

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

**DRAFT**  
**For Discussion Purposes Only**

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
Annual Financial Report for the  
Year Ended August 31, 2014**

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the Year Ended August 31, 2014**

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
CERTIFICATE OF BOARD**

Waskom Independent School District	Harrison	102-903
Name of School District	County	County-District 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 auditor's report, the reason(s) for disapproving it is(are):  
(attach list as necessary)

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**FINANCIAL SECTION**

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## Independent Auditor's Report

Members of the Board of Trustees  
Waskom Independent School District  
Waskom, Texas

Members of the Board of Trustees:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waskom Independent School District (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.

## **Independent Auditor's Report**

Members of the Board of Trustees

December 5, 2014

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An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5–11 and 37 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 introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

## Independent Auditor's Report

Members of the Board of Trustees

December 5, 2014

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated December 5, 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 District's internal control over financial reporting and compliance.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.

Certified Public Accountants

December 5, 2014

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## WASKOM INDEPENDENT SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Waskom Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended August 31, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

#### FINANCIAL HIGHLIGHTS

- ▶ The District's total combined net position was \$7,069,885 as of August 31, 2014.
- ▶ During the year ended August 31, 2014, the District's net position decreased by \$147,901. The District generated \$9,035,668 in taxes and other revenues from governmental activities.
- ▶ The total cost of the District's programs was \$9,183,569.
- ▶ The general fund reported a total fund balance this year of \$2,400,375.
- ▶ The general fund unassigned fund balance is \$2,304,473.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of three parts - **management's discussion and analysis** (this section), the **basic financial statements**, and **required supplementary information**. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The required supplementary information further explains and supports the information in the financial statements.

#### Government-wide Financial Statements

The District's annual financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's finances. Financial reporting at this level uses a perspective similar to that found in the private sector.

The first of these government-wide financial statements is the **Statement of Net Position**. This is the District wide statement of financial position presenting information that includes all of the District's asset, liabilities, and deferred outflows and inflows, with the difference reported as **net position**. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non financial factors such as changes to the District's tax base.

## WASKOM INDEPENDENT SCHOOL DISTRICT

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The second government-wide financial statement is the **Statement of Activities**, which reports how the District's net position changed during the current year. All current revenues and expenses are included regardless of when the cash is received or paid.

The government-wide financial statements of the District include the governmental activities of the District. These are the basic services such as instruction, extracurricular activities, curriculum and staff development, health services, and administration. Property taxes, state aid, and federal grants finance most of these activities.

### Fund Financial Statements

The fund financial statements focus on individual parts of the government, reporting the District's operations in more detail than the government-wide statements.

- ▶ The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.
- ▶ The fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The 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 two 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 be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's program's. Because this information does not encompass the additional long term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statement, or on the subsequent page, that explains the relationship (or differences) between them.

**Fiduciary funds** - The District is the trustee, or fiduciary, for money raised by student activities and a scholarship program. 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

**WASKOM INDEPENDENT SCHOOL DISTRICT**

a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District’s government-wide financial statements because the District cannot use these assets to finance its operations.

The accompanying notes to the financial statements provide essential information to a full understanding of the government-wide and fund financial statements.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Position.** The District’s combined net position was \$7,069,885 as of August 31, 2014. The following table provides a summary of the District’s net position.

**The District’s Net Position**

	Governmental Activities		% Change
	2014	2013	
Current and Other Assets	3,132,870	3,567,350	(12.2)%
Capital and Non-Current Assets	12,008,198	11,935,138	0.6%
<b>Total Assets</b>	<b>15,141,068</b>	<b>15,502,488</b>	<b>(2.3)%</b>
Other Liabilities	402,472	370,423	8.7%
Long Term Liabilities	7,668,711	7,914,279	(3.1)%
<b>Total Liabilities</b>	<b>8,071,183</b>	<b>8284702</b>	<b>(2.6)%</b>
Net Position:			
Invested in Capital Assets, net of Related Debt	4,339,487	4020859	7.9%
Restricted	248,822	252,029	(1.3)%
Unrestricted	2,481,576	2944898	(15.7)%
<b>Total Net Position</b>	<b>7,069,885</b>	<b>7217786</b>	<b>(2.0)%</b>

The \$248,822 of restricted net position represents amounts to be spent on retirement of debt and grant programs.

**Changes in net position.** The District’s total revenues were \$9,035,668. A portion, 26.58 percent, of the District’s revenue comes from state aid-formula grants. Property taxes represent 60.03 percent of the District’s revenue. The rest of the District’s revenue comes from federal operating grants, charges for services, investment earnings, and other local sources.

The total cost of all programs and services was \$9,183,569; 75.98 percent of these costs are for instructional and student services.

**WASKOM INDEPENDENT SCHOOL DISTRICT**

**Governmental Activities**

The following table provides a summary of the District’s changes in net position.

**Changes in the District’s Net Position**

	Governmental Activities		% Change
	2014	2013	
<b>Revenues:</b>			
Program Revenues:			
Charges for services	123,254	145,204	(15.1)%
Operating grants	964,956	945,791	2.0%
General Revenues:			
Property taxes	5,423,974	6,023,253	(9.9)%
State aid - formula	2,401,567	1,488,407	61.4%
Investment earnings	3,727	34,594	(89.2)%
Other general revenues	118,190	128,383	(7.9)%
<b>Total revenues</b>	<b>9,035,668</b>	<b>8,765,632</b>	<b>3.1%</b>
<b>Expenses:</b>			
Instructional and instructional related	5,257,158	4,973,452	5.7%
Instructional and school leadership	390,718	380,711	2.6%
Counseling, health, transportation, and extracurricular	1,127,349	945,491	19.2%
Food services	487,803	450,078	8.4%
General administration	330,347	297,653	11.0%
Plant maintenance and security	1,084,308	883,745	22.7%
Data processing services	130,796	124,573	5.0%
Debt services	269,504	593,994	(54.6)%
Capital outlay	0	3,405	(100.0)%
Payments to fiscal agent/member districts	105,586	105,412	0.2%
<b>Total expenses</b>	<b>9,183,569</b>	<b>8,758,514</b>	<b>4.9%</b>
Increase (Decrease) in Net Position	(147,901)	7,118	(2177.8)%
Beginning Net Position	7,217,786	7,210,668	0.1%
Ending Net Position	7,069,885	7,217,786	(2.0)%

The District’s maintenance property tax rate of \$1.04 is unchanged from last year. Property tax revenues decreased by 9.95 percent from the prior year as appraised valuation decreased.



