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MIDLAND INDEPENDENT SCHOOL DISTRICT

# ANNUAL FINANCIAL REPORT

for year ended

August 31, 2014



615 WEST MISSOURI  
MIDLAND, TEXAS 79701-5017

*Educating the Future!*

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MIDLAND INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED AUGUST 31, 2014

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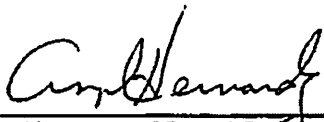
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**CERTIFICATE OF BOARD**

Midland Independent School District  
Midland County

Co.-Dist. Number - 165901

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2014 at a meeting of the Board of Trustees of such school district on the 21<sup>st</sup> day of January, 2014.



Signature of Board Secretary



Signature of Board President

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**FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

To the Superintendent and the Board of Trustees  
Midland Independent School District  
Midland, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Midland Independent School District, (the District), as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of August 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

### Emphasis of Matter

#### Change in Accounting Principle

As discussed in Note 1(F) to the financial statements, in 2014 the District adopted new guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.



To the Superintendent and the Board of Trustees  
Midland Independent School District

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 12 and 55 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 nonmajor fund financial statements, other TEA required schedules, the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, other TEA required schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates 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, other TEA required schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
January 21, 2015

## Midland Independent School District

### MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED

In this section of the Annual Financial and Compliance Report, we, the managers of Midland Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2014. Please read it in conjunction with the District's Basic Financial Statements, which follows this section.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (pages 15 through 17). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 18) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how services of the District were sold to departments within the District and how the sales revenues covered the expenses of the services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 31) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

In addition to the financial statements and accompanying notes, this report also presents certain required supplemental information that further explains and supports the information in the financial statements. The required supplemental information can be found immediately on the schedules following the notes to the financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

#### Reporting the District as a Whole

##### *The Statement of Net Position and the Statement of Activities*

The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies. Their primary purpose is to show whether the District is better off or worse off as a result of the year's activities.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District reports two kinds of activity:

- **Governmental activities** - All of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- **Component Unit** - The District includes the Midland I.S.D. Education Foundation in its report. Although legally separate, the component unit is important because the District is financially accountable for it.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the District's most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities), as well as for reporting purposes. The District's two fund types, governmental and proprietary, use different accounting approaches.

- **Governmental funds**—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- **Proprietary funds**—The District reports the activities for which it charges users (other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities, full accrual. The internal service fund reports activities that provide services for the District's self-insurance program and employee housing fund.

**The District as Trustee**

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As required by GASB 34, the following tables present a comparative summary of the government wide financial statements. We present net position measurements as required by generally accepted accounting principles and have comparative balances and changes therein between both current and prior year data and will discuss any significant changes in the accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental.

Net Position of the District's governmental activities increased from \$142,238,558 to \$142,465,628. Unrestricted Net Position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted Net Position was \$44,309,476. This decrease in Unrestricted Net Position was mostly the result of increased capital assets, from the Districts 2012 Bond Authorization, net of related debt and increased funding due to student growth.

**Table I  
Midland Independent School District**

**NET POSITION**

	Governmental Activities 2012-2013	Governmental Activities 2013-2014	Difference
Current and other assets	\$ 161,079,700	\$ 229,096,317	\$ 68,016,617
Capital assets	184,695,554	224,912,935	40,217,381
Total assets	<u>345,775,254</u>	<u>454,009,252</u>	<u>108,233,998</u>
Long-term liabilities	183,224,876	266,904,390	83,679,514
Other liabilities	201,311,820	44,639,234	(156,672,586)
Total liabilities	<u>384,536,696</u>	<u>311,543,624</u>	<u>311,543,624</u>
Net Position:			
Invested in capital assets net of related debt	78,739,422	89,182,395	10,442,973
Restricted	11,360,546	8,973,757	(2,386,789)
Unrestricted	<u>52,138,590</u>	<u>44,309,476</u>	<u>(7,829,114)</u>
 Total Net Position	 <u>\$ 142,238,558</u>	 <u>\$ 142,465,628</u>	 <u>\$ 227,070</u>

**Midland Independent School District**  
**CHANGE IN NET POSITION**

	Governmental Activities 2012-2013	Governmental Activities 2013-2014	Difference
<b>Program Revenues:</b>			
Charges for Services	\$ 3,810,196	\$ 3,848,281	\$ 38,085
Grants and Contributions	14,743,033	17,851,855	3,108,822
<b>General Revenue:</b>			
Maintenance and Operations Taxes	152,252,474	173,564,289	21,311,815
Debt Service Taxes	14,639,992	14,994,616	354,624
State Aid	26,729,913	19,088,926	(7,640,987)
Other Grants Not Restricted to Specific Functions	8,706,808	8,223,763	(483,045)
Investment Earnings	143,203	199,347	56,144
Miscellaneous	1,500,470	4,575,148	3,074,678
<b>Total Revenues</b>	<b>222,526,089</b>	<b>242,346,225</b>	<b>19,820,136</b>
<b>Expenses:</b>			
Instruction, Curriculum and Media Services	117,901,659	135,596,325	17,694,666
Instructional and School Leadership	13,156,757	14,902,618	1,745,861
Student Support Services	16,027,140	16,929,834	902,694
Child Nutrition Services	10,719,799	10,610,144	(109,655)
Cocurricular Activities	4,831,156	4,703,078	(128,078)
General Administration	5,550,889	6,027,092	476,203
Auxiliary Services	22,451,436	26,874,788	4,423,352
Community Services	918,700	929,608	10,908
Debt Service	4,847,808	9,279,419	4,431,611
Shared Service Agreements	73,115	14,845,720	14,772,605
<b>Total Expenditures</b>	<b>196,478,459</b>	<b>240,698,626</b>	<b>44,220,167</b>
Increase in Net Position	26,047,630	1,647,599	(24,400,031)
Prior Period Adjustment	0	(1,420,529)	(1,420,529)
Beginning Net Position	116,190,928	142,238,558	26,047,630
<b>Ending Net Position</b>	<b>\$ 142,238,558</b>	<b>\$ 142,465,628</b>	<b>\$ 227,070</b>

The District's total revenues increased approximately \$20 million. This increase was primarily due to an increase in local property tax collections. The total cost of all programs and services increased by \$44 million, mostly because of an increase of \$19.4 million in instructional related staff to accommodate student growth and teacher salary increases, \$14.7 million from State recapture payments from the "Robin Hood" calculations for districts with property values above \$319,500 per weighted average daily attendance that the District began paying in 2013-2014, a \$4.4 million increase in debt payments from the 2013 debt issuance, and the increase of \$4.4 million in maintenance costs for renting, equipping and supplying energy for additional portable buildings for student growth. Please note that the total cost of capital assets must be de-expended from the fund financial statements and depreciated on the government wide financials, using the full accrual method of accounting. Please refer to reconciliations on C-2 and C-4. This adjustment results in periodic fluctuations in total operating costs depending on capital assets procured during a given fiscal year.

## THE DISTRICT'S FUNDS

As the District completed the year, the fund financial statements reported a combined fund balance of \$178.7 million, up \$45.9 million from 2013 (See Exhibit C-3). The increase is primarily due to the issuance of Unlimited Tax School Building Series 2014. General fund balance decreased \$5.6 million, which can be directly attributed to the purchase of 124.43 acres costing \$3.7 million as a site for a future high school and the District replaced the artificial turf at Midland High School and constructed a new artificial turf field for Robert E. Lee High School at a cost of \$1.5 million. The other major consideration was the transfer of \$850 thousand for the purchase of 20 residential modular units for teachers without available housing.

Over the course of the year, the Board of Trustees revised the District's budget several times. The Trustees approve these budget amendments as necessary to meet current needs and goals of the District.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets:

At the end of 2014, the District had \$224.9 million (Note D), net of accumulated depreciation, invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents an increase of \$40.2 million, net of accumulated depreciation, from last year.

### Debt:

At year-end, the District had \$263.3 million in bonds and notes outstanding versus \$179.8 million last year (Note E). The district paid off \$9.4 million in principal of outstanding debt and issued the remaining \$93 million for the 2012 authorization.

Other obligations include accrued vacation pay and sick leave. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

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

The District's elected and appointed officials considered many factors when setting tax rates. Such factors are assessed property values, anticipated average daily student attendance and anticipated operating costs to the District. A few considerations are as follows:

- The District has continued to experience significant Property Value Growth from the strong economic conditions of the oil and gas industry. The State funding formulas provide access to revenue gains resulting from value growth, however there is a tipping point to which a district begins to see revenue equalized for funding equity. The District reached that point in 2013-2014, and was required to submit excess collection to the State in the form of recapture payments. Those payments totaled \$14.7 million in 2013-2014 as our values continue to grow we will continue to see additional revenue growth but some of that growth will be paid to the State in future recapture payments. The taxable assessed values are anticipated to hold 2014-2015 fiscal year but future gains could level off from the price of oil. We continue to monitor those conditions to make any budgetary adjustments necessary to maintain a fund balance of 3 month operating expenses.
- Another positive factor for the District is the increased enrollment growth. As the District enrolls new students it provides two benefits, we get to use those additional student counts to increase the amount of revenue we can generate from our tax collections as well as use those student counts to reduce the amount of recapture payments we have to send to the State for recapture in the equalization calculations.
- Midland continued to maintain a strong unemployment number of 2.3% for November 2014. Texas unemployment statistics continued to be strong as well at 4.9% while the National unemployment remained unchanged at 5.8%. Bureau of Labor Statistics reported strong labor statistics for Midland.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office at Midland Independent School District, 615 West Missouri, Midland, Texas 79701.

**BASIC FINANCIAL STATEMENTS**



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

Data Control Codes	1 Primary Government	4 Component Unit
	Governmental Activities	Component Unit
<b>ASSETS</b>		
1110 Cash and Cash Equivalents	\$ 10,377,707	\$ 810,978
1120 Current Investments	75,420,331	1,793,316
1165 Restricted Investments	127,567,760	-
1220 Property Taxes Receivable (Delinquent)	4,327,443	-
1230 Allowance for Uncollectible Taxes	(519,293)	-
1240 Due from Other Governments	7,281,537	-
1290 Other Receivables, net	754,500	-
1300 Inventories	1,529,768	-
1410 Prepayments	2,156,272	-
1490 Other Current Assets	200,292	-
Capital Assets:		
1510 Land	9,006,509	-
1520 Buildings, Net	167,131,078	-
1530 Furniture and Equipment, Net	6,160,256	-
1580 Construction in Progress	42,615,092	-
1000 Total Assets	<u>454,009,252</u>	<u>2,604,294</u>
<b>LIABILITIES</b>		
2110 Accounts Payable	11,251,117	89
2140 Interest Payable	222,989	-
2150 Payroll Deductions & Withholdings	1,828,708	-
2160 Accrued Wages Payable	5,503,629	-
2165 Accrued Liabilities	5,331,546	-
2177 Due to Fiduciary Funds	8,721	-
2180 Due to Other Governments	18,592,787	-
2300 Unearned Revenue	1,899,737	-
Noncurrent Liabilities		
2501 Due Within One Year	6,825,036	-
2502 Due in More Than One Year	260,079,354	-
2000 Total Liabilities	<u>311,543,624</u>	<u>89</u>
<b>NET POSITION</b>		
3200 Net Investment in Capital Assets	89,182,395	-
Restricted for:		
3840 Restricted for Food Service	4,467,030	-
3850 Restricted for Debt Service	4,025,729	-
3890 Restricted for Other Purposes	480,998	2,604,205
3900 Unrestricted	44,309,476	-
3000 Total Net Position	<u>\$ 142,465,628</u>	<u>\$ 2,604,205</u>

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

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

Data Control Codes	1  Expenses	Program Revenues		
		3  Charges for Services	4  Operating Grants and Contributions	5  Capital Grants and Contributions
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 127,175,213	\$ 274,512	\$ 12,481,894	\$ 10,008
12 Instructional Resources and Media Services	2,640,307	-	65,308	-
13 Curriculum and Staff Development	5,780,805	-	1,738,188	-
21 Instructional Leadership	3,459,098	-	636,143	-
23 School Leadership	11,443,520	-	324,940	-
31 Guidance, Counseling and Evaluation Services	7,411,341	-	1,700,585	-
32 Social Work Services	272,818	-	-	-
33 Health Services	2,106,755	-	96,688	-
34 Student (Pupil) Transportation	7,138,920	-	2,500	196,000
35 Food Services	10,610,144	3,148,186	90,870	-
36 Extracurricular Activities	4,703,078	425,583	38,758	-
41 General Administration	6,027,092	-	897	-
51 Facilities Maintenance and Operations	21,829,193	-	1,275	-
52 Security and Monitoring Services	1,195,273	-	-	-
53 Data Processing Services	3,850,322	-	467,801	-
61 Community Services	929,608	-	-	-
72 Debt Service - Interest on Long Term Debt	8,551,453	-	-	-
73 Debt Service - Bond Issuance Cost and Fees	727,966	-	-	-
91 Contracted Instructional Services Between Schools	14,750,275	-	-	-
93 Payments related to Shared Services Arrangements	95,445	-	-	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 240,698,626	\$ 3,848,281	\$ 17,645,847	\$ 206,008
<b>Component Unit:</b>				
1C Nonmajor Component Unit	\$ 841,540	\$ -	\$ 2,848,276	\$ -
[TC] TOTAL COMPONENT UNITS:	\$ 841,540	\$ -	\$ 2,848,276	\$ -

Data Control Codes	General Revenues:
	Taxes:
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
GC	Grants and Contributions not Restricted
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
SI	Special Item - Gain on Sale of Assets
FR	Amortization of Bond Premiums and Reimbursements:
TR	Total General Revenues, Special Items, and Transfers
CN	Change in Net Position
NB	Net Position - Beginning
PA	Prior Period Adjustment
NE	Net Position--Ending

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

Net (Expense) Revenue and Changes in Net Position	
6	9
Primary Government Governmental Activities	Component Unit Component Unit
\$ (114,408,799)	\$ -
(2,574,999)	-
(4,042,617)	-
(2,822,955)	-
(11,118,580)	-
(5,710,756)	-
(272,818)	-
(2,010,067)	-
(6,940,420)	-
(7,371,088)	-
(4,238,737)	-
(6,026,195)	-
(21,827,918)	-
(1,195,273)	-
(3,382,521)	-
(929,608)	-
(8,551,453)	-
(727,966)	-
(14,750,275)	-
(95,445)	-
<u>(218,998,490)</u>	<u>-</u>
-	2,006,736
<u>-</u>	<u>2,006,736</u>
173,564,289	-
14,994,616	-
27,312,689	-
199,347	1,200
1,299,198	-
3,275,950	-
1,061,937	-
<u>221,708,026</u>	<u>1,200</u>
2,709,536	2,007,936
142,238,558	596,269
(1,420,529)	-
<u>\$ 143,527,565</u>	<u>\$ 2,604,205</u>

