

**MINEOLA
INDEPENDENT SCHOOL DISTRICT**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED**

AUGUST 31, 2014

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

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	CERTIFICATE OF BOARD	1
	Independent Auditors' Report	2-3
	Management Discussion and Analysis	4-12
	<u>BASIC FINANCIAL STATEMENTS</u>	
	Government Wide Statements:	
A-1	Statement of Net Position	13
B-1	Statement of Activities	14
	Governmental Fund Financial Statements	
C-1	Balance Sheet	15
C-2	Reconciliation for C-1	16
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balance	17
C-4	Reconciliation for C-3	18
C-5	Budgetary Comparison Schedule - General Fund	19
	Proprietary Fund Financial Statements	
D-1	Statement of Net Position	20
D-2	Statement of Revenues, Expenses, and Changes in Fund Net Position	21
D-3	Statement of Cash Flows	22
	Fiduciary Fund Financial Statements	
E-1	Statement of Fiduciary Net Position	23
E-2	Statement of Changes in Fiduciary Net Position	24
	Notes to the Financial Statements	25-40
	<u>Combining Schedules</u>	
	Non-major Governmental Funds:	
F-1	Combining Balance Sheet	41-43
F-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	44-46
	Private Purpose Trust Funds:	
F-3	Combining Statement of Net Position	47
F-4	Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	48
	<u>Required TEA Schedules</u>	
J-1	Schedule of Delinquent Taxes	49-50
J-2	Schedule of Expenditures for Computation of Indirect Cost	51
J-4	Budgetary Comparison Schedule - Child Nutrition Fund	52
J-5	Budgetary Comparison Schedule - Debt Service Fund	53
	<u>Reports on Internal Control, Compliance, and Federal Awards</u>	
	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 <i>Government Auditing Standards</i>	54
	Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	55-56
	<u>Schedule of Findings and Questioned Costs</u>	57
	Schedule of Status of Prior Findings	58
	Corrective Action Plan	59
K-1	Schedule of Expenditures of Federal Awards	60
	Notes to Schedule of Expenditures of Federal Awards	61

CERTIFICATE OF BOARD

Mineola Independent School District
Name of School District

Wood
County

250-903
Co.-Dist. Number

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

Signature of Board Secretary

Signature of Board President

If the Board of Trustees disapproved of the auditors' report, the reason(s) for disapproving it is (are):
(attach list as necessary)



ARNOLD, WALKER, ARNOLD, & Co., P.C.
Certified Public Accountants and Consultants

Bob J. Arnold, C.P.A., P.F.S.
Lanny G. Walker, C.P.A., P.F.S.
Kris Arnold, C.P.A., P.F.S.
Andrew T. Arnold, C.P.A.
Melissa J. Godfrey, C.P.A.

MEMBER
American Institute Of
Certified Public Accountants
Texas State Society Of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mineola Independent School District
Mineola, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mineola Independent School District as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

The Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. The information is in Exhibits identified in the Table of Contents as J-1, J-2, J-4, and J-5. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

November 4, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Mineola Independent School District we offer readers of the Mineola Independent School District's financial statements this narrative overview and analysis of the financial activities of the Mineola Independent School District for the year ended August 31, 2014. The information presented here should be read in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

The District's total combined net position was \$23.4 million at August 31, 2014. During the year, the District's total expenses exceeded revenues by \$176 thousand. Total expenses of the District were \$18 million for the year which is only \$5 thousand more than the prior year. Revenue was down \$892 thousand. Operating grants were down \$365 thousand. Foundations and gifts were down \$200 thousand. State aid was down \$260 thousand. Special Education and Medicaid revenues were less than the prior year.

The District reported fund balance in the general fund of \$6.1 million at August 31, 2014, which is a decrease of approximately \$1.1 million. Revenues were down \$445 thousand or 3%. Revenues were different as in the previous paragraph. Expenditures were \$95 thousand more than the prior year. The District expended another \$1.46 million for facilities renovation and construction. The prior year the District expended \$1.65 million for renovations. This is over \$3.1 million expended without borrowing any funds.

The District has no long-term debt.

Approximately 97% of the taxes levied for 2013-14 were collected by fiscal year end.

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

Figure A-2. Major Features of the District's Government-wide Fund Financial Statements				
Type of Statements	Government-wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Agency's government (except fiduciary funds) and the Agency's component units	The activities of the district that are not proprietary or fiduciary	Activities the district operates similar to private businesses: self insurance	Instances in which the district is the trustee or agent for someone else's resources
Required financial statements	*Statement of net position	*Balance sheet	*Statement of net position	*Statement of fiduciary net position
	*Statement of activities	*Statement of revenues, Expenditures & changes in fund balances	*Statement of revenues, expenses and changes in fund net position *Statement of cash flows	*Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	all assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Agency's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon after	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

(A) The District has no enterprise funds.

Government-wide Statements

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

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

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, consideration should be given to additional non-financial 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. Also included are business-type activities. The District charges a fee to "customers" to help cover the costs of services provided.

Fund Financial Statements

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

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

The District has three 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 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, additional information is provided that explains the relationship (or differences) between them.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in enterprise funds. Enterprise funds, like the government-wide statements, provide both long-term and short-term financial information. The District has no enterprise funds. *Internal service funds* are used to report activities that provide supplies and services for the District's other programs and activities-such as the District's Self Insurance Fund.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded 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 approximately \$23.4 million at August 31, 2014.

Table A-1
The District's Net Position
(in thousands of dollars)

	Governmental	
	Activities	
	2014	2013
Current and other assets	8,223	9,154
Capital and non-current assets	16,005	15,003
TOTAL ASSETS	24,228	24,157
Long-term liabilities	-	-
Other liabilities	836	599
TOTAL LIABILITIES	836	599
Unavailable revenue-property taxes	20	10
TOTAL DEFERRED INFLOWS OF RESOURCES	20	10
Net position		
Net investment in capital assets	16,004	15,003
Restricted	816	835
Unrestricted	6,552	7,710
TOTAL NET POSITION	23,372	23,548

Net position invested in capital assets net of related debt reflects the book value of the District's capital assets in excess of the debt which financed those assets. The \$6.6 million of unrestricted net position represents resources available to fund the programs of the District for the next fiscal year.

The \$816 thousand is restricted as follows:

Restricted for SSA's	708	
Restricted for Food Service	1	
Restricted for Debt Service	107	
	<u>816</u>	

Net position of the District's governmental activities decreased from \$23.5 million to \$23.4 million, or \$176 thousand. The decrease was the result of three main factors. First, the District's expenditures exceeded revenues by \$1.08 million as the District did \$1.46 million in renovations/construction with no borrowed funds. Second, the District acquired capital assets through purchase or construction of approximately \$1.68 million. Third, the District recorded depreciation of \$674 thousand.

Changes in net position.