**WASKOM INDEPENDENT SCHOOL DISTRICT**

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The cost of governmental activities may be summarized as follows:

- ▶ The cost of all governmental activities this year was \$9,183,569.
- ▶ The amount that our taxpayers paid for these activities through property taxes was \$5,423,974.
- ▶ Some of the cost was paid by those who directly benefitted from the programs (\$123,254), or
- ▶ By operating grants (\$964,956).

The following table presents the cost of each of the District’s largest functions as well as each functions net cost (total cost less fees generated by activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars.

	<b>Net Cost of Selected District Functions</b>					
	Total cost of services			Net cost of services		
	2014	2013	% Change	2014	2013	% Change
Instruction	5,036,312	4,779,985	5.4%	4,594,658	4,242,209	8.3%
Maintenance & operations	1,020,390	861,206	18.5%	1,002,661	846,919	18.4%
Cocurricular/extracurricular	695,909	541,216	28.6%	671,179	519,988	29.1%
School Leadership	383,632	373,936	2.6%	365,182	357,447	2.2%
Food service	487,803	450,078	8.4%	(13,678)	21,438	(163.8)

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

Revenues from governmental fund types totaled \$9,084,655, an increase of 3.74 percent from the preceding year.

The District’s governmental funds ended the year with a reported combined fund balance of \$2,649,197, a decrease of \$461,646 from last years ending balance of \$3,110,843. The decrease is primarily attributable to the major capital asset expenditures during the year.

**General Fund Budgetary Highlights**

Over the course of the year the District revised the operating budget as actual results were analyzed. Actual expenditures were \$274,977 below final budget amounts. The most significant positive variance results were in the capital outlay area as the final expenditures were less than expected.

Additionally, reported total revenues were \$79,410 below the final budgeted amounts as local and intermediate revenues were less than anticipated.

**WASKOM INDEPENDENT SCHOOL DISTRICT**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of 2014, the District had invested \$22,891,868, less depreciation of \$10,883,670, in a broad range of capital assets, including land, school buildings, athletic facilities, instructional equipment, and school buses. The following table provides a summary of the District's capital assets.

**District's Capital Assets**  
(Net of depreciation)

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Land	155,135	155,135	0.0%
Buildings & improvements	10,735,591	11,177,876	(4.0)%
Equipment & vehicles	544,033	602,127	(9.6)%
Construction in Progress	573,439	-	100.0%
Net capital assets	<u>12,008,198</u>	<u>11,935,138</u>	<u>0.6%</u>

Significant capital asset expenditures include football stadium improvements, including renovations to restrooms and concession stand, new air conditioners for the field house, a new telephone system, and a new truck. There are new roofs being installed on the Middle and Elementary schools that are still in progress.

More detailed information about the District's capital assets is presented in the notes to the financial statements. The District's fiscal year 2015 capital budget does not include any capital expenditures.

**Long-term Debt**

The following table provides a summary of the District's long-term debt.

**District's Long-term Debt**

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>% Change</u>
School Building Bonds - 2005 Series	200,000	395,000	(49.4)%
School Building Bonds - 2013 Series	7,055,000	7,080,000	100.0%
Total long term debt	<u>7,255,000</u>	<u>7,475,000</u>	<u>(2.9)%</u>

At year end the District had \$7,255,000 in school building bonds outstanding as shown above. The District's bonds presently carry favorable ratings of "AA" with Standard and Poors.

## **WASKOM INDEPENDENT SCHOOL DISTRICT**

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

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

- ▶ Appraised values used for the 2015 budget preparation were \$425,198,029, a 1.40 percent decrease from 2014.
- ▶ The District's average daily attendance is expected to be 838 which is a 2.20 percent increase from 2014.

These indicators were taken into account when adopting the general fund budget for 2015. Amounts available for expenditure in the general fund budget are \$7,635,414, a decrease of 3.59 percent from the final 2014 budget of \$7,920,109. The District will use these revenues to finance programs we currently offer.

Expenditures are budgeted to decrease 10.36 percent to \$7,675,414. If the budgeted estimates are realized, the District's budgetary general fund balance is expected to decrease by the close of 2015.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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**Government-Wide Financial Statements**

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**WASKOM INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AUGUST 31, 2014**

Data Control Codes	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
1110	Cash and cash equivalents	1,167,343	1,167,343
1120	Investments - current	1,580,749	1,580,749
1220	Property taxes receivable - delinquent	552,448	552,448
1230	Allowance for uncollectible taxes (credit)	(441,959)	(441,959)
1240	Due from other governments	274,289	274,289
	Capital Assets:		
1510	Land	155,135	155,135
1520	Buildings, net	10,735,591	10,735,591
1530	Furniture and equipment, net	544,033	544,033
1580	Construction in Progress	573,439	573,439
1000	Total assets	<u>15,141,068</u>	<u>15,141,068</u>
<b>LIABILITIES</b>			
2110	Accounts payable	34,570	34,570
2140	Interest payable	29,288	29,288
2160	Accrued wages payable	330,068	330,068
2300	Unearned revenue	8,546	8,546
	Long Term Liabilities:		
2501	Due within one year	225,000	225,000
2502	Due after one year	7,443,711	7,443,711
2000	Total liabilities	<u>8,071,183</u>	<u>8,071,183</u>
<b>NET POSITION</b>			
3200	Invested in capital assets, net of related debt	4,339,487	4,339,487
3820	Restricted for federal and state programs	144,077	144,077
3850	Restricted for debt service	104,745	104,745
3900	Unrestricted	2,481,576	2,481,576
3000	Total net position	<u>7,069,885</u>	<u>7,069,885</u>

The accompanying notes are an integral part of this statement

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

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities:			
11 Instruction	5,036,312	14,890	426,764
12 Instructional resources and media services	87,911	-	3,132
13 Curriculum and staff development	132,935	-	37,919
21 Instructional leadership	7,086	-	7,086
23 School leadership	383,632	-	18,450
31 Guidance, counseling, and evaluation services	127,978	-	7,048
33 Health services	57,854	-	3,195
34 Student transportation	245,608	-	7,868
35 Food service	487,803	95,036	406,445
36 Extracurricular activities	695,909	13,328	11,402
41 General administration	330,347	-	9,053
51 Plant maintenance and operations	1,020,390	-	17,729
52 Security and monitoring services	63,918	-	2,976
53 Data processing services	130,796	-	5,889
72 Interest on long-term debt	268,573	-	-
73 Bond issuance costs and fees	931	-	-
81 Capital outlay	-	-	-
93 Payments related to shared services arrangements	105,586	-	-
TP Total primary government	9,183,569	123,254	964,956

