10,366,732
3000 Fund Balance - August 31 (Ending)	\$ 8,317,757	\$ 895,357	\$ 9,213,114

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

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

Total Net Change in Fund Balances - Governmental Funds	\$ (1,153,618)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2013 capital outlays and debt principal payments is to increase net position.	1,146,343
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.	(1,620,715)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(14,031)
Change in Net Position of Governmental Activities	<hr/> \$ (1,642,021) <hr/>

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 4,174,766	\$ 6,011,766	\$ 3,845,003	\$ (2,166,763)
5800 State Program Revenues	13,876,671	13,876,671	12,688,641	(1,188,030)
5900 Federal Program Revenues	1,478,500	1,478,500	1,508,407	29,907
5020 Total Revenues	19,529,937	21,366,937	18,042,051	(3,324,886)
EXPENDITURES:				
Current:				
0011 Instruction	8,644,127	9,099,827	8,906,933	192,894
0012 Instructional Resources and Media Services	260,073	260,073	237,559	22,514
0013 Curriculum and Instructional Staff Development	184,127	184,127	142,256	41,871
0021 Instructional Leadership	399,635	417,635	392,046	25,589
0023 School Leadership	1,295,574	1,295,574	1,263,697	31,877
0031 Guidance, Counseling and Evaluation Services	473,823	473,823	430,021	43,802
0032 Social Work Services	52,246	92,246	52,266	39,980
0033 Health Services	11,630	11,630	9,363	2,267
0034 Student (Pupil) Transportation	402,625	500,984	490,640	10,344
0035 Food Services	1,566,500	1,776,500	1,676,831	99,669
0036 Extracurricular Activities	1,166,225	1,464,225	1,191,261	272,964
0041 General Administration	1,060,389	1,060,689	949,055	111,634
0051 Facilities Maintenance and Operations	3,096,871	3,243,512	3,090,193	153,319
0052 Security and Monitoring Services	267,134	292,134	289,435	2,699
0053 Data Processing Services	469,258	619,258	256,729	362,529
0061 Community Services	8,900	8,900	7,856	1,044
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	395,000	9,490	385,510
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of	65,800	65,800	65,794	6
0099 Other Intergovernmental Charges	105,000	105,000	97,077	7,923
6030 Total Expenditures	19,529,937	21,366,937	19,558,502	1,808,435
1200 Net Change in Fund Balances	-	-	(1,516,451)	(1,516,451)
0100 Fund Balance - September 1 (Beginning)	9,834,208	9,834,208	9,834,208	-
3000 Fund Balance - August 31 (Ending)	\$ 9,834,208	\$ 9,834,208	\$ 8,317,757	\$ (1,516,451)

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

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2013

	Agency Funds
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 106,733
Total Assets	<u>\$ 106,733</u>
LIABILITIES	
Due to Other Funds	\$ 45,273
Due to Student Groups	<u>61,460</u>
Total Liabilities	<u>\$ 106,733</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Raymondville Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

B. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

These financial statements are reported using the economic resource measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Under GASB statement no. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board ("FASB") standards issued on or before November 30, 1989. However, from the date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements unless they conflict with GASB guidance. The District has chosen to apply future FASB standards.

D. BASIS OF PRESENTATION – FUND ACCOUNTING

The District reports the following major governmental funds:

1. **General Fund** – is used to account for financial resources used for general operations. This is a budgeted fund and any fund balances are considered resources available for current operations. All revenues and expenditures not required to be accounted for in other funds, are accounted for in this fund.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. BASIS OF PRESENTATION – FUND ACCOUNTING

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

Governmental Funds:

1. ***Special Revenue Funds*** – are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Normally, unused balances are returned to the grantor at the close of specified project periods.
2. ***Debt Service Fund*** – is used to account for resources accumulated and payments made for principal and interest on long-term debt of governmental funds.
3. ***Capital Projects Fund*** – is used to account for proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Fiduciary Funds:

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

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.
2. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformance with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.
3. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.
4. The District uses the purchase method of accounting for inventory. An immediate change for inventory costs is recorded under the appropriate supply expenditure code and inventories are not reported on the balance sheet unless there is a significant amount at the fiscal year end. There were not significant amounts of inventory on hand at August 31, 2013.
5. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. OTHER ACCOUNTING POLICIES

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings & Improvements	30-40
Vehicles	7
Furniture and Equipment	3-7

6. In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change for future construction needs.
7. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.
8. Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.
9. The preparation of financial statements in conformity with GAAP requirements the use of management's estimates.
10. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. The Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a statewide data base for policy development and funding plans.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities 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 capital leases payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

<u>Capital Assets at the Beginning of Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of Year</u>	<u>Change in Net Position</u>
Land	\$ 479,351	\$ -	\$ 479,351	
Buildings & Improvements	55,421,782	(15,053,176)	40,368,606	
Furniture & Equipment	2,584,278	(1,659,483)	924,795	
Vehicles	1,587,348	(1,179,170)	408,178	
Capital Lease	27,767	(12,060)	15,707	
Construction in Progress	<u>5,044</u>	<u>-</u>	<u>5,044</u>	
Change in Net Position				<u>\$ 42,201,681</u>