The District's total revenues were \$17.8 million. 36% of this comes from taxes, 33% was from state aid formula grants and 20% came from operating grants and contributions. Revenues were down 5% from the prior year.

The total cost of all programs was \$17.9 million. Approximately 76% of this was for instructional and student services. Expenses were about the same as the prior year.

Net position decreased by \$176 thousand from the excess of revenues over expenses.

Table A-2
The District's Changes in Net Position
(in thousands of dollars)

	Activities	
	2014	2013
Revenues		
<u>Program Revenues</u>		
Charges for Services	1,673	1,668
Operating Grants and Contributions	3,406	3,844
<u>General Revenues</u>		
Property Taxes	6,349	6,403
State aid - formula	5,738	5,963
Investment earnings	45	46
Other	577	756
Total Revenues	17,788	18,680
Expenses		
Instruction and instructional related	10,731	11,036
Instructional leadership/school		
administration	889	851
Guidance, social work, health,		
transportation	1,952	2,023
Food services	684	661
Extracurricular activities	674	596
General Administration	551	542
Plant maintenance and security	1,620	1,443
Data processing services	262	158
Community services	44	22
Debt service	-	-
Facilities Acquisition & Construction	-	33
Pmts to fiscal agent/member		
districts - shared service	450	474
Other	107	120
Total Expenses	17,964	17,959
Increase (Decrease) in Net Position	(176)	721
Transfer in		3
Beginning Net Position	23,548	22,824
Ending Net Position	23,372	23,548

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 \$17.9 million.
- However, the amount that taxpayers paid for these activities through property taxes was only \$6.3 million.
- Some of the cost was paid by those who directly benefited from the programs (\$1.7 million), or by grants and contributions (\$3.4 million).

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

	Total Cost of		Net Cost of	
	Services		Services	
	2014	2013	2014	2013
Instruction	10,731	11,036	7,937	7,870
School administration	889	851	797	766
Plant Maintenance & Operations	1,620	1,443	1,423	1,224
Guidance, social work, health & transportation	1,952	2,023	831	877

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District reported fund balance in its governmental funds of approximately \$6.88 million reflecting a net decrease of \$1.08 million. The general fund balance decreased \$1.06 million.

Reasons for this decrease in the general fund are highlighted on page 4. The other governmental funds decreased \$18 thousand. The food service fund balance decreased because of decreased revenue and increased costs.

General Fund Budgetary Highlights

A few budget amendments were made during the year. Even with these amendments, actual expenditures were less than budgeted by approximately 6% or \$917 thousand. Actual revenues were more than budget by \$28 thousand. All functions were properly budgeted. A decrease of \$2 million to fund balance was budgeted. The actual decrease was \$1.06 million. Most of the variance in expenditures was in instructional and facilities construction.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	Governmental Activities			
	2014		2013	
Land	1,017		1,017	
Buildings and improvements	23,074		21,592	
Furniture and equipment	3,505		3,525	
Totals at historical cost	27,596		26,134	
Total accumulated depreciation	(11,592)		(11,131)	
Net capital assets	16,004		15,003	

The District did major roof renovations during the year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2015 budget and tax rate. Four of these factors are the reduction in state funding, the local economy, local property and mineral values and student population growth. The District's student population growth during 1998-2002 averaged annual losses of 0.41%. 2002 was the first year in five years that our student population stabilized. The District's growth from 2002-2010 averaged a gain of 0.05%. 2012 had 0.71% loss from 2011, but we saw an increase of 0.10% increase in 2013 and 0.0% growth in 2014. There was a downturn in the economy starting in 2008 and continuing through 2012, but a slight rebound started in 2013 and continued in 2014. The current unemployment in the Mineola area is 2.7%, a decrease of 61.9% from the prior year. The State's unemployment rate of 5.0 % is a decrease of 21.8% over the prior year. The State of Texas has continued to cut funding for all schools for the current biennium.

These indicators were taken into account when adopting the General Fund budget for 2015. Amounts available for appropriation in the General Fund budget are \$12.95 million, a decrease of 10.8% over the final 2014 budget of \$14.53 million. Excluding the capital projects from the 2014 budget of \$1.46 million, there was a budget decrease of 0.89%. The 2015 budget decreased 0.16% from the prior year. The decrease is due to a loss of oil and mineral values in excess of \$17 million and reduction in funding that began 3 years prior from the State of Texas. Property taxes and State per capita payments account for 99% of the revenue to support the 2015 budget. The district will use its revenues to finance programs we currently offer.

If these estimates are realized, the District's budgetary General Fund is expected to remain the same by the close of 2015. This will all have been accomplished in spite of unfunded mandates and a reduction in state funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Mineola Independent School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the District's Central Business Office.

**GOVERNMENTAL FUND FINANCIAL
STATEMENTS**

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

Data Control Codes	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 7,857,527
1220 Property Taxes Receivable (Delinquent)	607,874
1230 Allowance for Uncollectible Taxes	(425,512)
1240 Due from Other Governments	175,982
1250 Accrued Interest	7,815
Capital Assets:	
1510 Land	1,016,596
1520 Buildings, Net	13,927,872
1530 Furniture and Equipment, Net	1,059,931
1000 Total Assets	<u>24,228,085</u>
LIABILITIES	
2110 Accounts Payable	157,039
2160 Accrued Wages Payable	525,122
2180 Due to Other Governments	132,925
2300 Unearned Revenue	21,015
2000 Total Liabilities	<u>836,101</u>
DEFERRED INFLOWS OF RESOURCES	
2601 Unavailable Revenue - Property Taxes	19,663
2600 Total Deferred Inflows of Resources	<u>19,663</u>
NET POSITION	
3200 Net Investment in Capital Assets	16,004,399
3840 Restricted for Food Service	1,159
3850 Restricted for Debt Service	107,137
3890 Restricted for Other Purposes	708,118
3900 Unrestricted	6,551,508
3000 Total Net Position	<u><u>\$ 23,372,321</u></u>

