

**WEST ORANGE-COVE  
CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED JUNE 30, 2013*

**Davis, Heinemann & Company, P.C.**

*Certified Public Accountants*

1300 11th Street Suite 500

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*Introductory Section*

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West Orange-Cove Consolidated Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2013

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CERTIFICATE OF BOARD

West Orange-Cove Consolidated Independent School District Orange  
Name of School District County

181-906  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) \_\_\_\_\_approved \_\_\_\_\_disapproved for the year ended June 30, 2013, at a meeting of the board of trustees of such school district on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature of Board Secretary

\_\_\_\_\_  
Signature of Board President

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

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*Financial Section*



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# Davis, Heinemann & Company, P.C.

A Professional Corporation  
*Certified Public Accountants*  
1300 11TH STREET, SUITE 500  
P.O. BOX 6308  
HUNTSVILLE, TEXAS 77342  
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## **Independent Auditor's Report**

To the Board of Trustees  
West Orange-Cove Consolidated Independent School District  
P.O. Box 1107  
Orange, Texas 77631

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove Consolidated Independent School District ("the District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective

financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove Consolidated Independent School District as of June 30, 2013, 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**

As described in Note A to the financial statements, in 2013, West Orange-Cove Consolidated Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2013, West Orange-Cove Consolidated Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information identified as Required Supplementary Information in the table of contents 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 West Orange-Cove Consolidated Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic

financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2013 on our consideration of West Orange-Cove Consolidated Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Orange-Cove Consolidated Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

*Davis, Heinemann + Co.*

Davis, Heinemann & Company, P.C.

Huntsville, Texas  
October 4, 2013

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of West Orange Cove Consolidated School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$9,274,229 at June 30, 2013.
- During the year, the District's expenses were \$1,885,314 less than the \$34,013,163 generated in local, state and federal revenues for governmental activities.
- The total cost of the District's programs was \$85,659 more than the previous year.
- The general fund reported a fund balance this year of \$11,601,613.

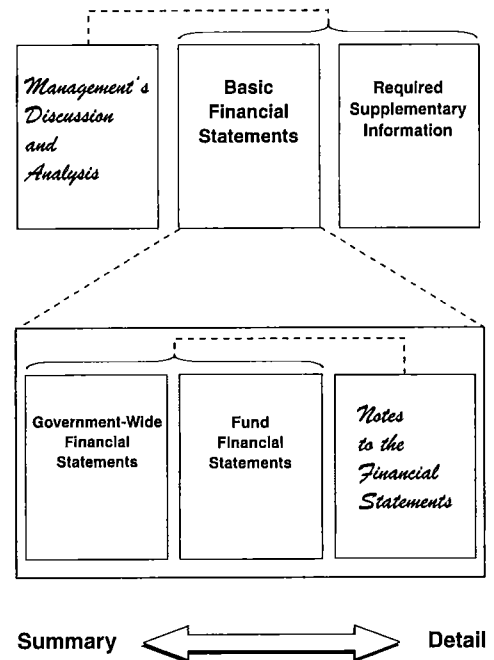
### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



### Government-wide Statements

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

The two government-wide statements report the District's net position and how it has changed. Net position—the difference between the total of the District's assets and deferred outflows and total of liabilities and deferred inflows—is one way to measure the District's financial health or *position*.

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

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

### **Fund Financial Statements**

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

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

The District has the following kinds of funds:

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

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$9,274.2 thousand at June 30, 2013. (See Table A-1).

**Table A-1**  
West Orange Cove Independent School District's Net Position  
(In thousands of dollars)

	Governmental Activities		
	2013	2012	Change 2013-2012
	<u>2013</u>	<u>2012</u>	<u>2013-2012</u>
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 17,079.4	\$ 18,054.9	\$ (975.5)
Property Taxes Receivable, Net	2,332.2	1,837.0	495.2
Due from Other Governments	949.5	689.7	259.8
Inventories	30.3	30.3	-
Other Receivables	49.9	-	49.9
<b>Total Current Assets:</b>	<u>20,441.3</u>	<u>20,611.9</u>	<u>(170.6)</u>
<b>Non-Current Assets:</b>			
Capital Assets	109,227.6	106,892.4	2,335.2
Less Accumulated Depreciation	(50,828.3)	(47,858.6)	(2,969.7)
Restricted Assets	4,993.0	3,700.6	1,292.4
Other Long-Term Assets	12.1	10.2	1.9
<b>Total Non-Current Assets</b>	<u>63,404.4</u>	<u>62,744.6</u>	<u>659.8</u>
<b>Total Assets</b>	<u>83,845.7</u>	<u>83,356.5</u>	<u>489.2</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Debt Refunding	647.6	701.6	(54.0)
<b>Total Deferred Outflows of Resources</b>	<u>647.6</u>	<u>701.6</u>	<u>(54.0)</u>
<b>Current Liabilities:</b>			
Accounts Payable & Accrued Liabilities	824.1	875.3	(51.2)
Interest Payable	840.0	930.5	(90.5)
Accrued Wages Payable	1,065.6	711.0	354.6
Due to Other Governments	1,027.9	1,204.2	(176.3)
Due to Student Groups	8.2	7.6	0.6
<b>Total Current Liabilities</b>	<u>3,765.8</u>	<u>3,728.6</u>	<u>37.2</u>
<b>Noncurrent Liabilities:</b>			
Due within One Year	1,438.4	1,903.7	(465.3)
Due in More than One Year	70,014.9	71,036.9	(1,022.0)
<b>Total Noncurrent Liabilities</b>	<u>71,453.3</u>	<u>72,940.6</u>	<u>(1,487.3)</u>
<b>Total Liabilities</b>	<u>75,219.1</u>	<u>76,669.2</u>	<u>(1,450.1)</u>
<b>Net Position:</b>			
Invested in Capital Assets, net	(2,628.3)	(3,811.5)	1,183.2
Restricted	8,934.7	9,919.4	(984.7)
Unrestricted	2,967.8	1,281.0	1,686.8
<b>Total Net Position</b>	<u>\$ 9,274.2</u>	<u>\$ 7,388.9</u>	<u>\$ 1,885.3</u>



Approximately \$6,825.8 thousand of the District's restricted net position represent assets held for Debt Service requirements. The \$2,967.8 thousand of unrestricted net position represents resources available to fund the programs of the District next year.

**Changes in net position.**

The District's total revenues were \$34,013.2 thousand. A significant portion, seventy-one (71) percent, of the District's revenue comes from taxes. Twenty-five (25) percent comes from state aid – formula and federal grants and four (4) percent is related to charges for services, investment earnings and miscellaneous revenue.

The total cost of all programs and services was \$32,127.8 thousand; forty (40) percent of these costs are for instructional and student services.

**Governmental Activities**

- Property tax rates decreased thirteen (13) percent from the prior year. Tax collections increased more than \$3,878.2 thousand from the prior year.

**Table A-2**  
**Changes in West Orange Cove Independent School District's Net Position**  
*(In thousands of dollars)*

	Governmental Activities		
	2013	2012	Change 2013-2012
Program Revenues:			
Charges for Services	\$ 1,043.1	\$ 788.8	\$ 254.3
Operating Grants and Contributions	7,250.7	8,153.3	(902.6)
General Revenues			
Property Taxes	24,109.9	20,231.7	3,878.2
State Aid – Formula	1,367.3	1,391.3	(24.0)
Investment Earnings	181.6	14.1	167.5
Other	60.6	237.2	(176.6)
<b>Total Revenues</b>	<b>34,013.2</b>	<b>30,816.4</b>	<b>3,196.8</b>
Program Expenses:			
Instruction	12,731.0	13,247.3	(516.3)
Instructional Resources and Media Services	460.4	422.1	38.3
Curriculum Dev. And Instructional Staff Dev.	824.1	677.0	147.1
Instructional Leadership	387.2	609.7	(222.5)
School Leadership	1,204.5	1,095.7	108.8
Guidance, Counseling and Evaluation Services	778.3	631.1	147.2
Social Work Services	166.0	146.5	19.5
Health Services	247.3	275.8	(28.5)
Student (Pupil) Transportation	1,336.7	1,446.9	(110.2)
Food Services	1,601.3	1,700.7	(99.4)
Curricular/Extracurricular Activities	1,308.7	1,290.3	18.4
General Administration	1,510.6	1,486.0	24.6
Plant Maintenance & Oper.	4,319.7	3,872.0	447.7
Security & Monitoring Svcs.	81.2	62.9	18.3
Data Processing Services	206.4	174.9	31.5
Community services	14.4	17.1	(2.7)
Interest and Fees on Long Term Debt	2,774.4	3,508.5	(734.1)
Bond Issuance Costs and Fees	9.0	227.7	(218.7)
Contracted Instructional Services Between Schools	1,865.1	776.0	1,089.1
Capital Outlay	-	57.8	(57.8)
Other Intergovernmental Charges	301.6	316.2	(14.6)
<b>Total Expenses</b>	<b>32,127.9</b>	<b>32,042.2</b>	<b>85.7</b>
Increase (Decrease) in Net Position	<u>\$ 1,885.3</u>	<u>\$ (1,225.8)</u>	<u>\$ 3,111.1</u>