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

Data Control Codes	10 General Fund	National School Brkfst/Lunch	50 Debt Service Fund
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 7,575,330	\$ 520,044	\$ 30,290
1120 Investments - Current	63,757,302	3,158,868	3,959,786
1220 Property Taxes - Delinquent	3,982,978	-	344,465
1230 Allowance for Uncollectible Taxes (Credit)	(477,957)	-	(41,336)
1240 Receivables from Other Governments	-	948,815	-
1260 Due from Other Funds	12,739,356	-	-
1290 Other Receivables	754,500	-	-
1300 Inventories	478,925	1,050,843	-
1410 Prepayments	2,073	-	-
1490 Other Current Assets	200,292	-	-
1000 Total Assets	<u>\$ 89,012,799</u>	<u>\$ 5,678,570</u>	<u>\$ 4,293,205</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 2,929,106	\$ 157,232	\$ 1,550
2150 Payroll Deductions and Withholdings Payable	1,828,708	-	-
2160 Accrued Wages Payable	4,759,602	203,480	-
2170 Due to Other Funds	4,247,796	850,828	-
2180 Due to Other Governments	18,592,787	-	-
2300 Unearned Revenues	1,736,332	-	-
2000 Total Liabilities	<u>34,094,331</u>	<u>1,211,540</u>	<u>1,550</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	3,080,239	-	265,926
2600 Total Deferred Inflows of Resources	<u>3,080,239</u>	<u>-</u>	<u>265,926</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	478,925	1,050,843	-
3430 Prepaid Items	2,073	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	3,416,187	-
3470 Capital Acquisition and Contractual Obligation	-	-	-
3480 Retirement of Long-Term Debt	-	-	4,025,729
3490 Other Restricted Fund Balance	-	-	-
3600 Unassigned Fund Balance	51,357,231	-	-
3000 Total Fund Balances	<u>51,838,229</u>	<u>4,467,030</u>	<u>4,025,729</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 89,012,799</u>	<u>\$ 5,678,570</u>	<u>\$ 4,293,205</u>

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ 1,870,098	\$ 9,995,762
127,567,760	-	198,443,716
-	-	4,327,443
-	-	(519,293)
-	6,332,722	7,281,537
-	3,329,174	16,068,530
-	-	754,500
-	-	1,529,768
-	704	2,777
-	-	200,292
<u>\$ 127,567,760</u>	<u>\$ 11,532,698</u>	<u>\$ 238,085,032</u>
\$ 3,668,208	\$ 4,491,438	\$ 11,247,534
-	-	1,828,708
-	540,547	5,503,629
9,960,824	1,906,844	16,966,292
-	-	18,592,787
-	163,405	1,899,737
<u>13,629,032</u>	<u>7,102,234</u>	<u>56,038,687</u>
-	-	3,346,165
-	-	3,346,165
-	-	1,529,768
-	-	2,073
-	837,617	4,253,804
113,938,728	3,532,993	117,471,721
-	-	4,025,729
-	59,854	59,854
-	-	51,357,231
<u>113,938,728</u>	<u>4,430,464</u>	<u>178,700,180</u>
<u>\$ 127,567,760</u>	<u>\$ 11,532,698</u>	<u>\$ 238,085,032</u>

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

<b>Total Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>178,700,180</b>
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		1,380,466
2 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 \$298,408,341 and the accumulated depreciation was \$113,712,787. 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.		1,470,678
3 Current year capital outlays and long-term debt are expenditures in the fund financial statements, but they should be shown as changes in capital assets and changes in long-term debt in the government-wide financial statements. The net effect of including the 2014 capital outlays and debt principal payments is to decrease net position.		(34,182,732)
4 The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(7,622,499)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		2,719,535
<b>19 Net Position of Governmental Activities</b>	<b>\$</b>	<b>142,465,628</b>

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



**MIDLAND INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

Data Control Codes	10 General Fund	National School Brkfst/Lunch	50 Debt Service Fund
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 177,051,113	\$ 3,227,251	\$ 14,961,403
5800 State Program Revenues	14,304,950	60,399	-
5900 Federal Program Revenues	2,247,070	7,331,950	-
5020 Total Revenues	<u>193,603,133</u>	<u>10,619,600</u>	<u>14,961,403</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	108,506,202	-	-
0012 Instructional Resources and Media Services	2,381,263	-	-
0013 Curriculum and Instructional Staff Development	3,907,472	-	-
0021 Instructional Leadership	2,791,796	-	-
0023 School Leadership	10,779,775	-	-
0031 Guidance, Counseling and Evaluation Services	5,620,745	-	-
0032 Social Work Services	259,180	-	-
0033 Health Services	1,959,648	-	-
0034 Student (Pupil) Transportation	7,782,620	-	-
0035 Food Services	-	10,210,982	-
0036 Extracurricular Activities	3,885,310	-	-
0041 General Administration	5,953,896	-	-
0051 Facilities Maintenance and Operations	20,678,223	-	-
0052 Security and Monitoring Services	1,406,643	-	-
0053 Data Processing Services	3,791,302	-	-
0061 Community Services	442,985	-	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	-	-	9,370,151
0072 Interest on Long Term Debt	-	-	8,328,464
0073 Bond Issuance Cost and Fees	-	-	2,350
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	3,919,210	-	-
<b>Intergovernmental:</b>			
0091 Contracted Instructional Services Between Schools	14,750,275	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	95,445	-	-
6030 Total Expenditures	<u>198,911,990</u>	<u>10,210,982</u>	<u>17,700,965</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,308,857)</u>	<u>408,618</u>	<u>(2,739,562)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-
7912 Sale of Real and Personal Property	1,500,000	-	-
7915 Transfers In	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-
7949 Other Resources	-	-	23,836
8911 Transfers Out (Use)	(1,850,000)	-	-
7080 Total Other Financing Sources (Uses)	<u>(350,000)</u>	<u>-</u>	<u>23,836</u>
1200 Net Change in Fund Balances	(5,658,857)	408,618	(2,715,726)
0100 Fund Balance - September 1 (Beginning)	<u>57,497,086</u>	<u>4,058,412</u>	<u>6,741,455</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 51,838,229</u>	<u>\$ 4,467,030</u>	<u>\$ 4,025,729</u>

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

60 Capital Projects	Other Funds	Total Governmental Funds
\$ 163,439	\$ 201,172	\$ 195,604,378
-	4,723,577	19,088,926
-	12,881,359	22,460,379
163,439	17,806,108	237,153,683
-	12,523,762	121,029,964
-	65,308	2,446,571
-	1,738,188	5,645,660
-	636,143	3,427,939
-	324,940	11,104,715
-	1,694,287	7,315,032
-	-	259,180
-	96,688	2,056,336
-	198,500	7,981,120
-	90,870	10,301,852
-	45,056	3,930,366
-	897	5,954,793
-	232,316	20,910,539
-	-	1,406,643
-	7,129	3,798,431
-	467,801	910,786
-	-	9,370,151
-	-	8,328,464
821,812	-	824,162
35,197,640	4,964,213	44,081,063
-	-	14,750,275
-	-	95,445
36,019,452	23,086,098	285,929,487
(35,856,013)	(5,279,990)	(48,775,804)
85,235,000	-	85,235,000
-	-	1,500,000
-	1,000,000	1,000,000
8,696,812	-	8,696,812
-	-	23,836
-	-	(1,850,000)
93,931,812	1,000,000	94,605,648
58,075,799	(4,279,990)	45,829,844
55,862,929	8,710,454	132,870,336
\$ 113,938,728	\$ 4,430,464	\$ 178,700,180

*This total has to agree to the next year*

MIDLAND INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED AUGUST 31, 2014

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$</b>	<b>45,829,844</b>
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net loss of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase decrease net position.		(2,605,039)
Current year capital outlays and long-term debt are expenditures in the fund financial statements, but they should be shown as changes in capital assets and changes in long-term debt in the government-wide financial statements. The net effect of removing the 2014 capital outlays and debt principal payments is to decrease net position.		(34,182,732)
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.		(7,622,499)
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, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		228,025
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>1,647,599</b>

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

Trial Balance Content - FY 2014

D-3

12/16/2015

Midland Independent School District

Account Number	Beginning Balance	Adjustments		Ending Balance	Budget	WP Ref
		Debits	Credits			
<b>Fund 753 Insurance</b>						
753-00-1111-00-000-4-00-000	379,061.59			379,061.59		
753-00-1111-00-000-5-00-000	2,882.83			2,882.83		
753-00-1120-00-000-4-00-000	1,011,889.64			1,011,889.64		
753-00-1120-01-000-4-00-000	85,175.76			85,175.76		
753-00-1122-00-000-4-00-000	3,447,310.03			3,447,310.03		
<b>Total Object 11xx</b>	<b>4,926,319.85</b>	<b>-0-</b>	<b>-0-</b>	<b>4,926,319.85</b>	<b>-0-</b>	
753-00-1261-00-199-5-00-000	26,904.76	1,106,389.40		1,133,294.16		
753-00-1261-99-000-5-00-000		26,904.76	(26,904.76)			
753-00-1261-99-199-5-00-000			(283,799.98)	(283,799.98)		
753-00-1262-00-240-5-00-000	1,706.46			1,706.46		
<b>Total Object 12xx</b>	<b>28,611.22</b>	<b>1,133,294.16</b>	<b>(310,704.74)</b>	<b>851,200.64</b>	<b>-0-</b>	
753-00-1410-00-000-4-00-000	900,233.65			900,233.65		
<b>Total Assets</b>	<b>5,855,164.72</b>	<b>1,133,294.16</b>	<b>(310,704.74)</b>	<b>6,677,754.14</b>	<b>-0-</b>	
753-00-2110-00-000-5-00-000	(3,330.53)			(3,330.53)		
753-00-2171-01-000-4-00-000	(179,353.47)			(179,353.47)		
753-00-2171-01-199-4-00-000	(101,563.68)			(101,563.68)		
753-00-2171-03-000-5-00-000	(2,882.83)			(2,882.83)		
753-00-2171-99-000-5-00-000		26,904.76	(26,904.76)			
753-00-2171-99-199-5-00-000		283,799.98		283,799.98		
<b>Total Object 21xx</b>	<b>(287,130.51)</b>	<b>310,704.74</b>	<b>(26,904.76)</b>	<b>(3,330.53)</b>	<b>-0-</b>	
753-00-2440-01-000-4-00-000	(151,027.77)	1,941.00		(149,086.77)		
753-00-2440-03-000-4-00-000	(2,526,346.00)	479,509.00		(2,046,837.00)		
753-00-2440-04-000-4-00-000	(2,656,183.47)		(479,439.00)	(3,135,622.47)		
<b>Total Object 24xx</b>	<b>(5,333,557.24)</b>	<b>481,450.00</b>	<b>(479,439.00)</b>	<b>(5,331,546.24)</b>	<b>-0-</b>	
<b>Total Liabilities</b>	<b>(5,620,687.75)</b>	<b>792,154.74</b>	<b>(506,343.76)</b>	<b>(5,334,876.77)</b>	<b>-0-</b>	
753-00-3600-00-000-4-00-000	(3,985,504.43)			(3,985,504.43)		
<b>Total Equities</b>	<b>(3,985,504.43)</b>	<b>-0-</b>	<b>-0-</b>	<b>(3,985,504.43)</b>	<b>-0-</b>	
753-00-5742-01-000-4-00-000	(4,240.06)			(4,240.06)		
753-00-5754-01-000-4-00-000	(8,762,964.22)			(8,762,964.22)		
753-00-5754-01-000-5-00-000			(691,299.00)	(691,299.00)		
753-00-5754-02-000-4-00-000	(3,653,804.39)			(3,653,804.39)		
753-00-5754-02-000-5-00-000			(337,420.00)	(337,420.00)		
753-00-5754-03-000-4-00-000	(774,113.20)			(774,113.20)		
753-00-5754-03-000-5-00-000			(65,863.40)	(65,863.40)		

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**Trial Balance Content - FY 2014**

Midland Independent School District

12/16/2015

Account Number	Beginning	Adjustments		Ending	Budget	WP Ref
	Balance	Debits	Credits	Balance		
753-00-5754-06-000-4-00-000	(694,492.72)			(694,492.72)		
753-00-5754-07-000-4-00-000	(1,533,353.18)			(1,533,353.18)		
753-00-5754-07-000-5-00-000	(28,611.22)			(28,611.22)		
753-00-5754-08-000-4-00-000	(146,127.00)			(146,127.00)		
753-00-5754-08-000-5-00-000			(11,807.00)	(11,807.00)		
<b>Total Object 57xx</b>	<b>(15,597,705.99)</b>	<b>-0-</b>	<b>(1,106,389.40)</b>	<b>(16,704,095.39)</b>		<b>-0-</b>
<b>Total Revenues</b>	<b>(15,597,705.99)</b>	<b>-0-</b>	<b>(1,106,389.40)</b>	<b>(16,704,095.39)</b>		<b>-0-</b>
753-41-6119-00-935-4-99-000	84,518.68			84,518.68		
753-41-6127-00-935-4-99-000	2,500.00			2,500.00		
753-41-6129-00-935-4-99-000	69,665.15			69,665.15		
753-41-6139-00-935-4-99-000	1,300.00			1,300.00		
753-41-6141-00-935-4-99-000	2,007.23			2,007.23		
753-41-6142-00-935-4-99-000	17,129.04			17,129.04		
753-41-6143-00-935-4-99-000	1,383.17			1,383.17		
753-41-6146-00-935-4-99-000	850.20			850.20		
<b>Total Object 61xx</b>	<b>179,353.47</b>	<b>-0-</b>	<b>-0-</b>	<b>179,353.47</b>		<b>-0-</b>
753-41-6399-00-935-4-99-000	5,503.83			5,503.83		
753-41-6399-00-935-5-99-000	944.58			944.58		
<b>Total Object 63xx</b>	<b>6,448.41</b>	<b>-0-</b>	<b>-0-</b>	<b>6,448.41</b>		<b>-0-</b>
753-41-6411-00-935-4-99-000	1,563.68			1,563.68		
753-41-6431-01-935-4-99-000	11,317,213.74	479,439.00		11,796,652.74		
753-41-6431-02-935-4-99-000	646,873.05		(479,509.00)	167,364.05		
753-41-6431-03-935-4-99-000	725,675.07		(1,941.00)	723,734.07		
753-41-6431-05-935-4-99-000	16,000.00			16,000.00		
753-41-6431-06-935-4-99-000	4,159,761.29			4,159,761.29		
753-41-6432-01-935-4-99-000	23,950.68			23,950.68		
753-41-6432-01-935-5-99-000	2,385.95			2,385.95		
753-41-6433-02-935-4-99-000	2,117,866.44			2,117,866.44		
753-41-6499-00-935-4-99-000	7,868.00			7,868.00		
753-41-6499-03-935-4-99-000	143,773.67			143,773.67		
<b>Total Object 64xx</b>	<b>19,162,931.57</b>	<b>479,439.00</b>	<b>(481,450.00)</b>	<b>19,160,920.57</b>		<b>-0-</b>
<b>Total Function 41</b>	<b>19,348,733.45</b>	<b>479,439.00</b>	<b>(481,450.00)</b>	<b>19,346,722.45</b>		<b>-0-</b>
<b>Total Expenditures</b>	<b>19,348,733.45</b>	<b>479,439.00</b>	<b>(481,450.00)</b>	<b>19,346,722.45</b>		<b>-0-</b>
<b>Total Balance:</b>	<b>-0-</b>	<b>2,404,887.90</b>	<b>(2,404,887.90)</b>	<b>-0-</b>		<b>-0-</b>