<u>Long Term Liabilities at the Beginning of Year</u>	<u>Payable at the Beginning of Year</u>
Bonds Payable	\$ (22,065,000)
Compensated Absences	<u>(348,709)</u>
Change in Net Position	<u>(22,413,709)</u>
Net Adjustment to Net Position	<u><u>\$ 19,787,972</u></u>

B. EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Exhibit C-4 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 asset balance and the change in net position. The details of this adjustment are as follows:

<u>Current Year Capital Outlay</u>	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments in Net Position</u>
Furniture & Equipment	\$ 77,128	\$ 77,128	
Vehicles	174,725	174,725	
Construction in Progress	<u>9,490</u>	<u>9,490</u>	
Total Capital Outlay			<u>\$ 261,343</u>
<u>Debt Principal Payments</u>			
Bonds Payable	<u>885,000</u>	<u>885,000</u>	
Total Principal Payments			<u>885,000</u>
Net Adjustment to Net Position			<u><u>\$ 1,146,343</u></u>

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY DATA

The official budget was prepared for adoption for the General Fund, Debt Service Fund and the Food Service Fund, which is included within the General Fund. The General Fund, Food Service Fund and the Debt Service Fund Budget reports appear in Exhibits C-5, J-4, J-5 respectively. The following procedures are followed in establishing the budgetary data reflected in the general purpose financial statements:

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

1. Prior to August 20th the District prepares a budget for the next succeeding fiscal year beginning September 1st. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. Public notice of the meeting must be given at least ten days prior to the meeting.
3. Prior to September 1st, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. During the year, the budget was amended as necessary. These were no significant budget amendments passed during the 2012-2013 school year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function or object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31st, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At August 31, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$319,210 and the bank balance was \$1,042,999. The District's cash deposits at August 31, 2013 and during the period ended August 31, 2013, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. **DEPOSITS AND INVESTMENTS**

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

- a. Depository: Compass Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$4,318,946.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$3,936,533 and occurred during the month of February 2013.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

District Policies and Legal Contractual Provisions Governing Deposits

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

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 return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

The District's temporary investments at August 31, 2013, are shown below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Loan Star Investment Pool	\$ 7,325,876	\$ 7,325,876	\$ -	\$ -	\$ -
Total	\$ 7,325,876	\$ 7,325,876	\$ -	\$ -	\$ -

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk – In accordance with state law and the District’s investment policy, investments in mutual funds and investment pools must be rated at least AAA or have an equivalent rating, commercial paper must be rated at least A-1, P-1 or have an equivalent rating, and obligations of states, agencies, counties, and cities must be at least A or its equivalent. As of August 31, 2013, the District’s investments in Lone Star Investment Pool were rated AAAf-s/t by Standard and Poor’s (S&P), and MBIA was rated AAA/v1+ by Fitch Ratings.

Custodial Risk for 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 the possession of an outside party. All investments held by third parties were fully collateralized and held in the District’s name.

Concentration of Credit Risk – The investment portfolio is diversified in terms of investment instruments and maturity scheduling to reduce risk of loss resulting from over concentration of assets in specific class of investments, specific maturity or specific issuer. As of August 31, 2013, the District had its investments in TASB investment pools rated AAA as noted above.

Interest Rate Risk – In accordance with state law and the District’s investment policy, the District does not purchase any investments greater than five (5) years for its operating funds.

Foreign Currency Risk for Investments – The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment. At year-end, the District was not exposed to foreign currency risk.

B. PROPERTY TAXES

Property taxes are levied by October 1st in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. On January 1st 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 and those expected to be collected during a 60 day period after the close of the school fiscal year.

The tax rates assessed for the year ended August 31, 2013, to finance General Fund operations and the payment of principal and interest on general obligation long-term debt were \$1.0400 and \$0.3400 per \$100 valuation, respectively, for a total of \$1.3800. The assessed valuation of \$279,876,385 was used to determine the tax rates, represents 100% of the fair market value of the property. Allowances for uncollectible within the General Fund is based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

C. **INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at August 31, 2013 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<u>General Fund:</u>		
General Fund	\$ 132,433	\$ 132,433
Debt Service Fund	-	282,725
Agency Fund	<u>45,273</u>	<u>-</u>
Total General Fund	<u>177,706</u>	<u>415,158</u>
 <u>Debt Service Fund:</u>		
General Fund	<u>282,725</u>	<u>-</u>
Total Debt Service Fund	<u>282,725</u>	<u>-</u>
 <u>Agency Fund:</u>		
General Fund	<u>-</u>	<u>45,273</u>
Total Agency Fund	<u>-</u>	<u>45,273</u>
Totals	<u>\$ 460,431</u>	<u>\$ 460,431</u>

Balances resulted from the time lag between the dates that interfund goods and services are provided and/or reimbursement expenditures occur.

