

REQUIRED SUPPLEMENTARY INFORMATION

SCURRY-ROSSER INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE TEN MONTHS ENDED JUNE 30, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,611,317	\$ 1,611,472	\$ 1,659,058	\$ 47,586
5800	State Program Revenues	6,446,631	6,446,631	6,251,406	(195,225)
5900	Federal Program Revenues	-	-	17,213	17,213
5020	Total Revenues	8,057,948	8,058,103	7,927,677	(130,426)
EXPENDITURES:					
Current:					
0011	Instruction	4,936,216	4,931,116	4,143,622	787,494
0012	Instructional Resources and Media Services	111,791	112,113	105,484	6,629
0013	Curriculum and Instructional Staff Development	110,755	110,755	82,401	28,354
0023	School Leadership	554,632	554,632	468,460	86,172
0031	Guidance, Counseling and Evaluation Services	196,889	196,889	224,101	(27,212)
0033	Health Services	134,124	134,124	123,824	10,300
0034	Student (Pupil) Transportation	289,408	336,408	307,653	28,755
0036	Extracurricular Activities	410,855	410,880	369,542	41,338
0041	General Administration	524,843	524,843	422,791	102,052
0051	Facilities Maintenance and Operations	965,568	955,568	831,358	124,210
0052	Security and Monitoring Services	10,000	10,000	9,644	356
0053	Data Processing Services	26,980	81,980	74,076	7,904
Debt Service:					
0071	Principal on Long Term Debt	-	30,000	28,684	1,316
0072	Interest on Long Term Debt	-	6,000	280	5,720
Intergovernmental:					
0099	Other Intergovernmental Charges	24,000	24,000	22,155	1,845
6030	Total Expenditures	8,296,061	8,419,308	7,214,075	1,205,233
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(238,113)	(361,205)	713,602	1,074,807
OTHER FINANCING SOURCES (USES):					
7913	Capital Leases	-	83,000	-	(83,000)
7914	Non-Current Loans	-	-	82,569	82,569
7080	Total Other Financing Sources (Uses)	-	83,000	82,569	(431)
1200	Net Change in Fund Balances	(238,113)	(278,205)	796,171	1,074,376
0100	Fund Balance - September 1 (Beginning)	2,445,430	2,445,430	2,445,430	-
3000	Fund Balance - June 30 (Ending)	\$ 2,207,317	\$ 2,167,225	\$ 3,241,601	\$ 1,074,376

COMBINING STATEMENTS

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	404 Student Success Initiative	410 State Textbook Fund	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ 997	\$ -	\$ -	\$ 27,334	\$ (27,537)
-	511	-	-	-	89,088
<u>\$ -</u>	<u>\$ 1,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,334</u>	<u>\$ 61,551</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,773
-	1,190	-	-	-	21,039
-	-	-	-	4,485	4,485
-	318	-	-	-	2,967
<u>-</u>	<u>1,508</u>	<u>-</u>	<u>-</u>	<u>4,485</u>	<u>38,264</u>
-	-	-	-	-	438
-	-	-	-	22,849	22,849
-	-	-	-	22,849	23,287
<u>\$ -</u>	<u>\$ 1,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,334</u>	<u>\$ 61,551</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	404 Student Success Initiative	410 State Textbook Fund	461 Campus Activity Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 38,575	\$ 220,877
-	-	-	41,839	-	44,322
5,788	18,857	-	-	-	556,564
<u>5,788</u>	<u>18,857</u>	<u>-</u>	<u>41,839</u>	<u>38,575</u>	<u>821,763</u>
5,184	18,857	-	41,839	9,693	261,079
-	-	-	-	1,253	1,253
604	-	-	-	-	5,724
-	-	-	-	325	933
-	-	-	-	-	80,931
-	-	-	-	-	442,378
-	-	-	-	25,140	25,140
-	-	-	-	490	490
-	-	-	-	-	1,723
<u>5,788</u>	<u>18,857</u>	<u>-</u>	<u>41,839</u>	<u>36,901</u>	<u>819,651</u>
-	-	-	-	1,674	2,112
-	-	-	-	21,175	21,175
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,849</u>	<u>\$ 23,287</u>