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

- The cost of all *governmental* activities this year was \$32,127.8 thousand.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$24,109.8 thousand.
- Some of the cost was paid by those who directly benefited from the programs, \$1,043.1 thousand, and by grants and contributions \$8,618.0 thousand.

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

	Total Cost of Services			Net Cost of Services		
			Change			Change
	2013	2012	2013-2012	2013	2012	2013-2012
Instruction	\$ 12,731.0	\$ 13,247.3	\$ (516.3)	\$ 7,918.9	\$ 7,384.2	\$ 534.7
School administration	1,510.6	1,486.0	24.6	1,432.5	1,421.4	11.1
Plant Maintenance & Operations	4,319.6	3,872.0	447.6	4,134.8	3,694.1	440.7
Debt Service – Interest & Fiscal Charges	2,774.4	3,508.5	(734.1)	2,489.5	3,499.2	(1,009.7)

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

**General Fund Budgetary Highlights**

Over the course of the year, the District revised its budget monthly. With these adjustments, actual expenditures were \$1,169.2 thousand below final budget amounts. The most significant positive variance resulted from instructional leadership expenditures.

On the other hand, resources available were \$840.7 thousand above the final budgeted amount.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2013, the District had invested \$109,227.6 thousand in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

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

	Governmental Activities		
			Change
	2013	2012	2013-2012
Land	\$ 1,962.4	\$ 1,962.4	\$ -
Construction in progress	1,128.4	604.0	524.4
Buildings and improvements	95,052.3	93,241.5	1,810.8
Vehicles	2,970.0	2,970.0	-
Equipment	8,114.5	8,114.5	-
Totals at historical cost	109,227.6	106,892.4	2,335.2
Total accumulated depreciation	(50,828.3)	(47,858.6)	(2,969.7)
Net capital assets	\$ <u>58,399.3</u>	\$ <u>59,033.8</u>	\$ <u>(634.5)</u>

## Long Term Debt

At year-end the District had outstanding debt as shown in Table A-5. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table A-5**  
District's Long Term Debt  
(In thousands of dollars)

	Governmental Activities		
	2013	2012	Change 2013-2012
Bonds payable	\$ 58,775.4	\$ 60,268.0	\$ (1,492.6)
Tax Notes Payable	2,252.2	2,577.2	(325.0)
Premiums & discounts	3,457.0	3,670.9	(213.9)
Accretion on CAB's	1,716.7	1,178.5	538.2
FEMA Note	5,000.0	5,000.0	-
Compensated absences	252.0	246.0	6.0
Total bonds & notes payable	\$ <u>71,453.3</u>	\$ <u>72,940.6</u>	\$ <u>(1,487.3)</u>

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

- Appraised values used for the 2014 budget preparation is expected to increase by approximately 10% over the previous year.
- General operating fund spending per student increased in the 2014 budget from \$9,054 to \$10,000. This is a 10.4% increase.
- The District's 2014 refined average daily attendance is expected to be 2,150, an increase of 50 from 2,100 in 2013.

These indicators were taken into account when adopting the general fund budget for 2014. Amounts available for appropriation in the general fund budget are \$21.5 million, a decrease of less than 1% percent from the final 2013 budget of \$21.7 million .

Expenditures are budgeted to decrease nearly \$200.0 thousand, or one percent (1%), to \$21.5 million. The District has added no major new programs or initiatives to the 2014 budget.

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

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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*Basic Financial Statements*

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**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2013

1

Data Control Codes		Governmental Activities
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 17,079,369
1225	Property Taxes Receivable (Net)	2,332,229
1240	Due from Other Governments	949,481
1290	Other Receivables (Net)	49,817
1300	Inventories	30,331
	Capital Assets:	
1510	Land	1,962,372
1520	Buildings and Improvements, Net	51,485,928
1530	Furniture and Equipment, Net	3,822,613
1580	Construction in Progress	1,128,432
1800	Restricted Assets	4,992,988
1910	Long-Term Investments	12,123
1000	Total Assets	<u>83,845,683</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
	Deferred Outflows of Resources	647,584
1700	Total Deferred Outflows of Resources	<u>647,584</u>
<b>LIABILITIES:</b>		
2110	Accounts Payable	824,077
2140	Interest Payable	840,038
2165	Accrued Liabilities	1,065,562
2180	Due to Other Governments	1,027,845
2190	Due to Student Groups	8,180
	Noncurrent Liabilities:	
2501	Due Within One Year	1,438,462
2502	Due in More Than One Year	70,014,874
2000	Total Liabilities	<u>75,219,038</u>
<b>NET POSITION</b>		
3200	Net Investment in Capital Assets	(2,628,329)
	Restricted For:	
3820	Federal and State Programs	395,292
3850	Debt Service	6,825,763
3860	Capital Projects	1,573,242
3870	Campus Activities	140,504
3900	Unrestricted	2,967,757
3000	Total Net Position	<u>\$ 9,274,229</u>

The accompanying notes are an integral part of this statement.



## WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 12,731,026	\$ 715,475	\$ 4,096,701	\$ (7,918,850)	
12	Instructional Resources and Media Services	460,419	--	8,722	(451,697)	
13	Curriculum and Staff Development	824,135	--	488,676	(335,459)	
21	Instructional Leadership	387,231	--	223,128	(164,103)	
23	School Leadership	1,204,460	--	72,647	(1,131,813)	
31	Guidance, Counseling, & Evaluation Services	778,323	--	141,100	(637,223)	
32	Social Work Services	166,036	--	154,880	(11,156)	
33	Health Services	247,260	--	68,578	(178,682)	
34	Student Transportation	1,336,669	--	41,477	(1,295,192)	
35	Food Service	1,601,264	168,824	1,283,998	(148,442)	
36	Cocurricular/Extracurricular Activities	1,308,713	156,361	22,529	(1,129,823)	
41	General Administration	1,510,580	1,908	76,127	(1,432,545)	
51	Plant Maintenance and Operations	4,319,652	577	184,282	(4,134,793)	
52	Security and Monitoring Services	81,198	--	19,857	(61,341)	
53	Data Processing Services	206,367	--	6,842	(199,525)	
61	Community Services	14,363	--	14,363	--	
72	Interest on Long-term Debt	2,774,422	--	284,918	(2,489,504)	
73	Bond Issuance Costs and Fees	8,961	--	--	(8,961)	
91	Contracted Instructional Services between Schools	1,865,144	--	61,840	(1,803,304)	
99	Other Intergovernmental Charges	301,626	--	--	(301,626)	
TG	Total Governmental Activities	<u>32,127,849</u>	<u>1,043,145</u>	<u>7,250,665</u>	<u>(23,834,039)</u>	
TP	Total Primary Government	<u>\$ 32,127,849</u>	<u>\$ 1,043,145</u>	<u>\$ 7,250,665</u>	<u>(23,834,039)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				19,179,241	
DT	Property Taxes, Levied for Debt Service				4,930,594	
IE	Investment Earnings				181,627	
GC	Grants and Contributions Not Restricted to Specific Programs				1,367,309	
MI	Miscellaneous				60,582	
TR	Total General Revenues				<u>25,719,353</u>	
CN	Change in Net Position				<u>1,885,314</u>	
NB	Net Position - Beginning				<u>7,242,845</u>	
PA	Prior Period Adjustment (See Note N)				<u>146,070</u>	
	Net Position - Beginning, as Restated				<u>7,388,915</u>	
NE	Net Position - Ending				<u>\$ 9,274,229</u>	