Data Control Codes	General revenues:
MT	Taxes:
DT	Property taxes, levied for general purposes
SF	Property taxes, levied for debt service
GC	State aid formula grants
IE	Grants and contributions, not restricted to specific programs
MI	Investment earnings
	Miscellaneous
TR	Total general revenues
CN	Change in net position
NB	Net position, beginning
NE	Net position, ending

The accompanying notes are an integral part of this statement



Program Revenues	Net (Expense) Revenues and Changes in Net Position		
5			
Capital			
Grants and Contributions	Governmental Activities	Business Activities	Total
-	(4,594,658)	-	(4,594,658)
-	(84,779)	-	(84,779)
-	(95,016)	-	(95,016)
-	-	-	-
-	(365,182)	-	(365,182)
-	(120,930)	-	(120,930)
-	(54,659)	-	(54,659)
-	(237,740)	-	(237,740)
-	13,678	-	13,678
-	(671,179)	-	(671,179)
-	(321,294)	-	(321,294)
-	(1,002,661)	-	(1,002,661)
-	(60,942)	-	(60,942)
-	(124,907)	-	(124,907)
-	(268,573)	-	(268,573)
-	(931)	-	(931)
-	-	-	-
-	(105,586)	-	(105,586)
-	(8,095,359)	-	(8,095,359)
	4,947,284	-	4,947,284
	476,690	-	476,690
	2,401,567	-	2,401,567
	115,871	-	115,871
	3,727	-	3,727
	2,319	-	2,319
	7,947,458	-	7,947,458
	(147,901)	-	(147,901)
	7,217,786	-	7,217,786
	7,069,885	-	7,069,885

The accompanying notes are an integral part of this statement

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**Governmental Fund Financial Statements**

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AUGUST 31, 2014**

Data Control Codes		General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
1110	Cash and cash equivalents	945,463	221,880	1,167,343
1120	Investments - current	1,580,749	-	1,580,749
1220	Property taxes receivable - delinquent	503,006	49,442	552,448
1230	Allowance for uncollectible taxes (credit)	(402,405)	(39,554)	(441,959)
1240	Due from other governments	229,081	45,208	274,289
1000	Total Assets	<u>2,855,894</u>	<u>276,976</u>	<u>3,132,870</u>
<b>LIABILITIES</b>				
2110	Accounts payable	24,850	9,720	34,570
2160	Accrued wages payable	330,068	-	330,068
2300	Unearned revenues	-	8,546	8,546
2000	Total Liabilities	<u>354,918</u>	<u>18,266</u>	<u>373,184</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601	Unavailable revenue - property taxes	100,601	9,888	110,489
2600	Total Inflows of Resources	<u>100,601</u>	<u>9,888</u>	<u>110,489</u>
<b>FUND BALANCES</b>				
Restricted fund balance:				
3450	Federal or State grants	-	144,077	144,077
3480	Retirement of long term debt	-	104,745	104,745
Committed fund balance:				
3540	Self insurance	43,902	-	43,902
Assigned fund balance:				
3550	Construction	52,000	-	52,000
3600	Unassigned fund balance	2,304,473	-	2,304,473
3000	Total fund balances	<u>2,400,375</u>	<u>248,822</u>	<u>2,649,197</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>2,855,894</u>	<u>276,976</u>	<u>3,132,870</u>

The accompanying notes are an integral part of this statement

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

Total fund balances - governmental funds	2,649,197
1 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 were \$22,132,886 and the accumulated depreciation was \$10,197,750. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the governmental funds. The net effect of including beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.	4,020,859
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the current year capital outlays and debt principal payments is to increase net position.	1,108,153
3 The current depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(741,021)
4 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	<u>32,697</u>
19 Net position of governmental activities	<u><u>7,069,885</u></u>

The accompanying notes are an integral part of this statement

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

Data Control Codes	General Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
5700 Total local and intermediate sources	4,997,783	604,478	5,602,261
5800 State program revenues	2,722,540	29,243	2,751,783
5900 Federal program revenues	120,376	610,235	730,611
5020 Total revenues	<u>7,840,699</u>	<u>1,243,956</u>	<u>9,084,655</u>
<b>EXPENDITURES</b>			
0011 Instruction	4,489,357	240,004	4,729,361
0012 Instructional resources and media services	78,038	-	78,038
0013 Curriculum and staff development	96,540	34,693	131,233
0021 Instructional leadership	-	7,086	7,086
0023 School leadership	368,265	-	368,265
0031 Guidance, counseling, evaluation services	123,032	-	123,032
0033 Health services	56,092	-	56,092
0034 Student transportation	179,336	3,953	183,289
0035 Food service	-	462,578	462,578
0036 Extracurricular activities	483,113	-	483,113
0041 General administration	329,112	-	329,112
0051 Plant maintenance and operations	1,025,390	-	1,025,390
0052 Security and monitoring services	58,652	-	58,652
0053 Data processing services	119,080	-	119,080
0071 Principal on long-term debt	-	220,000	220,000
0072 Interest on long-term debt	-	294,356	294,356
0073 Bond issuance costs and fees	-	931	931
0081 Capital outlay	775,507	-	775,507
0093 Payments related to shared services	105,586	-	105,586
6030 Total expenditures	<u>8,287,100</u>	<u>1,263,601</u>	<u>9,550,701</u>
1100 Excess (deficiency) of revenues over expenditures	(446,401)	(19,645)	(466,046)
<b>OTHER FINANCING SOURCES (USES)</b>			
7912 Sale of property	4,400	-	4,400
7915 Transfers in	-	16,438	16,438
7916 Premium or discount on issuance of bonds	-	-	-
8911 Transfers out	(16,438)	-	(16,438)
7080 Total other financing sources and uses	<u>(12,038)</u>	<u>16,438</u>	<u>4,400</u>
1200 Net change in fund balances	(458,439)	(3,207)	(461,646)
0100 Fund balance - September 1 (beginning)	2,858,814	252,029	3,110,843
3000 Fund balance - August 31 (ending)	<u><u>2,400,375</u></u>	<u><u>248,822</u></u>	<u><u>2,649,197</u></u>

The accompanying notes are an integral part of this statement

**WASKOM 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**

Net change in fund balances - governmental funds	(461,646)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year capital outlays and debt principal payments is to increase net position.	1,108,153
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.	(741,021)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying debt proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications is to increase (decrease) net position.	<u>(53,387)</u>
Change in net position of governmental activities	<u><u>(147,901)</u></u>