REQUIRED TEA SCHEDULES

(10) Beginning Balance 9/1/2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2014
\$ 42,828	\$ -	\$ 4,076	\$ 679	\$ (939)	\$ 37,134
19,495	-	2,913	486	1	16,097
22,853	-	3,739	628	1	18,487
17,011	-	2,623	530	(227)	13,631
19,643	-	3,015	609	138	16,157
24,019	-	3,605	728	(357)	19,329
28,115	-	6,919	1,397	(420)	19,379
38,568	-	12,014	2,426	618	24,746
78,105	-	34,480	6,962	(2,473)	34,190
-	1,889,605	1,470,061	296,839	(6,730)	115,975
<u>\$ 290,637</u>	<u>\$ 1,889,605</u>	<u>\$ 1,543,445</u>	<u>\$ 311,284</u>	<u>\$ (10,388)</u>	<u>\$ 315,125</u>

(10) Beginning Balance 9/1/2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2014
\$ 42,828	\$ -	\$ 4,494	\$ 749	\$ (939)	\$ 36,646
19,495	-	2,913	486	1	16,097
22,853	-	3,752	630	1	18,472
17,011	-	2,729	551	(227)	13,504
19,643	-	3,142	634	138	16,005
24,019	-	3,780	763	(358)	19,118
28,115	-	7,218	1,457	(420)	19,020
38,568	-	13,043	2,634	618	23,509
78,105	-	37,919	7,657	(2,473)	30,056
-	1,889,605	1,501,007	303,088	(7,042)	78,468
<u>\$ 290,637</u>	<u>\$ 1,889,605</u>	<u>\$ 1,579,997</u>	<u>\$ 318,649</u>	<u>\$ (10,701)</u>	<u>\$ 270,895</u>

SCURRY-ROSSER INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 FOR THE TEN MONTHS ENDED JUNE 30, 2014

EXHIBIT J-3

UNAUDITED

1	Total General Fund Balance as of 6/30/14 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 3,241,601
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ -	
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
4	Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only)	1,500,000	
5	Total Assigned Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-	
7	Estimate of two month's average cash disbursements during the fiscal year.	1,434,227	
8	Estimate of delayed payments from state sources (58xx).	-	
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	489,045	
10	Estimate of delayed payments from federal sources (59xx)	89,088	
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
12	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)		<u>3,512,360</u>
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)		<u>\$ (270,759)</u>

SCURRY-ROSSER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE TEN MONTHS ENDED JUNE 30, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 172,500	\$ 172,500	\$ 182,302	\$ 9,802
5800 State Program Revenues	2,440	2,440	2,483	43
5900 Federal Program Revenues	252,391	252,391	259,754	7,363
5020 Total Revenues	427,331	427,331	444,539	17,208
EXPENDITURES:				
0035 Food Services	437,988	437,988	442,378	(4,390)
0051 Facilities Maintenance and Operations	5,500	15,500	1,723	13,777
6030 Total Expenditures	443,488	453,488	444,101	9,387
1200 Net Change in Fund Balances	(16,157)	(26,157)	438	26,595
0100 Fund Balance - September 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ (16,157)	\$ (26,157)	\$ 438	\$ 26,595

SCURRY-ROSSER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE TEN MONTHS ENDED JUNE 30, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 320,880	\$ 320,880	\$ 322,239	\$ 1,359
5800	State Program Revenues	340,690	340,690	342,576	1,886
5020	Total Revenues	661,570	661,570	664,815	3,245
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	222,000	222,000	-	222,000
0072	Interest on Long Term Debt	405,000	405,000	127,741	277,259
0073	Bond Issuance Cost and Fees	2,200	2,200	1,300	900
6030	Total Expenditures	629,200	629,200	129,041	500,159
1200	Net Change in Fund Balances	32,370	32,370	535,774	503,404
0100	Fund Balance - September 1 (Beginning)	662,256	662,256	662,256	-
3000	Fund Balance - June 30 (Ending)	\$ 694,626	\$ 694,626	\$ 1,198,030	\$ 503,404

