PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY

WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY Introductory Section



West Orange-Cove Consolidated Independent School District Annual Financial Report For The Year Ended June 30, 2014

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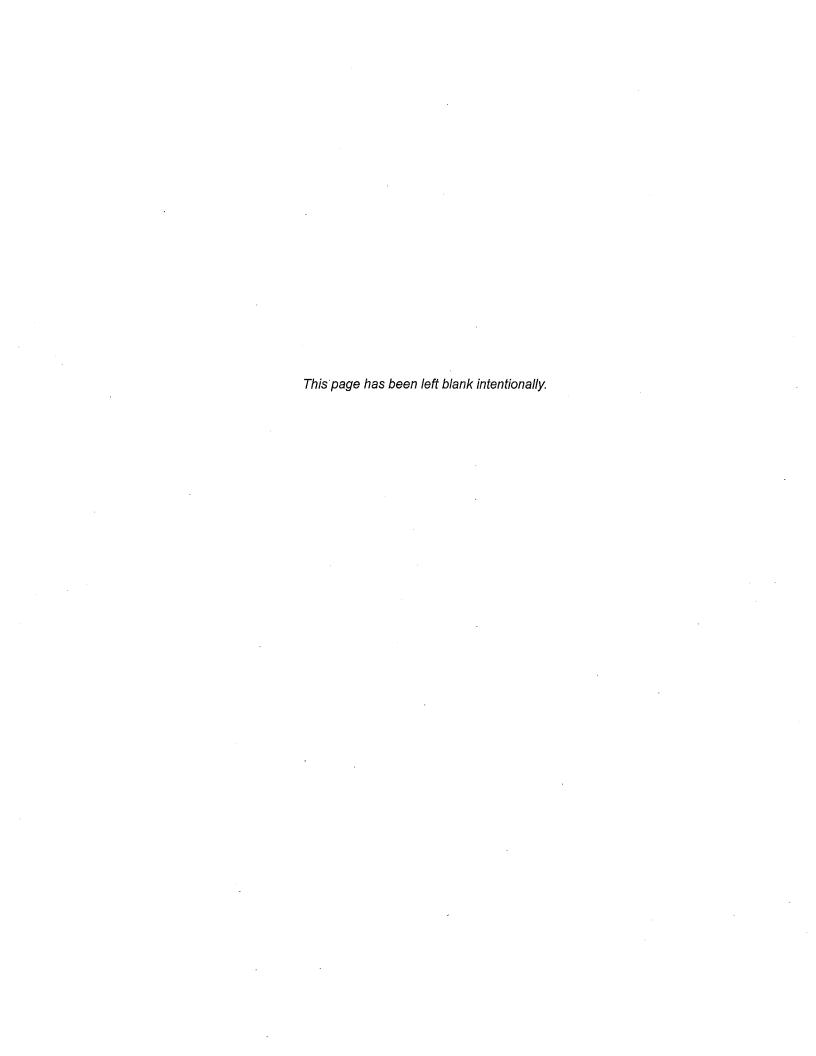
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CERTIFICATE OF BOARD

West Orange-Cove Consolidated Independent Name of School District	ent School District	<u>Orange</u> County	<u>181-906</u> CoDist. Number					
We the undersigned certify that the attac	ched annual financial r	eports of the above r	named school district					
We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)approveddisapproved for the year ended June 30, 2014,								
at a meeting of the board of trustees of such school district on the day of,								
	,							
Signature of Board Secretary		Signature of Board Pr	resident					
If the board of trustees disapproved of the au	uditor's report, the reasc	on(s) for disapproving i	t is (are):					
(attach list as necessary)	,	, 11 3	, ,					



Financial Section



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove Consolidated Independent School District ("the District") as of and for the year ended June 30, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove Consolidated Independent School District as of June 30, 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 identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the West Orange-Cove Consolidated Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2014 on our consideration of West Orange-Cove Consolidated Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering West Orange-Cove Consolidated Independent School District's internal control over financial reporting and compliance.

Respectfully suprathed;

PRELIVINAR PURPOSES ONLY

FOR Palvis, Heinemann & Company, P.C.

Huntsville, Texas October 17, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of West Orange Cove Consolidated School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$9,823,879 at June 30, 2014.
- During the year, the District's expenses were \$549,649 less than the \$32,299,829 generated in local, state and federal revenues for governmental activities.
- The total cost of the District's programs was \$377,669 less than the previous year.
- The general fund reported a fund balance this year of \$10,027,102.

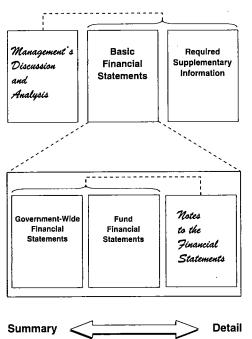
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



Government-wide Statements

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

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

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

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

Fund Financial Statements

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

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

The District has the following kinds of funds:

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position. The District's combined net position was \$9,823.9 thousand at June 30, 2014. (See Table A-1).

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

Governmental Activities

				0040		Change
		2014		2013		2014-2013
Current Assets:						
	\$	14,198.6	\$	17,079.4	\$	(2,880.8)
Property Taxes Receivable, Net		2,743.9		2,332.2		411.7
Due from Other Governments		1,162.8		949.5		213.3
Inventories		30.3		30.3		-
Other Receivables		46.3		49.9		(3.6)
Total Current Assets:		18,181.9		20,441.3		(2,259.4)
Non-Current Assets:						
Capital Assets		112,989.2		109,227.6		3,761.6
Less Accumulated Depreciation		(53,917.6)		(50,828.3)		(3,089.3)
Restricted Assets		5,948.0		4,993.0		955.0
Other Long-Term Assets		13.3	_	12.1		1.2
Total Non-Current Assets		65,032.9		63,404.4		1,628.5
Total Assets		83,214.8		83,845.7		(630.9)
			_			
Deferred Outflows of Resources:						
Deferred Charge on Debt Refunding		593.6		647.6		(54.0)
Total Deferred Outflows of Resources		593.6		647.6		(54.0)
Current Liabilities:				•		
Accounts Payable & Accrued Liabilities		616.7		824.1		(207.4)
Interest Payable		832.4		840.0		(7.6)
Accrued Wages Payable		1,455.6		1,065.6		390.0
Due to Other Governments		1,165.9		1,027.9		138.0
Due to Student Groups		8.2		8.2		-
Unearned Revenue		5.2		<u> </u>		5.2
Total Current Liabilities		4,084.0		3,76 <u>5.8</u>		318.2
Noncurrent Liabilities:		•				
Due within One Year		1,288.7		1,438.4		(149.7)
Due in More than One Year		68,611.8		70,014.9		(1,403.1)
Total Noncurrent Liabilities		69,900.5		71,453.3	_	(1,552.8)
Total Liabilities		73,984.5		75,219.1	_	(1,234.6)
Net Position:						
Invested in Capital Assets, net		(605.8))	(2,628.3)		2,022.5
Restricted		8,563.3		8,934.7		(371.4)
Unrestricted	_	1,866.4	- , .	2,967.8		(1,101.4)
Total Net Position	\$	9,823.9	- \$:	9,274.2	\$	549.7