TRANSACTION INQUIRY CURRENT AND Y-T-D

1111

NTY-DIS: 165901  
53-00-1111-00-000-5-00-0-00 CASH IN BANK  
EDLAND ISD  
TIME RUN: 16:59:30

DATE RUN: 12/15/15  
FILEID : 6  
PROGRAM : WFN5797  
PAGE NR. : 1

				BEG BAL =====>	BALANCE
					0.00
J-000038	09-0012551101542	09/12/14	PAYMENT OF PENALTY TO IRS		402.52-
J-SEP	09-0001291324936	09/30/14	DISBURSEMENT OFFSET		465.09-
J-SEP	09-0001291324937	09/30/14	CASH RECEIPTS OFFSET		2,305,967.10
J-000151	09-0012801434561	09/30/14	TASB WC		189,334.25-
J-OCT	10-0001318210028	10/31/14	DISBURSEMENT OFFSET		5,798.93-
J-OCT	10-0001318210029	10/31/14	CASH RECEIPTS OFFSET		1,335,267.06
J-000235	10-0013101041136	10/31/14	TASB W/C		69,069.42-
J-000247	10-0013151021163	10/31/14	TRANSFER FRM WELLS		2,000,000.00-
J-000247	10-0013151641165	10/31/14	TRANS TO WELLS		1,500,000.00
J-000247	10-0013161316549	10/31/14	TRANS FRM WELLS		1,600,000.00-
J-NOV	11-0001347424592	11/30/14	DISBURSEMENT OFFSET		28,691.50-
J-NOV	11-0001347424593	11/30/14	CASH RECEIPTS OFFSET		12,343.15
J-000338	11-0013421512497	11/29/14	TASB W/C		45,167.17-
J-000328	11-0013450942335	11/30/14	TRANSFER FRM WELLS		1,300,000.00-
J-DEC	12-0001016235511	12/31/14	DISBURSEMENT OFFSET		3,981.71-
J-DEC	12-0001016235512	12/31/14	CASH RECEIPTS OFFSET		2,916,595.57
J-000429	12-0010121414240	12/31/14	TASB W/C		39,477.09-
J-000417	12-0010131626368	12/31/14	TRANSFER FRM WELLS		2,500,000.00-
J-JAN	01-0001048241404	01/31/15	DISBURSEMENT OFFSET		3,583.67-
J-JAN	01-0001048241405	01/31/15	CASH RECEIPTS OFFSET		1,348,114.83
J-000498	01-0010411055030	01/30/15	TASB W/C		21,396.18-
J-000516	01-0010421813132	01/31/15	TRANS FRM WELLS		1,700,000.00-
J-FEB	02-0001085273756	02/28/15	DISBURSEMENT OFFSET		3,010.63-
J-FEB	02-0001085273757	02/28/15	CASH RECEIPTS OFFSET		1,277,583.27
J-000603	02-0010751724335	02/28/15	TASB WC		44,743.14-
J-000595	02-0010821451067	02/28/15	TRANS FROM WELLS		1,200,000.00-
J-MAR	03-0001120330648	03/31/15	DISBURSEMENT OFFSET		294.79-
J-MAR	03-0001120330649	03/31/15	CASH RECEIPTS OFFSET		249,570.21
J-000715	03-0010991717302	03/31/15	TASB W/C		25,811.11-
J-APR	04-0001132390400	04/30/15	DISBURSEMENT OFFSET		6,553.29-
J-APR	04-0001132390401	04/30/15	CASH RECEIPTS OFFSET		2,899,403.16
J-000911	04-0011271416084	04/30/15	TASB W/C		27,173.56-
J-000933	04-0011281244139	04/30/15	TRANS FRM WELLS		1,600,000.00-
J-000933	04-0011281244454	04/30/15	TRANS FRM WELLS		1,500,000.00-
J-MAY	05-0001168425130	05/31/15	DISBURSEMENT OFFSET		3,100.09-
J-MAY	05-0001168425133	05/31/15	CASH RECEIPTS OFFSET		1,463,307.82
J-001023	05-0011600845475	05/31/15	TASB W/C		31,837.65-
J-001041	05-0011611056199	05/31/15	TRANS FROM WELLS		1,500,000.00-
J-JUN	06-0001204372703	06/30/15	DISBURSEMENT OFFSET		3,279.53-
J-JUN	06-0001204372704	06/30/15	CASH RECEIPTS OFFSET		1,602,393.84
J-001101	06-0011961001371	06/30/15	TASB W/C		22,791.47-
J-001126	06-0012021655273	06/30/15	TRANSFER FRM WELLS		1,500,000.00-
J-JUL	07-0001231235787	07/31/15	DISBURSEMENT OFFSET		5,307.79-

Cash Receipts

TRANSACTION INQUIRY CURRENT AND Y-T-D

WY-DIS: 165901  
 63-00-1111-00-000-5-00-0-00 CASH IN BANK  
 DLAND ISD  
 TIME RUN: 16:59:30

DATE RUN: 12/15/15  
 FILEID : 6  
 PROGRAM : WFN5797  
 PAGE NR.: 2

				BALANCE
BEG BAL =====>				0.00
JUL	07-0001231235788	07/31/15	CASH RECEIPTS OFFSET	1,405,699.41
JUL	07-001140	07/31/15	RECORD PAYT IRS FOR 720	8,480.00-
JUL	07-001163	07/31/15	ROLL YR4 TO YR5	381,944.42
JUL	07-001193	07/31/15	TASB WC	21,606.15-
JUL	07-001215	07/31/15	REVERSE YR5 AUDIT TRANS	2,882.83-
JUL	07-001233	07/31/15	TRANS FROM WELLS	1,400,000.00-
AUG	08-0001258184862	08/31/15	DISBURSEMENT OFFSET	6,765.91-
AUG	08-0001258184863	08/31/15	CASH RECEIPTS OFFSET	1,373,412.26
AUG	08-001319	08/31/15	TASB WC	25,822.53-
AUG	08-001332	08/31/15	TRANSFER TO LOCAL MAINT	69,919.02
TOTALS ==>				1,694,693.12

TRANSACTION INQUIRY CURRENT AND Y-T-D

PTY-DIS: 165901  
3-00-1111-00-000-6-00-0-00 CASH IN BANK  
DLAND ISD  
TIME RUN: 17:01:24

DATE RUN: 12/15/15  
FILEID : 6  
PROGRAM : WFN5797  
PAGE NR.: 1

	BEG BAL ==>>	BALANCE
		0.00
F-A15016 09-0012861329557 10/13/15 AFC BAL 8/31/2015		3,796.74
	TOTALS ==>	3,796.74



TRANSACTION INQUIRY CURRENT AND Y-T-D

DATE RUN: 12/15/15  
FILEID : 6  
PROGRAM : WFN5797  
PAGE NR.: 1

TY-DIS: 165901  
3-00-1120-00-000-5-00-0-00 TEXPOOL  
OLAND ISD  
ME RUN: 17:02:04

BEG BAL =====>

BALANCE  
0.00

-000191	09-0012881313487	09/30/14	SEPTEMBER INTEREST	27.71
-000247	10-0013151017004	10/31/14	OCT INTEREST	38.02
-000247	10-0013151018537	10/31/14	TRANSFER FRM WELLS	2,000,000.00
-000247	10-0013161316393	10/31/14	TRANS FRM WELLS	1,600,000.00
-000264	10-0013161523342	10/31/14	BCBS	3,020,808.52-
-000337	11-0013421516012	11/29/14	BCBS	1,213,469.43-
-000328	11-0013450937324	11/30/14	NOVEMBER INTEREST	46.93
-000328	11-0013450942222	11/30/14	TRANSFER FRM WELLS	1,300,000.00
-000428	12-0010121349266	12/31/14	BCBS	1,022,390.44-
-000417	12-0010131624311	12/31/14	DECEMBER INTEREST	32.82
-000499	01-0010431629418	01/30/15	BCBS	587,659.43-
-000516	01-0010421811280	01/31/15	JANUARY INTEREST	29.66
-000516	01-0010431551209	01/31/15	TRANS FRM WELLS	1,700,000.00
-000516	01-0010431604373	01/31/15	TRANSF FRM LOCAL	760,572.84
-000602	02-0010751719330	02/28/15	BCBS	1,069,609.04-
-000595	02-0010821447569	02/28/15	FEBRUARY INTEREST	62.34
-000716	03-0011141419052	03/31/15	BCBS	1,338,504.70-
-000771	03-0011141358403	03/31/15	MARCH INTEREST	13.95
-000910	04-0011281639331	04/30/15	BCBS	1,443,842.51-
-000933	04-0011281240233	04/30/15	APRIL INTEREST	38.97
-000933	04-0011281243574	04/30/15	TRANS FRM WELLS	1,600,000.00
-000933	04-0011281244325	04/30/15	TRANS FRM WELLS	1,500,000.00
-001022	05-0011600836039	05/31/15	BCBS	1,496,986.32-
-001041	05-0011611053032	05/31/15	MAY INTEREST	44.50
-001126	06-0012021653323	06/30/15	JUNE INTEREST	31.95
-001126	06-0012031119243	06/30/15	TRANSFER FRM WELLS	1,500,000.00
-001163	07-0012191654159	07/31/15	ROLL YR4 TO YR5	1,011,889.64
-001192	07-0012221638319	07/31/15	BCBS	1,848,814.76-
-001219	08-0012241332389	08/12/15	BOOK TRANS 8/13/15	101,269.62
-001233	07-0012251027463	07/31/15	JULY INTEREST	56.30
-001233	07-0012251029209	07/31/15	TRANS FROM WELLS	1,400,000.00
-001318	08-0012511234557	08/31/15	BCBS	1,109,586.78-
-001332	08-0012561718488	08/31/15	AUGUST INTEREST	29.47
-001332	08-0012561720446	08/31/15	TRANSFER TO LOCAL MAINT	69,919.02-

TOTALS ==>

252,593.77

1120-00

TRANSACTION INQUIRY CURRENT AND Y-T-D

DATE RUN: 12/15/15  
FILEID : 6  
PROGRAM : WFN5797  
PAGE NR. : 1

TY-DIS: 165901  
3-00-1120-01-000-5-00-0-00 TEXPOOL  
OLAND ISD  
ME RUN: 17:02:21

				BEG BAL =====>	BALANCE
					0.00
-000191	09-0012881314285	09/30/14	SEPTEMBER INTEREST		4.07
-000247	10-0013151017341	10/31/14	OCT INTEREST		4.58
-000328	11-0013450938012	11/30/14	NOVEMBER INTEREST		5.01
-000417	12-0010131625073	12/31/14	DECEMBER INTEREST		105.24
-000417	12-0010131626206	12/31/14	TRANSFER FRM WELLS	2,500,000.00	
-000516	01-0010421811561	01/31/15	JANUARY INTEREST		102.78
-000499	01-0010431635389	01/30/15	BCBS	1,292,648.94-	
-000595	02-0010821448363	02/28/15	FEBRUARY INTEREST		125.91
-000595	02-0010831011291	02/28/15	TRANS FROM WELLS	1,200,000.00	
-000771	03-0011141401343	03/31/15	MARCH INTEREST		176.43
-000716	03-0011141425114	03/31/15	BCBS	519,482.78-	
-000910	04-0011271422311	04/30/15	BCBS	225,759.53-	
-000933	04-0011281241128	04/30/15	APRIL INTEREST		142.08
-001041	05-0011611053473	05/31/15	MAY INTEREST		212.03
-001041	05-0011611055493	05/31/15	TRANS FROM WELLS	1,500,000.00	
-001098	06-0012031338571	06/30/15	BCBS	1,992,556.69-	
-001126	06-0012021653581	06/30/15	JUNE INTEREST		199.21
-001163	07-0012191654489	07/31/15	ROLL YR4 TO YR5	85,175.76	
-001233	07-0012251028179	07/31/15	JULY INTEREST		186.55
-001233	07-0012261549046	07/31/15	TRANS FROM WELLS	640,463.63	
-001257	07-0012261528508	07/31/15	ADJ MAY & JUNE BCBS WIRE CO	279,639.58	
-001318	08-0012511235370	08/31/15	BCBS	659,072.32-	
-001332	08-0012561719182	08/31/15	AUGUST INTEREST		233.99
TOTALS ==>					1,517,256.59

1120-01

TRANSACTION INQUIRY CURRENT AND Y-T-D

TY-DIS: 165901  
-00-1122-00-000-5-00-0-00 TEXAS CLASS  
OLAND ISD  
E RUN: 17:03:24

DATE RUN: 12/15/15  
FILEID : 6  
PROGRAM : WFN5797  
PAGE NR. : 1

				BEG BAL =====>	BALANCE
					0.00
-000191	09-0012881315053	09/30/14	SEPTEMBER INTEREST		269.51
-000247	10-0013151018238	10/31/14	OCT INTEREST		231.50
-000247	10-0013151640333	10/31/14	TRANS TO WELLS		<del>1,500,000.00</del>
-000328	11-0013450938279	11/30/14	NOVEMBER INTEREST		152.33
-000417	12-0010131625322	12/31/14	DECEMBER INTEREST		157.43
-000516	01-0010421812260	01/31/15	JANUARY INTEREST		173.45
-000595	02-0010821450114	02/28/15	FEBRUARY INTEREST		158.24
-000771	03-0011141402174	03/31/15	MARCH INTEREST		202.35
-000933	04-0011281243115	04/30/15	APRIL INTEREST		217.44
-001041	05-0011611631353	05/31/15	MAY INTEREST		227.40
-001126	06-0012021654259	06/30/15	JUNE INTEREST		231.78
-001163	07-0012191655005	07/31/15	ROLL YR4 TO YR5	X 3,447,310.03	
-001233	07-0012251028400	07/31/15	JULY INTEREST		258.83
-001332	08-0012561719545	08/31/15	AUGUST INTEREST		289.91
TOTALS ==>					1,949,880.20

1122-00

**Trial Balance Content - FY 2015**

D-3

753

12/15/2015

Midland Independent School District

Account Number	Beginning	Adjustments		Ending	Budget	WP Ref
	Balance	Debits	Credits	Balance		
<b>Fund 753 Insurance</b>						
753-00-1111-00-000-5-00-000	1,694,693.12			1,694,693.12		
753-00-1111-00-000-6-00-000	3,796.74			3,796.74		
753-00-1120-00-000-5-00-000	252,593.77			252,593.77		
753-00-1120-01-000-5-00-000	1,517,256.59			1,517,256.59		
753-00-1122-00-000-5-00-000	1,949,880.20			1,949,880.20		
<b>Total Object 11xx</b>	<b>5,418,220.42</b>	<b>-0-</b>	<b>-0-</b>	<b>5,418,220.42</b>		<b>-0-</b>
753-00-1262-00-199-6-00-000		637,619.71		637,619.71		
753-00-1262-01-199-6-00-000	(637,619.71)			(637,619.71)		
<b>Total Object 12xx</b>	<b>(637,619.71)</b>	<b>637,619.71</b>	<b>-0-</b>	<b>-0-</b>		<b>-0-</b>
<b>Total Assets</b>	<b>4,780,600.71</b>	<b>637,619.71</b>	<b>-0-</b>	<b>5,418,220.42</b>		<b>-0-</b>
753-00-2110-00-000-6-00-000	(23,874.41)			(23,874.41)		
753-00-2171-03-000-6-00-000	(3,796.74)			(3,796.74)		
753-00-2171-99-199-6-00-000			(637,619.71)	(637,619.71)		
<b>Total Object 21xx</b>	<b>(27,671.15)</b>	<b>-0-</b>	<b>(637,619.71)</b>	<b>(665,290.86)</b>		<b>-0-</b>
753-00-2440-01-000-5-00-000	(149,086.77)		(19,115.64)	(168,202.41)		
753-00-2440-03-000-5-00-000	(2,046,837.00)	473,150.00		(1,573,687.00)		
753-00-2440-04-000-5-00-000	(3,135,622.47)	828,434.47		(2,307,188.00)		
<b>Total Object 24xx</b>	<b>(5,331,546.24)</b>	<b>1,301,584.47</b>	<b>(19,115.64)</b>	<b>(4,049,077.41)</b>		<b>-0-</b>
<b>Total Liabilities</b>	<b>(5,359,217.39)</b>	<b>1,301,584.47</b>	<b>(656,735.35)</b>	<b>(4,714,368.27)</b>		<b>-0-</b>
753-00-3112-00-000-5-00-000					10,000	
753-00-3611-00-000-5-00-000	(1,342,877.37)			(1,342,877.37)		
<b>Total Equities</b>	<b>(1,342,877.37)</b>	<b>-0-</b>	<b>-0-</b>	<b>(1,342,877.37)</b>	<b>10,000.00</b>	
753-00-5742-00-000-5-00-000						2,000
753-00-5742-01-000-5-00-000	(4,520.67)			(4,520.67)		
753-00-5752-07-000-5-00-000	(760,572.84)	760,572.84				
753-00-5754-01-000-5-00-000	(10,766,086.44)			(10,766,086.44)		
753-00-5754-02-000-5-00-000	(4,447,674.54)			(4,447,674.54)		
753-00-5754-03-000-5-00-000	(904,996.62)			(904,996.62)		
753-00-5754-06-000-5-00-000	(9,658.34)			(9,658.34)		
753-00-5754-07-000-5-00-000	(1,639,715.56)		(760,572.84)	(2,400,288.40)		
753-00-5754-07-000-6-00-000	637,619.71			637,619.71		
753-00-5754-08-000-5-00-000	(553,905.62)			(553,905.62)		
<b>Total Object 57xx</b>	<b>(18,449,510.92)</b>	<b>760,572.84</b>	<b>(760,572.84)</b>	<b>(18,449,510.92)</b>	<b>2,000.00</b>	
<b>Total Revenues</b>	<b>(18,449,510.92)</b>	<b>760,572.84</b>	<b>(760,572.84)</b>	<b>(18,449,510.92)</b>	<b>2,000.00</b>	