The accompanying notes are an integral part of this statement



**Fiduciary Fund Financial Statements**

DRAFT  
For Discussion Purposes Only

DRAFT  
For Discussion Purposes Only

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

	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and cash equivalents	2,985	74,249
Investments - current	341,257	-
Total Assets	344,242	74,249
<b>LIABILITIES</b>		
Due to student groups	-	74,249
Total Liabilities	-	74,249
<b>NET POSITION</b>		
Restricted for scholarships	344,242	
Total Net Position	344,242	

DRAFT  
For Discussion Purposes Only

The accompanying notes are an integral part of this statement

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

	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS:</b>	
Local and intermediate sources	357
Total additions	357
<b>DEDUCTIONS:</b>	
Scholarships awarded	338
Total deductions	338
Change in Net Position	19
Total Net Position - September 1 (Beginning)	344,223
Total Net Position - August 31 (Ending)	344,242

The accompanying notes are an integral part of this statement

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. FINANCIAL REPORTING ENTITY**

Waskom Independent School District (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 (Board) elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting and financial reporting principles promulgated by the Governmental Accounting Standards Board; and it complies with the requirements of the appropriate version of Texas Education Agency's Financial Accountability System Resource Guide (Resource Guide) and the requirements of contracts and grants of agencies from which it receives funds.

Because the Board is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB) in its statement No. 14, "The Financial Reporting Entity," including subsequent revisions. There are no component units included within the reporting entity.

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

**Government-wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities. Individual funds are not displayed but the statements present Governmental Activities which include programs supported by ad valorem taxes, state aid formula grants, and federal grants.

The statement of activities reports the expenses of the District's functions offset by program revenues directly connected with the function. A function is a general operational area in the District that groups together similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with the function. Program revenues include: (1) charges for services which report charges to users of the District's services such as tuition paid by students not residing in the District, athletic gate receipts and school lunch charges; and (2) operating grants and contributions which finance annual operating activities of the District such as the Elementary and Secondary Education Act. Taxes, state aid formula grants, and other revenue sources not properly included with program revenues are reported as general revenues.

All interfund transactions between governmental funds are eliminated on the government-wide financial statements. Interfund activities between governmental funds and fiduciary funds remain as due to/from on the government-wide statement of net position.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

**Fund Financial Statements**

Fund financial statements provide reports on the financial condition and results of operations for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. Interfund activity between governmental funds appear as due to/from 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.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide financial statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Fiduciary fund financial statements also report using this same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grant revenues are recognized when allowable expenditures are made under the provisions of the grant.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for unmatured bond principal and interest on long-term debt, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: property taxes, state aid formula grants, and investment income. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

The District does not allocate general administration or support services expenses to other functions. Depreciation expense for buildings that house District staff serving different functions is included in the direct expenses of the appropriate functions.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

**D. FUND TYPES AND MAJOR FUNDS**

The District accounts are organized on the basis of funds, each of which is considered a separate accounting entity. The District has established several individual funds that are organized within a separate set of self-balancing accounts comprised of assets, liabilities, deferred outflows and inflows, fund balance, revenues, and expenditures or expenses as appropriate. Governmental resources allocated to individual funds are recorded for the purpose of carrying on specific activities in accordance with laws, regulations, or other appropriate requirements. District accounts are organized into funds as described below:

**Major Governmental Funds:**

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

**Non Major Governmental Funds:**

**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. Sometimes any unused balances must be returned to the grantor at the close of the specified project periods.

**Debt Service Fund** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt.

**Other Fund Types:**

**Private Purpose Trust Fund** - The District accounts for a donation for which the donor has stipulated that the income generated by the donation be used for an annual cash scholarship to the valedictorian and salutatorian of each graduating senior class.

**Agency Fund** - The District accounts for resources held for others in a custodial capacity in the agency fund. The District's agency fund is used to account for the activities of student groups and other organizational activities.

**E. OTHER ACCOUNTING POLICIES**

**Capital Assets and Depreciation** - The District's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with a cost of \$5,000 or more as purchases or construction occurs. The cost of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight line method. The District

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

has elected not to report major general infrastructure assets retroactively. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded. Estimated useful lives, in years, for capital assets are as follows:

Buildings	15-30
Improvements	15-30
Transportation equipment	5-10
Furniture, fixtures, and equipment	5-10

The governmental fund financial statements recognize capital outlay as an expense of the current period. Proceeds from the sale of capital assets are reported as miscellaneous revenues when received.

**Long-Term Debt** - In the government-wide financial statements, outstanding debt is reported as liabilities. Bond premiums are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of applicable bond premiums. The governmental fund financial statements recognize the proceeds of debt and premiums received as other financing sources of the current period and principal and interest payments as expense and issuance costs paid with bond proceeds as other uses of the current period.

**Net Position and Fund Balance** - Net position in the statement of net position include components that are restricted for use in a federal or state program and to pay debt service on capital related debt.

Unassigned fund balance in the governmental funds financial statements represents that portion of fund balance that is available for budgeting in future operations. The assigned fund balance represents fund balance that has been implicitly assigned as it is accounted for in particular funds, other than the general fund. Committed fund balance represents amounts approved by the Board of Trustees. Restricted fund balance is that portion of fund balance which is not available for appropriation or which has been legally separated for specific purposes. The General Fund commits \$43,902 for self insurance and assigns \$52,000 for construction. The Special Revenue Fund restricts \$144,077 for state grant programs. The Debt Service Fund restricts \$104,745 for retirement of indebtedness.

**Compensated Absences** - The District does not pay any employees accrued sick leave or vacation time upon termination or retirement. Therefore, no liability for accrued sick leave or vacation time is recorded in the government-wide or governmental fund financial statements.

**Fund Balance Policy** - The District reports fund balances for governmental funds in classifications based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable classification represents assets that will be consumed or maintained intact; and, therefore will never convert to cash, such as inventories of supplies and endowments. Provisions of laws, contracts, and grants specify how fund



**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

resources can be used in the restricted classification. The nature of these two classifications precludes a need for a policy from the Board. However, the Board has adopted fund balance policies for the three unrestricted classifications-committed, assigned, and unassigned.

The District's restricted fund balances represent amounts for retirement of long term debt and for operation of the food service program.

When the District incurs expenditures that can be made from either restricted or unrestricted balances, the expenditures are charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures are charged to committed, assigned and then unassigned.

**Data Control Codes** - These codes refer to the account code structure prescribed by the Texas Education Agency (TEA) in the Resource Guide. TEA requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.

**F. BUDGETARY DATA**

The Board of Trustees adopts an annual budget consistent with generally accepted accounting principles 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 budgeted revenues and expenditures for each of these funds.