Approximately \$8,563.3 thousand of the District's restricted net position represents assets held for Debt Service requirements. The \$1,866.4 thousand of unrestricted net position represents resources available to fund the programs of the District next year.

Changes in net position.

The District's total revenues were \$32,299.8 thousand. A significant portion, seventy-four (74) percent, of the District's revenue comes from taxes. Twenty-three (23) percent comes from state aid – formula and federal grants and three (3) percent is related to charges for services, investment earnings and miscellaneous revenue.

The total cost of all programs and services was \$31,750.2 thousand; forty (40) percent of these costs are for instructional and student services.

Charges for services decreased in the current year due to higher lease revenue in the prior year. Operating grants and contributions decreased in the current year primarily due to lower federal grant revenues. State aid and formula decreased in the current year due to the State decreasing the allotment to the District.

Instructional leadership expenditures decreased in the current year compared to the prior year primarily due to lower payroll expenditures. Plant maintenance and operation expenditures were lower in the current year compared to the prior year due to repairs and maintenance related to capital projects. Cocurricular/extracurricular activities increased in the current year when compared to the prior year due to higher expenditures in campus activity funds.

Governmental Activities

 Property tax rates decreased two (2) percent from the prior year. Tax collections decreased \$49.7 thousand from the prior year.

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

Governmental Activites

	Governmental Activites				163	
						Change
		2014		2013	_	2014-2013
Program Revenues:	•		_			
Charges for Services	\$	519.8	\$	1,043.1	\$	(523.3)
Operating Grants and Contributions		6,602.4		7,250.7		(648.3)
General Revenues						
Property Taxes		24,060.2		24,109.9		(49.7)
State Aid - Formula		888.9		1,367.3		(478.4)
Investment Earnings		194.2		181.6		12.6
Other		34.3		60.6	_	(26.3)
Total Revenues		32,299.8		34,013.2	_	(1,713.4)
Program Expenses:					_	
Instruction		12,702.5		12,731.0		(28.5)
Instructional Resources and Media Services		401.1		460.4		(59.3)
Curriculum Dev. And Instructional Staff Dev.		806.8		824.1		(17.3)
Instructional Leadership		227.0		387.2		(160.2)
School Leadership		1,220.8		1,204.5		16.3
Guidance, Counseling and Evaluation Services		844.6		778.3		66.3
Social Work Services		217.8		166.0		51.8
Health Services		199.4		247.3		(47.9)
Student (Pupil) Transportation		1,345.2		1,336.7		8.5
Food Services		1,562.1		1,601.3		(39.2)
Curricular/Extracurricular Activities		1,444.8		1,308.7		136.1
General Administration		1,568.3		1,510.6		57.7
Plant Maintenance & Oper.		3,845.2		4,319.7		(474.5)
Security & Monitoring Svcs.		75.0		81.2		(6.2)
Data Processing Services		306.8		206.4		100.4
Community serivices		20.5		14.4		6.1
Interest and Fees on Long Term Debt		2,838.1		2,774.4		63.7
Bond Issuance Costs and Fees		27.0		9.0		18.0
Contracted Instructional Services Between Schools		1,758.7		1,865.1		(106.4)
Other Intergovernmental Charges		338.5	<u>.</u> .	301.6	_	36.9
Total Expenses		31,750.2		32,127.9	_	(377.7)
Increase (Decrease) in Net Position	\$	549.6	_\$.	1,885.3	_\$	(1,335.7)

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

- The cost of all governmental activities this year was \$31,750.2 thousand.
- However, the amount that our taxpayers paid for these activities through property taxes was only \$24,060.2 thousand.
- Some of the cost was paid by those who directly benefited from the programs, \$519.8 thousand, and by grants and contributions \$7,491.3 thousand.

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

Total Cost of Services

Net Cost of Services

		Change							Change	
	_	2014		2013	_	2014-2013		2014	2013	2014-2013
Instruction	\$	12,702.5	\$	12,731.0	\$	(28.5)	\$	8,637.0 \$	7,918.9 \$	718.1
School administration		1,568.3		1,510.6		57.7		1,492.7	1,432.5	60.2
Plant Maintenance & Operations		3,845.2		4,319.6		(474.4)		3,769.8	4,134.8	(365.0)
Debt Service – Interest & Fiscal Charges		2,838.1		2,774.4		63.7		2,563.4	2,489.5	73.9

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget monthly. With these adjustments, actual expenditures were \$789.2 thousand below final budget amounts. The most significant positive variance resulted from instructional leadership expenditures.

On the other hand, resources available were \$217.2 thousand below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2014, the District had invested \$112,989.2 thousand in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

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

Governmental Activities

			Change
	2014	2013	2014-2013
Land	\$ 1,962.4 \$	1,962.4 \$	-
Construction in progress	237.2	1,128.4	(891.2)
Buildings and improvements	99,649.3	95,052.3	4,597.0
Vehicles	3,025.8	2,970.0	55.8
Equipment	8,114.5	8,114.5	
Totals at historical cost	112,989.2	109,227.6	3,761.6
Total accumulated depreciation	(53,917.6)	(50,828.3)	(3,089.3)
Net capital assets	\$ 59,071.6 \$	58,399.3 \$	672.3

Long Term Debt

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

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

Governmental Activities

			Change
	2014	2013	2014-2013
Bonds payable	\$ 57,765.2 \$	58,775.4 \$	(1,010.2)
Tax Notes Payable	1,912.2	2,252.2	(340.0)
Premiums & discounts	3,243.0	3,457.0	(214.0)
Accretion on CAB's	1,846.8	1,716.7	130.1
FEMA Note	5,000.0	5,000.0	-
Compensated absences	133.3	252,0	(118.7)
Total bonds & notes payable	\$ 69,900.5 \$	71,453.3 \$	(1,552.8)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2015 budget preparation are expected to increase by approximately 1.3% over the previous year.
- General operating fund spending per student increased in the 2015 budget from \$10,134 to \$10,215. This is a 1.0% increase.
- The District's 2015 refined average daily attendance is expected to be 2,150, an increase of 32 from 2,118 in 2014.