Spreadsheet

E-40

E-17

**Trial Balance Content - FY 2015**

Midland Independent School District

12/15/2015

Account Number	Beginning	Adjustments		Ending	Budget	WP Ref
	Balance	Debits	Credits	Balance		
753-41-6115-00-935-5-99-000	2,000.00			2,000.00		
753-41-6119-00-935-5-99-000	143,889.03			143,889.03		
753-41-6127-00-935-5-99-000	1,500.00			1,500.00		
753-41-6129-00-935-5-99-000	54,375.94			54,375.94		
753-41-6139-00-935-5-99-000	300.00			300.00		
753-41-6141-00-935-5-99-000	2,505.00			2,505.00		
753-41-6142-00-935-5-99-000	22,204.80			22,204.80		
753-41-6143-00-935-5-99-000	1,727.52			1,727.52		
753-41-6146-00-935-5-99-000	5,979.03			5,979.03		
<b>Total Object 61xx</b>	<b>234,481.32</b>	<b>-0-</b>	<b>-0-</b>	<b>234,481.32</b>		<b>-0-</b>
753-41-6299-00-935-6-99-000	21,114.35			21,114.35		
753-41-6398-00-935-5-99-000	915.00			915.00		
753-41-6399-00-935-5-99-000	11,745.10			11,745.10	(12,000)	
753-41-6399-00-935-6-99-000	77.46			77.46		
<b>Total Object 63xx</b>	<b>12,737.56</b>	<b>-0-</b>	<b>-0-</b>	<b>12,737.56</b>	<b>(12,000.00)</b>	
753-41-6411-00-935-5-99-000	2,040.40			2,040.40		
753-41-6431-00-000-5-00-000						
753-41-6431-01-000-5-00-000			(828,434.47)	(828,434.47)		
753-41-6431-01-935-5-99-000	11,113,113.96			11,113,113.96		
753-41-6431-02-000-5-00-000			(473,150.00)	(473,150.00)		
753-41-6431-02-935-5-99-000	514,537.35			514,537.35		
753-41-6431-03-000-5-00-000		19,115.64		19,115.64		
753-41-6431-03-935-5-99-000	860,153.26			860,153.26		
753-41-6431-05-935-5-99-000	25,600.00			25,600.00		
753-41-6431-06-935-5-99-000	5,137,656.99			5,137,656.99		
753-41-6432-01-935-5-99-000	27,721.90			27,721.90		
753-41-6432-01-935-6-99-000	2,682.60			2,682.60		
753-41-6433-01-935-5-99-000	77,731.50			77,731.50		
753-41-6433-02-935-5-99-000	2,282,788.89			2,282,788.89		
753-41-6499-00-935-5-99-000	8,952.52			8,952.52		
753-41-6499-03-935-5-99-000	49,692.37			49,692.37		
<b>Total Object 64xx</b>	<b>20,102,671.74</b>	<b>19,115.64</b>	<b>(1,301,584.47)</b>	<b>18,820,202.91</b>		<b>-0-</b>
<b>Total Function 41</b>	<b>20,371,004.97</b>	<b>19,115.64</b>	<b>(1,301,584.47)</b>	<b>19,088,536.14</b>	<b>(12,000.00)</b>	
<b>Total Expenditures</b>	<b>20,371,004.97</b>	<b>19,115.64</b>	<b>(1,301,584.47)</b>	<b>19,088,536.14</b>	<b>(12,000.00)</b>	
<b>Total Balance:</b>	<b>-0-</b>	<b>2,718,892.66</b>	<b>(2,718,892.66)</b>	<b>-0-</b>		<b>-0-</b>

TRANSACTION INQUIRY CURRENT AND Y-T-D

751

NTY-DIS: 165901  
 51-00-1111-00-000-5-00-0-00 CASH IN BANK  
 IDLAND ISD  
 TIME RUN: 15:25:47

DATE RUN: 12/18/15  
 FILEID : 6  
 PROGRAM : WFN5797  
 PAGE NR. : 1

				BEG BAL =====>	BALANCE
					0.00
J-SEP	09-0001291324936	09/30/14	DISBURSEMENT OFFSET		6,137.55-
J-OCT	10-0001318210028	10/31/14	DISBURSEMENT OFFSET		7,352.00-
J-NOV	11-0001347424588	11/30/14	DISBURSEMENT OFFSET		6,243.13-
J-NOV	11-0001347424589	11/30/14	CASH RECEIPTS OFFSET		14,250.00
J-DEC	12-0001016235511	12/31/14	DISBURSEMENT OFFSET		317.00-
J-DEC	12-0001016235512	12/31/14	CASH RECEIPTS OFFSET		14,250.00
J-JAN	01-0001048241404	01/31/15	DISBURSEMENT OFFSET		6,100.00-
J-JAN	01-0001048241405	01/31/15	CASH RECEIPTS OFFSET		14,250.00
J-FEB	02-0001085273756	02/28/15	DISBURSEMENT OFFSET		14,314.37-
J-FEB	02-0001085273757	02/28/15	CASH RECEIPTS OFFSET		14,250.00
J-MAR	03-0001120330648	03/31/15	DISBURSEMENT OFFSET		6,100.00-
J-APR	04-0001132390400	04/30/15	CASH RECEIPTS OFFSET		27,000.00
J-MAY	05-0001168425130	05/31/15	DISBURSEMENT OFFSET		6,100.00-
J-MAY	05-0001168425131	05/31/15	CASH RECEIPTS OFFSET		13,450.00
J-JUN	06-0001204372703	06/30/15	DISBURSEMENT OFFSET		10,315.00-
J-JUN	06-0001204372704	06/30/15	CASH RECEIPTS OFFSET		3,025.00
J-001134	07-0012101422065	07/29/15	ONE STONEGATE LLC 4/15 PAYT		6,100.00-
J-JUL	07-0001231235787	07/31/15	DISBURSEMENT OFFSET		12,847.00-
J-JUL	07-0001231235788	07/31/15	CASH RECEIPTS OFFSET		16,529.80
J-001191	07-0012221606423	07/31/15	ROLL YR4 TO YR5		3,410.43-
J-AUG	08-0001258184862	08/31/15	DISBURSEMENT OFFSET		7,998.00-
J-AUG	08-0001258184863	08/31/15	CASH RECEIPTS OFFSET		5,605.00
				TOTALS ==>	29,275.32

**Trial Balance Content - FY 2015**

751 → -3

Midland Independent School District

12/18/2015

Account Number	Beginning	Adjustments		Ending	Budget	WP Ref
	Balance	Debits	Credits	Balance		
<b>Fund 751    Housing</b>						
751 - 00 - 1111 - 00 - 000 - 5 - 00 - 000	29,275.32			29,275.32		
751 - 00 - 1261 - 00 - 199 - 5 - 00 - 000	41,250.00			41,250.00		
751 - 00 - 1520 - 00 - 000 - 5 - 00 - 000	792,741.00			792,741.00		
751 - 00 - 1521 - 00 - 000 - 5 - 00 - 000	(19,218.00)		(28,826.95)	(48,044.95)		
<u>Total Object 15xx</u>	<u>773,523.00</u>	<u>-0-</u>	<u>(28,826.95)</u>	<u>744,696.05</u>		<u>-0-</u>
<u>Total Assets</u>	<u>844,048.32</u>	<u>-0-</u>	<u>(28,826.95)</u>	<u>815,221.37</u>		<u>-0-</u>
751 - 00 - 2110 - 00 - 000 - 6 - 00 - 000	(240.00)			(240.00)		
<u>Total Liabilities</u>	<u>(240.00)</u>	<u>-0-</u>	<u>-0-</u>	<u>(240.00)</u>		<u>-0-</u>
751 - 00 - 3611 - 00 - 000 - 5 - 00 - 000	(811,110.57)			(811,110.57)		
<u>Total Equities</u>	<u>(811,110.57)</u>	<u>-0-</u>	<u>-0-</u>	<u>(811,110.57)</u>		<u>-0-</u>
751 - 00 - 5754 - 01 - 000 - 5 - 00 - 000	(122,609.80)			(122,609.80)		
<u>Total Revenues</u>	<u>(122,609.80)</u>	<u>-0-</u>	<u>-0-</u>	<u>(122,609.80)</u>		<u>-0-</u>
751 - 51 - 6299 - 00 - 936 - 5 - 99 - 000	12,951.37			12,951.37		
751 - 51 - 6299 - 00 - 936 - 6 - 99 - 000	240.00			240.00		
<u>Total Object 62xx</u>	<u>13,191.37</u>	<u>-0-</u>	<u>-0-</u>	<u>13,191.37</u>		<u>-0-</u>
<u>Total Function 51</u>	<u>13,191.37</u>	<u>-0-</u>	<u>-0-</u>	<u>13,191.37</u>		<u>-0-</u>
751 - 81 - 6268 - 00 - 936 - 5 - 99 - 000	76,720.68			76,720.68		
751 - 81 - 6449 - 00 - 936 - 5 - 00 - 000		28,826.95		28,826.95		
<u>Total Function 81</u>	<u>76,720.68</u>	<u>28,826.95</u>	<u>-0-</u>	<u>105,547.63</u>		<u>-0-</u>
<u>Total Expenditures</u>	<u>89,912.05</u>	<u>28,826.95</u>	<u>-0-</u>	<u>118,739.00</u>		<u>-0-</u>
<b>Total Balance:</b>	<u>-0-</u>	<u>28,826.95</u>	<u>(28,826.95)</u>	<u>-0-</u>		<u>-0-</u>

MIDLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
AUGUST 31, 2014

Data Control Codes		Internal Service Funds	
		Self Insurance Fund	Employee Housing Fund
<b>ASSETS</b>			
Current Assets:			
1110	Cash and Cash Equivalents	\$ 381,945	\$ -
1120	Investments - Current	4,544,375	-
1260	Due from Other Funds	851,201	37,840
1410	Other Receivables	900,234	-
1520	Buildings	-	792,741
1521	Depreciation on Buildings	-	(19,218)
1000	Total Assets	<u>6,677,755</u>	<u>811,363</u>
<b>LIABILITIES</b>			
Current Liabilities:			
2110	Accounts Payable	3,331	252
2400	Accrued Expenses	5,331,546	-
2000	Total Liabilities	<u>5,334,877</u>	<u>252</u>
<b>NET POSITION</b>			
3200	Investment in Capital Assets	-	773,523
3300	Unrestricted Net Position	1,342,878	37,588
3000	Total Net Position	<u>\$ 1,342,878</u>	<u>\$ 811,111</u>

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



MIDLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes		Internal Service Funds	
		Self Insurance Fund	Employee Housing Fund
	<b>OPERATING REVENUES</b>		
5700	Local and Intermediate Sources	\$ 16,699,855	\$ 41,250
5020	Total Operating Revenues	<u>16,699,855</u>	<u>41,250</u>
	<b>OPERATING EXPENSES:</b>		
6100	Payroll Costs	179,353	-
6200	Contracted Services	-	60,921
6300	Supplies and Materials	6,448	-
6400	Other Operating Costs	<u>19,160,921</u>	<u>19,218</u>
	Total Operating Expenses	<u>19,346,722</u>	<u>80,139</u>
	Operating Loss	(2,646,867)	(38,889)
	<b>NONOPERATING REVENUE (EXPENSES):</b>		
7915	Transfers In	-	850,000
7955	Earnings from Investments	<u>4,240</u>	<u>-</u>
	Change in Net Position	(2,642,627)	811,111
0100	Total Net Position - September 1 (Beginning)	<u>3,985,505</u>	<u>-</u>
3000	Total Net Position - August 31 (Ending)	<u>\$ 1,342,878</u>	<u>\$ 811,111</u>

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

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

	Internal Service Funds	
	Self Insurance Fund	Employee Housing Fund
<b>Cash Flow from Operating Activities:</b>		
Cash Receipts from Quasi-external Operating Activities with Other Funds	\$ 15,142,569	\$ -
Cash Payments to Suppliers for Goods and Benefits	(18,560,655)	(57,259)
<b>Net Cash Used For Operating Activities</b>	<b>(3,418,086)</b>	<b>(57,259)</b>
<b>Cash Flows from Investing Activities:</b>		
Interest on Investments	4,240	-
Purchase of Investments	3,597,964	-
<b>Net Cash Used for Investing Activities</b>	<b>3,602,204</b>	<b>-</b>
<b>Cash Flows Provided by Non-Capital and Related Financing Activities:</b>		
Transfers In	-	850,000
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>-</b>	<b>850,000</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital Acquisition	-	(792,741)
<b>Net Cash used by Capital and Related Financing Activities</b>	<b>-</b>	<b>(792,741)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>184,118</b>	<b>-</b>
<b>Cash and Cash Equivalents at the Beginning of Year</b>	<b>197,827</b>	<b>-</b>
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>\$ 381,945</b>	<b>\$ -</b>
<b>Investments</b>	<b>4,544,375</b>	<b>-</b>
<b>Cash, Cash Equivalents, and Investments at the End of the Year</b>	<b>\$ 4,926,320</b>	<b>\$ -</b>
<b><u>Reconciliation of Operating Loss to Net Cash Used For Operating Activities:</u></b>		
Operating Loss	\$ (2,646,867)	\$ (38,889)
Adjustments to Reconcile Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	-	19,218
<b>Effect of Increases and Decreases in Current Assets and Liabilities</b>		
(Increase) Decrease in Due from Other Funds	137,220	(37,840)
Increase in Receivables	(900,234)	-
Increase (Decrease) in Accounts Payable	(6,194)	252
Decrease in Payable from Restricted Assets	(2,011)	-
<b>Net Cash Used For Operating Activities</b>	<b>\$ (3,418,086)</b>	<b>\$ (57,259)</b>

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

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

Data Control Codes	Private Purpose Trust Funds	Employee Benefits Trust Fund	Student Activity Fund	
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ 79,458	\$ 563,285	\$ 1,036,384
1120	Investments - Current	352,195	469,548	-
1260	Due From Other Funds	-	31,287	-
1290	Other Receivables	-	618,749	-
1000	<b>Total Assets</b>	<u>\$ 431,653</u>	<u>\$ 1,682,869</u>	<u>\$ 1,036,384</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ -	\$ 1,032,821	\$ -
2170	Due to Other Funds	22,566	-	-
2400	Payable from Restricted Assets	409,087	650,048	-
2420	Due to Student Groups	-	-	1,023,617
2420	Due to Employees	-	-	12,767
2000	<b>Total Liabilities</b>	<u>\$ 431,653</u>	<u>\$ 1,682,869</u>	<u>\$ 1,036,384</u>
<b>NET POSITION</b>				
	Unrestricted Net Position	\$ -		
3000	<b>Total Net Position</b>	<u>\$ -</u>		

*These #'s come from E2*

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

MIDLAND INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR YEAR ENDED AUGUST 31, 2014