D. **DUE FROM OTHER GOVERNMENTS**

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2013, are summarized below:

<u>Fund</u>	<u>State Entitlements</u>	<u>Federal Grants</u>	<u>Total</u>
General	\$ 1,236,414	\$ -	\$ 1,236,414
Special Revenue	<u>24,267</u>	<u>623,881</u>	<u>648,148</u>
Total	<u>\$ 1,260,681</u>	<u>\$ 623,881</u>	<u>\$ 1,884,562</u>

E. **UNEARNED REVENUE**

Unearned revenue at year-end consisted of the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Net Tax Revenue	\$ 952,992	\$ 200,843	\$ 1,153,835
Other	<u>44</u>	<u>-</u>	<u>44</u>
Totals	<u>\$ 953,036</u>	<u>\$ 200,843</u>	<u>\$ 1,153,879</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended August 31, 2013, was as follows:

	Primary Government				
	Balance	Changes During Year			Balance
<u>Governmental Activities:</u>	<u>09/01/12</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications/ Adjustments</u>	<u>08/31/13</u>
Land	\$ 479,351	\$ -	\$ -	\$ -	\$ 479,351
Buildings & Improvements	55,421,782	-	-	5,044	55,426,826
Furniture and Equipment	2,584,278	77,128	-	-	2,661,406
Vehicles	1,587,348	174,725	(45,028)	-	1,717,045
Capital Lease	27,767	-	-	-	27,767
Construction in Progress	5,044	9,490	-	(5,044)	9,490
Totals at Historic Cost	<u>60,105,570</u>	<u>261,343</u>	<u>(45,028)</u>	<u>-</u>	<u>60,321,885</u>
Less Accumulated Depreciation:					
Buildings & Improvements	(15,053,176)	(1,348,656)	-	-	(16,401,832)
Furniture and Equipment	(1,659,483)	(153,158)	-	-	(1,812,641)
Vehicles	(1,179,170)	(114,934)	45,028	-	(1,249,076)
Capital Lease	(12,060)	(3,967)	-	-	(16,027)
Total Accumulated Depreciation	<u>(17,903,889)</u>	<u>(1,620,715)</u>	<u>45,028</u>	<u>-</u>	<u>(19,479,576)</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 42,201,681</u>	<u>\$ (1,359,372)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,842,309</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 846,013
Instructional Resources and Media Services	32,414
Curriculum and Staff Development	63,208
Instructional Leadership	37,276
School Leadership	79,415
Guidance, Counseling and Evaluation Services	74,553
Social Work Services	6,483
Health Services	12,966
Student Transportation	22,690
Food Services	119,933
Curricular/Extracurricular Activities	71,312
General Administration	66,449
Plant Maintenance and Operations	149,106
Security and Monitoring Services	14,586
Data Processing Services	22,690
Community Services	1,621
Total Depreciation Expense	<u>\$ 1,620,715</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

G. BONDS PAYABLE

Long-Term Obligations

Bonded indebtedness of the District is reflected within the Statement of Net Position and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of change for long-term debt for the year ended August 31, 2013 is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Original Interest Amount</u>	<u>Interest Current Yr</u>	<u>Balance 09/01/12</u>	<u>Principal Issued</u>	<u>Principal Retired</u>	<u>Balance 08/31/13</u>
Unlimited Tax Refunding Bonds, Series 2005	.25-5.0%	\$ 9,235,000	\$ 339,579	\$ 7,540,000	\$ -	\$ (600,000)	\$ 6,940,000
Unlimited Tax Refunding Bonds, Series 2008	3.5-5%	9,800,000	421,241	9,265,000	-	(200,000)	9,065,000
Unlimited Tax School Building, Series 2010	3.25-4.5%	3,490,000	140,212	3,490,000	-	-	3,490,000
Unlimited Tax Schools Building, Series 2012	2.0%-3.5%	1,805,000	8,696	1,770,000.00	-	(85,000)	1,685,000
Totals			<u>\$ 956,264</u>	<u>\$ 22,065,000</u>	<u>\$ -</u>	<u>\$ (885,000)</u>	<u>\$ 21,180,000</u>

The Unlimited Tax School Building Bonds, Series 2008 in the amount of \$9,800,000 were issued for the purpose of financing the construction of school buildings. The bonds were issued with interest rates varying from 3.5% to 5.0%.

The Unlimited Tax Refunding Bonds, Series 2010 in the amount of \$3,490,000 were issued for purpose of cashflow savings. The District refunded portions of its U/L Tax School Building Bonds, Series 1998. Series 1998 was called in on June 10, 2010 and District paid from bond proceeds par amount of refunded bonds plus accrued interest of refunded bonds. Par amount of bonds refunded from Series 1998 was \$3,560,000. Par Amount of Series 2010 was \$3,490,000. Average Coupon of Series 1998 Refunded bonds was 4.50%. District was able to close its U/L Tax Refunding Bonds, Series 2010 at a True Interest Cost of 3.39%. Net Present Value Savings was \$233,485 or 6.55%. Average Annual Savings from Refunding was \$22,512 for FYE 2011 to FYE 2023. The Bonds were issued with an interest rate varying from 3.330% to 4.500%. Interest of the Bonds will be payable on each February 15th and August 15th until maturity, and will be calculated on the basis of a 360-day year of twelve 30 day months.