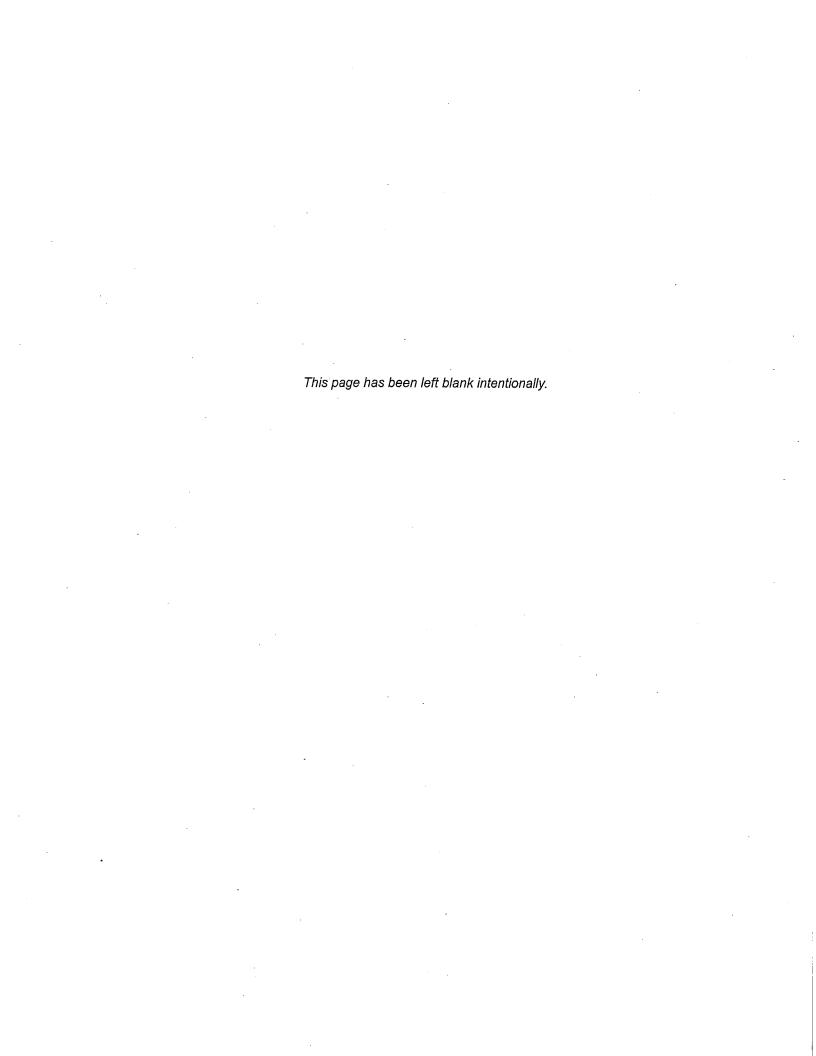
These indicators were taken into account when adopting the general fund budget for 2015. Amounts available for appropriation in the general fund budget are \$22.0 million, an increase of less than 1% percent from the final 2014 budget of \$22.0 million.

Expenditures are budgeted to increase nearly \$20.0 thousand, or less than one percent (<1%), to \$22.0 million. The District has added no major new programs or initiatives to the 2015 budget.

If these estimates are realized, the District's budgetary general fund fund balance is expected to remain unchanged by the close of 2015.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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



Basic Financial Statements

WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT STATEMENT OF NET POSITION

JUNE 30, 2014

			1 .
Data		_	
Control		,(Governmental Activities
Codes	ASSETS:	_	Activities
1110	Cash and Cash Equivalents	\$	14,198,638
1225	Property Taxes Receivable (Net)	•	2,743,933
1240	Due from Other Governments		1,162,817
1267	Due from Fiduciary		9,276
1290	Other Receivables (Net)		36,963
1300	Inventories		30,331
	Capital Assets:		
1510	Land		1,962,372
1520	Buildings and Improvements, Net		53,781,648
1530	Furniture and Equipment, Net		3,090,405
1580	Construction in Progress		237,173
1800	Restricted Assets		5,947,951
1910	Long-Term Investments		13,258_
1000	Total Assets	_	83,214,765
	DEFERRED OUTFLOWS OF RESOURCES:		
	Deferred Outflows of Resources		593,619
1700	Total Deferred Outflows of Resources	_	593,619
1700	Total Deletied Outliows of Resources	_	333,013
	LIABILITIES:		
2110	Accounts Payable		616,702
2140	Interest Payable		832,413
2165	Accrued Liabilities		1,455,623
2180	Due to Other Governments		1,165,929
2190	Due to Student Groups		8,180
2300	Unearned Revenue		5,141
	Noncurrent Liabilities:		
2501	Due Within One Year		1,288,753
2502	Due in More Than One Year	_	68,611,764
2000	Total Liabilities	_	73,984,505
	NET POSITION:		
3200	Net Investment in Capital Assets		(605,817)
0200	Restricted For:		(000)0 (1)
3820	Federal and State Programs		639,640
3850	Debt Service		7,751,448
3860	Capital Projects		33,339
3870	Campus Activities		138,887
3900	Unrestricted		1,866,382
3000	Total Net Position	\$	9,823,879
	and the state of the control of the state of	- T-	