Data Control Codes		Beginning Balance	Additions	Deletions	Ending Balance
<b>PRIVATE PURPOSE TRUST FUNDS</b>					
1110	Cash and Cash Equivalents	\$ 107,037	\$ 17,132	\$ 44,711	\$ 79,458
1120	Investments - Current	779,195	120	427,120	352,195
1000	<b>Total Assets</b>	<b>\$ 886,232</b>	<b>\$ 17,252</b>	<b>\$ 471,831</b>	<b>\$ 431,653</b>
2170	Due to Other Funds	\$ 22,566	\$ -	\$ -	\$ 22,566
2400	Payable from Restricted Assets	863,666	17,252	471,831	409,087
2000	<b>Total Liabilities</b>	<b>\$ 886,232</b>	<b>\$ 17,252</b>	<b>\$ 471,831</b>	<b>\$ 431,653</b>
<b>EMPLOYEE BENEFITS TRUST FUND</b>					
1110	Cash and Cash Equivalents	\$ 490,046	\$ 75,146	\$ 1,907	\$ 563,285
1120	Investments - Current	469,388	160	-	469,548
1260	Due from Other Funds	31,287	-	-	31,287
1290	Other Receivables	575,375	43,374	-	618,749
1000	<b>Total Assets</b>	<b>\$ 1,566,096</b>	<b>\$ 118,680</b>	<b>\$ 1,907</b>	<b>\$ 1,682,869</b>
2110	Accounts Payable	\$ 959,433	\$ 73,388	\$ -	\$ 1,032,821
2400	Payable from Restricted Assets	606,663	45,292	1,907	650,048
2000	<b>Total Liabilities</b>	<b>\$ 1,566,096</b>	<b>\$ 118,680</b>	<b>\$ 1,907</b>	<b>\$ 1,682,869</b>
<b>STUDENT ACTIVITY FUNDS</b>					
1110	Cash and Cash Equivalents	\$ 858,855	\$ 1,469,324	\$ 1,291,795	\$ 1,036,384
1000	<b>Total Assets</b>	<b>\$ 858,855</b>	<b>\$ 1,469,324</b>	<b>\$ 1,291,795</b>	<b>\$ 1,036,384</b>
2110	Accounts Payable	\$ 12,617	\$ 25,196	\$ 25,046	\$ 12,767
2420	Due to Student Groups	846,238	1,444,128	1,266,749	1,023,617
2000	<b>Total Liabilities</b>	<b>\$ 858,855</b>	<b>\$ 1,469,324</b>	<b>\$ 1,291,795</b>	<b>\$ 1,036,384</b>

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

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MIDLAND INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2014

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Midland Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *AU-C Section 700* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

**A. REPORTING ENTITY**

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." As amended by GASB 39, "Determining Whether Organizations are Component Units" and GASB 61, "The Financial Reporting Entity Omnibus," The Midland I.S.D. Education Foundation is a component unit of the District. The Foundation's purpose is to support teachers and students of the District in the advancement of their educational careers and to provide grants for great ideas to develop creative learning in the classroom. It is discretely presented in a separate column on the government-wide financial statements (Exhibits A-1 and B-1) in order to emphasize that it is legally separate from the District.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District and its component units nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues.

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

Interfund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Position and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position. All interfund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of

Activities as interfund transfers. Interfund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

The fund financial statements provide reports on the financial condition and results of operations for three fund categories - governmental, proprietary, and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the health insurance and worker's compensation insurance internal service funds are District contributions. Operating expenses include claims expense and administrative expenses for administering these insurance funds. All other revenues and expenses not meeting this definition are reported as nonoperating.

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

Measurement focus is the accounting convention which determines which assets and liabilities are included on the balance sheet of a fund type and whether a fund type's operating statement presents "financial flow" or capital maintenance information.

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurements made, regardless of the measurement focus applied.

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept, that is, when they are both measurable and available. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expensed in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position (Exhibit A-1). The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

#### **D. FUND ACCOUNTING**

The District reports the following major governmental funds:

1. **The General Fund** - is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **National School Breakfast and Lunch Program Fund**- is used to account for federal reimbursement revenue from the United States Department of Agriculture as well as user fees (meal charges) for the National School Breakfast and Lunch Programs.
3. **The Debt Service Fund** - is used to account for the District's current portion of voter approved debt and the Foundation School Program's facilities allotment for bonded indebtedness.
4. **Capital Projects Fund** – is used to account for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

Additionally, the District reports the following nonmajor fund types:

##### **Governmental Funds:**

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in Special Revenue Funds. Most federal and some state financial assistance is accounted for in a Special Revenue Fund, and sometimes, unused balances must be returned to the grantor at the close of specified project periods.
2. **Permanent Funds** – Donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no Permanent Funds.

##### **Proprietary Funds:**

3. **Enterprise Funds** – Activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no enterprise funds.
4. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District has an Internal Service Fund is for health, dental and workers compensation benefits and another Internal Service Fund for employee housing.

##### **Fiduciary Funds:**

5. **Private Purpose Trust Funds** – Donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the scholarship fund.
6. **Employee Benefit Trust Funds** – These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District's Employee Benefit Trust Funds are the matching annuity and section 125 funds.



7. **Investment Trust Fund** - This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the district. The District has no Investment Trust Funds.
8. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the student activity fund.

## **E. OTHER ACCOUNTING POLICIES**

**Cash and Cash Equivalents** - For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.

**Investments** – Investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Inventory** -The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and revenue when received. When requisitioned, inventory is decreased and expenditures are charged for an equal amount.

**Property Taxes** - Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property taxes which are measurable (quantifiable) and available (collectible within the current period or soon enough thereafter to finance expenditures of the current period, which the District has estimated to be collected in the two months after the fiscal year end) are recognized as revenue in the year of levy in the governmental fund financial statements. Property taxes, which are measurable but not available, are recorded net of estimated uncollectible amounts, as deferred inflows of resources in the year of the levy in the governmental fund financial statements. Such deferred inflows of resources are recognized in the fund financial statements as revenue in the fiscal year in which they become available. In the government-wide financial statements, property taxes are recognized as revenues in the year for which the taxes are levied.

Current year tax collections are credited to the appropriate fund as per the tax rate ordinance approved by the Board of Trustees. For the fiscal year ended August 31, 2014, the rates were \$1.04005 for maintenance and \$.09 for debt service respectively, per \$100 of assessed value.

**Delinquent Taxes Receivable** - Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. Over the past four years, the property tax receivable allowance averages to 12 % of the outstanding property taxes at August 31, 2014.

**Long-Term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Buses	10
Other Vehicles	5
Office Equipment	5
Computer Equipment	5

**Fund Balances and Net Position -**

**Government-Wide Financial Statements**

Net position on the Statement of Net Position include the following:

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

Restricted for food service - the component of net position that reports the fund balance of the National School Breakfast/Lunch Program.

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

Restricted for other purposes - component of net position that can be spent only for the specific purposes because of constraints imposed by the external providers, or imposed by constitutional provisions or enabling legislation. As of August 31, 2014, the primary government has \$480,998 that is restricted for inventory and prepaid items. As of the same date, the component unit has \$2,604,205 this is restricted for student and employee scholarships and employee incentives.

Unrestricted -- the difference between the assets and liabilities that is not reported in any of the classifications above.

## **Governmental Fund Financial Statements**

The District adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions* (GASB 54). The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are non-spendable, restricted, committed, assigned, and unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

### **In accordance with GASB 54, the District classifies governmental fund balances as follows:**

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

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

**Committed** -- includes fund balance amounts that are constrained for specific purposes that are internally imposed by the District through formal action in an open meeting of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passed by the District's Board of Trustees. This classification is comprised primarily of funds committed to construction. At August 31, 2014 the District had no committed fund balance classifications.

**Assigned** -- includes fund balance amounts that are self-imposed by the District to be used for a particular purpose. Fund balance can be assigned by the District's Board, the Superintendent, or the Chief Financial Officer pursuant to the District's fund balance policy. At August 31, 2014 the District had no assigned fund balance classifications.

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

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.xxx

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

**Accounting Estimates** - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and

assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenditures. Actual results could differ from those reported.

The amount of state foundation school revenue a school district earns for a year, can and does vary until the time when final PEIMS submissions have been factored into the formula. Availability can be as late as midway into the next fiscal year. It is at least reasonably possible that there could be a minimal change to foundation revenue as calculated at August 31, 2014.

#### **F. CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year 2014, the District implemented Governmental Accounting Standards Board (GASB) Statements Nos. 63 and 65. Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows and inflows of resources, originally introduced and defined in GASB Concepts Statement No. 4, *Elements of Financial Statements*, as a consumption of net assets applicable to a future reporting and an acquisition of net assets applicable to a future reporting period, respectively. Further, Concepts Statement No. 4 also identifies net position as the residual of all elements presented in a statement of financial position.

Statement No. 65, *Items Previously Reported as Assets and Liabilities* reclassifies and recognizes certain items that were formerly reported as assets and liabilities as one of four financial statement elements:

- Deferred outflows of resources
- Outflows of resources
- Deferred inflows of resources
- Inflows of resources

Concepts Statement No. 4 require that deferred outflows and deferred inflows be recognized only in those instances specifically identified in GASB pronouncements. Statement No. 65 provides that guidance.

#### **G. RESTATEMENT OF BEGINNING NET POSITION**

Due to changes in accounting principles described above, beginning net position has been decreased by \$1,420,529 from \$142,238,558 to \$140,818,029 for governmental activities.

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

**A. EXPLANATION OF CERTAIN 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 bonds 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:

<b>Capital Assets</b>	<b>Historical Costs</b>	<b>Accumulated Depreciation</b>	<b>Net Value at the Beginning of Year</b>	<b>Change in Net Position</b>
Land	\$ 5,280,997	\$ ----	\$ 5,280,997	
Buildings & Improvements	252,645,530	(93,114,676)	159,530,854	
Construction in Progress	14,013,309	----	14,013,309	
Furniture & Equipment	26,468,505	(20,598,111)	5,870,394	
<b>Net Change in Assets</b>				<b>\$ 184,695,554</b>
<b>Long-term Liabilities at the Beginning of Year</b>	<b>Beginning Payables</b>			
Bonds Payable (net of accretion and amortized premium)	(179,870,936)			
Other Payables	(3,353,940)			
<b>Net Change in Assets</b>				<b>(183,224,876)</b>
<b>Total Adjustment to Net Position</b>				<b>\$ 1,470,678</b>

Another element of the reconciliation on Exhibit C-2 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

<b>Reclassifications:</b>	<b>Amount</b>
Adjustments to Taxes - General Levy	\$ 3,080,239
Adjustments to Taxes - Debt Service Levy	265,926
Adjustments to Expense – Prepaid Rent	(626,630)
<b>Total Adjustments to Beginning Net Position</b>	<b>\$ 2,719,535</b>

**B. EXPLANATION OF CERTAIN 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 reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

<b>Capital Outlays &amp; Long-Term Debt:</b>	<b>Amount</b>
Additions - Land	\$ (3,751,762)
Additions - Buildings & Improvements	(13,649,663)
Additions - Construction in Progress	(28,601,783)
Additions - Furniture & Equipment	(2,013,163)
Gain on Disposal of Assets	(3,275,950)
Compensated Absence - Addition	252,150
Bond Principal Issue net of Payments	85,235,000
Unamortized Issuance Discounts/Premiums on Bond	8,696,812
Retirements on Bonds and Bond Discounts/Premiums	(10,504,448)
Proceeds on Sale of Property	1,500,000
Additional Compensation on Sale of Property	72,550
Capitalized Interest	222,989
<b>Total Adjustment to Net Position</b>	<b>\$ 34,182,732</b>

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**BUDGETARY DATA**

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the National School Breakfast/Lunch Program. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-4 and J-5.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must be given.

3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

#### **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 its 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 approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance.

At August 31, 2014, the District's combined deposits were fully insured by federal depository insurance or collateralized with securities pledged to the District and held in the district's name by the district's agent. In addition, the following is disclosed regarding coverage of combined balances on the date of the highest deposit:

1. Name of bank: Wells Fargo Bank
2. Amount of bond and/or security pledged as of the date of the highest combined balance on deposit was \$28,677,769 and occurred on August 31, 2014.
3. Largest combined collected cash account balance required to be collateralized amounted to \$14,755,459 and occurred on August 31, 2014.
4. The total amount of FDIC coverage at the time of the largest combined balance was \$250,000 at August 31, 2014.

##### **Legal and Contractual Provisions Governing Deposits and Investments**

The Public Funds Investment Act (Governments Code Chapter 2256) contains specific provisions in the area 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 expenditures, (4) acceptable risk levels, (5) expected rate of return, (6) maximum allowable stated maturity, (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, 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 testing 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.

##### **Policies Governing Deposits and Investments**

In compliance with the Public Fund Investment Act, the District has adopted a deposit and investment policy that allows investments with the following risks:

a. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposit may not be returned. The District’s policy regarding types of deposits allowed and collateral requirements is as follows. The depository bank is required by contract to collateralize all deposits as described by the Public Funds Investment Act with, (1) the market value of pledged securities, (2) a corporate surety bond or (3) FDIC Insurance. The District’s depository is required to collateralize deposits by a value equal to at least 110% of the ledger balance up to a maximum of fifteen million dollars. All deposits were fully collateralized for the 2013-2014 fiscal year.

b. Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the custodial institution, the District would not be able to recover the value of its investments or collateral securities that are in the possession of the custodian.

#### Investment in State Investment Pools

The District is a voluntary participant in various investment pools. These pools included the following: TexPool, Lone Star Investment Pool, Texas CLASS and Texas Term.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

Lone Star Investment Pool is governed by an 11-member board and is a AAA rated investment program tailored to the investment needs of local governments within the state of Texas. Lone Star Investment Pool assists governments across Texas make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the Texas Public Funds Investment Act.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. Texas CLASS carries a letter of credit that ensures the integrity of the fund, making it the only investment pool in Texas backed by a letter of credit. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management.

The TexasTERM Local Government Investment Pool was created by and for Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. TexasTERM portfolios seek to provide these investors with safety, flexibility and competitive yields. Shares are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC. The District currently utilizes Texas DAILY, a money market portfolio with daily liquidity that is rated AAAM by Standard & Poor’s.



The cash and investments held at August 31, 2014 are as follows:

	Fair Value	Rating	WAM (1)	WAM (2)
Cash and Imprest Funds	\$ 12,867,812	Aa3 per Moody's	N/A	N/A
Texpool	14,649,354	AAAm per Standard and Poors	53 Days	85 Days
Texpool Prime	13,363,396	AAAm per Standard and Poors	41 Days	45 Days
Lone Star/First Public	129,935,802	AAAm per Standard and Poors	55 Days	103 Days
Texas Class	41,643,953	AAAm per Standard and Poors	55 Days	n/a
Texas Term- TexasDAILY	<u>6,010,645</u>	AAAm per Standard and Poors	42 Days	n/a
	<u>\$ 218,470,962</u>			

**WAM (Weighted Average Maturity)**

(1) This weighted average maturity calculation uses the SEC Rule 2A-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This rule specifies that a variable rate instrument to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.

(2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

Cash and investments as of August 31, 2014 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 208,439,478
Proprietary funds	4,926,320
Fiduciary funds	2,500,870
Component Unit	<u>2,604,294</u>
	<u>\$ 218,470,962</u>

**B. CONCENTRATION OF CREDIT RISK**

The investment policy of the District does not require the investment portfolios to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturities, or specified issues.

**C. INTERFUND RECEIVABLES AND PAYABLES**

In the fund financial statements, interfund balances are the results of normal transactions between funds and will be liquidated in the subsequent fiscal year.