The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules.

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 meeting. 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 the fiscal year end. During the fiscal year ended August 31, 2014, the District amended the cocurricular/extracurricular function, plant maintenance and operations, and capital outlay, which increased overall appropriations over the original budget.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

4. Each budget is monitored by the business manager at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

**DETAILED NOTES ON ALL FUNDS**

**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 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 saving accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, and (10) 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.

**Policies Governing Deposits and Investments.** In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. The policy addresses the following risks:

**Deposits**

**Custodial Credit Risk - Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District'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 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 and trust with the District's agent bank in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. 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.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

The District was not exposed to custodial credit risk as all deposits are covered by depository insurance or by pledged collateral as follows:

1. Depository: Citizen's National Bank, Waskom, Texas
2. The market value of securities pledged as of the date of the highest combined balance on deposit was \$5,255,358.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$5,216,884 and occurred during the month of February 2014.
4. Total amount of FDIC coverage at the time of the highest combined balance was \$500,000.

**Investments**

**Credit Risk** - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The District was not exposed to credit risk at August 31, 2014.

**Custodial Credit Risk** - Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the District. The District was not exposed to custodial credit risk at August 31, 2014.

**Interest Rate Risk** - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The District was not exposed to interest rate risk at August 31, 2014.

**Concentration of Credit Risk** - This is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The District was not exposed to concentration of credit risk at August 31, 2014.

**Foreign Currency Risk** - This is the risk that exchange rates will adversely affect the fair value of an investment. The District was not exposed to foreign currency risk at August 31, 2014.

The District's temporary investments as of August 31, 2014 were in certificates of deposit at Citizen's National Bank in the amount of \$1,922,006. Of this amount, \$1,580,749 is reported as current investments of the General Fund on the District's statement of net position, and \$341,257 is reported as current investments of the Private Purpose Trust Funds on the District's statement of fiduciary net position.

The District's deposits with investment pools are included in cash and cash equivalents. This amounted to \$625,088 with Lone Star (First Public) Investment Pool as of August 31, 2014.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

The investment pool used by the District is organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investment pools are public funds investment pools created to provide a safe environment for the placement of the Districts funds in authorized short-term investments.

The investment in the Pool is based on contractual agreements and not the individual security itself, therefore, the District's investment in the Pool is not categorized as to credit risk. The market value of the Pool is based on quoted market values of underlying investments of the Pool. Authorized investments include obligations of the United States, or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the United States or its agencies and instrumentalities; and other investments authorized by statutes governing public funds investment pools.

The Pool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in the pool is the same as the value of the shares in the pool. The purpose of the Pool is to allow for the pooling of public funds to provide a higher yield on the pooled investments than would be possible with the investment of the individual public entity's funds. The investments in the Pool and any accrued interest may be redeemed at the District's discretion.

Financial reports issued by Lone Star Investment Pool may be obtained by contacting First Public, LLC, a subsidiary of the Texas Association of School Boards (TASB), 7620 Guadalupe, Austin, Texas 78752. The Pool is not registered with the SEC, however TASB, through First Public maintains oversight of the Pool.

**B. RECEIVABLES, UNCOLLECTIBLE ACCOUNTS, AND DEFERRED REVENUE**

**Property Tax Calender, Property Tax Receivables, and Deferred Revenue**

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 upon 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. In the governmental fund financial statements, 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.

Delinquent tax collections are prorated between maintenance and debt service based on rates adopted for year of the levy. Delinquent taxes receivable not paid within 60 days of year end, are recorded as deferred inflows of resources, net of an estimated allowance for uncollectible taxes. Allowances

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

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.

In the government-wide financial statements, property taxes receivable, net of an allowance for uncollectible taxes, and related revenue include all amounts due the District regardless of when the cash is received.

**Due From/To Other Governments and Deferred Inflows of Resources**

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 and to federal and state governments as of August 31, 2014 are summarized below. These amounts are reported on the governmental fund financial statements as Due from and to Other Governments.

Due from other governments at year-end consisted of the following:

Fund	State Foundation	State Entitlements	Total
General Fund	229,081	-	229,081
Special Revenue Fund	-	45,208	45,208
	<u>229,081</u>	<u>45,208</u>	<u>274,289</u>

Deferred inflows of resources at year end consisted of the following:

	General Fund	Debt Service Fund	Total
Unavailable revenue - property taxes	<u>100,601</u>	<u>9,888</u>	<u>110,489</u>

**C. INTERFUND BALANCES AND TRANSFERS**

Interfund transfers for the year ended August 31, 2014 consisted of the following amounts:

Transfers to Special Revenue Fund from:	
General Fund	<u>16,438</u>

Transfers are periodically used to move revenues from the fund that the budget requires to collect them to the fund that the budget requires to expend them or to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

**D. DISAGGREGATION OF RECEIVABLES AND PAYABLES**

The District disaggregates significant components of receivables and payables in the financial statements. The only receivables not expected to be collected within one year is \$441,959 of delinquent property taxes.

**E. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Land	155,135	-	-	155,135
Buildings and improvements	20,081,642	150,845	(103,387)	20,129,100
Vehicles and equipment	1,896,109	138,085	-	2,034,194
Construction in Progress	-	573,439	-	573,439
Totals at cost	<u>22,132,886</u>	<u>862,369</u>	<u>(103,387)</u>	<u>22,891,868</u>
Less accumulated depreciation:				
Buildings and improvements	8,903,767	593,130	-	9,496,897
Vehicles and equipment	1,293,981	147,891	(55,099)	1,386,773
Total accumulated depreciation	<u>10,197,748</u>	<u>741,021</u>	<u>(55,099)</u>	<u>10,883,670</u>
Governmental activities capital assets, net	<u><u>11,935,138</u></u>	<u><u>121,348</u></u>	<u><u>(48,288)</u></u>	<u><u>12,008,198</u></u>

Depreciation was charged to governmental functions as follows:

Instruction	331,057
Instructional Resources	9,873
Curriculum Development	1,702
School Leadership	15,367
Counseling and Health Services	6,708
Student Transportation	79,261
Food Services	42,718
Cocurricular/Extracurricular	212,796
General Administration	1,235
Plant Maintenance	23,321
Security	5,267
Data Processing	<u>11,716</u>
Total depreciation expense	<u><u>741,021</u></u>

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

**F. LONG-TERM DEBT**

In prior years, the District as authorized by Texas Education Code Section 45.003, authorized the issuance of Unlimited Tax School Building Bonds for construction of school facilities and purchase of equipment and vehicles.