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

Data Control Codes	Functions/Programs		1 Expenses		3 Program harges for Services		4 Ues Operating Grants and Contributions	-	let (Expense) Revenue and Changes in Net Position Governmental Activities
	Governmental Activities:	_						_	7.00.7.0.00
11	Instruction	\$	12,702,478	\$	145,828	\$	3,919,691	\$	(8,636,959)
12	Instructional Resources and Media Services		401,122	,		•		•	(401,122)
13	Curriculum and Staff Development		806,806				284,659		(522,147)
21	Instructional Leadership		226,977				106,506		(120,471)
23	School Leadership		1,220,781				62,482		(1,158,299)
31	Guidance, Counseling, & Evaluation Services		844,559				129,186		(715,373)
32	Social Work Services		217,850				157,381		(60,469)
33	Health Services		199,360				68,728		(130,632)
34	Student Transportation		1,345,158				2,000		(1,343,158)
35	Food Service		1,562,085		139,424		1,421,845		(816)
36	Cocurricular/Extracurricular Activities		1,444,837		220,795				(1,224,042)
41	General Administration		1,568,263		13,728		61,854		(1,492,681)
51	Facilities Maintenance and Operations		3,845,245		17		75,465		(3,769,763)
52	Security and Monitoring Services		75,040				17,411		(57,629)
53	Data Processing Services		306,804				´		(306,804)
61	Community Services		20,536				20,536		
72	Interest on Long-term Debt		2,838,091				274,660		(2,563,431)
73	Bond Issuance Costs and Fees		27,030						(27,030)
91	Contracted Instructional Services between Schools		1,758,678						(1,758,678)
99	Other Intergovernmental Charges		338,480						(338,480)
TG	Total Governmental Activities	_	31,750,180		519,792	-	6,602,404	_	(24,627,984)
TP	Total Primary Government	\$_	31,750,180	\$	519,792	\$	6,602,404	_	(24,627,984)
General Revenues: MT Property Taxes, Levied for General Purposes DT Property Taxes, Levied for Debt Service IE Investment Earnings GC Grants and Contributions Not Restricted to Specific Programs MI Miscellaneous TR Total General Revenues CN Change in Net Position NB Net Position - Beginning NE Net Position - Ending								\$	19,705,397 4,354,858 194,151 888,880 34,347 25,177,633 549,649 9,274,230 9,823,879

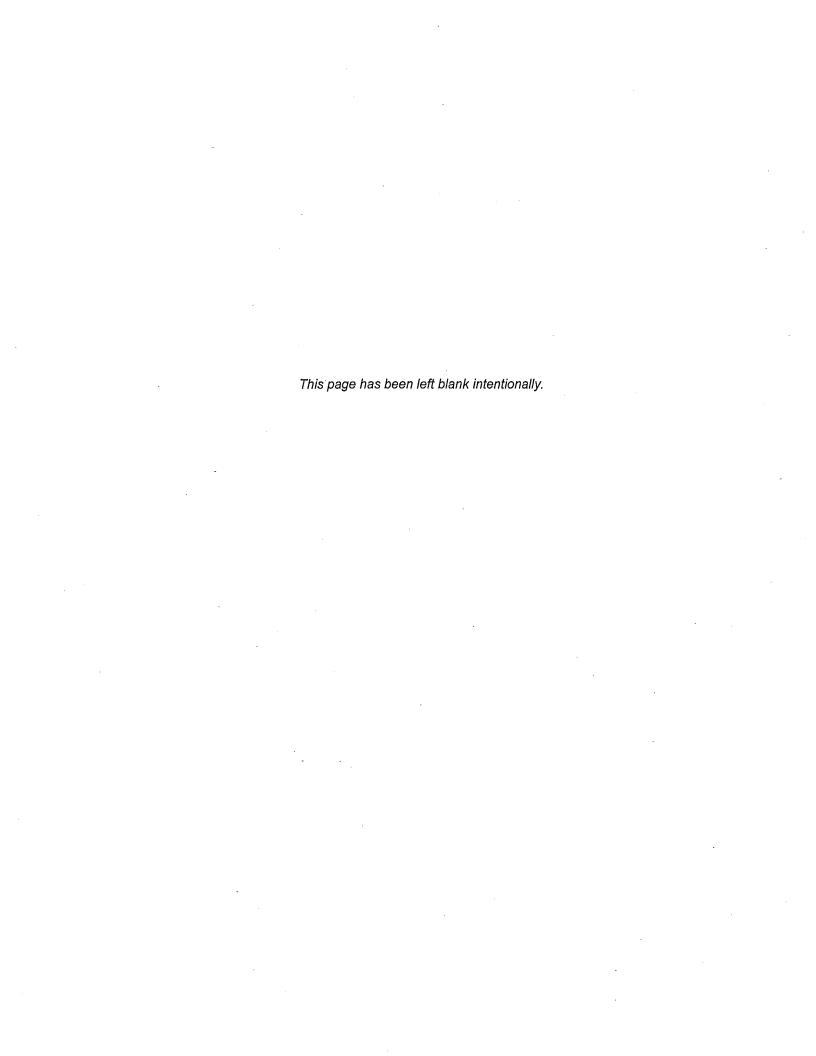
BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2014

Data	10	50 Debt
Data Control	General	Service
Codes	Fund	Fund
ASSETS:		Tullu
1110 Cash and Cash Equivalents	\$ 10,567,312	\$ 2,416,950
·		φ 2,410,950
1120 Investments	13,258 2,199,446	 511 107
1225 Taxes Receivable, Net 1240 Due from Other Governments		544,487
	186,072	
1260 Due from Other Funds	1,390,530	0.450
1290 Other Receivables	30,511	6,452
1300 Inventories	 770 700	
1800 Restricted Assets	776,738	5,171,213
1000 Total Assets	\$15,163,867	\$ 8,139,102
LIABILITIES:		
Current Liabilities:	A 201 201	•
2110 Accounts Payable	\$ 331,264	\$
2150 Payroll Deductions & Withholdings	353,997	
2160 Accrued Wages Payable	830,605	
2170 Due to Other Funds	247,387	387,654
2180 Due to Other Governments	1,165,929	
2190 Due to Student Groups	8,137	
2300 Unearned Revenue		
2000 Total Liabilities	2,937,319	387,654
DEFERRED INFLOWS OF RESOURCES:	,	
Deferred Revenue	2,199,446	544,488
2600 Total Deferred Inflows of Resources	2,199,446	544,488
FUND BALANCES:		
Nonspendable Fund Balances:		
3410 Inventories		
Restricted Fund Balances:		
3450 Federal/State Funds Grant Restrictions		
3470 Capital Acquisitions & Contractual Obligations		
3480 Retirement of Long-Term Debt		7,206,960
Committed Fund Balances:		
3510 Construction	233,998	
Assigned Fund Balances:		
3590 Other Assigned Fund Balance		
3600 Unassigned	9,793,104	
3000 Total Fund Balances	10,027,102	7,206,960
Total Liabilities, Deferred Inflow		
4000 of Resources and Fund Balances	\$ <u>15,163,867</u>	\$ <u>8,139,102</u>