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

The Unlimited Tax Refunding Bonds, Series 2012 in the amount of \$1,805,000 were issued to refund the District's Unlimited Tax School Building Bonds, Series 2001. The bonds were issued with interest rates varying from 4.5% to 5.125%. The net proceeds of \$1,836,498 (after payment of \$117,814 in underwriting fees, insurance, and other issuance costs) were used to currently refund the 2001 Bonds. As a result, the 2001 Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. This refunding decreased total debt service payments over 20 years by \$435,326, resulting in an economic gain of \$354,697.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

G. BONDS PAYABLE

Debt service requirements are as follows:

Year Ended	Governmental Activities		Total
<u>August 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Required</u>
2014	\$ 935,000	\$ 886,671	\$ 1,821,671
2015	970,000	844,665	1,814,665
2016	1,010,000	803,807	1,813,807
2017	1,055,000	764,358	1,819,358
2018	1,095,000	905,820	2,000,820
2019-2023	6,270,000	2,872,524	9,142,524
2024-2028	4,105,000	1,812,284	5,917,284
2029-2033	3,020,000	977,167	3,997,167
2034-2038	<u>2,720,000</u>	<u>353,750</u>	<u>3,073,750</u>
Totals	<u>\$ 21,180,000</u>	<u>\$ 10,221,046</u>	<u>\$ 31,401,046</u>

H. DEFEASED DEBT

On August 1, 2005, the District issued Unlimited Tax Refunding Bonds, Series 2003.

The proceeds of the Bonds were used to partially refund the \$8,425,000, \$5,735,000 and \$2,835,000 outstanding Unlimited Tax School Building Bonds, Series 1998, 1999 and 2001, respectively, and to pay for the cost of issuing the Bonds. The refunded amount consisted of Bonds with maturities ranging from 2004 through 2015.

The advance refunding met the requirements of an in-substance debt defeasance and thus, a portion of the Series 1998, 1999, and 2001 bonds were removed from the books even though the balance of \$6,940,000 remains outstanding at August 31, 2013.

I. CHANGES IN LONG-TERM DEBT

Activity in the Long-Term Debt for the District for the year ended August 31, 2013, was as follows:

	Balance <u>09/01/12</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>08/31/13</u>	Due Within <u>One Year</u>
Bonds Payable	\$ 22,065,000	\$ -	\$ (885,000)	\$ 21,180,000	\$ 935,000
Compensated Balances	<u>348,709</u>	<u>9,988</u>	<u>-</u>	<u>358,697</u>	<u>-</u>
Totals	<u>\$ 22,413,709</u>	<u>\$ 9,988</u>	<u>\$ (885,000)</u>	<u>\$ 21,538,697</u>	<u>\$ 935,000</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

J. **DEFINED PENSION PLAN**

Plan Description. The District contributes to the Teacher Retirement System of Texas (the “System”), a public employee retirement system. It is a cost-sharing, multi-employer defined pension plan with one exception: all risks and costs are not shared by the District, but are the liability of the State of Texas. The System provides service retirement and disability retirement benefits, and death benefits to plan members and beneficiaries. The System operates primarily under the provisions of the Texas Constitution and Texas Government Code. Title 8, Subtitle C. The Texas legislature has the authority to establish or amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the District. That report may be obtained by writing the Teacher Retirement System of Texas, 1000 Red River Street, Austin, TX 78701-2698, by calling (800) 223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. State law provides a state contribution rate of 6.4% and a member contribution rate of 6.4%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.4% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.4% 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 that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State, District, and employee contribution information for the last three (3) years were as follows:

Fiscal Year	On Behalf - State Retirement Contribution	On Behalf - State Medicare Part D	District Annual Required Contributions (ARC)	Percentage of ARC Contributed	Employee Contributions
2011	\$ 721,445	\$ 76,265	\$ 73,635	100%	\$ 887,445
2012	\$ 694,674	\$ 77,837	\$ 56,656	100%	\$ 905,745
2013	\$ 662,660	\$ 92,510	\$ 77,501	100%	\$ 910,702

Medicare Part D. Federal legislation enacted in January 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. As a result, this provision 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 pharmacy claims paid by TRS-Care on behalf of plan participants. GASB Statement No. 24 requires recognition of these on-behalf payments in the financial statements. Medicare Part D payments made on-behalf of Raymondville ISD participants for the years ended August 31, 2011, 2012 and 2013 were \$76,265, \$77,837 and \$92,510 respectively.

K. **RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2013, 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.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

K. RISK MANAGEMENT

Health Care Coverage

During the year ended August 31, 2013 employees of the District were covered by a health insurance plan (the "Plan"). The District contributed \$150 per month per employee and dependents to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents. All contributions were paid to a third party administrator, acting on behalf of the self-funded pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement.

Workers' Compensation Coverage

During the year ended August 31, 2013, the District met its statutory workers' compensation obligations through participation in the Texas Schools Cooperative Program (the "Program"). The Program was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All districts participating in the Program execute Interlocal Agreements that define the responsibilities of the parties. The Program provides statutory workers' compensation benefits to its members and their injured employees. The District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document.

L. LITIGATION

The District is a party to various litigation under which it may be required to pay certain monies upon decision of the courts. The District's attorney reports various possible contingent liabilities based on the amount of damages alleged in various cases. However, it is the opinion of the District's attorney that these cases are covered by liability insurance. In the opinion of the District's management, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and, accordingly, no provisions or losses have been recorded.