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 10,365,257	\$ 656,882	\$ 2,062,793	\$ (7,645,582)
12 Instructional Resources and Media Services	208,914	-	-	(208,914)
13 Curriculum and Staff Development	158,462	19,069	57,615	(81,778)
21 Instructional Leadership	166,930	62,744	22,163	(82,023)
23 School Leadership	722,323	-	7,111	(715,212)
31 Guidance, Counseling and Evaluation Services	894,395	213,315	375,507	(305,573)
33 Health Services	193,257	26,216	67,235	(99,806)
34 Student (Pupil) Transportation	864,648	137,481	266,523	(460,644)
35 Food Services	683,659	108,127	511,823	(63,709)
36 Extracurricular Activities	673,722	60,629	1,138	(611,955)
41 General Administration	551,348	62,780	684	(487,884)
51 Facilities Maintenance and Operations	1,564,757	193,965	-	(1,370,792)
52 Security and Monitoring Services	54,710	2,530	-	(52,180)
53 Data Processing Services	261,638	45,282	-	(216,356)
61 Community Services	43,541	2,500	33,741	(7,300)
93 Payments related to Shared Services Arrangements	449,846	81,465	-	(368,381)
99 Other Intergovernmental Charges	106,656	-	-	(106,656)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 17,964,063</u>	<u>\$ 1,672,985</u>	<u>\$ 3,406,333</u>	<u>(12,884,745)</u>
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			6,348,761
SF	State Aid - Formula Grants			5,737,791
IE	Investment Earnings			44,509
MI	Miscellaneous Local and Intermediate Revenue			577,945
TR	Total General Revenues			<u>12,709,006</u>
CN	Change in Net Position			(175,739)
NB	Net Position - Beginning			<u>23,548,060</u>
NE	Net Position--Ending			<u>\$ 23,372,321</u>

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
ASSETS			
1110 Cash and Cash Equivalents	\$ 6,479,364	\$ 905,337	\$ 7,384,701
1220 Property Taxes - Delinquent	607,874	-	607,874
1230 Allowance for Uncollectible Taxes (Credit)	(425,512)	-	(425,512)
1240 Receivables from Other Governments	163,871	12,111	175,982
1250 Accrued Interest	7,815	-	7,815
1260 Due from Other Funds	27	-	27
1000 Total Assets	<u>\$ 6,833,439</u>	<u>\$ 917,448</u>	<u>\$ 7,750,887</u>
LIABILITIES			
2110 Accounts Payable	\$ 258	\$ -	\$ 258
2160 Accrued Wages Payable	445,103	80,019	525,122
2180 Due to Other Governments	132,925	-	132,925
2300 Unearned Revenues	-	21,015	21,015
2000 Total Liabilities	<u>578,286</u>	<u>101,034</u>	<u>679,320</u>
DEFERRED INFLOWS OF RESOURCES			
2601 Unavailable Revenue - Property Taxes	187,081	-	187,081
2600 Total Deferred Inflows of Resources	<u>187,081</u>	<u>-</u>	<u>187,081</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	1,159	1,159
3480 Retirement of Long-Term Debt	-	107,137	107,137
3490 Other Restricted Fund Balance	-	708,118	708,118
Committed Fund Balance:			
3510 Construction	2,499,893	-	2,499,893
3530 Capital Expenditures for Equipment	900,681	-	900,681
3545 Other Committed Fund Balance	500,000	-	500,000
3600 Unassigned Fund Balance	2,167,498	-	2,167,498
3000 Total Fund Balances	<u>6,068,072</u>	<u>816,414</u>	<u>6,884,486</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,833,439</u>	<u>\$ 917,448</u>	<u>\$ 7,750,887</u>

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

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

Total Fund Balances - Governmental Funds	\$	6,884,486
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase(decrease) net position.		316,018
2 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$26,134,161 and the accumulated depreciation was \$11,130,887. The net effect of including the beginning balances for capital assets (net of depreciation) in the governmental activities is to increase (decrease) net position.		15,003,274
3 Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2014 capital outlays is to increase (decrease) net position.		1,675,469
4 The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(674,344)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		167,418
19 Net Position of Governmental Activities	\$	23,372,321

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

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

Data Control Codes	10 General Fund	Other Funds	Total Governmental Funds
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 7,032,029	\$ 1,601,225	\$ 8,633,254
5800 State Program Revenues	6,356,113	129,694	6,485,807
5900 Federal Program Revenues	36,114	2,622,203	2,658,317
5020 Total Revenues	<u>13,424,256</u>	<u>4,353,122</u>	<u>17,777,378</u>
EXPENDITURES:			
Current:			
0011 Instruction	7,625,336	2,278,445	9,903,781
0012 Instructional Resources and Media Services	208,914	-	208,914
0013 Curriculum and Instructional Staff Development	81,778	76,684	158,462
0021 Instructional Leadership	82,023	84,907	166,930
0023 School Leadership	715,212	7,111	722,323
0031 Guidance, Counseling and Evaluation Services	305,573	588,822	894,395
0033 Health Services	135,919	57,338	193,257
0034 Student (Pupil) Transportation	442,443	404,004	846,447
0035 Food Services	-	645,677	645,677
0036 Extracurricular Activities	658,083	1,138	659,221
0041 General Administration	466,996	63,464	530,460
0051 Facilities Maintenance and Operations	1,383,193	170,999	1,554,192
0052 Security and Monitoring Services	52,180	2,530	54,710
0053 Data Processing Services	234,342	45,282	279,624
0061 Community Services	7,300	36,241	43,541
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,458,677	-	1,458,677
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	368,381	81,465	449,846
0099 Other Intergovernmental Charges	106,656	-	106,656
6030 Total Expenditures	<u>14,333,006</u>	<u>4,544,107</u>	<u>18,877,113</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(908,750)</u>	<u>(190,985)</u>	<u>(1,099,735)</u>
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	14,475	4,125	18,600
7915 Transfers In	-	168,386	168,386
8911 Transfers Out (Use)	(168,386)	-	(168,386)
7080 Total Other Financing Sources (Uses)	<u>(153,911)</u>	<u>172,511</u>	<u>18,600</u>
1200 Net Change in Fund Balances	(1,062,661)	(18,474)	(1,081,135)
0100 Fund Balance - September 1 (Beginning)	<u>7,130,733</u>	<u>834,888</u>	<u>7,965,621</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 6,068,072</u>	<u>\$ 816,414</u>	<u>\$ 6,884,486</u>

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

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

Total Net Change in Fund Balances - Governmental Funds	\$	(1,081,135)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net position.		(88,075)
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2014 capital outlays is to increase (decrease) net position.		1,675,469
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(674,344)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and eliminating interfund transactions. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		(7,654)
Change in Net Position of Governmental Activities	\$	(175,739)