	60 Capital Projects Fund	Other Governmental Funds	98 Total Governmental Funds
\$	124,140	\$ 1,074,951	\$ 14,183,353
			13,258
		070.745	2,743,933
		976,745 478	1,162,817 1,391,008
		4/0	36,963
		30,331	30,331
			5,947,951
\$	124,140	\$ <u>2,082,505</u>	\$ 25,509,614
\$	25,745		\$ 616,702
		45,327	399,324
	 65.056	225,694 768,080	1,056,299 1,468,177
	65,056	708,080	1,165,929
		43	8,180
		5,141	5,141
_	90,801	1,303,978	4,719,752
			2,743,934
_			2,743,934
			
		30,331	30,331
		609,309	609,309
	33,339	[']	33,339
			7,206,960
			233,998
		138,887	138,887
		770 507	9,793,104
	33,339	778,527	18,045,928
\$	124,140	\$2,082,505_	\$25,509,614

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2014

Total fund balances - governmental funds balance sheet	\$ 18,045,928
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not reported in the funds.	59,071,598
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	2,743,933
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	101,728
Payables for bond principal which are not due in the current period are not reported in the funds.	(59,612,015)
Payables for bond interest which are not due in the current period are not reported in the funds.	(832,413)
Payables for notes which are not due in the current period are not reported in the funds.	(6,912,240)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(133,301)
Bond premiums and discounts are not reported in the funds.	(3,242,961)
Deferred charges on refunded bonds are not reported in the funds.	 593,619
Net position of governmental activities - Statement of Net Position	\$ 9.823.877



STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2014

		10	50	
Data		×	Debt	
Contro		General	Service	
Codes		Fund	Fund	
	REVENUES:			_
5700	Local and Intermediate Sources	\$ 19,629,898	\$ 4,459,963	3
	State Program Revenues	1,701,261		•
5900	Federal Program Revenues	433,167	274,660)
5020	Total Revenues	21,764,326	4,734,623	
3020	Total Neventies	21,704,020		<u>_</u>
	EXPENDITURES:			
	Current:	•		
0011	Instruction	9,087,148		
0011	Instructional Resources and Media Services	195,289		
0012	Curriculum and Staff Development	483,725		
				
0021	Instructional Leadership	120,471		
0023	School Leadership	1,158,299		
0031	Guidance, Counseling, & Evaluation Services	686,831		
0032	Social Work Services	60,469		
0033	Health Services	118,008		
0034	Student Transportation	1,051,605		
0035	Food Service		•-	
0036	Cocurricular/Extracurricular Activities	695,061	••	
0041	General Administration	1,297,284		
0051	Facilities Maintenance and Operations	3,385,541		
0052	Security and Monitoring Services	57,629		
0053	Data Processing Services	306,804		
0061	Community Services			
0071	Principal on Long-term Debt	340,000	1,010,256	ô
	Interest on Long-term Debt	40,239	2,835,362	
	Bond Issuance Costs and Fees	5,156	21,874	
	Capital Outlay	,		
	Contracted Instructional Services			
0091	Between Public Schools	1,758,678		
	Other Intergovernmental Charges	338,480		
6030	Total Expenditures	21,186,717	3,867,492	2
0000	Total Experiorates	21,100,717		_
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	577,609	867,131	1
1100	Experialities			<u>.</u>
	Other Financing Sources and (Uses):			
7015	Transfers In	1,113		
7915	Transfers Out			
8911		(2,153,257)		
7080	Total Other Financing Sources and (Uses)	(2,152,144)	967 101	_
1200	Net Change in Fund Balances	(1,574,535)	867,131	
0400	E IDI Distriction	11 001 007	0.000.000	_
	Fund Balances - Beginning	11,601,637	6,339,829	
3000	Fund Balances - Ending	\$ 10,027,102	\$7,206,960	<u>_</u>