M. COMMITMENTS AND CONTINGENCIES

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

N. USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

O. JOINT VENTURE - SHARED SERVICE AGREEMENTS

The District is the fiscal agent of a Shared Services Arrangement (“SSA”), which provides special education services to the member districts listed below. The member districts provide funds to the fiscal agent, who provides all services. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Raymondville ISD	\$ 65,794
Lasara ISD	13,410
Lyford ISD	49,450
Rio Hondo ISD	67,051
San Perlita ISD	11,734
Santa Rosa ISD	<u>39,392</u>
Totals	<u>\$ 246,831</u>

P. FUND BALANCE REPORTING

The District recognizes the importance of maintaining its financial integrity; therefore, it has developed this policy to support its mission and its goals and objectives. The five classifications of fund balance of the governmental types are Non-spendable, Restricted, Committed, Assigned, and Unassigned.

Committed fund balance shall mean that portion of the fund balance that is constrained to a specific purpose by the Board. The Board's commitment may be modified or rescinded by a majority vote in a scheduled meeting. Board commitments cannot exceed the amount of fund balance that is greater than the sum of non-spendable and restricted fund balances since that practice would commit funds that the District does not have. Board commitments must occur before the end of the reporting period with amounts to be determined subsequently.

Assigned fund balance shall mean that portion of the fund balance that is spendable or available for appropriation but has been tentatively earmarked for some specific purpose by the Board, the Superintendent, or Superintendent's designee. The Board delegates by formal action in a scheduled meeting specific persons or groups to assign certain fund balances. The Board may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board by majority vote in a scheduled meeting.

The order of spending and availability shall be to reduce funds from the listed areas in the following order: restricted, committed, assigned, and unassigned.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

Q. MAINTENANCE OF EFFORT

The amount paid by the District for employee health care premiums is as follows:

A. Total District premium paid for health care for 2012-2013:	\$	394,701
B. Subtract any non-medical expenditures:		
Life insurance	\$	-
Dental insurance		-
Vision insurance		-
Long-term disability		-
Short-term disability		-
Alternate plans		-
COBRA expense		-
Retiree expense		-
C. 2012-2013 Maintenance of Effort	\$	<u>394,701</u>

COMBINING STATEMENTS

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	236 Substance Abuse Prevention	244 Career and Technical - Basic Grant
ASSETS					
1110	Cash and Cash Equivalents	\$ (152,319)	\$ (26,658)	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Receivables from Other Governments	202,483	27,781	-	-
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 50,164</u>	<u>\$ 1,123</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ 167	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	49,997	1,123	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>50,164</u>	<u>1,123</u>	<u>-</u>	<u>-</u>
FUNDBALANCES					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 50,164</u>	<u>\$ 1,123</u>	<u>\$ -</u>	<u>\$ -</u>

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	270 ESEA VI, Pt B Rural & Low Income	274 GEAR UP	276 Title I - SIP Academy Grant	287 Education Jobs Fund	289 Other Federal Special Revenue Funds
\$ (20,431)	\$ -	\$ -	\$ (2,138)	\$ (22,759)	\$ (89,197)	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
27,755	-	-	2,138	22,759	94,604	-	-
-	-	-	-	-	-	-	-
<u>\$ 7,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,407</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7,324	-	-	-	-	5,407	-	-
-	-	-	-	-	-	-	-
<u>7,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,407</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 7,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,407</u>	<u>\$ -</u>	<u>\$ -</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes		313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	390 (LEP) Early Childhood Summer Prog.	404 Student Success Initiative
ASSETS					
1110	Cash and Cash Equivalents	\$ (181,626)	\$ -	\$ -	\$ (12,220)
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes	-	-	-	-
1240	Receivables from Other Governments	246,361	-	-	12,220
1260	Due from Other Funds	-	-	-	-
1000	Total Assets	<u>\$ 64,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ 59,921	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	4,814	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>64,735</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUNDBALANCES					
Restricted Fund Balance:					
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3510	Construction	-	-	-	-
3600	Unassigned Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 64,735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

410 State Textbook Fund	428 High School Allotment	437 SSA Special Education	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ (12,047)	\$ 2,194	\$ 121,276	\$ (395,925)	\$ 115,386	\$ 375,970	\$ 95,431
-	-	-	-	223,159	-	223,159
-	-	-	-	(22,316)	-	(22,316)
12,047	-	-	648,148	-	-	648,148
-	-	-	-	282,725	-	282,725
<u>\$ -</u>	<u>\$ 2,194</u>	<u>\$ 121,276</u>	<u>\$ 252,223</u>	<u>\$ 598,954</u>	<u>\$ 375,970</u>	<u>\$ 1,227,147</u>
\$ -	\$ -	\$ -	\$ 60,088	\$ -	\$ -	\$ 60,088
-	2,194	-	70,859	-	-	70,859
-	-	-	-	200,843	-	200,843
<u>-</u>	<u>2,194</u>	<u>-</u>	<u>130,947</u>	<u>200,843</u>	<u>-</u>	<u>331,790</u>
-	-	-	-	398,111	-	398,111
-	-	-	-	-	375,970	375,970
-	-	121,276	121,276	-	-	121,276
<u>-</u>	<u>-</u>	<u>121,276</u>	<u>121,276</u>	<u>398,111</u>	<u>375,970</u>	<u>895,357</u>
<u>\$ -</u>	<u>\$ 2,194</u>	<u>\$ 121,276</u>	<u>\$ 252,223</u>	<u>\$ 598,954</u>	<u>\$ 375,970</u>	<u>\$ 1,227,147</u>