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ 11,839,555	\$ 2,380,235	\$ 2,808,080	\$ 17,027,870
1120 Current Investments	12,123	--	--	12,123
1225 Taxes Receivable, Net	1,846,295	485,934	--	2,332,229
1240 Due from Other Governments	215,824	--	733,657	949,481
1260 Due from Other Funds	853,364	--	41,215	894,579
1290 Other Receivables	40,275	9,544	--	49,819
1300 Inventories	--	--	30,331	30,331
1800 Restricted Assets	917,485	4,075,503	--	4,992,988
1000 Total Assets	<u>15,724,921</u>	<u>6,951,216</u>	<u>3,613,283</u>	<u>26,289,420</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 202,384	\$ --	\$ 621,693	\$ 824,077
2150 Payroll Deductions & Withholdings	143,195	--	--	143,195
2160 Accrued Wages Payable	682,804	--	239,538	922,342
2170 Due to Other Funds	212,648	125,453	642,923	981,024
2180 Due to Other Governments	1,027,845	--	--	1,027,845
2190 Due to Student Groups	8,137	--	43	8,180
2200 Accrued Expenditures	--	--	25	25
2000 Total Liabilities	<u>2,277,013</u>	<u>125,453</u>	<u>1,504,222</u>	<u>3,906,688</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Deferred Revenue	1,846,295	485,934	--	2,332,229
2600 Total Deferred Inflows of Resources	<u>1,846,295</u>	<u>485,934</u>	<u>--</u>	<u>2,332,229</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410 Inventories	--	--	30,331	30,331
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	364,961	364,961
3470 Capital Acquisitions & Contractual Obligations	--	--	1,573,242	1,573,242
3480 Retirement of Long-Term Debt	--	6,339,829	--	6,339,829
3490 Other Restrictions of Fund Balance	--	--	23	23
Committed Fund Balances:				
3510 Construction	1,999,713	--	--	1,999,713
Assigned Fund Balances:				
3590 Other Assigned Fund Balance	--	--	140,504	140,504
3600 Unassigned	9,601,900	--	--	9,601,900
3000 Total Fund Balances	<u>11,601,613</u>	<u>6,339,829</u>	<u>2,109,061</u>	<u>20,050,503</u>
4000 Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 15,724,921</u>	<u>\$ 6,951,216</u>	<u>\$ 3,613,283</u>	<u>\$ 26,289,420</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2013

Total fund balances - governmental funds balance sheet	\$ 20,050,503
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	58,399,345
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,332,229
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	137,942
Payables for bond principal which are not due in the current period are not reported in the funds.	(60,492,139)
Payables for bond interest which are not due in the current period are not reported in the funds.	(840,038)
Payables for notes which are not due in the current period are not reported in the funds.	(7,252,240)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(252,013)
Bond premiums and discounts are not reported in the funds.	(3,456,944)
Deferred charges on refunded bonds are not reported in the funds.	647,584
	<hr/>
Net position of governmental activities - Statement of Net Position	\$ <u>9,274,229</u>

The accompanying notes are an integral part of this statement.

# WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ 19,880,365	\$ 4,772,997	\$ 246,615	\$ 24,899,977
5800 State Program Revenues	2,036,948	--	182,926	2,219,874
5900 Federal Program Revenues	682,677	284,918	5,430,505	6,398,100
5020 Total Revenues	<u>22,599,990</u>	<u>5,057,915</u>	<u>5,860,046</u>	<u>33,517,951</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	8,659,917	--	3,133,246	11,793,163
0012 Instructional Resources and Media Services	263,062	--	--	263,062
0013 Curriculum and Staff Development	308,873	--	478,422	787,295
0021 Instructional Leadership	169,731	--	217,500	387,231
0023 School Leadership	1,170,626	--	33,834	1,204,460
0031 Guidance, Counseling, & Evaluation Services	630,770	--	120,186	750,956
0032 Social Work Services	11,539	--	154,497	166,036
0033 Health Services	172,289	--	62,866	235,155
0034 Student Transportation	1,009,014	--	8,023	1,017,037
0035 Food Service	--	--	1,366,541	1,366,541
0036 Cocurricular/Extracurricular Activities	688,365	--	63,013	751,378
0041 General Administration	1,276,254	--	33,812	1,310,066
0051 Plant Maintenance and Operations	3,400,591	--	529,710	3,930,301
0052 Security and Monitoring Services	63,445	--	17,753	81,198
0053 Data Processing Services	206,367	--	--	206,367
0061 Community Services	--	--	14,363	14,363
0071 Principal on Long-term Debt	325,000	1,492,602	--	1,817,602
0072 Interest on Long-term Debt	51,750	2,434,791	--	2,486,541
0073 Bond Issuance Costs and Fees	459	8,502	--	8,961
0081 Capital Outlay	--	--	2,335,216	2,335,216
0091 Contracted Instructional Services				
0091 Between Public Schools	1,865,144	--	--	1,865,144
0099 Other Intergovernmental Charges	301,626	--	--	301,626
6030 Total Expenditures	<u>20,574,822</u>	<u>3,935,895</u>	<u>8,568,982</u>	<u>33,079,699</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	2,025,168	1,122,020	(2,708,936)	438,252
1200 Net Change in Fund Balances	<u>2,025,168</u>	<u>1,122,020</u>	<u>(2,708,936)</u>	<u>438,252</u>
0100 Fund Balances - Beginning	9,576,445	5,217,809	4,817,997	19,612,251
3000 Fund Balances - Ending	<u>\$ 11,601,613</u>	<u>\$ 6,339,829</u>	<u>\$ 2,109,061</u>	<u>\$ 20,050,503</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$ 438,252
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,335,216
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,969,639)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	495,211
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,492,603
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	325,000
The accretion of interest on capital appreciation bonds is not reported in the funds.	(538,308)
(Increase) decrease in accrued interest from beginning of period to end of period.	90,409
The net revenue (expense) of internal service funds is reported with governmental activities.	62,611
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(6,059)
Bond premiums are reported in the funds but not in the SOA.	213,983
Deferred charges on refunded bonds are amortized in the SOA but not in the funds.	<u>(53,965)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 1,885,314</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF NET POSITION

INTERNAL SERVICE FUND

JUNE 30, 2013

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>ASSETS:</b>	
	Current Assets:	
1110	Cash and Cash Equivalents	\$ 51,499
	Receivables:	
1260	Due from Other Funds	86,443
	Total Current Assets	<u>137,942</u>
1000	Total Assets	<u>137,942</u>
	<b>LIABILITIES:</b>	
2000	Total Liabilities	<u>--</u>
	<b>NET POSITION:</b>	
3000	Total Net Position	<u>\$ 137,942</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET ASSETS - INTERNAL SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	<b>OPERATING REVENUES:</b>	
5700	Local and Intermediate Sources	\$ 151,723
5020	Total Revenues	<u>151,723</u>
	<b>OPERATING EXPENSES:</b>	
6400	Other Operating Costs	<u>89,112</u>
6030	Total Expenses	<u>89,112</u>
1300	Change in Net Position	62,611
0100	Total Net Position - Beginning	75,331
3300	Total Net Position - Ending	<u>\$ 137,942</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF CASH FLOWS

## PROPRIETARY FUNDS

FOR THE TWELVE MONTHS ENDED JUNE 30, 2013

	Nonmajor Internal Service Fund
	Insurance Fund
<b>Cash Flows from Operating Activities:</b>	
Cash Receipts for Quasi-external Operating Transactions with Other Funds	\$ 90,420
Cash Payments For Insurance Claims	(88,128)
Net Cash Provided (Used) by Operating Activities	<u>2,292</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,292
Cash and Cash Equivalents at Beginning of Year	49,207
Cash and Cash Equivalents at End of Year	<u>\$ 51,499</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ 62,611
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
Decrease (Increase) in Due from Other Funds	151,806
Increase (Decrease) in Due To Other Funds	(181,827)
Increase (Decrease) in Accounts Payable	(30,298)
Total Adjustments	<u>(60,319)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,292</u>

The accompanying notes are an integral part of this statement.