Capital Projects Fund Coher Governmental Funds Total Governmental Funds \$ 318 \$ 306,659 \$ 24,396,838 105,999 1,807,260 4,976,197 5,684,024 318 5,388,855 31,888,122 2,673,030 11,760,178 195,299 1,852,299 224,659 768,384 106,506 226,977 62,482 1,220,781 129,186 816,017 129,186 816,017 129,186 816,017 12,000 1,053,605 2,000 1,053,605 2,000 1,053,605 1,317,281 1,317,281 1,317,281 1,317,281 1,61,854 1,359,138 75,455 3,400,996 1,350,256 20,536 2,0536 20,536	60		98
Projects Fund Governmental Funds Governmental Funds \$ 318 \$ 306,659 \$ 24,396,838 105,999 1,807,260 4,976,197 5,684,024 318 5,388,855 31,888,122 2,673,030 11,760,178 195,289 768,384 196,506 226,977 62,482 1,220,781 129,186 816,017 129,186 816,017 1,20,781 217,850 2,000 1,053,605 2,000 1,053,605 1,317,281 1,317,281 1,317,281 1,317,281 168,503 363,564 16,854 1,359,138 75,455 3,460,996 20,536 20,536 1,530,256 20,536 2,875,601 2,703 </th <th></th> <th>Other</th> <th></th>		Other	
Fund Funds Funds \$ 318 \$ 306,659 \$ 24,396,838			
\$ 318 \$ 306,659 \$ 24,396,838 105,999			
105,999 1,807,260 4,976,197 5,684,024 318 5,388,855 31,888,122 2,673,030 11,760,178 195,289 284,659 768,384 106,506 226,977 62,482 1,220,781 129,186 816,071 157,381 217,850 68,728 186,736 2,000 1,053,605 1,317,281 1,317,281 68,503 863,564 61,854 1,359,138 75,455 3,460,986 17,411 75,040 20,536 20,536 17,411 75,040 20,536 20,536 13,350,256 13,350,256 13,350,256 1,350,256 2,875,601 3,893,477 3,893,477 3,893,477 2,154,370 1,113) (2,154,370) (1,113) (2,154,370) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504			
105,999 1,807,260 4,976,197 5,684,024 318 5,388,855 31,888,122 2,673,030 11,760,178 195,289 284,659 768,384 106,506 226,977 62,482 1,220,781 129,186 816,071 157,381 217,850 68,728 186,736 2,000 1,053,605 1,317,281 1,317,281 68,503 863,564 61,854 1,359,138 75,455 3,460,986 17,411 75,040 20,536 20,536 17,411 75,040 20,536 20,536 13,350,256 13,350,256 13,350,256 1,350,256 2,875,601 3,893,477 3,893,477 3,893,477 2,154,370 1,113) (2,154,370) (1,113) (2,154,370) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504	\$ 318	\$ 306,659	\$ 24,396,838
4,976,197 5,684,024 318 5,388,855 31,888,122 2,673,030 11,760,178 195,289 284,659 768,384 106,506 226,977 62,482 1,220,781 129,186 816,017 157,381 217,850 68,728 186,736 2,000 1,053,605 1,317,281 1,317,281 188,503 863,564 1,385,03 863,564 1,385,03 863,564 1,385,03 863,564 1,385,03 863,564 1,385,03 863,564 1,385,03 863,564 1,385,03 863,564 1,385,03 863,564 1,359,138 75,455 3,460,996 17,411 75,040 20,536 20,536 1,350,256 2,7030 3,693,477 2,7030 3,693,477 2,7030 3,693,477 3,893,477 1,758,678 338,480 3,693,477 1,758,678 2,154,370 (1,113) (2,154,370) (1,539,902) 243,843 (2,004,576)	·	105,999	1,807,260
318 5,388,655 31,888,122			
2,673,030 11,760,178 195,289 284,659 769,384 106,506 226,977 62,482 1,220,781 157,381 217,850 157,381 217,850 68,728 186,736 2,000 1,053,605 1,317,281 1,317,281 168,503 863,564 168,503 863,564 17,411 75,040 75,455 3,460,996 17,411 75,040 20,536 20,536 1,350,256 2,675,601 2,7030 3,693,477 3,693,477 1,758,678 2,7030 3,693,477 3,693,477 1,758,678 1,758,678 1,758,678 338,480 3,693,477 3,893,477 1,758,678 1,758,678 2,154,370 (1,113) (2,154,370) (1,539,902) 242,730 (2,004,576) (1,573,241 535,797 20,050,504	318		
		2,673,030	11,760,178
284,659 768,384 106,506 226,977 62,482 1,220,781 129,186 816,017 157,381 217,850 68,728 186,736 2,000 1,053,605 13,77,281 1,317,281 168,503 863,564 61,854 1,359,138 75,455 3,460,996 17,411 75,040 20,536 20,536 306,804 20,536 20,536 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 2,875,601 2,875,601 3,693,477 3,693,477 3,693,477 3,693,477 1,758,678 333,480 33,693,477 1,113) (2,154,370) (1,113) (2,154,370) (1,539,902) 242,730 (2,004,576) (1,573,241) 535,797 20,050,504			
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129,186 816,017 157,381 217,850 68,728 186,736 2,000 1,053,605 1,317,281 1,317,281 168,503 863,564 61,854 1,359,138 75,455 3,460,996 17,411 75,040 20,536 20,536 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 1,350,256 2,875,601 2,875,601 3,893,477 3,693,477 3,693,477 338,480 338,480 338,480 338,480 1,758,678 338,480 338,480 1,758,678 2,154,370 (1,113) (2,154,370) (1,539,902) 243,843 (2,004,576) (1,539,902) 242,730 (2,004,576)			
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306,804 20,536 20,536 1,350,256 2,875,601 27,030 3,693,477 3,693,477 1,758,678 338,480 3,693,477 5,145,012 33,892,698 (3,693,159) 243,843 (2,004,576) 2,153,257 (1,113) (2,154,370) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504			
20,536 20,536 1,350,256 2,875,601 27,030 3,693,477 3,693,477 338,480 3,693,477 5,145,012 33,892,698 (3,693,159) 243,843 (2,004,576) 2,153,257 (1,113) (2,154,370) 2,153,257 (1,113) (2,004,576) 1,573,241 535,797 20,050,504		17,411	
1,350,256 2,875,601 27,030 3,693,477 3,693,477 338,480 3,693,477 5,145,012 33,892,698 (3,693,159) 243,843 (2,004,576) 2,153,257 (1,113) (2,154,370) 2,153,257 (1,113) (2,004,576) 1,573,241 535,797 20,050,504			
2,875,601 27,030 3,693,477 1,758,678 338,480 3,693,477 5,145,012 33,892,698 (3,693,159) 243,843 (2,004,576) 2,153,257 2,154,370 (1,113) (2,154,370) 2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504		20,536	
27,030 3,693,477 3,693,477 1,758,678 338,480 3,693,477 5,145,012 33,892,698 (3,693,159) 243,843 (2,004,576) 2,153,257 2,154,370 (1,113) (2,154,370) 2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504			
3,693,477 3,693,477 1,758,678 338,480 3,693,477 5,145,012 33,892,698 (3,693,159) 243,843 (2,004,576) 2,153,257 (1,113) (2,154,370) 2,153,257 (1,113) (2,004,576) 1,573,241 535,797 20,050,504			
1,758,678 338,480 3,693,477 5,145,012 33,892,698 (3,693,159) 243,843 (2,004,576) 2,153,257 (1,113) (2,154,370) 2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504			
338,480 3,693,477 5,145,012 33,892,698 (3,693,159) 243,843 (2,004,576) 2,153,257 (1,113) (2,154,370) 2,153,257 (1,113) (2,004,576) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504	3,693,477	==	3,693,477
3,693,477 5,145,012 33,892,698 (3,693,159) 243,843 (2,004,576) 2,153,257 (1,113) (2,154,370) 2,153,257 (1,113) (2,004,576) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504			1,758,678
(3,693,159) 243,843 (2,004,576) 2,153,257 (2,154,370) (1,113) (2,154,370) 2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504			
2,153,257 2,154,370 (1,113) (2,154,370) 2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504	3,693,477	5,145,012	33,892,698
2,153,257 2,154,370 (1,113) (2,154,370) 2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504			
(1,113) (2,154,370) 2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504	(3,693,159)	243,843	(2,004,576)
(1,113) (2,154,370) 2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504			
(1,113) (2,154,370) 2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504	2,153,257		2,154,370
2,153,257 (1,113) (1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504	 	(1,113)	
(1,539,902) 242,730 (2,004,576) 1,573,241 535,797 20,050,504	2,153,257	(1,113)	
	(1,539,902)		(2,004,576)
	1.573.241	535,797	20.050.504
\$ 33,339 \$ \/\delta\/\delta\/52/ \$ 18.045.928	\$33,339	\$	\$ 18,045,928