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		211 ESEA I, A Improving Basic Program	212 ESEA Title I Part C Migrant	236 Substance Abuse Prevention	244 Career and Technical - Basic Grant
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	1,662,762	375,660	-	43,356
5020	Total Revenues	1,662,762	375,660	-	43,356
EXPENDITURES:					
Current:					
0011	Instruction	1,266,003	206,650	-	43,356
0012	Instructional Resources and Media Services	84,945	-	-	-
0013	Curriculum and Instructional Staff Development	118,984	-	-	-
0021	Instructional Leadership	48,264	49,465	-	-
0023	School Leadership	-	-	-	-
0031	Guidance, Counseling and Evaluation Services	-	-	-	-
0032	Social Work Services	-	70,529	-	-
0033	Health Services	126,373	13,845	-	-
0041	General Administration	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0061	Community Services	18,193	35,171	-	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	1,662,762	375,660	-	43,356
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	270 ESEA VI, Pt B Rural & Low Income	274 GEAR UP	276 Title I - SIP Academy Grant	287 Education Jobs Fund	289 Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
227,107	14,655	-	34,983	48,051	1,091,820	-	1,115
227,107	14,655	-	34,983	48,051	1,091,820	-	1,115
227,107	14,387	-	34,983	48,051	841,950	-	1,115
-	-	-	-	-	-	-	-
-	268	-	-	-	127,544	-	-
-	-	-	-	-	52,449	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	223	-	-
-	-	-	-	-	35,053	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	34,601	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
227,107	14,655	-	34,983	48,051	1,091,820	-	1,115
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes		313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	390 (LEP) Early Childhood Summer Prog.	404 Student Success Initiative
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	12,220
5900	Federal Program Revenues	1,814,836	27,018	-	-
5020	Total Revenues	1,814,836	27,018	-	12,220
EXPENDITURES:					
Current:					
0011	Instruction	1,064,530	27,018	-	12,220
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	163,247	-	-	-
0021	Instructional Leadership	-	-	-	-
0023	School Leadership	15	-	-	-
0031	Guidance, Counseling and Evaluation Services	579,924	-	-	-
0032	Social Work Services	-	-	-	-
0033	Health Services	120	-	-	-
0041	General Administration	7,000	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0061	Community Services	-	-	-	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	1,814,836	27,018	-	12,220
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ -	\$ -

410 State Textbook Fund	428 High School Allotment	437 SSA Special Education	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	699 Capital Projects Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 986,190	\$ 720	\$ 986,910
81,595	91,534	257,351	442,700	1,187,690	-	1,630,390
-	-	-	5,341,363	-	-	5,341,363
81,595	91,534	257,351	5,784,063	2,173,880	720	7,958,663
81,595	91,534	12,018	3,972,517	-	-	3,972,517
-	-	-	84,945	-	-	84,945
-	-	-	410,043	-	-	410,043
-	-	158,181	308,359	-	-	308,359
-	-	28,393	28,408	-	-	28,408
-	-	45,917	626,064	-	-	626,064
-	-	-	105,582	-	-	105,582
-	-	-	140,338	-	-	140,338
-	-	8,997	15,997	-	-	15,997
-	-	5,092	5,092	-	-	5,092
-	-	-	87,965	-	-	87,965
-	-	-	-	885,000	-	885,000
-	-	-	-	924,220	-	924,220
-	-	-	-	1,300	-	1,300
81,595	91,534	258,598	5,785,310	1,810,520	-	7,595,830
-	-	(1,247)	(1,247)	363,360	720	362,833
-	-	122,523	122,523	34,751	375,250	532,524
\$ -	\$ -	\$ 121,276	\$ 121,276	\$ 398,111	\$ 375,970	\$ 895,357

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	BALANCE SEPTEMBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2013
SUCCESSOR IN INTEREST				
Assets:				
Cash and Temporary Investments	\$ 124,668	\$ 4,471,312	\$ 4,550,707	\$ 45,273
Due From Other Funds	5,626	4,661,762	4,667,388	-
Other Receivables	565	4,502	5,067	-
Total Assets	<u>\$ 130,859</u>	<u>\$ 9,137,576</u>	<u>\$ 9,223,162</u>	<u>\$ 45,273</u>
Liabilities:				
Due to Other Funds	<u>\$ 130,859</u>	<u>\$ 4,590,574</u>	<u>\$ 4,676,160</u>	<u>\$ 45,273</u>
STUDENT ACTIVITY FUNDS				
Assets:				
Cash and Temporary Investments	<u>\$ 78,079</u>	<u>\$ 140</u>	<u>\$ 16,759</u>	<u>\$ 61,460</u>
Liabilities:				
Due to Student Groups	<u>\$ 78,079</u>	<u>\$ 140</u>	<u>\$ 16,759</u>	<u>\$ 61,460</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 202,747	\$ 4,471,452	\$ 4,567,466	\$ 106,733
Due From Other Funds	5,626	4,661,762	4,667,388	-
Other Receivables	565	4,502	5,067	-
Total Assets	<u>\$ 208,938</u>	<u>\$ 9,137,716</u>	<u>\$ 9,239,921</u>	<u>\$ 106,733</u>
Liabilities:				
Due to Other Funds	\$ 130,859	\$ 4,590,574	\$ 4,676,160	\$ 45,273
Due to Student Groups	78,079	140	16,759	61,460
Total Liabilities	<u>\$ 208,938</u>	<u>\$ 4,590,714</u>	<u>\$ 4,692,919</u>	<u>\$ 106,733</u>