Interfund balances at August 31, 2014, resulting from payroll and accumulated fund charges, consisted of the following individual fund balances:

	General Fund	Special Revenue	Capital Projects	Internal Service	Trust & Agency	Total
Due From General Fund	\$ -	\$ 724	\$3,328,450	\$ 887,335	\$ 31,287	\$ 4,247,796
Due From Special Revenue Funds	2,755,966	-	-	1,706	-	2,757,672
Due From Debt Service Funds	-	-	-	-	-	-
Due From Capital Projects Fund	9,960,824	-	-	-	-	9,960,824
Due From Enterprise Funds	-	-	-	-	-	-
Due From Internal Service Funds	-	-	-	-	-	-
Due From Trust & Agency Funds	22,566	-	-	-	-	22,566
<b>Total Due From</b>	<b>\$ 12,739,356</b>	<b>\$ 724</b>	<b>\$3,328,450</b>	<b>\$ 889,041</b>	<b>\$ 31,287</b>	<b>\$16,988,858</b>
Due To General Fund	\$ -	\$2,755,966	\$9,960,824	\$ -	\$ 22,566	\$12,739,356
Due To Special Revenue Funds	724	-	-	-	-	724
Due To Debt Service Fund	-	-	-	-	-	-
Due To Enterprise Funds	-	-	-	-	-	-
Due To Capital Projects Fund	3,328,450	-	-	-	-	3,328,450
Due To Internal Service Funds	887,335	1,706	-	-	-	889,041
Due To Trust & Agency Funds	31,287	-	-	-	-	31,287
<b>Total Due To</b>	<b>\$ 4,247,796</b>	<b>\$2,757,672</b>	<b>\$9,960,824</b>	<b>\$ -</b>	<b>\$ 22,566</b>	<b>\$16,988,858</b>

The \$3,328,450 of due from general fund to the capital projects funds is reflected on Exhibit H-1, page 63 and is not included in the Capital Projects column on Exhibit C-1, page 19.

Interfund transfers for the year ended August 31, 2014 consisted of \$850,000 being transferred from the General Fund to fund the Employee Housing Fund.

<b>Transfers Out</b>	<b>Totals</b>
General Fund	
Employee Housing	\$ 850,000
Technology Infrastructure	1,000,000
Sub Total – General Fund	<u>1,850,000</u>
<b>Total - Transfers Out</b>	<u><b>\$1, 850,000</b></u>

<b>Transfers In</b>	<b>Totals</b>
Internal Service Fund	
Employee Housing	<u>850,000</u>
Sub Total – Internal Service Fund	<u>\$ 850,000</u>
Capital Projects	
Technology Infrastructure	<u>1,000,000</u>
Sub Total – Capital Projects	<u>\$1,000,000</u>
<b>Total - Transfers In</b>	<u><b>\$1,850,000</b></u>

**D. CAPITAL ASSET ACTIVITY**

Capital asset activity for the District for the year ended August 31, 2014, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
Land	\$ 5,280,997	\$ 3,751,762	\$ (26,250)	\$ 9,006,509
Buildings and Improvements	252,645,530	12,856,922	(288,189)	265,214,263
Construction in Progress	14,013,309	28,601,783	0	42,615,092
Furniture and Equipment	26,468,505	2,013,163	0	28,481,668
Total at Historic Cost	298,408,341	47,223,630	(314,439)	345,317,532
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(93,114,676)	(5,879,980)	137,948	(98,856,708)
Furniture and Equipment	(20,598,111)	(1,723,301)		(22,321,412)
Total Accum. Depr.	(113,712,787)	(7,603,281)	137,948	(121,178,120)
<b>Total Governmental Activities Capital Assets, net of depreciation</b>	<b>184,695,554</b>	<b>39,620,349</b>	<b>(176,491)</b>	<b>224,139,412</b>
<b>Internal Service Funds:</b>				
Buildings and Improvements	-	792,741	-	792,741
Less Accumulated Depreciation	-	(19,218)	-	(19,218)
<b>Total Internal Service Fund Capital Assets, net of depreciation</b>	<b>-</b>	<b>773,523</b>	<b>-</b>	<b>773,523</b>
<b>Total Capital Assets, net of depreciation</b>	<b>\$ 184,695,554</b>	<b>\$ 40,393,872</b>	<b>\$ (176,491)</b>	<b>\$ 224,912,935</b>

Land Improvements and certain Furniture and Fixtures which had previously been classified in those categories are better reflected as additions to Building and Improvements. The reclassification is a result of management's decision to more accurately classify assets in the appropriate asset class. It was not necessary to make changes to the estimated lives of the Land Improvements or Furniture and Fixtures as they were accurately being depreciated based on the appropriate useful life for those assets.

Depreciation expense was charged to governmental functions as follows:	Amount
Instruction	\$ (4,403,379)
Instructional Resources and Media Services	(160,370)
Curriculum and Instructional Staff Development	(19,194)
Instructional Leadership	(5,759)
School Leadership	(187,699)
Guidance, Counseling and Evaluation Services	(8,528)
Social Work Services	(9,708)
Health Services	(18,038)
Student (Pupil) Transportation	(696,602)
Food Services	(344,176)
Extracurricular Activities	(773,888)
General Administration	(22,179)
Plant Maintenance and Operations	(886,660)
Security and Monitoring Service	(47,805)
Data Processing Services	(38,514)
<b>Total Adjustment to Net Position (See C-2 and C-4)</b>	<b>\$ (7,622,499)</b>

**E. BONDS PAYABLE**

Bonded indebtedness of the District is reflected in the bond liability. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

Outstanding Bonded Debt as of August 31, 2014 is as follows:

<u>Issue</u>	<u>Description</u>	<u>Interest Rate</u>	<u>Matures</u>	<u>Debt Outstanding</u>
\$25,285,000	Series 2004 Unl Tax Sch Bldg Bds	5.0%	2015	\$ 551,215
\$ 13,655,000	Series 2006 Unl Tax Bldg Bds	4.0 – 4.5%	2020	8,270,000
\$ 37,035,000	Series 2007 Unl Tax Bldg Bds	4.375 – 4.75.0%	2032	34,245,000
\$ 1,340,000	Series 2009 Unl Tax Bldg Bds	1.30%	2020	750,000
\$ 26,500,000	Series 2011 Unl Tax Bldg Bds	1.75 – 5.0%	2028	23,840,000
\$ 22,835,000	Series 2012 Unl Tax Bldg Bds	3.0 – 5.0%	2028	22,835,000
\$ 70,175,000	Series 2013 Unl Tax Bldg Bds	3.0 – 5.0%	2028	64,200,000
\$ 85,235,000	Series 2014 Unl Tax Bldg Bds	5.0%	2028	85,235,000
	<b>Total Bonded Debt</b>			<b>239,926,215</b>
	Plus: Unamortized Premium on Refundings			<b>23,372,085</b>
	<b>Total Bonded Debt Long Term</b>			<b>\$ 263,298,300</b>

A summary of long term debt transactions as of August 31, 2014 is as follows:

	<u>Balance at 9/1/2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 8/31/2014</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 164,061,366	\$ 85,235,000	\$ (9,370,151)	\$ 239,926,215	\$ 5,246,215
Unamortized Issuance					
Discounts/Premiums	15,809,570	8,696,812	(1,134,297)	23,372,085	1,267,464
<b>Total Bonds Payable</b>	<b>\$ 179,870,936</b>	<b>\$ 93,931,812</b>	<b>\$ (10,504,448)</b>	<b>\$ 263,298,300</b>	<b>\$ 6,513,679</b>

Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$6,513,679	\$13,511,087	\$20,024,766
2016	\$7,812,190	\$10,981,479	\$18,793,669
2017	\$8,037,190	\$10,762,474	\$18,799,664
2018	\$8,282,190	\$10,513,112	\$18,795,302
2019	\$8,572,190	\$10,225,594	\$18,797,784
2020-2024	\$47,397,566	\$45,676,054	\$93,073,620
2025-2029	\$54,760,604	\$34,889,987	\$89,650,591
2030-2034	\$57,077,003	\$21,813,175	\$78,890,178
2035-2039	\$58,697,506	\$8,304,125	\$67,001,631
2040	\$6,148,182	\$145,500	\$6,293,682
<b>Total</b>	<b>\$ 263,298,300</b>	<b>\$166,822,587</b>	<b>\$ 430,120,887</b>

Bonded indebtedness of the District is reflected in the bond liability, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. The School District's legal debt service margin is \$.50 per \$100 assessed value, which calculates to approximately \$81,000,000.

On January 29, 2014 Midland Independent School District issued \$85,235,000 of Unlimited Tax School Building Series 2014, approved by voters on November 6, 2012, (1) for construction, improvements, renovations and to equip school buildings, and (2) to pay costs associated with the issuance of the bonds. The 2014 Series had a net re-offering premium of \$8,696,811 and issuance costs of \$821,812. The Series 2014 issuance completes the authorization approved by the November 6, 2012 election. The bonds are payable from a continuing direct annual ad valorem tax levied by the District, without limits as to the rate or amount, on all taxable property within the District.

On March 19, 2013 Midland Independent School District issued \$70,175,000 of Unlimited Tax School Building and Refunding Bonds, Series 2013, approved by voters on November 6, 2012, (1) for construction, improvements, renovations and to equip school buildings, (2) to retire a portion of the 2003 Series, Unlimited Tax School Building and Refunding Bonds, and (3) to pay costs associated with the issuance of the bonds. The 2013 Series had a net reoffering premium of \$7,608,462 and issuance costs of \$689,231. The district used \$4 million of I&S fund balance in addition to the refunding to retire the full remaining balance amount of the 2003 Series. The extinguishment of these bonds qualifies as an in-substance defeasance of debt; therefore the entire amount is removed from the bond liability. The purpose of the refunding was to lower the overall debt service requirements of the District. The refunding decreased outstanding principal by \$6,985,000 and resulted in an economic gain of approximately \$1,904,563.

On September 23, 2011 the Midland Independent School District issued \$26,500,000 in Unlimited Tax Refunding Bonds 2011 to retire \$920,000 of Variable Unlimited Tax School Building Bonds Series 1997, and \$26,650,000 Unlimited Tax School Building and Refunding Bonds Series 2003. The 1997 Refunded Bonds were redeemed on November 1, 2011 and the Series 2003 refunded Bonds will be redeemed on February 15, 2013. The refunding had a net reoffering premium of \$3,341,428 an issuance cost of \$322,724. The investment will be adequate to retire the full amount of refunded bonds, which had a total book value of \$27,570,000. The extinguishment of these bonds qualifies as an in-substance defeasance of debt; therefore the entire amount is removed from the bond liability. The purpose of the refunding was to lower the overall service requirements of the District. The refunding decreased outstanding principal or total debt by approximately \$1,070,000 and resulted in an economic gain net present value savings of \$2,477,402.

On May 8, 2012 the Midland Independent School District issued \$22,835,000 in Unlimited Tax Refunding Bonds 2012 to retire \$24,665,000 of Unlimited Tax School Building Bonds Series 2004. The Series 2004 Bonds will be redeemed on February 15, 2014. The refunding had a net reoffering premium of \$4,058,798 and a transfer of \$414,670 from Prior Issue Debt Service Funds and an issuance cost of \$299,298. The investment will be adequate to retire the full amount of refunded bonds, which had a total book value of \$24,665,000. The extinguishment of these bonds qualifies as an in-substance defeasance of debt; therefore the entire amount is removed from the bond liability. The purpose of the refunding was to lower the overall service requirements of the District. The refunding decreased outstanding principal or total debt by approximately \$1,830,000 and resulted in an economic gain total net present value savings of \$3,042,296.

On May 1, 2009, the Midland Independent School District issued \$4,634,990 in unlimited tax refunding bonds to retire a portion of outstanding debt on that date (Series 1997A and Series 1998). The proceeds were also used to pay for issuance costs of \$106,277. The proceeds were deposited directly into an escrow trust account and invested in obligations of the United States Government with maturities that coincide with principal and interest due dates. The investment will be adequate to retire the full amount of refunded bonds, which had a total book value of \$4,635,000. The extinguishment of these bonds qualifies as an in-substance defeasance of debt; therefore the entire amount is removed from the bond liability. The purpose of the refunding was to lower the overall service requirements of the District. The refunding decreased total debt service by approximately \$222,200 and resulted in an economic gain of \$172,162.

On July 10, 2007, Midland Independent School District issued \$37,035,000 of unlimited tax school building bonds, approved by voters on May 12, 2007, to be used for the construction, acquisition and equipping of school buildings in the District (including rehabilitation, renovation, expansion and improvement thereof) and to pay \$165,000 in issuance costs. The bonds are payable from a continuing direct annual ad valorem tax levied by the District, without limits as to the rate or amount, on all taxable property within the District.

On June 20, 2006, the Midland Independent School District issued \$14,014,995 of bonds in order to retire a portion of the 1998 series bonded debt outstanding on that date. The proceeds of the bonds were also used to pay issuance costs and underwriter discounts of approximately \$92,000. The refunded bond proceeds were deposited into an escrow trust account and invested in direct obligations of the Government of the United States with maturities which coincide with the interest and principal due dates of the refunded bonds. The investment income will be adequate to retire future interest and principal payments of the refunded bonds, which had a book value of \$14,015,000 at the date of refunding. The extinguishment of these bonds qualifies as an in-substance defeasance of debt; therefore, the \$14,015,000 in refunded bonds has been removed from the bond liability. The purpose of the refunding was to lower the overall debt service requirements of the District. This refunding decreased total debt service by approximately \$320,000 and resulted in an economic gain of approximately \$22,000.

On July 20, 2004, the School District issued the remaining \$25,285,000 of bonds approved under the February, 2003 bond authorization. The bonds were issued for construction and renovation of secondary campuses. The proceeds were also used to fund issuance costs of \$359,244. The bonds are payable from a continuing direct annual ad valorem tax levied by the District.

Capital Appreciation Bonds with an original issue amount of \$6,084,433 are included in the above maturities. These reflect the total amount of accreted interest to be paid on those bonds maturing in the respective years, and do not include interest accruing but not paid in years prior to maturity. The accreted value of the capital appreciation bonds at August 31, 2002 was \$8,802,507. The value of the Capital Appreciation Bonds at maturity is \$10,225,000.

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of August 31, 2014.

In prior years, the District issued refunding bonds for the purpose of restructuring outstanding debt service requirements or decreasing the total debt service payments. These refunding issues defeased selected general obligation and maintenance bonds. The total principal outstanding of the insubstance defeased debt as of August 31, 2014 is \$ -0-.

#### **F. ACCUMULATED UNPAID SICK LEAVE BENEFITS**

The District has adopted a policy to reimburse, upon retirement of employees, who have a minimum of ten years experience with the District, accrued sick leave up to 30 days. Any sick leave in excess of the 30-day accumulation is budgeted and paid within the current period. At August 31, 2014, the District's liability for unused sick leave is \$3,606,090.

#### **G. DEFINED BENEFIT PENSION PLAN**

**Plan Description.** Midland Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 77001, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

**Funding Policy.** State law provides for fiscal years 2012, 2013, and 2014 a state contribution rate of 6.0% 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 6.0% 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 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during 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 contributions to TRS made on behalf of Midland Independent School District's employees for the years ended August 31, 2012, 2013 and 2014 were \$5,602,059, \$5,522,382 and \$6,032,541 respectively. Midland Independent School District paid additional state contributions for the years ended August 31, 2012, 2013, and 2014 in the amount of \$2,297,733, \$2,904,708 and \$3,664,243, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

The Medicare Prescription Drug, Improvement, and Modernization act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2012, 2013 and 2014, the subsidy payments received by

TRS-Care on behalf of the District were \$372,458, \$363,863 and \$406,709, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements.

#### H. HEALTH CARE COVERAGE

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Health Insurance Fund (the "Fund"), an internal service fund of the District. Partial staff member contributions are required for personal coverage and total staff member contributions are required for coverage of dependents. The District obtained excess loss insurance, which limited annual claims paid from the Fund for the year ended August 31, 2014, to \$150,000 for any individual participant and an aggregate limit equal to \$1,000,000. Estimates of claims payable and of claims incurred, but not reported at August 31, 2014, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due. The District does not provide any post-retirement health benefits to its employees.