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds	\$ (2,004,576)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	3,761,621
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,089,368)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	411,705
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	1,010,257
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	340,000
The accretion of interest on capital appreciation bonds is not reported in the funds.	(130,134)
(Increase) decrease in accrued interest from beginning of period to end of period.	7,626
The net revenue (expense) of internal service funds is reported with governmental activities.	(36,214)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	118,712
Bond premiums are reported in the funds but not in the SOA.	213,983
Deferred charges on refunded bonds are amortized in the SOA but not in the funds.	 (53,965)
Change in net position of governmental activities - Statement of Activities	\$ 549,647

STATEMENT OF NET POSITION INTERNAL SERVICE FUND JUNE 30, 2014

D-4-					lonmajor rnal Service Fund
Data Contro	1			Ir	nsurance
Codes					Fund
	ASSETS:				
	Current Assets:				
1110	Cash and Cash Equivalents			\$	15,285
	Receivables:				
1260	Due from Other Funds				86,443
	Total Current Assets				101,728
1000	Total Assets				101,728
2000	LIABILITIES: Total Liabilities		-		
	NET POSITION:			.—	
3000	Total Net Position			\$	101,728

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUND FOR THE YEAR ENDED JUNE 30, 2014

		Nonmajor Internal Service
Data		Fund
Contro	lo	Insurance Fund
Codes	OPERATING REVENUES:	runa
5700	Local and Intermediate Sources	\$15
5020	Total Revenues	15
	OPERATING EXPENSES:	
6400	Other Operating Costs	36,229
6030	Total Expenses	36,229
1300	Change in Net Position	(36,214)
0100	Total Net Position - Beginning	137,942
3300	Total Net Position - Ending	\$ 101,728

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE TWELVE MONTHS ENDED JUNE 30, 2014

	lr —	Nonmajor nternal Service Fund
		Insurance Fund
Cash Flows from Operating Activities: Cash Receipts for Quasi-external Operating	_	
Transactions with Other Funds	\$	15 (36.330)
Cash Payments For Insurance Claims Net Cash Provided (Used) by Operating Activities	_	(36,229)
Net Increase (Decrease) in Cash and Cash Equivalents Cash and Cash Equivalents at Beginning of Year Cash and Cash Equivalents at End of Year	\$ <u></u>	(36,214) 51,499 15,285
Reconciliation of Operating Income to Net Cash Provided by Operating Activities: Operating Income (Loss)	\$	(36,214)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities Change in Assets and Liabilities:	·	V1 /
Decrease (Increase) in Due from Other Funds		
Increase (Decrease) in Due To Other Funds		
Increase (Decrease) in Accounts Payable	-	
Total Adjustments	, <u>, </u>	
Net Cash Provided (Used) by Operating Activities	\$_	(36,214)

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS JUNE 30, 2014

		Agency Fund
Data Control Codes		Student Activity
ASSETS:		
1110 Cash and Cash Equivalents	\$	30,747
1000 Total Assets		30,747
LIABILITIES: Current Liabilities:		
2110 Accounts Payable	\$	73
2170 Due to Other Funds	•	9,276
2190 Due to Student Groups		21,398
2000 Total Liabilities		30,747
NET POSITION:		
3000 Total Net Position	\$	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

A. Summary of Significant Accounting Policies

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

1. Reporting Entity

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

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

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

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

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

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

The District reports the following major governmental funds:

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

In addition, the District reports the following fund types:

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

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

b. Measurement Focus, Basis of Accounting

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

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

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

3. Financial Statement Amounts

Cash and Cash Equivalents

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

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available when they become due or past due and receivable within the current period.

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

c. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

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

d. Capital Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

e. Receivable and Payable Balances

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

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

f. Compensated Absences

On retirement or resignation from the District with a minimum of ten years of service, employees shall be entitled to receive a lump sum payment for accrued local sick leave days, up to a maximum of 100 days.

g. Interfund Activity

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

h. Use of Estimates

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

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

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

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

k. Deferred Outflows and Inflows of Resources

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

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

4. Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to June 20 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- Prior to July 1, the budget is legally enacted through passage of a resolution by the Board.

The appropriated budget is prepared by fund, function, and campus/department. The District's campus/department heads may make transfers of appropriations within a campus/department. Transfers of appropriations between campus/departments require the approval of the District's management. Transfers of appropriations between functions require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. The District made several supplemental budgetary appropriations throughout the year.

B. Compliance and Accountability

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

> **Violation** None reported

Action Taken Not applicable

Deficit Fund Balance or Fund Net Position of Individual Funds

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

such deficits:

Deficit

Fund Name None reported

<u>Amount</u> Not applicable <u>Remarks</u> Not applicable

Deposits and Investments

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

Cash Deposits: 1.

At June 30, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$3,855,477 and the bank balance was \$4,239,399. The District's cash deposits at June 30, 2014 and during the year ended June 30, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

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

- Depository: First Financial Bank a.
- The market value of securities pledged as of the date of the highest combined balance on deposit was b. \$14,553,728.
- The highest combined balances of cash, savings and time deposit accounts amounted to \$14,405,100 C. and occurred during the month of July, 2013.
- Total amount of FDIC coverage at the time of the largest combined balance was \$250,000.

The District classifies investment pools as cash and cash equivalents for reporting purposes. At June 30, 2014, the District had a balance of \$10,373,907 in investment pools.

Investments:

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

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

The Act determines the types of investments which are allowable for the District. These include, with certain

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at June 30, 2014 are shown below. The investments below do not include the investment pools, which are classified as cash equivalents.