In 2013, the District issued \$7,080,000 of unlimited tax refunding bonds plus premium to provide the resources to current refund \$7,140,000 of prior years bonds, leaving a balance of \$395,000 due on prior years bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$402,520. This amount is netted against the new debt and amortized over the new debt's life. Unlimited tax refunding bonds currently outstanding are as follows:

- ▶ Series 2005, issued in the original amount of \$8,800,000. Interest rates range from 4.5% to 5.25%. The bonds final maturity, after refunding, is February 15, 2015.
- ▶ Series 2013 issued in the original amount of \$7,080,000. Interest rates range from 2.00% to 5.00%. The bonds final maturity is February 15, 2035.

Long term liability activity for the year ended August 31, 2014 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions and Refunds</b>	<b>Ending Balance</b>	<b>Amounts due within one year</b>
Governmental Activities:					
Bonds Payable					
2005 Series	395,000	-	195,000	200,000	200,000
2013 Series	7,080,000	-	25,000	7,055,000	25,000
Total loans and bonds payable	7,475,000	0	220,000	7,255,000	225,000
Unamortized bond premium	831,126	-	43,863	787,263	-
Deferred amount refunding	(391,847)	-	(18,295)	(373,552)	-
Total long term debt	7,914,279	0	245,568	7,668,711	225,000

The sale of the Series 2005 and 2013 bond issues resulted in a premium received, which is being amortized over 30 years, the life of the bonds. In addition, debt issuance costs were incurred and were being amortized over 30 years. For the year ended August 31, 2013, the District implemented GASB 65 and the previously capitalized issuance costs of \$132,093 were written off.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

Annual debt service requirements to maturity for the District's long term debt are as follows:

Year Ending August 31,	Principal	Interest	Total
2015	225,000	654,481	879,481
2016	230,000	275,619	505,619
2017	240,000	265,019	505,019
2018	250,000	252,769	502,769
2019	265,000	239,894	504,894
2020-2024	1,495,000	1,021,844	2,516,844
2025-2029	1,825,000	690,844	2,515,844
2030-2034	2,230,000	288,444	2,518,444
2035	495,000	7,733	502,733
Totals	<u>7,255,000</u>	<u>3,696,647</u>	<u>10,951,647</u>

**G. REVENUES FROM LOCAL AND INTERMEDIATE SOURCES**

For the year ended August 31, 2014, revenues from local and intermediate sources reported in the governmental funds consisted of the following:

	General Fund	Special Revenue Fund	Debt Service Fund	Total
Property Taxes	4,852,446	-	469,577	5,322,023
Food Sales	-	95,036	-	95,036
Investment Income	3,634	93	338	4,065
Penalties, interest, and other tax related	100,656	-	10,211	110,867
Tuition	14,890	-	-	14,890
Co-curricular student activities	13,328	-	-	13,328
Other	12,829	29,939	-	42,768
Total	<u>4,997,783</u>	<u>125,068</u>	<u>480,126</u>	<u>5,602,977</u>



**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

**H. PENSION PLAN AND RETIREE HEALTH PLAN**

**Pension Plan**

**Plan Description.** The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and, under circumstances grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us).

**Funding Policy.** State law provides for a fiscal year 2012 state contribution rate of 6.00% , a rate of 6.40% for 2013, and for 2014 a state contribution rate of 6.80% and a member contribution rate of 6.40% to the TRS pension plan. In certain instances the District is required to make all or a portion of the state's 6.80% contribution.

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state pension plan funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate 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 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 the District's employees for the years ended August 31, 2012, 2013 and 2014 were \$255,879, \$263,577, and \$280,822, respectively. The District paid the additional state pension contributions for the years ended August 31, 2012, 2013 and 2014 in the amounts of \$19,736, \$26,417, and \$27,730, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

**Retiree Health Plan**

**Plan Description.** The District contributes to the Texas Public Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined postemployment health care plan administered by TRS. TRS-Care provides health care coverage for certain persons (and their dependents) who retire under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained from the same source as the pension plan.

**Funding Policy.** Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public employee contributions, respectively. The State of Texas and active District employee contribution rates were 1.00% and 0.65% of District payroll, respectively, with the District contributing a percentage of payroll of 0.55% for fiscal years 2014, 2013, and 2012. Per Texas Insurance Code, Chapter 1575, the District contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the District. For the years ended August 31, 2012, 2013 and 2014, the State's contribution to TRS-Care were \$41,524, 21,543, and \$44,656, respectively, the active members contributions were \$27,410, \$28,670, and \$29,682, respectively, and the District's contributions to TRS-Care were \$23,193, \$24,259 and \$25,116, respectively, which equaled the required contributions each year.

In addition to the pension plan and TRS-Care state contributions on behalf of the District, the District is allocated a portion of the Medicare Part D retiree drug subsidy. The allocated on behalf for the year ended August 31, 2014 is estimated by TRS at \$12,274 for Medicare Part D.

**I. HEALTH CARE COVERAGE**

During the year ended August 31, 2014, employees of the District were covered by a state wide health care program known as TRS-Active Care. TRS-Active Care is administered by the Teacher Retirement System of Texas. The District contributed \$225 per month per employee to TRS, and employees, at their option, authorized payroll withholdings to fund contributions for dependents.

**J. SELF-FUNDED WORKERS' COMPENSATION**

The District has joined together with other area district's to form a self-insurance workers' compensation risk pool (Pool.) Claims administration and processing for the Pool is provided by Claim Administrative Services, Inc. The agreement for the formation of the Pool provides that the Pool will be self sustaining through member premiums and will reinsure through commercial insurance companies for claims in excess of \$500,000 for each insured event, with an unlimited aggregate. The Pool contracts with Midwest Employers Casualty Company for reinsurance.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

The District's administrative expenses for the year ended August 31, 2014 were \$22,395. The claims administrator estimates the District's annual loss maximum at \$73,580. Estimated total claims liability for the year ended August 31, 2014, including estimated claims incurred but not reported, amounted to \$43,902. The estimated total liability for workers' compensation claims incurred but not reported claims amounts to \$23,090.

Claims liability, beginning of year	33,260
Incurred claims:	
Provision for insured events of current year	22,377
Increase (Decrease) in provision for insured events of prior years	(839)
Total incurred claims	21,538
Payments:	
Claims expenses attributable to insured events of current year	4,253
Claims expenses attributable to insured events of prior years	6,643
Total payments	10,896
Total unpaid claims at the end of the year	43,902

**K. LITIGATION AND CONTINGENCIES**

The District participates in numerous state and Federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the ability to collect any related receivable at August 31, 2014 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**L. JOINT VENTURE - SHARED SERVICE ARRANGEMENTS**

**Special Education Programs:**

The District participates in a shared services arrangement for special education programs with area school districts. The District does not account for the revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, Hallsville ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor liabilities that would give rise to future additional benefit or burden to the District. The fiscal manager is responsible for all financial activities of the shared services arrangement. The District's support of the shared service arrangement is included in intergovernmental charges in these financial statements.