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

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 6,706,881	\$ 7,021,181	\$ 7,032,029	\$ 10,848
5800	State Program Revenues	6,263,027	6,339,059	6,356,113	17,054
5900	Federal Program Revenues	-	36,000	36,114	114
5020	Total Revenues	12,969,908	13,396,240	13,424,256	28,016
EXPENDITURES:					
Current:					
0011	Instruction	7,736,419	8,148,029	7,625,336	522,693
0012	Instructional Resources and Media Services	208,030	212,198	208,914	3,284
0013	Curriculum and Instructional Staff Development	97,087	84,002	81,778	2,224
0021	Instructional Leadership	74,177	82,497	82,023	474
0023	School Leadership	742,507	730,412	715,212	15,200
0031	Guidance, Counseling and Evaluation Services	323,041	313,370	305,573	7,797
0033	Health Services	138,400	139,708	135,919	3,789
0034	Student (Pupil) Transportation	469,355	478,092	442,443	35,649
0036	Extracurricular Activities	650,097	684,299	658,083	26,216
0041	General Administration	468,619	481,029	466,996	14,033
0051	Facilities Maintenance and Operations	1,343,714	1,496,949	1,383,193	113,756
0052	Security and Monitoring Services	25,200	52,269	52,180	89
0053	Data Processing Services	156,100	237,282	234,342	2,940
0061	Community Services	9,928	7,328	7,300	28
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	1,627,322	1,458,677	168,645
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of	369,450	368,450	368,381	69
0099	Other Intergovernmental Charges	118,688	106,688	106,656	32
6030	Total Expenditures	12,930,812	15,249,924	14,333,006	916,918
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	39,096	(1,853,684)	(908,750)	944,934
OTHER FINANCING SOURCES (USES):					
7912	Sale of Real and Personal Property	-	14,475	14,475	-
8911	Transfers Out (Use)	-	(168,386)	(168,386)	-
7080	Total Other Financing Sources (Uses)	-	(153,911)	(153,911)	-
1200	Net Change in Fund Balances	39,096	(2,007,595)	(1,062,661)	944,934
0100	Fund Balance - September 1 (Beginning)	7,130,733	7,130,733	7,130,733	-
3000	Fund Balance - August 31 (Ending)	\$ 7,169,829	\$ 5,123,138	\$ 6,068,072	\$ 944,934

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

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

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 472,826
Total Assets	<u>472,826</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	156,781
Due to Other Funds	<u>27</u>
Total Liabilities	<u>156,808</u>
NET POSITION	
Unrestricted Net Position	<u>316,018</u>
Total Net Position	<u><u>\$ 316,018</u></u>

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

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

	Governmental Activities -
	Total Internal Service Funds
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 16,987
Total Operating Revenues	16,987
OPERATING EXPENSES:	
Payroll Costs	105,062
Total Operating Expenses	105,062
Operating Income (Loss)	(88,075)
Total Net Position - September 1 (Beginning)	404,093
 Total Net Position - August 31 (Ending)	 \$ 316,018

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

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

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 16,987
Cash Payments for Insurance Claims	(37,937)
Net Cash Used for Operating Activities	<u>(20,950)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Increase(decrease) in Short-term Loans	<u>-</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Acquisition of Capital Assets	<u>-</u>
<u>Cash Flows from Investing Activities:</u>	
Purchase of Investment Securities	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(20,950)
Cash and Cash Equivalents at Beginning of Year	<u>493,776</u>
Cash and Cash Equivalents at End of Year	<u>\$ 472,826</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Used for Operating Activities:</u>	
Operating Income (Loss):	\$ (88,075)
Adjustments to Reconcile Operating Income to Net Cash Used for Operating Activities:	
Depreciation	-
Effect of Increases and Decreases in Current Assets and Liabilities:	
Increase (decrease) in Accounts Payable	<u>67,125</u>
Net Cash Used for Operating Activities	<u>\$ (20,950)</u>

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

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

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ -	\$ 342,037
Restricted Assets	758,650	-
Total Assets	<u>758,650</u>	<u>\$ 342,037</u>
LIABILITIES		
Due to Student Groups	-	\$ 342,037
Total Liabilities	<u>-</u>	<u>\$ 342,037</u>
NET POSITION		
Restricted for Scholarships	<u>758,650</u>	
Total Net Position	<u>\$ 758,650</u>	

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

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

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 445,624
Total Additions	<u>445,624</u>
DEDUCTIONS:	
Other Operating Costs	<u>13,425</u>
Total Deductions	<u>13,425</u>
Change in Net Position	432,199
Total Net Position - September 1 (Beginning)	<u>326,451</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 758,650</u></u>

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

MINEOLA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

MINEOLA SCHOOL DISTRICT (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and other authoritative sources identified in *Statement on Auditing Standards No. 69* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. REPORTING ENTITY

The Board of Trustees (the "Board") is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by the Governmental Accounting Standards Board ("GASB") in its Statement No. 14, "The Financial Reporting Entity." There are no component units included with the reporting entity.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the MINEOLA INDEPENDENT SCHOOL DISTRICT with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues. Business type activities include operations that rely to a significant extent on fees and charges for support.

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

Inter-fund activities between governmental funds appear as due to/due froms on the Governmental Fund Balance Sheet and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance. All inter-fund transactions between governmental funds and between governmental funds and internal service funds are eliminated on the government-wide statements. Inter-fund activities between governmental funds and fiduciary funds remain as due to/due froms on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are non-operating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are non-operating.

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

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible to accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

The Proprietary Fund Types and Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict or contradict GASB pronouncements. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into invested in capital assets net of related debt, restricted net position, and unrestricted net position.

D. FUND ACCOUNTING

The District's accounts are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which are comprised of each funds assets, liabilities, equity, revenues and expenditures.

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

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

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Debt Service Funds** -- The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

Proprietary Funds:

1. **Internal Service Funds** - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Fund is a self-funded worker's compensation fund.

Fiduciary Funds:

1. **Private Purpose Trust Funds** - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is a Scholarship trust fund.
2. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are student activity funds.

E OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.
3. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>	
Buildings	50	
Building Improvements	20-50	
Vehicles	10	
Office Equipment	10	
Computer Equipment	5	

4. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
5. Investments are carried at fair value.
6. The District has self-insurance fund for worker's compensation insurance.
7. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Commitments of fund balance represent tentative management plans that are subject to change.
8. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

9. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a State-wide data base for policy development and funding plans.
10. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.
11. School Districts are required to report all expenses by function, except certain indirect expenses. General administration and data processing service functions (data control codes 41 and 53, respectively) include expenses that are indirect expenses of other functions. These indirect expenses are not allocated to other functions.
12. Fund balance measures the net financial resources available to finance expenditures of future periods.

The District's Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Unassigned General Fund balance may only be appropriated by resolution of the Board of Trustees.

Fund balance of the District may be committed for a specific source by formal action of the Mineola ISD Board of Trustees. Amendments or modifications of the committed fund balance must also be approved by formal action of the Mineola ISD Board of Trustees.