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF FIDUCIARY NET POSITION

## FIDUCIARY FUNDS

JUNE 30, 2013

Data Control Codes		Agency Fund
		Student Activity
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 37,056
1000	Total Assets	<u>37,056</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110	Accounts Payable	\$ 1,899
2170	Due to Other Funds	6,053
2190	Due to Student Groups	29,104
2000	Total Liabilities	<u>37,056</u>
<b>NET POSITION:</b>		
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity," as revised by GASB Statement No. 39, and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: This is the District's fund to account for debt service activity related to the repayment of long-term debt.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

In addition, the District reports the following fund types:

**Internal Service Funds:** These funds are used to account for revenues and expenses related to services provided to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

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

b. **Measurement Focus, Basis of Accounting**

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

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of these financial statements, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased. The District has investments in governmental investment pools which are classified as cash equivalents. The average maturity of investments in the pools is less than sixty days.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property 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 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. 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 deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013

e. Receivable and Payable Balances

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

There are no significant receivables which are not scheduled for collection within one year of year end.

f. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave in a lump cash payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.

g. Interfund Activity

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

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

**Nonspendable Fund Balance** - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

**Restricted Fund Balance** - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

**Committed Fund Balance** - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

k. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide and proprietary Statements of Net Position) and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

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

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1. Cash Deposits:

At June 30, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$8,524,008 and the bank balance was \$9,194,005. The District's cash deposits at June 30, 2013 and during the year ended June 30, 2013, were not entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name. The agent bank was not notified of a large wire which caused the District to be underpledged for one day. The District and bank have developed a process for incoming wires in order to protect against underpledging in the future.

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

- a. Depository: Orange Savings Bank
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$14,337,299.
- c. The highest combined balances of cash, savings and time deposit accounts amounted to \$17,995,864 and occurred during the month of January, 2013.
- d. Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

The District classifies investment pools as cash and cash equivalents for reporting purposes. At June 30, 2013, the District had a balance of \$8,591,143 in investment pools.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2013 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Federal National Mortgage Assn Discount Notes	12/02/2013	\$ 653,745
Cash to be invested at a later date (held at BONY)	N/A	720,000
Federal National Mortgage Assn Discount Notes	12/02/2013	3,619,243
Morgan Stanley Smith Barney - Equity	N/A	12,123
Total Investments		<u>\$ 5,005,111</u>

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3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally



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recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b><u>Governmental activities:</u></b>				
Capital assets not being depreciated:				
Land	\$ 1,962,372	\$ --	\$ --	\$ 1,962,372
Construction in progress	603,995	2,335,216	1,810,779	1,128,432
Total capital assets not being depreciated	<u>2,566,367</u>	<u>2,335,216</u>	<u>1,810,779</u>	<u>3,090,804</u>
Capital assets being depreciated:				
Buildings and improvements	93,241,491	1,810,779	--	95,052,270
Equipment	8,114,486	--	--	8,114,486
Vehicles	2,970,040	--	--	2,970,040
Total capital assets being depreciated	<u>104,326,017</u>	<u>1,810,779</u>	<u>--</u>	<u>106,136,796</u>
Less accumulated depreciation for:				
Buildings and improvements	(41,389,887)	(2,176,455)	--	(43,566,342)
Equipment	(4,811,693)	(454,968)	--	(5,266,661)
Vehicles	(1,657,036)	(338,216)	--	(1,995,252)
Total accumulated depreciation	<u>(47,858,616)</u>	<u>(2,969,639)</u>	<u>--</u>	<u>(50,828,255)</u>
Total capital assets being depreciated, net	<u>56,467,401</u>	<u>(1,158,860)</u>	<u>--</u>	<u>55,308,541</u>
Governmental activities capital assets, net	<u>\$ 59,033,768</u>	<u>\$ 1,176,356</u>	<u>\$ 1,810,779</u>	<u>\$ 58,399,345</u>

Depreciation was charged to functions as follows:

Instruction	\$ 994,415
Instructional Resources and Media Services	197,357
Curriculum and Staff Development	36,840
Guidance, Counseling, & Evaluation Services	27,367
Health Services	12,105
Student Transportation	319,632
Food Services	234,723
Extracurricular Activities	557,335
General Administration	200,514
Plant Maintenance and Operations	389,351
	<u>\$ 2,969,639</u>

**E. Interfund Balances and Activities**

**1. Due To and From Other Funds**

Balances due to and due from other funds at June 30, 2013, consisted of the following:

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Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 542,581	Short-term loans.
General Fund	General Fund	122,852	Payroll expenditures.
General Fund	Other Governmental Funds	3,355	For transfer of federal receipts.
General Fund	Debt Service Fund	125,453	Short-term loans.
General Fund	Capital Projects Fund	62,480	Short-term loans.
Internal Service Fund	General Fund	86,443	Short-term loans.
Other Governmental Funds	Other Governmental Funds	37,860	Short-term loans.
	Total	<u>\$ 981,024</u>	

**F. Long-Term Obligations**

**1. Long-Term Obligation Activity**

The District's long-term liabilities consist of general obligation bonds, refunding bonds, maintenance tax notes and accrued compensated absences. The general obligation bonds are issued to provide for the acquisition of capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The current requirements for the general obligation bonds are accounted for in the Debt Service Fund.

Long-term debt is summarized as follows:

Series	Original Issue	Final Maturity	Annual Installments	Percentage Rate	Outstanding Balance
2003 Capital Appreciation Bonds	\$ 5,094,852	2013	\$ 570,000 to 705,000	3.75% to 5.60%	--
2003 Qualified Zone Academy Bonds	4,506,457	2018	4,506,457	0.2%	4,506,457
2005 Qualified Zone Academy Bonds	1,478,543	2021	1,478,543	.00%	1,478,543
2005 Maintenance Tax Notes	1,197,240	2021	1,197,543	.00%	1,197,240
2008 Serial Bonds	37,040,000	2038	635,000 to 680,000	3.25% to 4.75%	33,610,000
2008 Capital Appreciation Bonds	959,323	2016	915,000	3.53% to 3.65%	959,323
2009 Unlimited Tax School Bldg	9,490,000	2039	190,000 to 580,000	3.50% to 4.95%	8,680,000
2009 Capital Appreciation Bonds	9,336	2017	5,865 to 3,471	2.95% to 3.20%	9,336
2009 Maintenance Tax Notes	2,245,000	2016	260,000 to 365,000	2.95% to 3.20%	1,055,000
2011 Qualified School Construction Bonds	6,075,000	2028	6,075,000	4.69%	6,075,000
2012 Unlimited Tax Refunding Bonds	3,456,774	2026	152,996 to 420,817	0.90% to 3.71%	3,456,774
					<u>\$ 61,027,673</u>

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Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2013, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds	\$ 60,268,035	\$ --	\$ 1,492,603	\$ 58,775,432	\$ 1,010,258
Maintenance Tax Notes	2,577,240	--	325,000	2,252,240	340,000
Accretion on Capital Appreciation Bonds	1,178,399	730,706	192,398	1,716,707	--
Adjustments for:					
Discounts and Premiums	3,670,927	--	213,983	3,456,944	--
FEMA Disaster Loan	5,000,000	--	--	5,000,000	--
Compensated Absences *	245,954	6,059	--	252,013	88,204
<b>Total governmental activities</b>	<b>\$ 72,940,555</b>	<b>\$ 736,765</b>	<b>\$ 2,223,984</b>	<b>\$ 71,453,336</b>	<b>\$ 1,438,462</b>

\* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund

2. Debt Service Requirements

Debt service requirements on general long-term bonded debt at June 30, 2013, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 1,010,258	\$ 2,835,361	\$ 3,845,619
2015	927,712	2,920,205	3,847,917
2016	622,270	3,217,598	3,839,868
2017	1,244,288	2,610,580	3,854,868
2018	5,859,452	2,279,322	8,138,774
2019-2023	9,575,665	11,860,533	21,436,198
2024-2028	14,970,787	9,830,659	24,801,446
2029-2033	10,585,000	4,879,558	15,464,558
2034-2038	13,400,000	2,442,856	15,842,856
2039-2043	580,000	28,710	608,710
<b>Totals</b>	<b>\$ 58,775,432</b>	<b>\$ 42,905,382</b>	<b>\$ 101,680,814</b>

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements.