Changes in the balances of claims liabilities during the past year are as follows:

	<b>Year Ended August 31, 2014</b>
Unpaid claims, beginning of the year	\$ 2,807,211
Incurred claims/changes in estimates (including IBNR'S)	17,765,440
Claim Payments	<u>(17,287,942)</u>
Unpaid claims, end of fiscal year	<u>\$ 3,284,709</u>

#### I. CHANGES IN NONCURRENT LIABILITIES

Long-term activity for the year ended August 31, 2014, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Bonds and Notes Payable	\$ 10,324,894	\$ -----	\$ (3,811,215)	\$ 6,513,679
Compensated Absences	377,469	-----	(66,112)	311,357
<b>Total Noncurrent Liabilities Due Within One Year</b>	<b>\$ 10,702,363</b>	<b>\$ -----</b>	<b>\$ (3,877,327)</b>	<b>\$ 6,825,036</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Bonds and Notes Payable	\$ 169,546,042	\$ 93,931,812	\$ (6,693,233)	\$ 256,784,621
Compensated Absences	2,976,471	318,262	-----	3,294,733
<b>Total Noncurrent Liabilities Due In More Than One Year</b>	<b>\$ 172,522,513</b>	<b>\$ 94,250,074</b>	<b>\$ ( 6,693,233)</b>	<b>\$ 260,079,354</b>
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Bonds and Notes Payable	\$ 179,870,936	\$ 93,931,812	\$ (10,504,448)	\$ 263,298,300
Compensated Absences	3,353,940	318,262	(66,112)	3,606,090
<b>Total Noncurrent Liabilities</b>	<b>\$ 183,224,876</b>	<b>\$ 94,250,074</b>	<b>\$ (10,570,560)</b>	<b>\$ 266,904,390</b>

#### J. OPERATING LEASES

The District leases copiers and other equipment under noncancelable 4 year operating leases. Total costs for such leases were \$378,900 for the year ended August 31, 2014. Effective September 1, 2013, the District entered into a new noncancelable 4-year operating lease. The future minimum lease payments for these leases are as follows:

Year Ending August 31,	
2015	\$ 312,101
2016	312,101
2017	<u>312,101</u>
 Total	 \$ <u>936,303</u>

**K. UNEARNED REVENUE/DEFERRED REVENUE**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenues).

As of August 31, 2014 the various components of unearned revenue and deferred inflows of resources reported in the governmental funds were as follows:

	General Fund	Special Revenue Funds	Debt Service Funds	Total
Reserve for Litigation	\$ 1,602,614	\$ -----	\$ -----	\$ 1,602,614
Athletics	58,119	-----	-----	58,119
Activity Funds Receipts	70,459	-----	-----	70,459
Accelerated Reading Program	-----	724	-----	724
Advanced Placement	-----	39,771	-----	39,771
Buddy Davidson Foundation	-----	16,465	-----	16,465
Education Foundation Grants	-----	91,445	-----	91,445
Meadows Foundation	-----	15,000	-----	15,000
Miscellaneous	5,140	-----	-----	5,140
<b>Total Unearned Revenue</b>	<b>\$ 1,736,332</b>	<b>\$ 163,405</b>	<b>-----</b>	<b>\$ 1,899,737</b>
Unavailable Revenue – Property Taxes	3,080,239	-----	265,926	3,346,165
<b>Total Deferred Inflows of Resources</b>	<b>\$ 3,080,239</b>	<b>\$ -----</b>	<b>\$ 265,926</b>	<b>\$ 3,346,165</b>



**L. RECEIVABLES 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, 2014, are summarized below. All federal grants shown below are passed through the TEA and are reported on the basic financial statements as Due from Other Governments.

Description	Amount
Food Service	\$ 948,815
Head Start	186,898
ESEA Title I, Part A – Improving Basic Program	575,637
IDEA-Part B, Formula	499,088
IDEA-Part B, Preschool	22,123
Career and Technical - Basic Grant	27,964
ESEA Title II, Part A – Training & Recruiting	594,610
Title III, Part A - English Language Acquisition	86,384
Title I, School Improvement	77,023
State Textbook Fund	4,262,995
<b>Total</b>	<b>\$7,281,537</b>

**M. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES**

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

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total
Property Taxes	\$ 172,861,399	\$ -	\$14,955,686	\$ -	\$187,817,085
Penalties, Interest and Other Tax-related Inc.	1,413,061				1,413,061
Investment Income	63,607	2,415	2,981	126,104	195,107
Food Sales	-	3,037,624	-	-	3,037,624
Co-Curricular/Extra-curricular Student Act.	425,583	-	-	-	425,583
Other	2,287,463	388,384	2,736	37,335	2,715,918
<b>Total</b>	<b>\$ 177,051,113</b>	<b>\$3,428,423</b>	<b>\$14,961,403</b>	<b>\$163,439</b>	<b>\$195,604,378</b>

**N. CONTINGENT LIABILITIES**

The District participates in numerous federally funded programs, on both a direct and state pass-through basis, as well as on a service-provider basis. In connection with these grants, the District is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives, including audits under the “Single Audit” concept and compliance examinations which build upon such audits.

In the opinion of management, the District has materially complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, the District does not expect the resulting liability to have a material adverse effect on its basic financial statements at August 31, 2014.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not determinable presently, in the opinion of the District's counsel, the resolution of these matters will not have a material adverse effect on the financial statements of the District.

#### **O. CONSTRUCTION COMMITMENTS**

The District passed a \$163,110,000 bond authorization on November 6, 2012. The authorization included equipment, building renovations, new elementary construction and land purchases. Contracts for the renovations and new construction will be completed in 2015. As of August 31, 2014, \$42,615,092 has been invested in construction in progress.

#### **P. MAINTENANCE OF EFFORT**

For fully insured districts/entities/risk pools, enter the total amount paid by the district for employee health care premiums as reported to TEA per Note H:

a) Total District Premium paid for health care 2013-14	\$10,221,338
b) Subtract any non-medical expenditures Life Insurance	(26,337)
c) 2013-14 Maintenance of Effort	\$10,195,001

Self-insured Districts/Entities/Risk Pools: TEA will permit a self-insured district to include in (b) a deduction for any individual one-time high cost claims from the total cost. Claims must be documented and considered an extraordinary, catastrophic expense (i.e., not covered by stop loss).

#### **Q. EMPLOYEE DEFINED CONTRIBUTION PLAN**

The District participates in a matching annuity plan for the benefit of its employees. The District matches the employees' contributions to the maximum of 3.0%. The percentage contributed by the District is determined annually by the Board of Trustees. Participants begin to vest in benefits after 3 years and become fully vested after 5 years. Participants are 100% vested in their personal contributions at all times. At August 31, 2014, 1,130 employees participated in the plan and the District contributed \$1,688,583.

#### **R. WORKER'S COMPENSATION**

GASB 10 requires that state and local governmental entities other than public entity risk pools are required to report an estimated loss from a claim as an expenditure/expense and as a liability if both of these conditions are met:

a) Information available before the financial statements are issued indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will also occur, confirming the fact of the loss. b) The amount of the loss can be reasonably estimated.

Beginning in 1997, the District changed from a self-funded worker's compensation plan to an outside provider for their worker's compensation coverage. The District remains liable for claims incurred prior to August 31, 1997 under the self-funded plan. These run-off claims amount to approximately \$198,746 and are included in the total accrued liabilities. The District remained fully-insured until March of 2001, at which time the District established its current self-funded program. The District has since maintained a self-insured retention of \$200,000 per occurrence. The District currently purchases excess coverage to statutory limits from the Texas Association of

School Boards. The District does not purchase aggregate excess insurance. Claims administration is provided by the Texas Association of School Boards.

At August 31, 2014, the accrued liabilities for worker's compensation self-insurance of \$2,046,837 includes estimated incurred but not reported claims.

Year	Beginning of Fiscal Year Liability	Reduction in Actuarial Estimate of Claims Payout	Current Year claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year end
2013	\$ 3,748,472	(\$ 1,120,032)	\$ 494,050	(\$ 596,144)	\$ 2,526,346
2014	\$ 2,526,346	-----	\$ 167,364	(\$ 646,873)	\$ 2,046,837

The Texas Association of School Board administers the District workers compensation program. As part of that contract a certified actuary has reviewed the District's estimated liability for workers compensation. The result of that actuarial review allows the District to reduce the estimated liability that had been previously accrued.

#### S. PREPAYMENTS

The balance in prepayments reflects an insurance prepayment of \$900 thousand and prepaid rent from the closing of a property sale where buyer provided three years rental sublet at a value of \$1.2 million.

#### T. NEW PRONOUNCEMENTS

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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MIDLAND INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 169,475,233	\$ 176,877,232	\$ 177,051,113	\$ 173,881
5800 State Program Revenues	13,510,869	14,175,411	14,304,950	129,539
5900 Federal Program Revenues	2,400,000	1,920,775	2,247,070	326,295
5020 Total Revenues	185,386,102	192,973,418	193,603,133	629,715
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	103,050,229	108,401,347	108,506,202	(104,855)
0012 Instructional Resources and Media Services	2,694,634	2,785,831	2,381,263	404,568
0013 Curriculum and Instructional Staff Development	4,475,393	4,172,696	3,907,472	265,224
0021 Instructional Leadership	2,549,256	3,183,236	2,791,796	391,440
0023 School Leadership	10,712,071	11,395,229	10,779,775	615,454
0031 Guidance, Counseling and Evaluation Services	6,631,745	6,446,960	5,620,745	826,215
0032 Social Work Services	233,226	333,226	259,180	74,046
0033 Health Services	2,112,420	2,202,770	1,959,648	243,122
0034 Student (Pupil) Transportation	7,343,762	8,841,981	7,782,620	1,059,361
0036 Extracurricular Activities	4,299,759	4,457,698	3,885,310	572,388
0041 General Administration	5,559,934	6,297,718	5,953,896	343,822
0051 Facilities Maintenance and Operations	17,600,077	21,975,737	20,678,223	1,297,514
0052 Security and Monitoring Services	1,287,135	1,535,203	1,406,643	128,560
0053 Data Processing Services	3,698,172	4,187,540	3,791,302	396,238
0061 Community Services	386,320	588,720	442,985	145,735
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	5,932,900	3,919,210	2,013,690
Intergovernmental:				
0091 Contracted Instructional Services Between	12,621,969	15,621,969	14,750,275	871,694
0093 Payments to Fiscal Agent/Member Districts of	130,000	175,500	95,445	80,055
6030 Total Expenditures	185,386,102	208,536,261	198,911,990	9,624,271
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(15,562,843)	(5,308,857)	10,253,986
<b>OTHER FINANCING SOURCES (USES):</b>				
7912 Sale of Real and Personal Property	-	-	1,500,000	1,500,000
8911 Transfers Out (Use)	-	-	(1,850,000)	(1,850,000)
7080 Total Other Financing Sources (Uses)	-	-	(350,000)	(350,000)
1200 Net Change in Fund Balances	-	(15,562,843)	(5,658,857)	9,903,986
0100 Fund Balance - September 1 (Beginning)	57,497,086	57,497,086	57,497,086	-
3000 Fund Balance - August 31 (Ending)	\$ 57,497,086	\$ 41,934,243	\$ 51,838,229	\$ 9,903,986

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**OTHER SUPPLEMENTARY INFORMATION**



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**COMBINING SCHEDULES**

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

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
<b>ASSETS</b>				
1110 Cash and Cash Equivalents	\$ 1,000	\$ 302	\$ 244	\$ -
1240 Receivables from Other Governments	186,898	575,637	499,088	22,123
1260 Due from Other Funds	-	-	-	-
1410 Prepayments	-	-	-	-
1000 Total Assets	<u>\$ 187,898</u>	<u>\$ 575,939</u>	<u>\$ 499,332</u>	<u>\$ 22,123</u>
<b>LIABILITIES</b>				
2110 Accounts Payable	\$ 17,962	\$ 52,240	\$ 43,396	\$ -
2160 Accrued Wages Payable	140,586	130,245	242,111	5,623
2170 Due to Other Funds	29,350	393,454	213,825	16,500
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>187,898</u>	<u>575,939</u>	<u>499,332</u>	<u>22,123</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ 187,898</u>	<u>\$ 575,939</u>	<u>\$ 499,332</u>	<u>\$ 22,123</u>

EXHIBIT H-1 (Cont'd)

242 Summer Feeding Program	244 Carl Perkins Basic Formula	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	289 Summer School LEP	296 Title II Priority & Focus	396 Advanced Placement Testing	405 ESC Gifted and Talented
\$ 850,862	\$ -	\$ -	\$ -	\$ 6,678	\$ -	\$ 41,522	\$ 15,000
-	27,964	594,610	86,384	-	77,023	-	-
-	-	-	-	-	-	-	-
-	704	-	-	-	-	-	-
<u>\$ 850,862</u>	<u>\$ 28,668</u>	<u>\$ 594,610</u>	<u>\$ 86,384</u>	<u>\$ 6,678</u>	<u>\$ 77,023</u>	<u>\$ 41,522</u>	<u>\$ 15,000</u>
\$ -	\$ -	\$ 490,290	\$ 83,551	\$ -	\$ 43,203	\$ 1,751	\$ -
-	5,873	16,109	-	-	-	-	-
13,245	22,795	88,211	2,833	6,678	33,820	-	-
-	-	-	-	-	-	39,771	15,000
<u>13,245</u>	<u>28,668</u>	<u>594,610</u>	<u>86,384</u>	<u>6,678</u>	<u>77,023</u>	<u>41,522</u>	<u>15,000</u>
837,617	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>837,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 850,862</u>	<u>\$ 28,668</u>	<u>\$ 594,610</u>	<u>\$ 86,384</u>	<u>\$ 6,678</u>	<u>\$ 77,023</u>	<u>\$ 41,522</u>	<u>\$ 15,000</u>

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

Data Control Codes	410 State Textbook Fund	427 Read To Succeed	429 Accelerated Reading	493 "Buddy" Davidson Grant	
<b>ASSETS</b>					
1110	Cash and Cash Equivalents	\$ 171,216	\$ -	\$ -	\$ 16,465
1240	Receivables from Other Governments	4,262,995	-	-	-
1260	Due from Other Funds	-	-	724	-
1410	Prepayments	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 4,434,211</u>	<u>\$ -</u>	<u>\$ 724</u>	<u>\$ 16,465</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 3,348,078	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	1,086,133	-	-	-
2300	Unearned Revenues	-	-	724	16,465
2000	<b>Total Liabilities</b>	<u>4,434,211</u>	<u>-</u>	<u>724</u>	<u>16,465</u>
<b>FUND BALANCES</b>					
<b>Restricted Fund Balance:</b>					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
3000	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,434,211</u>	<u>\$ -</u>	<u>\$ 724</u>	<u>\$ 16,465</u>

498	499	Total	601	602	Total
Education	Story	Nonmajor	West	Technology	Nonmajor
Foundation	Telling	Special	Renovation	Infrastructur	Governmental
		Revenue Funds	Project		Funds
\$ 135,790	\$ 59,854	\$ 1,298,933	\$ -	\$ 571,165	\$ 1,870,098
-	-	6,332,722	-	-	6,332,722
-	-	724	328,450	3,000,000	3,329,174
-	-	704	-	-	704
<u>\$ 135,790</u>	<u>\$ 59,854</u>	<u>\$ 7,633,083</u>	<u>\$ 328,450</u>	<u>\$ 3,571,165</u>	<u>\$ 11,532,698</u>
\$ 44,345	\$ -	\$ 4,124,816	\$ 366,622	\$ -	\$ 4,491,438
-	-	540,547	-	-	540,547
-	-	1,906,844	-	-	1,906,844
91,445	-	163,405	-	-	163,405
<u>135,790</u>	<u>-</u>	<u>6,735,612</u>	<u>366,622</u>	<u>-</u>	<u>7,102,234</u>
-	-	837,617	-	-	837,617
-	-	-	(38,172)	3,571,165	3,532,993
-	59,854	59,854	-	-	59,854
-	59,854	897,471	(38,172)	3,571,165	4,430,464
<u>\$ 135,790</u>	<u>\$ 59,854</u>	<u>\$ 7,633,083</u>	<u>\$ 328,450</u>	<u>\$ 3,571,165</u>	<u>\$ 11,532,698</u>