When it is appropriate for fund balance to be assigned, the Board delegates authority to the Superintendent and Chief Financial Officer.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

13. Deferred Outflows/Inflows of Resources—The District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities for the year ended August 31, 2013. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no type of item that qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category, property taxes. This amount will be recognized as an inflow of resources in the subsequent years as collected.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The District has no long-term debt. The details of capital assets and long-term debt at the beginning of the year were as follows:

Capital Assets at the Beginning of the Year	Historic Cost	Accumulated Depreciation	Net Value at the Beginning of the Year	Change in Net Position
Land	1,016,596	-	1,016,444	
Buildings	21,592,118	(8,696,590)	12,895,528	
Furniture & Equipment	3,525,447	(2,434,297)	1,091,150	
Construction in Progress	-	-	-	
Change in Net Position	26,134,161	(11,130,887)		15,003,274
Net Adjustment to Net Position				<u>15,003,274</u>

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

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. The District has no long-term debt. This adjustment affects both the net position balance and the change in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to</u>	
		<u>Changes in Net</u>	<u>Adjustments to</u>
		<u>Position</u>	<u>Net Position</u>
<u>Current year Capital Outlay</u>			
Land	-	-	-
Buildings	1,482,315	1,482,315	1,482,315
Furniture & Equipment	193,154	193,154	193,154
Total Capital Outlay	1,675,469	1,675,469	1,675,469
Disposition of Assets	-	-	-
<u>Debt Principal Payments</u>			
Total Principal Payments	-	-	-
Total Adjustment to Net Position		1,675,469	1,675,469

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to</u>	<u>Adjustments</u>
		<u>Change in Net</u>	<u>to Net</u>
		<u>Assets</u>	<u>Assets</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	167,497	(167,497)	-
Uncollected taxes (assumed collectible) from Current			
Year Levy	140,983	140,983	140,983
Uncollected Taxes (assumed collectible) from Prior			
Year Levy	26,435	-	26,435
Effect of prior year tax entries	18,860	18,860	-
Total		(7,654)	167,418

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds if they are considered major funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-4 and J-5.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	August 31, 2014
	<u>Fund Balance</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	1,159
Nonappropriated Budget Funds	708,118
All Special Revenue Funds	<u>709,277</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The district is in substantial compliance with the requirements of the Act and with local policies.

Additional contractual provisions governing deposits and investments for the District are as follows:

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy does address the following risks:

1. Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy regarding types of deposits allowed and collateral requirements is that the funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the Depository Contract Law. The depository bank places approved pledged securities for safekeeping in an amount sufficient to protect the District's 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.

Deposits of the District are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the name of the District.

At August 31, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,646,662 and the bank balance was \$7,663,833. The District's cash deposits at August 31, 2014 and during the year ended August 31, 2014 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- a. Depository: Capital One
- b. The market value of securities pledged as of the date of the highest combined balance on deposit was \$10,662,561.
- c. The highest combined balances of cash, savings, and time deposit accounts amounted to \$10,338,805 and occurred during the month of January, 2014.

d. Total amount of FDIC coverage at the time of the highest combined balance was \$500,002.

1. Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Positions in external investment pools are not subject to custodial credit risk. The District has no investments exposed to custodial credit risk at the end of the period.
2. Interest- rate Risk – Interest-rate risk occurs when potential purchases of debt securities do not agree to pay face value for these securities if interest rates rise. The District does not purchase investments where the face value is not guaranteed.
3. Concentration Risk – Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. Investments in external investment pools are not subject to concentration risk. The District is not exposed to any amounts of concentration risk.
4. Other Credit Risk Exposure – The District has investments in external investment pools. The rating of the pool is disclosed below.

The Districts investments at August 31, 2014, are shown below:

Texpool	623,145		AAAm		49 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 located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. DELINQUENT TAXES RECEIVABLE

Delinquent taxes are deposited into the general fund. Allowances for uncollectible tax receivables within the General Fund are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. INTERFUND RECEIVABLES AND PAYABLES

Inter-fund balances at August 31, 2014 consisted of the following individual fund balances:

Due to General Fund from:			
Internal Service Fund		27	
Total		<u>27</u>	

\$168,386 was transferred from the general fund to the special education cooperative fund (Fund 437) on Mineola I.S.D.'s books to assist in funding the coop's transportation costs.

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2014, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	607,874	163,871	27	7,815	779,587
Nonmajor Governmental Funds	-	12,111	-	-	12,111
Total- Governmental Activities	607,874	175,982	27	7,815	791,698
Amounts not scheduled for collection during the subsequent year	425,512	-	-	-	425,512

Payables at August 31, 2014, were as follows:

	Accounts	Loans, Leases, & Bonds Payable- Current Year	Salaries & Benefits	Due to Other Funds	Due to Other Governments	Total Payables
Governmental Activities:						
General Fund	258	-	445,103	-	132,925	578,286
Nonmajor Governmental Funds	-	-	80,019	-	-	80,019
Internal Service Funds	156,781	-	-	27	-	156,808
Total- Governmental Activities	157,039	-	525,122	27	132,925	815,113
Amounts not scheduled for payment during the subsequent year	-	-	-	-	-	-

E. CAPITAL ASSET ACTIVITY

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

	Primary Government			Ending Balance		
	Beginning Balance	Additions	Retirements			
Governmental Activities:						
District:						
Land	1,016,596	-	-	1,016,596		
Buildings and Improvements	21,592,118	1,482,315	-	23,074,433		
Furniture and Equipment	3,525,447	193,154	(213,403)	3,505,198		
Construction in Progress	-	-	-	-		
Totals at Historic Cost	26,134,161	1,675,469	(213,403)	27,596,227		
Less Accumulated Depreciation for:						
Buildings and Improvements	(8,696,590)	(449,971)	-	(9,146,561)		
Furniture and Equipment	(2,434,297)	(224,373)	213,403	(2,445,267)		
Total Accumulated Depreciation	(11,130,887)	(674,344)	213,403	(11,591,828)		
Governmental Activities Capital Assets, Net	15,003,274	1,001,125	-	16,004,399		

Depreciation expense was charged to governmental functions as follows:

Instruction	428,765	
Student (Pupil) Transportation	138,005	
Food Services	37,982	
Curricular/Extracurricular Activities	38,139	
General Administration	20,888	
Plant Maintenance and Operations	10,565	
Total Depreciation Expense	674,344	

G. DEFINED BENEFIT PENSION PLAN

Plan Description. MINEOLA INDEPENDENT SCHOOL DISTRICT contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 8701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publications heading.

Funding Policy. State law provides for fiscal years 2012, 2013 and 2014 a state contribution rate of 6.0% and a member contribution rate of 6.4%. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.0% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to TRS made on behalf of MINEOLA INDEPENDENT SCHOOL DISTRICT's employees for the years ended August 31, 2012, 2013 and 2014 were \$560,690, \$654,632, and \$618,323 respectively. These state contributions include amounts allocated the state for the Medicare Part D retiree drug subsidy in the amount of \$25,721. MINEOLA INDEPENDENT SCHOOL DISTRICT paid additional state contributions for the years ended August 31, 2012, 2013 and 2014 in the amount of \$138,633, \$163,561, and \$171,515 respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

H. HEALTH CARE COVERAGE

Employees of the District are covered by a health insurance plan with TRS Active-Care through August 31, 2014. The District paid \$250 per month per month per employee.