A portion of the bonds sold in the Series 2003, Series 2008, Series 2009, and Series 2012 Refunding bond issues were premium capital appreciation bonds. These obligations have par values of \$9,520,284 and maturity values of \$21,105,000. The interest on these obligations will be paid upon maturity in fiscal years ending June 30, 2010 through June 30, 2026. The accumulated accretion for these bonds at June 30, 2013 is \$1,716,707, which has been recorded in the government-wide financial statements.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2013.

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Sinking Fund Requirements:

The District is required to make sinking fund payments on the 2003 Qualified Zone Academy Bonds, 2005 Qualified Zone Academy Bonds, 2005 Maintenance Tax Notes, and 2011 Qualified School Construction Bonds as part of the debt covenants. The payments are held in escrow and reflected as restricted assets in the fund financial statements. The District's sinking fund requirements on long-term debt at June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	Amount
2014	\$ 672,535
2015	672,535
2016	672,535
2017	672,535
2018	672,535
2019	426,609
2020	426,609
2021	426,609
2022	355,000
2023	355,000
2024	355,000
2025	355,000
2026	355,000
2027	355,000
2028	360,000
	<u>\$ 7,132,502</u>

3. Federal Emergency Management Agency Disaster Loan

The District has been approved to receive a \$5,000,000 Community Disaster Loan from the Federal Emergency Management Agency ("FEMA"). The funds are to be used to carry on existing operations or to expand the District's essential functions to meet disaster related needs related to Hurricane Ike. The term of the loan is five years, which can be extended to ten years. At June 30, 2013, the District had received \$5,000,000.

4. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2013, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows. In addition, as a result of the refunding, the District will realize a net present value of cash flow savings in the amount of \$673,072.

<u>Bond Issue</u>	Amount
Series 2003 Unlimited Tax School Building Bonds	\$ 3,456,774
Total	<u>\$ 3,456,774</u>

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2013, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Unemployment Compensation Pool

During the year ended June 30, 2013, West Orange-Cove CISD provided unemployment compensation coverage to its employees through participation in the Texas Association of School Boards 'TASB' Risk Management Fund. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas

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Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation Pool.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2012, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

H. Pension Plan

1. Plan Description

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

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action.

Under provisions in State law, plan members are required to contribute 6.4% of their annual covered salary and the State of Texas contributes an amount equal to 6.4% of the District's covered payroll. The District's employees' contributions to the System for the years ending June 30, 2013, 2012 and 2011 were \$853,476, \$850,631 and \$964,432, respectively, and were equal to the required contributions for each year. Other contributions made from federal and private grants and from the District for salaries above the statutory minimum for the years ending June 30, 2013, 2012 and 2011 were \$249,246, \$238,293 and \$304,286, respectively, and were equal to the required contributions for each year. The amount contributed by the State on behalf of the District was \$678,660 for the year ended June 30, 2013.

I. Retiree Health Care Plan

1. a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher

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Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2013, 2012 and 2011. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. For the years ended June 30, 2013, 2012 and 2011, the State's contributions to TRS-Care were \$133,358, \$131,271, and \$150,692, respectively, the active member contributions were \$86,681, \$85,326 and \$98,055, respectively, and the District's contributions were \$73,347, \$72,199 and \$82,968, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2013, 2012 and 2011, the subsidy payments received by TRS-Care on behalf of the District were \$35,471, \$32,566 and \$34,806, respectively.

J. Employee Health Care Coverage

During the year ended June 30, 2013, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

The contract between the District and the third party administrator is renewable September 1, and terms of coverage and premium costs are included in the contractual provisions.

Latest financial statements for the TRS Active Health Care are available for the year ended September 30, 2012, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

K. Commitments and Contingencies

1. Contingencies

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

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recorded in the accompanying basic financial statements for such contingencies.

**L. Shared Services Arrangements**

The District participates in a Shared Services Arrangement ("SSA") for the education of auditorially impaired students. The program is provided by the Southeast Texas Regional Day School Program for the Deaf ("RDSPD"). The SSA includes thirty (30) independent school districts, with Beaumont ISD acting as the fiscal agent.

**M. Subsequent Events**

During 2009 and 2010 the District received \$5,000,000 from the Federal Emergency Management Agency (FEMA) to help the District operate after Hurricane Ike. The term of the loan is five years or could be forgiven based on criteria of the District. After June 30, 2013, FEMA began their review to determine if the District had met all appropriate criteria to have the loan forgiven.

**N. Prior Period Adjustment**

The following discloses the restatement of government-wide net position as of the beginning of the year:

	Governmental Activities
Net Position, beginning of year, as previously stated:	\$ 7,242,845
Decrease resulting from the adoption of GASB 65, which resulted in the write-off of bond issuance costs.	(555,480)
Increase resulting from recording the deferred charge on the 2012 refunding of debt not recorded in the prior period.	<u>701,550</u>
Net Position, beginning of year, as restated:	<u>\$ 7,388,915</u>

## *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**EXHIBIT G-1**  
 Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 17,752,888	\$ 19,837,991	\$ 19,880,365	\$ 42,374
5800	State Program Revenues	2,374,534	1,561,510	2,036,948	475,438
5900	Federal Program Revenues	100,000	359,809	682,677	322,868
5020	Total Revenues	<u>20,227,422</u>	<u>21,759,310</u>	<u>22,599,990</u>	<u>840,680</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	9,660,605	8,845,982	8,659,917	186,065
0012	Instructional Resources and Media Services	304,849	311,846	263,062	48,784
0013	Curriculum and Staff Development	213,268	358,315	308,873	49,442
	Total Instruction & Instr. Related Services	<u>10,178,722</u>	<u>9,516,143</u>	<u>9,231,852</u>	<u>284,291</u>
Instructional and School Leadership:					
0021	Instructional Leadership	422,149	445,574	169,731	275,843
0023	School Leadership	1,051,444	1,232,880	1,170,626	62,254
	Total Instructional & School Leadership	<u>1,473,593</u>	<u>1,678,454</u>	<u>1,340,357</u>	<u>338,097</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	434,958	693,933	630,770	63,163
0032	Social Work Services	13,117	16,488	11,539	4,949
0033	Health Services	161,896	196,484	172,289	24,195
0034	Student (Pupil) Transportation	1,087,880	1,120,342	1,009,014	111,328
0036	Co-curricular/Extracurricular Activities	623,905	702,367	688,365	14,002
	Total Support Services - Student (Pupil)	<u>2,321,756</u>	<u>2,729,614</u>	<u>2,511,977</u>	<u>217,637</u>
Administrative Support Services:					
0041	General Administration	1,302,568	1,358,019	1,276,254	81,765
	Total Administrative Support Services	<u>1,302,568</u>	<u>1,358,019</u>	<u>1,276,254</u>	<u>81,765</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,599,356	3,489,280	3,400,591	88,689
0052	Security and Monitoring Services	81,091	73,445	63,445	10,000
0053	Data Processing Services	250,846	229,803	206,367	23,436
	Total Support Services - Nonstudent Based	<u>3,931,293</u>	<u>3,792,528</u>	<u>3,670,403</u>	<u>122,125</u>
Debt Service:					
0071	Principal on Long-Term Debt	100,000	450,246	325,000	125,246
0072	Interest on Long-Term Debt	448,376	51,750	51,750	--
0073	Bond Issuance Costs and Fees	35,405	459	459	--
	Total Debt Service	<u>583,781</u>	<u>502,455</u>	<u>377,209</u>	<u>125,246</u>
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	--	1,865,144	1,865,144	--
0099	Other Intergovernmental Charges	310,000	301,626	301,626	--
	Total Intergovernmental Charges	<u>310,000</u>	<u>2,166,770</u>	<u>2,166,770</u>	<u>--</u>
6030	Total Expenditures	<u>20,101,713</u>	<u>21,743,983</u>	<u>20,574,822</u>	<u>1,169,161</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	125,709	15,327	2,025,168	2,009,841
1200	Net Change in Fund Balance	<u>125,709</u>	<u>15,327</u>	<u>2,025,168</u>	<u>2,009,841</u>

WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
0100 Fund Balance - Beginning	9,576,445	9,576,445	9,576,445	--
3000 Fund Balance - Ending	<u>\$ 9,702,154</u>	<u>\$ 9,591,772</u>	<u>\$ 11,601,613</u>	<u>\$ 2,009,841</u>

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*Combining Statements and Budget  
Comparisons as Supplementary  
Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

Data Control Codes	Special Revenue Funds	Capital Projects Fund Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 681,399	\$ 2,126,681	\$ 2,808,080
1240	Due from Other Governments	733,657	--	733,657
1260	Due from Other Funds	41,215	--	41,215
1300	Inventories	30,331	--	30,331
1000	Total Assets	<u>1,486,602</u>	<u>2,126,681</u>	<u>3,613,283</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 130,734	\$ 490,959	\$ 621,693
2160	Accrued Wages Payable	239,538	--	239,538
2170	Due to Other Funds	580,443	62,480	642,923
2190	Due to Student Groups	43	--	43
2200	Accrued Expenditures	25	--	25
2000	Total Liabilities	<u>950,783</u>	<u>553,439</u>	<u>1,504,222</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410	Inventories	30,331	--	30,331
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	364,961	--	364,961
3470	Capital Acquisitions & Contractual Obligations	--	1,573,242	1,573,242
3490	Other Restrictions of Fund Balance	23	--	23
Assigned Fund Balances:				
3590	Other Assigned Fund Balance	140,504	--	140,504
3000	Total Fund Balances	<u>535,819</u>	<u>1,573,242</u>	<u>2,109,061</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,486,602</u>	<u>\$ 2,126,681</u>	<u>\$ 3,613,283</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 243,886	\$ 2,729	\$ 246,615
5800 State Program Revenues	182,926	--	182,926
5900 Federal Program Revenues	5,430,505	--	5,430,505
5020 Total Revenues	<u>5,857,317</u>	<u>2,729</u>	<u>5,860,046</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	3,133,246	--	3,133,246
0013 Curriculum and Staff Development	478,422	--	478,422
0021 Instructional Leadership	217,500	--	217,500
0023 School Leadership	33,834	--	33,834
0031 Guidance, Counseling, & Evaluation Services	120,186	--	120,186
0032 Social Work Services	154,497	--	154,497
0033 Health Services	62,866	--	62,866
0034 Student Transportation	8,023	--	8,023
0035 Food Service	1,366,541	--	1,366,541
0036 Cocurricular/Extracurricular Activities	63,013	--	63,013
0041 General Administration	33,812	--	33,812
0051 Plant Maintenance and Operations	71,968	457,742	529,710
0052 Security and Monitoring Services	17,753	--	17,753
0061 Community Services	14,363	--	14,363
0081 Capital Outlay	--	2,335,216	2,335,216
6030 Total Expenditures	<u>5,776,024</u>	<u>2,792,958</u>	<u>8,568,982</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	81,293	(2,790,229)	(2,708,936)
1200 Net Change in Fund Balances	<u>81,293</u>	<u>(2,790,229)</u>	<u>(2,708,936)</u>
0100 Fund Balances - Beginning	454,526	4,363,471	4,817,997
3000 Fund Balances - Ending	<u>\$ 535,819</u>	<u>\$ 1,573,242</u>	<u>\$ 2,109,061</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

Data Control Codes	205 Head Start	206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula
<b>ASSETS:</b>				
1110 Cash and Cash Equivalents	\$ --	\$ --	\$ --	\$ --
1240 Due from Other Governments	160,424	1,574	273,568	109,071
1260 Due from Other Funds	--	--	--	--
1300 Inventories	--	--	--	--
1000 Total Assets	<u>160,424</u>	<u>1,574</u>	<u>273,568</u>	<u>109,071</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110 Accounts Payable	\$ 2,438	\$ --	\$ 13,725	\$ 5,649
2160 Accrued Wages Payable	80,939	--	84,857	29,524
2170 Due to Other Funds	77,047	1,574	174,986	73,873
2190 Due to Student Groups	--	--	--	--
2200 Accrued Expenditures	--	--	--	25
2000 Total Liabilities	<u>160,424</u>	<u>1,574</u>	<u>273,568</u>	<u>109,071</u>
<b>FUND BALANCES:</b>				
Nonspendable Fund Balances:				
3410 Inventories	--	--	--	--
Restricted Fund Balances:				
3450 Federal/State Funds Grant Restrictions	--	--	--	--
3490 Other Restrictions of Fund Balance	--	--	--	--
Assigned Fund Balances:				
3590 Other Assigned Fund Balance	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 160,424</u>	<u>\$ 1,574</u>	<u>\$ 273,568</u>	<u>\$ 109,071</u>

225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting
\$ --	\$ 455,694	\$ 81,953	\$ --	\$ --
39,908	30,233	21,322	15,540	60,537
--	--	37,860	--	--
--	30,331	--	--	--
<u>39,908</u>	<u>516,258</u>	<u>141,135</u>	<u>15,540</u>	<u>60,537</u>
\$ --	\$ 104,191	\$ --	\$ --	\$ 1,375
363	27,211	--	--	7,540
39,545	130,699	--	15,540	51,622
--	--	--	--	--
--	--	--	--	--
<u>39,908</u>	<u>262,101</u>	<u>--</u>	<u>15,540</u>	<u>60,537</u>
--	30,331	--	--	--
--	223,826	141,135	--	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>254,157</u>	<u>141,135</u>	<u>--</u>	<u>--</u>
\$ <u>39,908</u>	\$ <u>516,258</u>	\$ <u>141,135</u>	\$ <u>15,540</u>	\$ <u>60,537</u>



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

JUNE 30, 2013

Data Control Codes	265 21st Century Community Learning Centers	287 Education Jobs Fund
<b>ASSETS:</b>		
1110 Cash and Cash Equivalents	\$ --	\$ --
1240 Due from Other Governments	18,016	--
1260 Due from Other Funds	--	3,355
1300 Inventories	--	--
1000 Total Assets	<u>18,016</u>	<u>3,355</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 Accounts Payable	\$ 174	\$ --
2160 Accrued Wages Payable	5,749	3,355
2170 Due to Other Funds	12,093	--
2190 Due to Student Groups	--	--
2200 Accrued Expenditures	--	--
2000 Total Liabilities	<u>18,016</u>	<u>3,355</u>
<b>FUND BALANCES:</b>		
Nonspendable Fund Balances:		
3410 Inventories	--	--
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions	--	--
3490 Other Restrictions of Fund Balance	--	--
Assigned Fund Balances:		
3590 Other Assigned Fund Balance	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 18,016</u>	<u>\$ 3,355</u>

410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ --	\$ 23	\$ 143,729	\$ 681,399
3,464	--	--	733,657
--	--	--	41,215
--	--	--	30,331
<u>3,464</u>	<u>23</u>	<u>143,729</u>	<u>1,486,602</u>
\$ --	\$ --	\$ 3,182	\$ 130,734
--	--	--	239,538
3,464	--	--	580,443
--	--	43	43
--	--	--	25
<u>3,464</u>	<u>--</u>	<u>3,225</u>	<u>950,783</u>
--	--	--	30,331
--	--	--	364,961
--	23	--	23
--	--	140,504	140,504
<u>--</u>	<u>23</u>	<u>140,504</u>	<u>535,819</u>
\$ <u>3,464</u>	\$ <u>23</u>	\$ <u>143,729</u>	\$ <u>1,486,602</u>

# WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	205 Head Start	206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula
<b>REVENUES:</b>				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	1,508,148	10,924	1,444,067	592,470
5020 Total Revenues	<u>1,508,148</u>	<u>10,924</u>	<u>1,444,067</u>	<u>592,470</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	928,787	10,924	1,079,423	533,834
0013 Curriculum and Staff Development	7,115	--	328,260	--
0021 Instructional Leadership	164,603	--	--	--
0023 School Leadership	33,834	--	--	--
0031 Guidance, Counseling, & Evaluation Services	55,676	--	748	58,636
0032 Social Work Services	154,497	--	--	--
0033 Health Services	57,973	--	--	--
0034 Student Transportation	--	--	8,023	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	28,436	--	5,376	--
0051 Plant Maintenance and Operations	67,348	--	--	--
0052 Security and Monitoring Services	--	--	17,753	--
0061 Community Services	9,879	--	4,484	--
6030 Total Expenditures	<u>1,508,148</u>	<u>10,924</u>	<u>1,444,067</u>	<u>592,470</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

225 IDEA-B Preschool Grant	240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting
\$ --	\$ 169,939	\$ --	\$ --	\$ --
50	12,812	--	--	--
45,096	1,216,189	59,182	39,056	251,443
<u>45,146</u>	<u>1,398,940</u>	<u>59,182</u>	<u>39,056</u>	<u>251,443</u>
38,927	--	--	27,542	114,784
--	--	--	6,388	136,659
1,326	--	--	--	--
--	--	--	5,126	--
--	--	--	--	--
4,893	--	--	--	--
--	--	--	--	--
--	1,351,968	14,573	--	--
--	--	--	--	--
--	--	--	--	--
--	4,620	--	--	--
--	--	--	--	--
<u>45,146</u>	<u>1,356,588</u>	<u>14,573</u>	<u>39,056</u>	<u>251,443</u>
--	42,352	44,609	--	--
--	42,352	44,609	--	--
--	211,805	96,526	--	--
<u>\$ --</u>	<u>\$ 254,157</u>	<u>\$ 141,135</u>	<u>\$ --</u>	<u>\$ --</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	265 21st Century Community Learning Centers	287 Education Jobs Fund
<b>REVENUES:</b>		
5700 Local and Intermediate Sources	\$ --	\$ --
5800 State Program Revenues	--	4,321
5900 Federal Program Revenues	218,195	45,735
5020 Total Revenues	<u>218,195</u>	<u>50,056</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	166,624	50,056
0013 Curriculum and Staff Development	--	--
0021 Instructional Leadership	51,571	--
0023 School Leadership	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--
0032 Social Work Services	--	--
0033 Health Services	--	--
0034 Student Transportation	--	--
0035 Food Service	--	--
0036 Cocurricular/Extracurricular Activities	--	--
0041 General Administration	--	--
0051 Plant Maintenance and Operations	--	--
0052 Security and Monitoring Services	--	--
0061 Community Services	--	--
6030 Total Expenditures	<u>218,195</u>	<u>50,056</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--
1100 Expenditures	--	--
1200 Net Change in Fund Balances	--	--
0100 Fund Balances - Beginning	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>

410 State Textbook Fund	429 State Funded Special Revenue Fund	461 Campus Activity Funds	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ 73,947	\$ 243,886
165,720	23	--	182,926
--	--	--	5,430,505
<u>165,720</u>	<u>23</u>	<u>73,947</u>	<u>5,857,317</u>
182,345	--	--	3,133,246
--	--	--	478,422
--	--	--	217,500
--	--	--	33,834
--	--	--	120,186
--	--	--	154,497
--	--	--	62,866
--	--	--	8,023
--	--	--	1,366,541
--	--	63,013	63,013
--	--	--	33,812
--	--	--	71,968
--	--	--	17,753
--	--	--	14,363
<u>182,345</u>	<u>--</u>	<u>63,013</u>	<u>5,776,024</u>
(16,625)	23	10,934	81,293
<u>(16,625)</u>	<u>23</u>	<u>10,934</u>	<u>81,293</u>
16,625	--	129,570	454,526
<u>\$ --</u>	<u>\$ 23</u>	<u>\$ 140,504</u>	<u>\$ 535,819</u>

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## *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.



**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Year Ended June 30	1		2		3
	Tax Rates				Assessed/Appraised
	Maintenance	Debt Service			Value For School Tax Purposes
2004 and Prior Years	\$ Various	\$ Various			\$ Various
2005	1.50	.0893			1,535,461,901
2006	1.4957	.0869			1,446,172,931
2007	1.4883	.0944			1,374,369,700
2008	1.0401	.0917			1,471,914,469
2009	1.0401	.2085			1,543,486,158
2010	1.172	.26			1,555,261,912
2011	1.04	.3127			1,517,141,323
2012	1.04	.246			1,581,117,570
2013 (School Year Under Audit)	1.17	.2866			1,649,520,773

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

10 Beginning Balance 7/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/13
\$ 307,150	\$ --	\$ 843	\$ 79	\$ (25,471)	\$ 280,757
60,795	--	2,325	138	(3,712)	54,620
85,091	--	3,382	197	(4,094)	77,418
93,210	--	6,918	478	(2,059)	83,755
89,033	--	8,394	740	(806)	79,093
122,811	--	12,465	2,499	977	108,824
196,356	--	16,296	3,650	(6,501)	169,909
334,490	--	31,454	9,458	(7,933)	285,645
752,195	--	184,660	43,679	(11,405)	512,451
--	23,464,518	18,552,714	4,544,635	516,700	883,869
<u>\$ 2,041,131</u>	<u>\$ 23,464,518</u>	<u>\$ 18,819,451</u>	<u>\$ 4,605,553</u>	<u>\$ 455,696</u>	<u>\$ 2,536,341</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2014-2015

GENERAL AND SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

FUNCTION 41 - GENERAL ADMINISTRATION AND FUNCTION 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 220,247	\$ 606,602	\$ --	\$ 58,100	\$ 884,949
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	155,457	--	--	--	155,457
6212	Audit Services	--	--	--	49,500	--	--	49,500
6213	Tax Appraisal and Collection	--	301,626	--	--	--	--	301,626
621X	Other Prof. Services	--	--	--	7,006	--	--	7,006
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	--	--	--	3,700	--	--	3,700
6240	Contr. Maint. and Repair	--	--	--	--	--	--	--
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	13,365	--	--	4,504	17,869
6290	Miscellaneous Contr.	--	--	5,984	12,614	--	628	19,226
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	4,348	--	8,165	17,594	--	14,678	44,785
6410	Travel, Subsistence, Stipends	3,220	--	8,163	16,186	--	4,430	31,999
6420	Ins. and Bonding Costs	14,796	--	--	--	--	7,922	22,718
6430	Election Costs	7,707	--	--	--	--	--	7,707
6490	Miscellaneous Operating	--	--	20,314	5,457	--	39,379	65,150
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 30,071 \$ 301,626 \$ 431,695 \$ 718,659 \$ -- \$ 129,641 \$ 1,611,692

Total Expenditures for General and Special Revenue Funds (9) \$ 26,350,846

LESS: Deductions of Unallowable Costs

<u>FISCAL YEAR</u>			
Total Capital Outlay (6600)	(10)	\$	--
Total Debt & Lease (6500)	(11)	\$	377,209
Plant Maintenance (Function 51, 6100-6400)	(12)	\$	3,472,559
Food (Function 35, 6341 and 6499)	(13)	\$	516,236
Stipends (6413)	(14)	\$	--
Column 4 (above) - Total Indirect Cost		\$	718,659

Subtotal 5,084,663

Net Allowed Direct Cost \$ 21,266,183

<u>CUMULATIVE</u>			
Total Cost of Buildings Before Depreciation (1520)	(15)	\$	95,052,270
Historical Cost of Buildings over 50 years old	(16)		18,360,773
Amount of Federal Money in Building Cost (Net of #16)	(17)		--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)		11,084,526
Historical Cost of Furniture & Equipment over 16 years old	(19)		1,254,189
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$	--

(8) Note A - No Function 53 expenditures and \$301,626 in Function 99 expenditures are included in this report on administrative costs.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)**  
**GENERAL FUND**  
**AS OF JUNE 30, 2013**