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

Data Control Codes	205  Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	<u>1,702,962</u>	<u>4,756,453</u>	<u>4,183,429</u>	<u>51,942</u>
5020 Total Revenues	<u>1,702,962</u>	<u>4,756,453</u>	<u>4,183,429</u>	<u>51,942</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
0011 Instruction	1,064,046	3,899,933	2,109,470	51,942
0012 Instructional Resources and Media Services	21,766	38,602	-	-
0013 Curriculum and Instructional Staff Development	26,191	379,368	106,600	-
0021 Instructional Leadership	164,724	118,366	140,927	-
0023 School Leadership	-	142,951	-	-
0031 Guidance, Counseling and Evaluation Services	-	35,512	1,630,432	-
0033 Health Services	96,688	-	-	-
0034 Student (Pupil) Transportation	2,500	-	196,000	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	897	-	-	-
0051 Facilities Maintenance and Operations	1,275	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	324,875	141,721	-	-
<b>Capital Outlay:</b>				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>1,702,962</u>	<u>4,756,453</u>	<u>4,183,429</u>	<u>51,942</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

242 Summer Feeding Program	244 Carl Perkins Basic Formula	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang Acquisition	289 Summer School LEP	296 Title II Priority & Focus	396 Advanced Placement Testing	405 ESC Gifted and Talented
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,502	\$ -
-	-	-	-	-	-	-	-
77,478	212,926	1,431,780	193,644	6,678	264,067	-	-
<u>77,478</u>	<u>212,926</u>	<u>1,431,780</u>	<u>193,644</u>	<u>6,678</u>	<u>264,067</u>	<u>8,502</u>	<u>-</u>
-	182,186	7,843	129,553	6,678	167,995	-	-
-	-	-	-	-	4,914	-	-
-	-	1,052,149	51,576	-	81,447	8,502	-
-	1,306	204,725	6,095	-	-	-	-
-	-	167,063	6,420	-	8,506	-	-
-	5,873	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
90,870	-	-	-	-	-	-	-
-	23,561	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,205	-	-
-	-	-	-	-	-	-	-
<u>90,870</u>	<u>212,926</u>	<u>1,431,780</u>	<u>193,644</u>	<u>6,678</u>	<u>264,067</u>	<u>8,502</u>	<u>-</u>
(13,392)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(13,392)	-	-	-	-	-	-	-
<u>851,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 837,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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

Data Control Codes	410 State Textbook Fund	427 Read To Succeed	429 Accelerated Reading	493 "Buddy" Davidson Grant
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 10,057
5800 State Program Revenues	4,723,551	26	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>4,723,551</u>	<u>26</u>	<u>-</u>	<u>10,057</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	4,723,551	-	-	-
0012 Instructional Resources and Media Services	-	26	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	10,057
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>4,723,551</u>	<u>26</u>	<u>-</u>	<u>10,057</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
7915 Transfers In	-	-	-	-
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

498	499	Total	601	602	Total
Education	Story	Nonmajor	West	Technology	Nonmajor
Foundation	Telling	Special	Renovation	Infrastructur	Governmental
		Revenue Funds	Project		Funds
\$ 182,613	\$ -	\$ 201,172	\$ -	\$ -	\$ 201,172
-	-	4,723,577	-	-	4,723,577
-	-	12,881,359	-	-	12,881,359
<u>182,613</u>	<u>-</u>	<u>17,806,108</u>	<u>-</u>	<u>-</u>	<u>17,806,108</u>
148,705	-	12,491,902	-	31,860	12,523,762
-	-	65,308	-	-	65,308
-	32,355	1,738,188	-	-	1,738,188
-	-	636,143	-	-	636,143
-	-	324,940	-	-	324,940
12,413	-	1,694,287	-	-	1,694,287
-	-	96,688	-	-	96,688
-	-	198,500	-	-	198,500
-	-	90,870	-	-	90,870
21,495	-	45,056	-	-	45,056
-	-	897	-	-	897
-	-	1,275	227,748	3,293	232,316
-	-	-	7,129	-	7,129
-	-	467,801	-	-	467,801
-	-	-	4,677,731	286,482	4,964,213
<u>182,613</u>	<u>32,355</u>	<u>17,851,855</u>	<u>4,912,608</u>	<u>321,635</u>	<u>23,086,098</u>
-	(32,355)	(45,747)	(4,912,608)	(321,635)	(5,279,990)
-	-	-	1,000,000	-	1,000,000
-	(32,355)	(45,747)	(3,912,608)	(321,635)	(4,279,990)
-	92,209	943,218	3,874,436	3,892,800	8,710,454
<u>\$ -</u>	<u>\$ 59,854</u>	<u>\$ 897,471</u>	<u>\$ (38,172)</u>	<u>\$ 3,571,165</u>	<u>\$ 4,430,464</u>

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**REQUIRED TEA SCHEDULES**

MIDLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED AUGUST 31, 2014

Last 10 Years Ended August 31	Tax Rates		(3) Assessed/Appraised Value for School Tax Purposes
	(1) Maintenance	(2) Debt Service	
2005 and prior years	\$ 1.500000	\$ 0.142500	\$ 5,006,891,801
2006	1.500000	0.127500	5,564,852,028
2007	1.330000	0.127500	6,804,612,913
2008	1.000050	0.168000	8,011,274,681
2009	1.040050	0.125000	9,622,129,854
2010	1.040050	0.112500	10,221,439,879
2011	1.040050	0.105000	10,879,019,756
2012	1.040050	0.101000	11,235,065,718
2013	1.040050	0.100000	14,782,675,318
2014 (School year under audit)	1.040050	0.090000	16,347,612,326
1000 TOTALS			

(10) Beginning Balance 9/1/2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2014
\$ 356,469	\$ -	\$ 24,949	\$ 2,371	\$ (1,567)	\$ 327,582
77,062	-	7,355	625	(1,650)	67,432
80,111	-	9,917	951	(861)	68,382
89,496	-	10,426	1,751	(1,099)	76,220
116,233	-	64,713	7,778	45,035	88,777
161,019	-	112,300	12,146	97,809	134,382
192,255	-	135,646	13,694	111,944	154,859
455,387	-	213,650	20,744	107,332	328,325
1,676,596	-	570,043	54,799	(406,721)	645,033
-	187,552,238	170,299,338	14,728,191	(88,258)	2,436,451
<u>\$ 3,204,628</u>	<u>\$ 187,552,238</u>	<u>\$ 171,448,337</u>	<u>\$ 14,843,050</u>	<u>\$ (138,036)</u>	<u>\$ 4,327,443</u>

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**MIDLAND INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2015-2016**  
**GENERAL AND SPECIAL REVENUE FUNDS**  
**AUGUST 31, 2014**

**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	\$ -	\$ -	\$ 365,773	\$ 2,954,865	\$ -	\$ -	\$ 3,320,638
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	28,166	-	6,193	-	-	-	34,359
6212	Audit Services	-	-	-	85,389	-	-	85,389
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	1,791,683	-	-	-	-	1,791,683
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	27,900	-	-	27,900
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	445,665	-	-	445,665
6240	Contr. Maint. and Repair	-	-	-	-	7,877	-	7,877
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	51,147	-	-	51,147
6290	Miscellaneous Contr.	5,682	-	4,041	99,216	-	-	108,939
6320	Textbooks and Reading	-	-	-	-	-	-	-
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	784	-	34,919	162,277	-	-	197,980
6410	Travel, Subsistence, Stipends	21,903	-	36,745	76,477	-	-	135,125
6420	Ins. and Bonding Costs	-	-	-	101,370	-	-	101,370
6430	Election Costs	-	14,778	-	-	-	-	14,778
6490	Miscellaneous Operating	18,858	-	16,105	15,094	-	-	50,057
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	<b>TOTAL</b>	<b>\$ 75,393</b>	<b>\$ 1,806,461</b>	<b>\$ 463,776</b>	<b>\$ 4,019,400</b>	<b>\$ 7,877</b>	<b>\$ -</b>	<b>\$ 6,372,907</b>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 226,974,827

**LESS: Deductions of Unallowable Costs****FISCAL YEAR**

Total Capital Outlay (6600)	(10)	\$ 47,999,169
Total Debt & Lease(6500)	(11)	19,590,199
Plant Maintenance (Function 51, 6100-6400)	(12)	-
Food (Function 35, 6341 and 6499)	(13)	4,336,364
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		4,019,400

**SubTotal:**

75,945,132

**Net Allowed Direct Cost****\$ 151,029,695****CUMULATIVE**

Total Cost of Buildings before Depreciation (1520)	(15)	\$ 266,007,004
Historical Cost of Building over 50 years old	(16)	\$ 16,352,103
Amount of Federal Money in Building Cost (Net of #16)	(17)	\$ 129,189
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18)	\$ 28,481,668
Historical Cost of Furniture & Equipment over 16 years old	(19)	\$ 4,049,119
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 961,624

(8) NOTE A: \$419,010 in Function 53 expenditures are included in this report on administrative costs.

No Function 99 expenditures for appraisal district costs are included in this report on administrative costs



**MIDLAND INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL - NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM  
FOR THE YEAR ENDED AUGUST 31, 2014**

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ 2,976,583	\$ 3,137,231	\$ 3,227,251	\$ 90,020
5800 State Program Revenues	58,817	60,399	60,399	-
5900 Federal Program Revenues	7,312,248	7,693,915	7,331,950	(361,965)
5020 Total Revenues	10,347,648	10,891,545	10,619,600	(271,945)
<b>EXPENDITURES:</b>				
0035 Food Services	10,347,648	11,032,648	10,210,982	821,666
6030 Total Expenditures	10,347,648	11,032,648	10,210,982	821,666
1200 Net Change in Fund Balances	-	(141,103)	408,618	549,721
0100 Fund Balance - September 1 (Beginning)	4,058,412	4,058,412	4,058,412	-
3000 Fund Balance - August 31 (Ending)	\$ 4,058,412	\$ 3,917,309	\$ 4,467,030	\$ 549,721

MIDLAND INDEPENDENT SCHOOL DISTRICT  
 BUDGETARY COMPARISON SCHEDULE  
 BUDGET AND ACTUAL - DEBT SERVICE FUND  
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 14,446,262	\$ 14,926,199	\$ 14,961,403	\$ 35,204
5020	Total Revenues	14,446,262	14,926,199	14,961,403	35,204
<b>EXPENDITURES:</b>					
<b>Debt Service:</b>					
0071	Principal on Long Term Debt	17,758,615	9,370,151	9,370,151	-
0072	Interest on Long Term Debt	-	8,328,464	8,328,464	-
0073	Bond Issuance Cost and Fees	-	-	2,350	(2,350)
6030	Total Expenditures	17,758,615	17,698,615	17,700,965	(2,350)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,312,353)	(2,772,416)	(2,739,562)	32,854
<b>OTHER FINANCING SOURCES (USES):</b>					
7949	Other Resources	-	-	23,836	23,836
1200	Net Change in Fund Balances	(3,312,353)	(2,772,416)	(2,715,726)	56,690
0100	Fund Balance - September 1 (Beginning)	6,741,455	6,741,455	6,741,455	-
3000	Fund Balance - August 31 (Ending)	\$ 3,429,102	\$ 3,969,039	\$ 4,025,729	\$ 56,690

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**FEDERAL AWARDS SECTION**

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

To the Superintendent and the Board of Trustees  
Midland Independent School District  
Midland, Texas

We have audited, 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, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Midland Independent School District, (the District), as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 21, 2015.

***Internal Control over Financial Reporting***

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

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

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

To the Superintendent and the Board of Trustees  
Midland Independent School District

**Purpose of this Report**

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
January 21, 2015



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

To the Superintendent and the Board of Trustees  
Midland Independent School District  
Midland, Texas

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

We have audited Midland Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB 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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major Program**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended August 31, 2014.



To the Superintendent and the Board of Trustees  
Midland Independent School District

### **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 program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
January 21, 2015

**MIDLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2014**

***I. SUMMARY OF AUDITORS' RESULTS***

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- ◆ Material weakness (es) identified?        Yes   X   No
- ◆ Significant deficiency (es) identified that are not considered to be material weaknesses?        Yes   X   None reported

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major programs:

- ◆ Material weakness (es) identified?        Yes   X   No
- ◆ Significant deficiency (ies) identified that are not considered to be material weakness (es)?        Yes   X   None reported

Type of auditor's report issued on compliance for major programs: Unqualified

- ◆ Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?        Yes   X   No

**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.367A	Title II, Part A
84.173 and 84.027	Special Education (IDEA – Part B)
10.555 and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 693,172

Auditee qualified as low-risk auditee?   X   Yes        No

**MIDLAND INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2014**

***II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS.***

None.

***III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS.***

None.

**MIDLAND INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED AUGUST 31, 2014**

***II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS.***

None.

***III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS.***

None.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101165901	\$ 4,756,453
Title I, Priority & Focus	84.010A	14610110165901118	<u>264,067</u>
Total CFDA Number 84.010A			<u>5,020,520</u>
Total Title I, Part A Cluster			<u>5,020,520</u>
*IDEA - Part B, Formula	84.027	14660001165901600	4,183,429
*IDEA - Part B, Preschool	84.173	14661001165901610	<u>51,942</u>
Total Special Education Cluster (IDEA)			<u>4,235,371</u>
Career and Technical - Basic Grant	84.048	14420006165901	212,926
Title III, Part A - English Language Acquisition	84.365A	14671001165901	193,644
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501165901	1,431,780
Summer School-LEP	84.369A	69551302	<u>6,678</u>
Total Passed Through State Department of Education			<u>\$ 11,100,919</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u>\$ 11,100,919</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through State Department of Education</u>			
Head Start	93.600	06CH6994/44	<u>\$ 1,702,962</u>
Total Passed Through State Department of Education			<u>\$ 1,702,962</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>\$ 1,702,962</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
National School Lunch Program - Cash Assistance	10.555	165-1002	\$ 10,210,982
Summer Feeding Program - Cash Assistance	10.559	165-1002	<u>90,870</u>
Total Child Nutrition Cluster			<u>10,301,852</u>
Total Passed Through the State Department of Agriculture			<u>\$ 10,301,852</u>
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 10,301,852</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 23,105,733</u>

\*Clustered Programs

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**MIDLAND INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED AUGUST 31, 2014**

1. The District utilized the fund types specified in the Texas Education Agency’s Financial Accountability System Resource Guide.

Special Revenue Funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, unused balances are returned to the grantor at the close of specified project periods.

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds were accounted for in the Special Revenue Fund, a component of the Governmental Fund type. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Federal grant funds are considered to be earned to the extent of 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 Supplement – Provisional 6/97.

4. Relationship to Financial Statements

Federal financial assistance revenues are reported in the District’s financial statements as follows:

100-199	General Fund	\$ 2,247,070
200-499	Special Revenue Funds	<u>20,213,309</u>
		<u>22,460,379</u>
	Audit Period Expenditures From the Schedule of Expenditures of Federal Awards	<u>\$23,105,733</u>

Federal Revenues reported in Special Revenue Funds do not equal the total amount of expenditures as reported on the Schedule of Expenditures of Federal Awards since the National School Breakfast/Lunch Program (see C-3) and the Summer Feeding Program (see H-2) carry a fund balance. Therefore, revenues, less expenses do not zero out each year, as do most Federal Programs.

5. Relationship to Federal Financial Reports

Amounts reported in the accompanying exhibits agree with the amounts reported in the related federal financial reports.



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