Maintenance of Effort--

Total Annual Premiums for health care for 2013/2014	575,760
Subtract any non-medical expenses	-
2013/2014 Maintenance of Effort	<u>575,760</u>

I. CHANGES IN LONG-TERM LIABILITIES

The District has no long-term debt.

J. UNEARNED REVENUE

Unearned revenue at year end consisted of the following:

	General Fund	Special Revenue Fund	Total
Technology Grant	-	-	-
Other	-	21015	21,015
Total Deferred Revenue	-	-	21,015

K. DUE FROM OTHER GOVERNMENTS

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of August 31, 2014, are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from State Agencies.

	State Settlements	Federal Grants	Other	Total
General	159,152	-	4,719	163,871
Special Revenue	-	12,111	-	12,111
Total Deferred Revenue	159,152	12,111	4,719	175,982

L. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	Debt Service Fund	Non-major Special Revenue Fund	Total
Property Taxes	6,356,415	-	-	6,356,415
Penalties, Interest and Other				
Tax-related Income	98,753	-	-	98,753
Investment Income	45,217	37	2,307	47,561
Food Sales	-	-	108,127	108,127
Co-curricular Student Activities	60,629	-	-	60,629
Head Start Reimbursement	97,531	-	-	97,531
Foundations, Gifts, & Bequests	251,900	-	-	251,900
SSA-Special Ed	-	-	1,409,313	1,409,313
SSA-Super Net II	-	-	81,089	81,089
Other	121,584	-	353	121,937
Total	7,032,029	37	1,601,189	8,633,255

M. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2014, the

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

N. WORKERS' COMPENSATION COVERAGE

The District sponsors a modified self-insurance plan to provide workers' compensation benefits to staff members. Transactions related to the plan are accounted for in the workers' compensation fund, an internal service fund of the District. Fixed costs for excess insurance, claims administration, safety and loss control for 2014/2015 will be approximately \$25,000. The loss fund maximum estimated for 2014/2015 is approximately \$65,000. The workers' compensation fund has a cash balance of \$472,826 at August 31, 2014. Estimates of claims payable and of claims incurred, but not reported at August 31, 2014, are reflected as accounts payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

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

	8/31/2014	8/31/2013		
Unpaid claims, beginning of year	59,918	62,226		
Insured claims	55,509	12,253		
Claim, payments	(37,936)	(14,561)		
Unpaid claims, end of year	<u>77,491</u>	<u>59,918</u>		

O. COMMITMENTS AND CONTIGENCIES

The District has no significant commitments or contingencies at August 31, 2014

P. DEFERRED INFLOWS OF RESOURCES

In the government wide statements and the governmental fund financial statements the amount of property taxes receivable expected to be collected in the future is reflected as a deferred inflow of resources and will be recognized as such each year as it is collected.

Q. LITIGATION

The District has no pending litigation at August 31, 2014.

R. SUBSEQUENT EVENTS

Administration has evaluated subsequent events through November 4, 2014, the financial statement issuance date.

S. SHARED SERVICE ARRANGEMENT-SPECIAL EDUCATION COOPERATIVE

Mineola I.S.D. is the fiscal agent for the Wood County Special Education Cooperative. Local Revenue contributed by the members of the cooperative during the year ended August 31, 2014 was as follows:

	Alba-Golden I.S.D.		189,508	
	Hawkins I.S.D.		172,792	
	Quitman I.S.D.		265,771	
	Winnsboro I.S.D.		337,782	
	Yantis I.S.D.		83,481	
	Mineola I.S.D.		359,979	
			<u>1,409,313</u>	

T. SHARED SERVICE ARRANGEMENT–SUPER NET II

Mineola I.S.D. is the fiscal agent for Super Net II, an internet consortium. Local Revenue contributed by the members of the cooperative during the year ended August 31, 2014 was as follows:

	Beckville I.S.D.		7,596		
	Brownsboro I.S.D.		9,433		
	Marshall I.S.D.		7,481		
	Quitman I.S.D.		8,027		
	Rusk I.S.D.		8,878		
	Troup I.S.D.		7,984		
	Waskom I.S.D.		7,777		
	Gilmer I.S.D.		7,481		
	Hughes Springs I.S.D.		8,047		
	Mineola I.S.D.		8,385		
			<u>81,089</u>		

COMBINING AND OTHER STATEMENTS

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
ASSETS				
1110 Cash and Cash Equivalents	\$ -	\$ 1,385	\$ -	\$ -
1240 Receivables from Other Governments	-	12,111	-	-
1000 Total Assets	<u>\$ -</u>	<u>\$ 13,496</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES				
2160 Accrued Wages Payable	\$ -	\$ 12,337	\$ -	\$ -
2300 Unearned Revenues	-	-	-	-
2000 Total Liabilities	<u>-</u>	<u>12,337</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	1,159	-	-
3480 Retirement of Long-Term Debt	-	-	-	-
3490 Other Restricted Fund Balance	-	-	-	-
3000 Total Fund Balances	<u>-</u>	<u>1,159</u>	<u>-</u>	<u>-</u>
4000 Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 13,496</u>	<u>\$ -</u>	<u>\$ -</u>

270 ESEA VI, Pt B Rural & Low Income	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary	410 State Textbook Fund	434 SSA - SSVI Visually Impaired	437 SSA Special Education	459 Other SSA Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 731,140	\$ 65,675
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731,140</u>	<u>\$ 65,675</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,682	\$ -
-	-	-	-	-	-	-	21,015
-	-	-	-	-	-	67,682	21,015
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	663,458	44,660
-	-	-	-	-	-	663,458	44,660
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 731,140</u>	<u>\$ 65,675</u>

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

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds	
ASSETS				
1110	Cash and Cash Equivalents	\$ 798,200	\$ 107,137	\$ 905,337
1240	Receivables from Other Governments	12,111	-	12,111
1000	Total Assets	<u>\$ 810,311</u>	<u>\$ 107,137</u>	<u>\$ 917,448</u>
LIABILITIES				
2160	Accrued Wages Payable	\$ 80,019	\$ -	\$ 80,019
2300	Unearned Revenues	21,015	-	21,015
2000	Total Liabilities	<u>101,034</u>	<u>-</u>	<u>101,034</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	1,159	-	1,159
3480	Retirement of Long-Term Debt	-	107,137	107,137
3490	Other Restricted Fund Balance	708,118	-	708,118
3000	Total Fund Balances	<u>709,277</u>	<u>107,137</u>	<u>816,414</u>
4000	Total Liabilities and Fund Balances	<u>\$ 810,311</u>	<u>\$ 107,137</u>	<u>\$ 917,448</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 108,219	\$ -	\$ -
5800 State Program Revenues	-	3,769	-	-
5900 Federal Program Revenues	<u>537,475</u>	<u>508,054</u>	<u>22,380</u>	<u>108,014</u>
5020 Total Revenues	<u>537,475</u>	<u>620,042</u>	<u>22,380</u>	<u>108,014</u>
EXPENDITURES:				
Current:				
0011 Instruction	417,620	-	17,890	105,739
0013 Curriculum and Instructional Staff Development	55,340	-	-	2,275
0021 Instructional Leadership	22,163	-	-	-
0023 School Leadership	7,111	-	-	-
0031 Guidance, Counseling and Evaluation Services	1,500	-	3,352	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	645,677	-	-
0036 Extracurricular Activities	-	-	1,138	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0053 Data Processing Services	-	-	-	-
0061 Community Services	33,741	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>537,475</u>	<u>645,677</u>	<u>22,380</u>	<u>108,014</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(25,635)</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	-	-
7915 Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	-	(25,635)	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>26,794</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u><u>\$ -</u></u>	<u><u>\$ 1,159</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