REQUIRED SUPPLEMENTARY SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.380000	0.162000	257,054,756
2006	1.380000	0.162000	301,443,572
2007	1.263600	0.096300	358,076,996
2008	1.040000	0.160000	333,793,714
2009	1.040000	0.249200	414,130,132
2010	1.040000	0.318370	379,063,645
2011	1.040000	0.280790	370,487,788
2012	1.040000	0.279900	310,298,728
2013 (School year under audit)	1.040000	0.340000	279,876,385
1000 TOTALS			

(10) Beginning Balance 9/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
\$ 327,053	\$ -	\$ 27,836	\$ 2,850	\$ (80,212)	\$ 216,155
59,276	-	5,960	700	(3,229)	49,387
64,546	-	7,160	841	(3,713)	52,832
67,672	-	6,926	528	(3,121)	57,097
70,443	-	7,231	1,113	(3,099)	59,000
95,000	-	11,435	2,740	(4,748)	76,077
149,291	-	27,770	8,501	(15,111)	97,909
187,763	-	41,997	11,339	(9,935)	124,492
265,536	-	78,634	21,163	8,300	174,039
-	3,955,865	2,777,000	907,865	104,124	375,124
<u>\$ 1,286,580</u>	<u>\$ 3,955,865</u>	<u>\$ 2,991,949</u>	<u>\$ 957,640</u>	<u>\$ (10,744)</u>	<u>\$ 1,282,112</u>

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

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ 99,926	\$ 216,322	\$ 362,499	\$ -	\$ 31,182	\$ 709,929
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	73	-	-	73
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	-	-	-	53,650	53,650
6212	Audit Services	-	-	-	29,000	-	-	29,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	108,015	-	-	-	-	108,015
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	365	1,015	14,937	3,145	-	9,015	28,477
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	-	-	-	-
6240	Contr. Maint. and Repair	-	-	-	-	-	-	-
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	3,441	-	-	3,441
6290	Miscellaneous Contr.	-	-	-	732	-	-	732
6320	Textbooks and Reading	-	-	57	-	-	-	57
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	699	2,252	831	12,128	-	3,415	19,325
6410	Travel, Subsistence, Stipends	10,522	422	5,394	9,293	-	553	26,184
6420	Ins. and Bonding Costs	-	-	-	-	-	-	-
6430	Election Costs	7,776	-	-	-	-	-	7,776
6490	Miscellaneous Operating	6,153	575	16,597	9,751	-	29,839	62,915
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	7,000	7,000
6000	TOTAL	\$ 25,515	\$ 212,205	\$ 254,138	\$ 430,062	\$ -	\$ 134,654	\$ 1,056,574

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 25,343,812

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 293,969
Total Debt & Lease(6500)	(11) -
Plant Maintenance (Function 51, 6100-6400)	(12) 3,038,412
Food (Function 35, 6341 and 6499)	(13) 822,466
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	430,062

SubTotal: 4,584,908

Net Allowed Direct Cost \$ 20,758,904

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 55,426,826
Historical Cost of Building over 50 years old	(16) \$ -
Amount of Federal Money in Building Cost (Net of #16)	(17) \$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$ 2,661,406
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ -
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ -

(8) NOTE A: \$3,441 in Function 53 expenditures are included in this report on administrative costs.

\$97,077 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
GENERAL FUNDS AS OF AUGUST 31, 2013

EXHIBIT J-3

UNAUDITED

1	Total General Fund Balance as of 8/31/13 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 8,317,757
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ -	
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	490,394	
4	Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only)	3,169,821	
5	Total Assigned Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	403,066	
7	Estimate of two month's average cash disbursements during the fiscal year.	3,259,751	
8	Estimate of delayed payments from state sources (58xx).	-	
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
10	Estimate of delayed payments from federal sources (59xx)	-	
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
12	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)		<u>7,323,032</u>
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)		<u><u>\$ 994,725</u></u>

Explanation of need for and/or projected use of net positive Unassigned General Fund Fund Balance:

The District will use the fund balance to initiate more District-wide capital outlay such as the renovation of the auditorium, construction and various other projects.