**WASKOM INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED AUGUST 31, 2014**

**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 the year ended August 31, 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 fiscal years.

**N. UNEMPLOYMENT COMPENSATION POOL**

The District provided unemployment coverage to its employees through participation in the TASB Risk Management Pool (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participation in the Fund execute interlocal agreements that define the responsibilities of the parties.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2014, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**Budgetary Comparison Reporting**

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED AUGUST 31, 2014**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and intermediate sources	5,324,679	5,324,679	4,997,783	(326,896)
5800	State program revenues	2,497,605	2,497,605	2,722,540	224,935
5900	Federal program revenues	97,825	97,825	120,376	22,551
5020	Total revenues	7,920,109	7,920,109	7,840,699	(79,410)
<b>EXPENDITURES:</b>					
0011	Instruction	4,658,928	4,614,896	4,489,357	125,539
0012	Instructional resources and media services	85,738	80,738	78,038	2,700
0013	Curriculum and staff development	98,023	98,023	96,540	1,483
0023	School leadership	381,685	371,685	368,265	3,420
0031	Guidance, counseling, and evaluation services	124,250	124,250	123,032	1,218
0033	Health services	58,484	58,484	56,092	2,392
0034	Student transportation	192,370	182,370	179,336	3,034
0036	Cocurricular/Extracurricular activities	375,685	481,685	483,113	(1,428)
0041	General administration	331,682	316,682	329,112	(12,430)
0051	Plant maintenance and operations	955,019	981,019	1,025,390	(44,371)
0052	Security and monitoring services	51,876	58,876	58,652	224
0053	Data processing services	125,783	120,783	119,080	1,703
0081	Capital outlay	375,000	967,000	775,507	191,493
0093	Payments related to shared services arrangements	105,586	105,586	105,586	-
6030	Total expenditures	7,920,109	8,562,077	8,287,100	274,977
1100	Excess (deficiency) of revenues over expenditures	-	(641,968)	(446,401)	195,567
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of property	-	-	4,400	4,400
7915	Transfers in	-	-	-	-
8911	Transfers out	-	-	(16,438)	(16,438)
7080	Total other financing sources (uses)	-	-	(12,038)	(12,038)
1200	Net change in fund balances	-	(641,968)	(458,439)	183,529
0100	Fund balance - September 1 (beginning)	2,858,814	2,858,814	2,858,814	-
3000	Fund balance - August 31 (ending)	2,858,814	2,216,846	2,400,375	183,529

The accompanying notes are an integral part of this statement

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**Combining Schedules**

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

Data Control Codes	ial Revenue Funds			
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	244 Vocational Education Basic	255 Title II A Principal Training
<b>ASSETS</b>				
1110		108,589		
1220				
1230				
1240		45,208		
1000		153,797		
<b>LIABILITIES</b>				
2160		9,720		
2300				
2000		9,720		
<b>DEFERRED INFLOWS OF RESOURCES</b>				
2601				
2600				
<b>FUND BALANCES</b>				
Restricted fund balance:				
3450		144,077		
3480				
3000		144,077		
4000		153,797		

270 Title VI, Part B Rural & Low Income	Special Revenue Funds			Total Special Revenue Funds	Other Governmental	Total Nonmajor Governmental Funds
	410 State Textbook Fund	419 Headstart Ready to Read	599 Debt Service Fund			
-	8,546	-	117,135	104,745	221,880	
-	-	-	-	49,442	49,442	
-	-	-	-	(39,554)	(39,554)	
-	-	-	45,208	-	45,208	
-	8,546	-	162,343	114,633	276,976	
-	-	-	9,720	-	9,720	
-	8,546	-	8,546	-	8,546	
-	8,546	-	18,266	-	18,266	
-	-	-	-	9,888	9,888	
-	-	-	-	9,888	9,888	
-	-	-	144,077	-	144,077	
-	-	-	-	104,745	104,745	
-	-	-	144,077	104,745	248,822	
-	8,546	-	162,343	114,633	276,976	

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

Data Control Codes	ial Revenue Funds				
	211 ESEA Title I Part A	240 School Lunch & Breakfast Program	244 Vocational Education Basic	255 Title II A Principal Training	
<b>REVENUES</b>					
5700	Total local and intermediate sources	-	95,036	-	-
5800	State program revenues	-	9,422	-	-
5900	Federal program revenues	168,741	390,320	5,151	33,597
5020	Total Revenues	168,741	494,778	5,151	33,597
<b>EXPENDITURES</b>					
0011	Instruction	156,606	-	5,151	-
0013	Curriculum and staff development	1,096	-	-	33,597
0021	Instructional leadership	7,086	-	-	-
0034	Student transportation	3,953	-	-	-
0035	Food service	-	462,578	-	-
0071	Principal on long-term debt	-	-	-	-
0072	Interest on long-term debt	-	-	-	-
0073	Bond issuance cost & fees	-	-	-	-
6030	Total Expenditures	168,741	462,578	5,151	33,597
1100	Excess (Deficiency) of Revenues Over Expenditures	-	32,200	-	-
<b>OTHER FINANCING SOURCES (USES)</b>					
7911	Capital related debt issued	-	-	-	-
7915	Transfers in	-	-	-	-
7916	Premium or discount on issuance of bonds	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total other financing sources and uses	-	-	-	-
1200	Net change in fund balances	-	32,200	-	-
0100	Fund balances, beginning	-	111,877	-	-
3000	Fund balances, ending	-	144,077	-	-

Special Revenue Funds			Total Special Revenue Funds	Other Governmental	Total Nonmajor Governmental Funds
270 Title VI, Part B Rural & Low Income	410 State Textbook Fund	419 Headstart Ready to Read		599 Debt Service Fund	
-	-	29,562	124,598	479,880	604,478
-	19,821	-	29,243	-	29,243
12,426	-	-	610,235	-	610,235
12,426	19,821	29,562	764,076	479,880	1,243,956
12,426	19,821	46,000	240,004	-	240,004
-	-	-	34,693	-	34,693
-	-	-	7,086	-	7,086
-	-	-	3,953	-	3,953
-	-	-	462,578	-	462,578
-	-	-	-	220,000	220,000
-	-	-	-	294,356	294,356
-	-	-	-	931	931
12,426	19,821	46,000	748,314	515,287	1,263,601
-	-	(16,438)	15,762	(35,407)	(19,645)
-	-	-	-	-	-
-	-	16,438	16,438	-	16,438
-	-	-	-	-	-
-	-	-	-	-	-
-	-	16,438	16,438	-	16,438
-	-	-	32,200	(35,407)	(3,207)
-	-	-	111,877	140,152	252,029
-	-	-	144,077	104,745	248,822