270 ESEA VI, Pt B Rural & Low Income	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	315 SSA IDEA, Part B Discretionary	410 State Textbook Fund	434 SSA - SSVI Visually Impaired	437 SSA Special Education	459 Other SSA Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,411,881	\$ 81,089
-	-	-	-	120,975	4,950	-	-
28,634	1,150,770	31,219	204,535	-	-	31,122	-
28,634	1,150,770	31,219	204,535	120,975	4,950	1,443,003	81,089
28,634	512,908	31,219	204,535	120,975	4,950	833,475	500
-	-	-	-	-	-	19,069	-
-	-	-	-	-	-	62,744	-
-	-	-	-	-	-	-	-
-	370,655	-	-	-	-	213,315	-
-	-	-	-	-	-	57,338	-
-	266,523	-	-	-	-	137,481	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	684	-	-	-	-	62,526	254
-	-	-	-	-	-	113,153	57,846
-	-	-	-	-	-	2,530	-
-	-	-	-	-	-	45,282	-
-	-	-	-	-	-	2,500	-
-	-	-	-	-	-	69,465	12,000
28,634	1,150,770	31,219	204,535	120,975	4,950	1,618,878	70,600
-	-	-	-	-	-	(175,875)	10,489
-	-	-	-	-	-	4,125	-
-	-	-	-	-	-	168,386	-
-	-	-	-	-	-	172,511	-
-	-	-	-	-	-	(3,364)	10,489
-	-	-	-	-	-	666,822	34,171
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 663,458	\$ 44,660

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

Data Control Codes	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds	
REVENUES:				
5700	Total Local and Intermediate Sources	\$ 1,601,189	\$ 36	\$ 1,601,225
5800	State Program Revenues	129,694	-	129,694
5900	Federal Program Revenues	2,622,203	-	2,622,203
5020	Total Revenues	<u>4,353,086</u>	<u>36</u>	<u>4,353,122</u>
EXPENDITURES:				
Current:				
0011	Instruction	2,278,445	-	2,278,445
0013	Curriculum and Instructional Staff Development	76,684	-	76,684
0021	Instructional Leadership	84,907	-	84,907
0023	School Leadership	7,111	-	7,111
0031	Guidance, Counseling and Evaluation Services	588,822	-	588,822
0033	Health Services	57,338	-	57,338
0034	Student (Pupil) Transportation	404,004	-	404,004
0035	Food Services	645,677	-	645,677
0036	Extracurricular Activities	1,138	-	1,138
0041	General Administration	63,464	-	63,464
0051	Facilities Maintenance and Operations	170,999	-	170,999
0052	Security and Monitoring Services	2,530	-	2,530
0053	Data Processing Services	45,282	-	45,282
0061	Community Services	36,241	-	36,241
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	81,465	-	81,465
6030	Total Expenditures	<u>4,544,107</u>	<u>-</u>	<u>4,544,107</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(191,021)</u>	<u>36</u>	<u>(190,985)</u>
OTHER FINANCING SOURCES (USES):				
7912	Sale of Real and Personal Property	4,125	-	4,125
7915	Transfers In	168,386	-	168,386
7080	Total Other Financing Sources (Uses)	<u>172,511</u>	<u>-</u>	<u>172,511</u>
1200	Net Change in Fund Balance	(18,510)	36	(18,474)
0100	Fund Balance - September 1 (Beginning)	<u>727,787</u>	<u>107,101</u>	<u>834,888</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ 709,277</u>	<u>\$ 107,137</u>	<u>\$ 816,414</u>

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

	846	847	848	849	Total
	Wilson	Peacock	English	Investment	Private
	Trust	Trust	Trust	Trust	Purpose
				Fund	Trust Funds
ASSETS					
Restricted Assets	\$ 434,644	\$ 16,162	\$ 234,248	\$ 73,596	\$ 758,650
Total Assets	<u>434,644</u>	<u>16,162</u>	<u>234,248</u>	<u>73,596</u>	<u>758,650</u>
NET POSITION					
Restricted for Scholarships	\$ 434,644	\$ 16,162	\$ 234,248	\$ 73,596	\$ 758,650
Total Net Position	<u>\$ 434,644</u>	<u>\$ 16,162</u>	<u>\$ 234,248</u>	<u>\$ 73,596</u>	<u>\$ 758,650</u>

MINEOLA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

	846	847	848	849	Total
	Wilson	Peacock	English	Investment	Private
	Trust	Trust	Trust	Trust	Purpose
				Fund	Trust Funds
ADDITIONS:					
Local and Intermediate Sources	\$ 441,394	\$ 72	\$ 2,225	\$ 1,933	\$ 445,624
Total Additions	<u>441,394</u>	<u>72</u>	<u>2,225</u>	<u>1,933</u>	<u>445,624</u>
DEDUCTIONS:					
Other Operating Costs	6,750	-	3,625	3,050	13,425
Total Deductions	<u>6,750</u>	<u>-</u>	<u>3,625</u>	<u>3,050</u>	<u>13,425</u>
Change in Net Position	434,644	72	(1,400)	(1,117)	432,199
Net Position - September 1 (Beginning)	<u>-</u>	<u>16,090</u>	<u>235,648</u>	<u>74,713</u>	<u>326,451</u>
Net Position - August 31 (Ending)	<u>\$ 434,644</u>	<u>\$ 16,162</u>	<u>\$ 234,248</u>	<u>\$ 73,596</u>	<u>\$ 758,650</u>

T.E.A. REQUIRED SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2005 and prior years	Various	Various	\$ Various
2006	1.500000	0.000000	323,939,067
2007	1.370050	0.000000	368,670,340
2008	1.170000	0.000000	403,505,128
2009	1.170000	0.000000	450,111,624
2010	1.170000	0.000000	446,317,778
2011	1.170000	0.000000	447,892,564
2012	1.170000	0.000000	471,854,017
2013	1.170000	0.000000	549,269,915
2014 (School year under audit)	1.170000	0.000000	546,662,051
1000 TOTALS			