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 80,000	\$ 290,000	\$ 99,408	\$ (190,592)
5800 State Program Revenues	8,000	8,000	8,623	623
5900 Federal Program Revenues	1,478,500	1,478,500	1,477,464	(1,036)
5020 Total Revenues	1,566,500	1,776,500	1,585,495	(191,005)
EXPENDITURES:				
0035 Food Services	1,566,500	1,776,500	1,676,558	99,942
6030 Total Expenditures	1,566,500	1,776,500	1,676,558	99,942
1200 Net Change in Fund Balances	-	-	(91,063)	(91,063)
0100 Fund Balance - September 1 (Beginning)	388,234	388,234	388,234	-
3000 Fund Balance - August 31 (Ending)	\$ 388,234	\$ 388,234	\$ 297,171	\$ (91,063)

RAYMONDVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP Basis - See Note III A)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 961,627	\$ 961,627	\$ 986,190	\$ 24,563
5800 State Program Revenues	849,594	849,594	1,187,690	338,096
5020 Total Revenues	1,811,221	1,811,221	2,173,880	362,659
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	885,000	885,000	885,000	-
0072 Interest on Long Term Debt	924,221	924,221	924,220	1
0073 Bond Issuance Cost and Fees	2,000	2,000	1,300	700
6030 Total Expenditures	1,811,221	1,811,221	1,810,520	701
1200 Net Change in Fund Balances	-	-	363,360	363,360
0100 Fund Balance - September 1 (Beginning)	34,751	34,751	34,751	-
3000 Fund Balance - August 31 (Ending)	\$ 34,751	\$ 34,751	\$ 398,111	\$ 363,360

FEDERAL AWARDS SECTION

**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
Raymondville Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Raymondville Independent School District (the "District") as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Board of Trustees, management, the Texas Education Agency, federal awarding agencies and pass-through entities, and is not intended to be used and should not be used by anyone other than these specified parties.

PATTILLO, BROWN & HILL, LLP

November 1, 2013

**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
Raymondville Independent School District

Report on Compliance for Each Major Federal Program

We have audited Raymondville Independent School District's (the "District") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2013. 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 types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

This report is intended for the information and use of the Board of Trustees, management, the Texas Education Agency, federal awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

PATTILLO, BROWN & HILL, LLP

November 1, 2013

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

I. Summary of the Auditors' Results:

The type of auditors' report on financial statements:	Unmodified
Regarding internal control over financial reporting:	
a. Material weakness(es) identified:	None
b. Significant deficiencies identified that are not considered to be material weaknesses:	None reported
c. Noncompliance which is material to the financial statements:	None
d. Regarding internal control over major programs:	
Material weakness(es) identified:	None reported
Significant deficiencies identified that are not considered to be material weaknesses:	None
e. Type of auditors' report on compliance with major programs:	Unmodified
f. Any audit findings which are required to be reported in accordance with OMB Circular A-133, Sec. 510(a):	No
g. Major programs are as follows:	ESEA Title I, Part C – Migratory Children CFDA 84.011A Child Nutrition Cluster CFDA 10.553/10.555/10.550
h. Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
i. Low risk auditee:	Yes

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

None reported.

III. Findings and Questioned Costs for Federal Awards.

None reported.

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

Not applicable.

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

Not applicable.

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

(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			
<i>Passed Through Region One ESC:</i>			
Gear Up Project	84.334	P334A050122-07	\$ 48,051
Total Passed Through Region One ESC			<u>48,051</u>
<i>Passed Through State Department of Education:</i>			
ESEA Title I, Part A - Improving Basic Programs	84.010A	13610101245903	<u>1,662,762</u>
ESEA Title I, Part C - Migratory Children	84.011A	13615001245903	<u>375,660</u>
SSA IDEA-B Formula*	84.027A	136600012459036600	<u>1,814,836</u>
SSA IDEA-B Preschool	84.173	136600012459036610	<u>27,018</u>
Vocational Education - Basic Grant	84.048A	13420006245903	<u>43,356</u>
ESEA Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	13696001245903	<u>34,983</u>
Title III, Part A - English Language Acquisition & Language Enhancement	84.365A	13671001245903	<u>14,655</u>
ESEA Title II, Part A - Teacher & Principal Training & Recruiting	84.367A	13694501245903	<u>227,107</u>
Summer School LEP	84.369A	69551102	<u>1,115</u>
Texas Title I Priority Schools Grant	84.377A	116107047110034	<u>1,091,820</u>
Total Passed Through State Dept. of Education			<u>5,293,312</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>5,341,363</u>

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

(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 AGRICULTURE			
<i>Passed Through State Department of Education:</i>			
School Breakfast Program*	10.553	71400901	\$ 497,671
National School Lunch Program*	10.555	71300901	891,800
Commodity Supplemental Program	10.550	245903	87,994
Total Passed Through State Dept. of Education			<u>1,477,465</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,477,465</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 6,818,828</u></u>

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

The accompanying notes are an integral part of this schedule.

(Note A) \$497,671 of School Breakfast Program, \$891,800 of National School Lunch Program, and \$87,994 of Food Distribution is in the General Fund.

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

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

The modified accrual basis of accounting is used for the Governmental Fund types, the Trust Funds and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

SCHOOLS FIRST QUESTIONNAIRE

Raymondville Independent School District

Fiscal Year 2013

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	0