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**Required TEA Schedules**

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
AUGUST 31, 2014**

Last Ten Years Ended August 31,	1	2	3	10	20	31	32	40	50
	Tax Rates		Assessed or Appraised Valuation	Beginning Balance September 1	Current Year's Total Levy	Maintenance Collections	Debt Service Collections	Entire Year's Adjustments	Ending Balance August 31
	Maint- enance	Debt Service							
2005 & Prior	Various	Various	-	79,899	-	12,924	-	(11,312)	55,663
2006	1.5000	0.2249	262,101,752	21,861	-	4,062	-	(875)	16,924
2007	1.3700	0.1800	321,306,054	27,326	-	3,634	477	(4,043)	19,172
2008	1.0400	0.1500	362,235,378	25,528	-	4,127	595	(3,502)	17,304
2009	1.0400	0.1300	437,903,140	32,364	-	7,217	902	(1,112)	23,133
2010	1.0400	0.1300	443,127,510	46,960	-	11,070	1,384	(1,196)	33,310
2011	1.0400	0.1300	444,114,265	63,804	-	14,216	1,777	(1,288)	46,523
2012	1.0400	0.1250	454,511,674	99,180	-	27,037	3,250	(1,960)	66,933
2013	1.0400	0.1300	507,732,951	181,019	-	66,221	8,278	(2,953)	103,567
2014 (Current)	1.0400	0.1000	489,105,040	-	5,575,797	4,700,933	452,011	(252,934)	169,919
1000	Totals			577,941	5,575,797	4,851,441	468,674	(281,175)	552,448

**WASKOM INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
CHILD NUTRITION FUND  
FOR THE YEAR ENDED AUGUST 31, 2014**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and intermediate sources	100,500	100,500	95,036	(5,464)
5800	State program revenues	3,000	3,000	9,422	6,422
5900	Federal program revenues	282,590	282,590	390,320	107,730
5020	Total revenues	386,090	386,090	494,778	108,688
<b>EXPENDITURES:</b>					
0035	Food service	386,090	466,090	462,578	3,512
6030	Total expenditures	386,090	466,090	462,578	3,512
1100	Excess (deficiency) of revenues over expenditure	-	(80,000)	32,200	112,200
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers in	-	-	-	-
8911	Transfers out (use)	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	(80,000)	32,200	112,200
0100	Fund balance - September 1 (beginning)	111,877	111,877	111,877	-
3000	Fund balance - August 31 (ending)	111,877	31,877	144,077	112,200

**WASKOM INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED AUGUST 31, 2014**

Data Control Codes	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Local and intermediate sources	515,256	515,256	479,880	(35,376)
5020	Total revenues	515,256	515,256	479,880	(35,376)
<b>EXPENDITURES:</b>					
0071	Debt service - principal on long-term debt	220,000	220,000	220,000	-
0072	Debt service - interest on long-term debt	294,356	294,356	294,356	-
0073	Debt service - bond issuance cost & fees	900	932	931	1
6030	Total expenditures	515,256	515,288	515,287	1
1100	Excess (deficiency) of revenues over expenditure	-	(32)	(35,407)	(35,375)
<b>OTHER FINANCING SOURCES (USES):</b>					
7911	Capital related debt issued	-	-	-	-
7916	Premium or discount on issuance of bonds	-	-	-	-
8949	Other uses	-	-	-	-
7080	Total other financing sources (uses)	-	-	-	-
1200	Net change in fund balances	-	(32)	(35,407)	(35,375)
0100	Fund balance - September 1 (beginning)	140,152	140,152	140,152	-
3000	Fund balance - August 31 (ending)	140,152	140,120	104,745	(35,375)

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**FEDERAL AWARDS SECTION**

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**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**

Members of the Board of Trustees of  
Waskom Independent School District  
Waskom, Texas

Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waskom Independent School District (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 December 5, 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.

**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**

Members of the Board of Trustees

December 5, 2014

Page 2

**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.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.

Certified Public Accountants

December 5, 2014





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Trustees of  
Waskom Independent School District  
Waskom, Texas

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

We have audited Waskom Independent School District's (District) 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.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Trustees  
December 5, 2014  
Page 2

**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.

*Goff & Herrington, P.C.*

GOFF & HERRINGTON, P.C.  
Certified Public Accountants  
December 5, 2014

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

**Section I - Summary of Auditor's Results:**

*Financial Statements*

Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	___yes <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> none reported
Noncompliance material to financial statements noted?	___yes <u>X</u> no

*Federal Awards*

Internal control over major programs:	
Material weaknesses identified?	___yes <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	___yes <u>X</u> none reported
Type of auditor's report on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in compliance with section 510(a) of OMB Circular A-133?	___yes <u>X</u> no

*Identification of Major Programs*

CFDA 10.550, 10.553, 10.555	Child Nutrition Cluster
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Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
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Auditee qualified as a low risk auditee?	<u>X</u> yes    ___no
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**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

**WASKOM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE YEAR ENDED AUGUST 31, 2014**

There were no findings reported for the prior year.

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

None required.

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**For Discussion Purposes Only**

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

**Basis of Presentation:**

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

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**WASKOM INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2014**

(1) Federal Grantor/ Pass-Through Grantor/ Program title	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passed through Texas Education Agency:</i>			
ESEA Title 1, Part A	84.010A	14610101102903	168,741
Title II Part A	84.367A	14694501102903	33,597
Title VI, Part B	84.358B	14696001102903	12,426
<i>Passed through Harrison Co-op</i>			
IDEA B Formula	84.027A	146600011029047	120,376
<i>Passed through Union Grove ISD</i>			
Career and Technology	84.048A	14420006230908	5,152
<b>Total Department of Education</b>			340,292
<b>U.S. Department of Agriculture</b>			
<i>Passed through Texas Education Agency:</i>			
National School Breakfast Program	10.553	71401401	87,111
National School Lunch Program	10.555	71301401	274,804
Commodities	10.550	210002A	28,404
<b>Total child nutrition cluster</b>			390,319
<b>Total expenditures of federal awards</b>			730,611

\$120,376 of federal revenues are in the General Fund.

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