(10) Beginning Balance 9/1/2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2014
\$ 150,742	\$ -	\$ 20,651	\$ -	\$ -	\$ 130,091
20,561	-	3,365	-	-	17,196
21,083	-	2,008	-	-	19,075
20,083	-	1,759	-	-	18,324
27,891	-	4,641	-	-	23,250
36,467	-	7,192	-	-	29,275
51,909	-	12,222	-	-	39,687
89,356	-	30,483	-	-	58,873
181,050	-	85,176	-	-	95,874
-	6,395,946	6,188,918	-	(30,799)	176,229
<u>\$ 599,142</u>	<u>\$ 6,395,946</u>	<u>\$ 6,356,415</u>	<u>\$ -</u>	<u>\$ (30,799)</u>	<u>\$ 607,874</u>

MINEOLA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 130,000	\$ 107,965	\$ 108,219	\$ 254
5800 State Program Revenues	5,000	3,700	3,769	69
5900 Federal Program Revenues	520,000	461,990	508,054	46,064
5020 Total Revenues	<u>655,000</u>	<u>573,655</u>	<u>620,042</u>	<u>46,387</u>
EXPENDITURES:				
0035 Food Services	<u>655,000</u>	<u>669,529</u>	<u>645,677</u>	<u>23,852</u>
6030 Total Expenditures	<u>655,000</u>	<u>669,529</u>	<u>645,677</u>	<u>23,852</u>
1200 Net Change in Fund Balances	-	(95,874)	(25,635)	70,239
0100 Fund Balance - September 1 (Beginning)	<u>26,794</u>	<u>26,794</u>	<u>26,794</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 26,794</u>	<u>\$ (69,080)</u>	<u>\$ 1,159</u>	<u>\$ 70,239</u>

MINEOLA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ 33	\$ 36	\$ 3
5020 Total Revenues	-	33	36	3
1200 Net Change in Fund Balances	-	33	36	3
0100 Fund Balance - September 1 (Beginning)	107,101	107,101	107,101	-
3000 Fund Balance - August 31 (Ending)	\$ 107,101	\$ 107,134	\$ 107,137	\$ 3

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



ARNOLD, WALKER, ARNOLD, & Co., P.C.
Certified Public Accountants and Consultants

Bob J. Arnold, C.P.A., P.F.S.
Lanny G. Walker, C.P.A., P.F.S.
Kris Arnold, C.P.A., P.F.S.
Andrew T. Arnold, C.P.A.
Melissa J. Godfrey, C.P.A.

MEMBER
American Institute Of
Certified Public Accountants
Texas State Society Of
Certified Public Accountants

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
Mineola Independent School District
Mineola, Texas

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Mineola Independent School District, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 4, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. 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.

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

November 4, 2014



ARNOLD, WALKER, ARNOLD, & Co., P.C.
Certified Public Accountants and Consultants

Bob J. Arnold, C.P.A., P.F.S.
Lanny G. Walker, C.P.A., P.F.S.
Kris Arnold, C.P.A., P.F.S.
Andrew T. Arnold, C.P.A.
Melissa J. Godfrey, C.P.A.

MEMBER
American Institute Of
Certified Public Accountants
Texas State Society Of
Certified Public Accountants

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
Mineola Independent School District
Mineola, Texas

Report on Compliance for Each Major Federal Program

We have audited Mineola 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 the District's major federal programs for the year ended August 31, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Arnold, Walker, Arnold & Co., P.C.

Arnold, Walker, Arnold & Co., P.C.

November 4, 2014

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

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the Mineola Independent School District was an unmodified opinion.
- b. Where applicable, a statement that control deficiencies in internal control were disclosed by the audit of the financial statements and whether they were material weaknesses. NONE
- c. A statement as to whether the audit disclosed any noncompliance which is material to the financial statements of the auditee. NONE
- d. Where applicable, a statement that control deficiencies in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses. N/A
- e. The type of report the auditor issued on compliance for major programs. Unmodified
- f. A statement as to whether the audit disclosed any audit findings which the auditor is required to report under Section __.510(a). These include: NONE
- g. An identification of major programs: IDEA Part B-SSA CFDA# 84.027A
- h. The dollar threshold used to distinguish between Type A and Type B programs. \$300,000.
- i. A statement as to whether the auditee qualified as a low-risk auditee. Yes.

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

NONE

III. Findings and Questioned Costs for Federal Awards Including Audit Findings as Described in I.f Above

NONE

MINEOLA INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2014

PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

None

STATUS OF PRIOR YEAR'S FINDINGS/ NONCOMPLIANCE

N/A

MINEOLA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2014

CORRECTIVE ACTION

N/A

The contact at the District is Dr. H. John Fuller at (903) 569-2448.

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

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101250903	\$ 537,475
*SSA - IDEA - Part B, Formula	84.027A	146600012509036600	1,150,770
*SSA - IDEA - Part B, Discretionary	84.027A	146600022509036677	204,535
Total CFDA Number 84.027A			1,355,305
*SSA - IDEA - Part B, Preschool	84.173A	146610012509036610	31,219
Total Special Education Cluster (IDEA)			1,386,524
Career and Technical - Basic Grant	84.048A	14420006250903	22,380
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	14696001250903	28,634
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501250903	108,014
Total Passed Through State Department of Education			\$ 2,083,027
TOTAL DEPARTMENT OF EDUCATION			\$ 2,083,027
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778	N/A	\$ 67,236
Total Passed Through Texas Dept of Human Services			\$ 67,236
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 67,236
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	N/A	\$ 99,339
*National School Lunch Program - Cash Assistance	10.555	N/A	365,497
*National School Lunch Prog. - Non-Cash Assistance	10.555	N/A	43,218
Total CFDA Number 10.555			408,715
Total Child Nutrition Cluster			508,054
Total Passed Through the State Department of Agriculture			\$ 508,054
TOTAL DEPARTMENT OF AGRICULTURE			\$ 508,054
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,658,317

*Clustered Programs

MINEOLA INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2014

For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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

CFDA number 10.550 pertains to food commodities distributed by USDA under the following categorical programs (as applicable): the National School Lunch Program (CFDA 10.555), the Child and Adult Care Food Program (CFDA 10.558), the Summer Food Service Program (CFDA 10.559), the Commodity Supplemental Food Program (CFDA 10.565), and the Food Distribution Program on Indian Reservations (CFDA 10.567). USDA deleted this number from the CFDA on May 6, 2008. The audit covering Mineola Independent School District fiscal year beginning September 1, 2013, and future audits, will therefore identify commodity assistance by the CFDA numbers of the programs under which USDA donated the commodities.

SCHOOLS FIRST QUESTIONNAIRE

MINEOLA INDEPENDENT SCHOOL DISTRICT

Fiscal Year 2014

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