**EXHIBIT J-3**

Data Control Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2013 (Exhibit C-1 object 3000 for the General Fund only)	\$ 11,601,613
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	--
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	--
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	1,999,713
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	--
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	4,000,000
7	Estimate of two months' average cash disbursements during the fiscal year	3,600,000
8	Estimate of delayed payments from state sources (58XX)	215,000
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	2,500,000
10	Estimate of delayed payments from federal sources (59XX)	--
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	--
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	12,314,713
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ (713,100)

If Item 11 is a Positive Number

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

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**EXHIBIT J-4**

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 232,215	\$ 232,215	\$ 169,939	\$ (62,276)
5800	State Program Revenues	9,807	9,807	12,812	3,005
5900	Federal Program Revenues	1,169,114	1,249,114	1,216,189	(32,925)
5020	Total Revenues	<u>1,411,136</u>	<u>1,491,136</u>	<u>1,398,940</u>	<u>(92,196)</u>
<b>EXPENDITURES:</b>					
Current:					
Support Services - Student (Pupil):					
0035	Food Services	1,290,033	1,399,291	1,351,968	47,323
	Total Support Services - Student (Pupil)	<u>1,290,033</u>	<u>1,399,291</u>	<u>1,351,968</u>	<u>47,323</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	50,000	20,742	4,620	16,122
	Total Support Services - Nonstudent Based	<u>50,000</u>	<u>20,742</u>	<u>4,620</u>	<u>16,122</u>
6030	Total Expenditures	<u>1,340,033</u>	<u>1,420,033</u>	<u>1,356,588</u>	<u>63,445</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>71,103</u>	<u>71,103</u>	<u>42,352</u>	<u>(28,751)</u>
1200	Net Change in Fund Balance	<u>71,103</u>	<u>71,103</u>	<u>42,352</u>	<u>(28,751)</u>
0100	Fund Balance - Beginning	211,805	211,805	211,805	--
3000	Fund Balance - Ending	<u>\$ 282,908</u>	<u>\$ 282,908</u>	<u>\$ 254,157</u>	<u>\$ (28,751)</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-5**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 4,347,010	\$ 4,422,434	\$ 4,772,997	\$ 350,563
5900	Federal Program Revenues	--	--	284,918	284,918
5020	Total Revenues	<u>4,347,010</u>	<u>4,422,434</u>	<u>5,057,915</u>	<u>635,481</u>
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long-Term Debt	2,165,136	1,955,141	1,492,602	462,539
0072	Interest on Long-Term Debt	2,149,874	2,434,791	2,434,791	--
0073	Bond Issuance Costs and Fees	8,000	8,502	8,502	--
	Total Debt Service	<u>4,323,010</u>	<u>4,398,434</u>	<u>3,935,895</u>	<u>462,539</u>
6030	Total Expenditures	<u>4,323,010</u>	<u>4,398,434</u>	<u>3,935,895</u>	<u>462,539</u>
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	24,000	24,000	1,122,020	1,098,020
1200	Net Change in Fund Balance	24,000	24,000	1,122,020	1,098,020
0100	Fund Balance - Beginning	5,217,809	5,217,809	5,217,809	--
3000	Fund Balance - Ending	<u>\$ 5,241,809</u>	<u>\$ 5,241,809</u>	<u>\$ 6,339,829</u>	<u>\$ 1,098,020</u>

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# Davis, Heinemann & Company, P.C.

A Professional Corporation

*Certified Public Accountants*

1300 11TH STREET, SUITE 500

P.O. BOX 6308

HUNTSVILLE, TEXAS 77342

PHONE (936) 291-3020

FAX (936) 291-9607

Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards

Board of Trustees

West Orange-Cove Consolidated Independent School District

P.O. Box 1107

Orange, Texas 77631

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove Consolidated Independent School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise West Orange-Cove Consolidated Independent School District's basic financial statements, and have issued our report thereon dated October 4, 2013.

## **Internal Control Over Financial Reporting**

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

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

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



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Orange-Cove Consolidated Independent School 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*.

## **West Orange-Cove Consolidated Independent School District's Response to Findings**

West Orange-Cove Consolidated Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. West Orange-Cove Consolidated Independent School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

Respectfully submitted,

*Davis, Heinemann + Co.*

Davis, Heinemann & Company, P.C.

Huntsville, Texas  
October 4, 2013

# Davis, Heinemann & Company, P.C.

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*Certified Public Accountants*  
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## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees  
West Orange-Cove Consolidated Independent School District  
P.O. Box 1107  
Orange, Texas 77631

Members of the Board of Trustees:

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

We have audited West Orange-Cove Consolidated Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Orange-Cove Consolidated Independent School District's major federal programs for the year ended June 30, 2013. West Orange-Cove Consolidated Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, West Orange-Cove Consolidated Independent School District complied, in all material respects,

with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

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

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

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

Respectfully submitted,



Davis, Heinemann & Company, P.C.

Huntsville, Texas  
October 4, 2013

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**A. Summary of Auditor's Results**

**1. Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

**2. Federal Awards**

Internal control over major programs:

One or more material weaknesses identified?  Yes  No

One or more significant deficiencies identified that are not considered to be material weaknesses?  Yes  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 OMB Circular A-133?  Yes  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.559	Child Nutrition Cluster
10.555	National School Lunch Program
84.010	Title I Grants to Local Education Agencies
93.778	Medical Assistance Program

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

Auditee qualified as low-risk auditee?  Yes  No

**B. Financial Statement Findings**

NONE

**C. Federal Award Findings and Questioned Costs**

NONE

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Finding 2012-1: The annual payment to the sinking fund was not made.	Implemented	
Finding 2012-2: The District exceeded appropriations in several functions in the General Fund, Debt Service Fund and Food Service Fund.	Implemented	

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2013

**EXHIBIT K-1**  
 Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Direct Programs:			
Head Start	93.600	181-906	\$ 111,818
Head Start	93.600	181-906	1,396,330
Total Direct Programs			<u>1,508,148</u>
Passed Through State Department of Education:			
Medical Assistance Program *	93.778	181-906	681,351
Total U. S. Department of Health and Human Services			<u>2,189,499</u>
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through Texas Education Agency:			
ESEA Title I Part A - Improving Basic Programs *	84.010a	12610101181906	131,990
ESEA Title I Part A - Improving Basic Programs *	84.010a	13610101181906	1,312,077
Total CFDA Number 84.010a			<u>1,444,067</u>
IDEA-B Formula *	84.027	11660001181906	10,035
IDEA-B Formula *	84.027	13660001181906600	582,435
Total CFDA Number 84.027			<u>592,470</u>
Career and Technical - Basic Grant	84.048	13420006181906	39,056
IDEA-B Preschool *	84.173	12661001181906	5,213
IDEA-B Preschool *	84.173	13661001181906600	41,209
Total CFDA Number 84.173			<u>46,422</u>
ESEA Title X Part C - Education for Homeless Children and Youth	84.196	181-906	10,924
Title IV Part B21st Century Community Learning Centers	84.287	126950127110025	26,126
Title IV Part B21st Century Community Learning Centers	84.287	126950127110025	192,069
Total CFDA Number 84.287			<u>218,195</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	12694501181906	57,716
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	13694501181906	193,727
Total CFDA Number 84.367a			<u>251,443</u>
Education Jobs Fund	84.410	11550101181906	45,735
Total Passed Through Texas Education Agency			<u>2,648,312</u>
Total U. S. Department of Education			<u>2,648,312</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401301	329,032
National School Lunch Program *	10.555	71301301	813,592
Summer Food Service Program (Non-cash) *	10.559	181-906	59,182
Commodity Supplemental Food Program (Non-cash) *	10.565	181-906	73,565
Total Passed Through State Department of Education			<u>1,275,371</u>
Total U. S. Department of Agriculture			<u>1,275,371</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 6,113,182</u>

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

The accompanying notes are an integral part of this schedule.

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of West Orange-Cove Consolidated Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Reconciliation to Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit C-2):

Total Expenditures of Federal Awards	\$	6,113,182
Add:		
Interest Subsidy for 2011 Qualified School Construction Bonds		284,918
Federal Program Revenues (Exhibit C-2)	\$	<u>6,398,100</u>

**WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS**  
**AS OF JUNE 30, 2013**

<u>Data Control Codes</u>	<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?  No
SF4	Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?  Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?  No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?  No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?  \$ 1,716,707



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