COMPLIANCE, INTERNAL CONTROL AND FEDERAL AWARDS

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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**Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of School Trustees
Scurry-Rosser Independent School District
10705 South State Highway 34
Scurry, Texas 75158-3163

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 the District as of and for the ten months ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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,

Smith, Lambright & Associates, P.C.

SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants

October 10, 2014

SMITH, LAMBRIGHT & ASSOCIATES, P.C.
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**Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance;
and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

Independent Auditor's Report

Board of School Trustees
Scurry-Rosser Independent School District
10705 South State Highway 34
Scurry, Texas 75158-3163

Report on Compliance for Each Major Federal Program

We have audited the 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 the District's major federal programs for the ten months ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the ten months ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

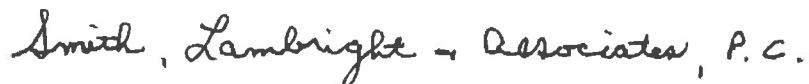
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the District as of and for the ten months ended June 30, 2014, and have issued our report thereon dated October 10, 2014 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



SMITH, LAMBRIGHT & ASSOCIATES, P. C.
Certified Public Accountants

October 10, 2014

SCURRY-ROSSER INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE TEN MONTHS ENDED JUNE 30, 2014

I. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X N/A

Noncompliance material to financial statements noted? _____ yes X N/A

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X N/A

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

Any audit findings disclosed that are required to be reported in accordance with Section _____.510 (a), OMB Circular A-133? _____ yes X N/A

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.010	ESEA Title I, Part A
10.533	Child Nutrition Cluster: School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low risk auditee? X yes _____ no

District Contact Person Rhonda Porter
Superintendent

SCURRY-ROSSER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE TEN MONTHS ENDED JUNE 30, 2014

II. Financial Statement Findings

The audit disclosed no finding required to be reported.

III. Federal Awards Findings and Questioned Costs

The audit disclosed no finding required to be reported.

SCURRY-ROSSER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE TEN MONTHS ENDED JUNE 30, 2014

N/A

SCURRY-ROSSER INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE TEN MONTHS ENDED JUNE 30, 2014

N/A

SCURRY-ROSSER INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TEN MONTHS ENDED JUNE 30, 2014

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14-610101129910	\$ 115,920
**IDEA - Part B, Formula	84.027	14-660001129910	152,621
**IDEA - Part B, Preschool	84.173	14-661001129910	3,624
Total Special Education Cluster (IDEA)			156,245
Career and Technical - Basic Grant	84.048	14-420006057950	5,788
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14-694511057950	18,857
Total Passed Through State Department of Education			\$ 296,810
TOTAL DEPARTMENT OF EDUCATION			\$ 296,810
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
***School Breakfast Program	10.553		\$ 55,844
***National School Lunch Program-Cash Assistance	10.555		176,384
***National School Lunch Prog.-Non-Cash Assistance	10.555		27,526
Total CFDA Number 10.555			203,910
Total Child Nutrition Cluster			259,754
Total Passed Through the State Department of Agriculture			\$ 259,754
TOTAL DEPARTMENT OF AGRICULTURE			\$ 259,754
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 556,564

*Clustered Programs

**Clustered Programs

***Clustered Programs

Note A - Funds received from the SHARS program of \$17,213 in the General Fund are not considered as federal financial assistance for purposes of this schedule.

SCURRY-ROSSER INDEPENDENT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE TEN MONTHS ENDED JUNE 30, 2014

Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting . The information on this schedule is presented in accordance with the requirements of OMB Circular A - 133, *Audits of State, 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.