Investment or Investment Type	<u>Maturity</u>		Fair Value
Federal National Mortgage Assn Discount Notes	12/01/2014	\$	747,775
JP Morgan Prime Money Market	N/A		28,963
Cash to be invested at a later date (held at BONY)	N/A		1,080,001
Federal National Mortgage Assn Discount Notes	12/01/2014		955,713
Federal National Mortgage Assn Discount Notes	10/29/2014		3,062,479
JP Morgan Prime Money Market	N/A		73,020
Morgan Stanley Smith Barney - Equity	N/A		13,258
Total Investments		\$_	5,961,209

3. Analysis of Specific Deposit and Investment Risks

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

a. Credit Risk

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

b. Custodial Credit Risk

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

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

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

c. Concentration of Credit Risk

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

d. Interest Rate Risk

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

e. Foreign Currency Risk

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Investment Accounting Policy

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

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

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

D. Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:	<u> </u>			
Capital assets not being depreciated:				
Land \$	1,962,372 \$	\$	\$	1,962,372
Construction in progress	1,128,432	3,693,477	4,584,736	237,173
Total capital assets not being depreciated	3,090,804	3,693,477	4,584,736	2,199,545
Capital assets being depreciated:				
Buildings and improvements	95,052,270	4,597,064		99,649,334
Equipment	8,114,486			8,114,486
Vehicles	2,970,040	55,816		3,025 <u>,856</u>
Total capital assets being depreciated	106,136,796	4,652,880		110,789,676
Less accumulated depreciation for:				-
Buildings and improvements	(43,566,342)	(2,301,344)		(45,867,686)
Equipment	(5,266,661)	(443,098)		(5,709,759)
Vehicles	(1,995,252)	(344,926)		(2,340,178)
Total accumulated depreciation	(50,828,255)	(3,089,368)		(53,917,623)
Total capital assets being depreciated, net	55,308,541	1,563,512		56,872,053
Governmental activities capital assets, net	58,399,345 \$	5,256,989 \$	4,584,736 \$	59,071,598

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Depreciation was charged to functions as follows:

Instruction	\$ 1,037,126
Instructional Resources and Media Services	205,833
Curriculum and Staff Development	38,422
Guidance, Counseling, & Evaluation Services	28,542
Health Services	12,624
Student Transportation	315,179
Food Services	244,804
Extracurricular Activities	581,273
General Administration	209,126
Plant Maintenance and Operations	416,439
,	\$ 3,089,368

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2014, consisted of the following:

Due To Fund	Due From Fund		Amount	Purpose
General Fund	Other Governmental Funds	\$	768,078	Short-term loans.
General Fund	General Fund		160,466	Payroll expenditures.
General Fund	Debt Service Fund		387,654	Sinking fund requirements.
General Fund	Capital Projects Fund		65,056	Reimburse capital expenditures.
Other Governmental Funds	General Fund		478	Short-term loans.
Internal Service Fund	General Fund		86,443	Short-term loans.
	Total	\$_	1,468,175	

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2014, consisted of the following:

Transfers From	Transfers To	 Amount	Reason
Special Revenue General fund	General Fund Capital Projects Fund Total	\$ 1,113 2,153,257 2,154,370	Supplement other funds sources Reimburse expenditures

F. Long-Term Obligations

1. Long-Term Obligation Activity

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Long-term debt is summarized as follows:

Series	Original Issue	Final Maturity	Annual Installments	Percentage Rate	Outstanding Balance
2003 Qualified Zone Academy Bonds	\$ 4,506,457	2018	\$ 4,506,457	0.2% \$	4,506,457
2005 Qualified Zone Academy Bonds	1,478,543	2021	1,478,543	.00%	1,478,543
2005 Maintenance Tax Notes	1,197,240	2021	1,197,543	.00%	1,197,240
2008 Serial Bonds	37,040,000	2038	635,000 to 680,000	3.25% to 4.75%	33,610,000
2008 Capital Appreciation Bonds	959,322	2016	915,000	3.53% to 3.65%	589,882
2009 Unlimited Tax School Bldg	9,490,000	2039	190,000 to 580,000	3.50% to 4.95%	8,460,000
2009 Capital Appreciation Bonds	9,336	2017	5,865 to 3,471	2.95% to 3.20%	9,336
2009 Maintenance Tax Notes	2,245,000	2016	260,000 to 365,000	2.95% to 3.20%	715,000
2011 Qualified School Construction Bonds	6,075,000	2028	6,075,000	4.69%	6,075,000
2012 Unlimited Tax-Refunding Bonds	3,456,774	2026	152,996 to 420,817	0.90% to 3.71%	3,035,957

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2014, are as follows:

Beginning Balance	Increases		Decreases	Ending Balance	Amounts Due Within One Year
\$ 58,775,432 \$		\$	1,010,257 \$	57,765,175 \$	927,713
2,252,240			340,000	1,912,240	350,000
1,716,707	759,87	7	629,743	1,846,841	
3,456,944			213,983	3,242,961	
5,000,000				5,000,000	
252,013			118,712	133,301	11,040
\$ 71,453,336 \$	759,87	<u>7</u> \$_	2,312,695 \$	69,900,518 \$	1,288,753
\$ \$	\$ 58,775,432 \$ 2,252,240 1,716,707 3,456,944 5,000,000 252,013	Balance Increases \$ 58,775,432 \$ 2,252,240 1,716,707 759,87 3,456,944 5,000,000 252,013 1	Balance Increases \$ 58,775,432 \$ \$ 2,252,240 1,716,707 759,877 3,456,944 5,000,000 252,013 \$ 1,716,707	Balance Increases Decreases \$ 58,775,432 \$ \$ 1,010,257 \$ 2,252,240 340,000 340,000 1,716,707 759,877 629,743 3,456,944 250,000,000 252,013 118,712 118,712	Balance Increases Decreases Balance \$ 58,775,432 \$ \$ 1,010,257 \$ 57,765,175 \$ 2,252,240 340,000 1,912,240 1,716,707 759,877 629,743 1,846,841 3,456,944 213,983 3,242,961 5,000,000 5,000,000 252,013 118,712 133,301

^{*} Other long-term liabilities

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

Liability	Activity Type	Fund
Compensated absences	Governmental	General Fund

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

2. Debt Service Requirements

Debt service requirements on general long-term debt at June 30, 2014, are as follows:

		Governmental Activities				
Year Ending June 30,		Principal	Interest	Total		
2015	\$	1,277,713 \$	2,947,017 \$	4,224,730		
2016		987,270	3,231,286	4,218,556		
2017		1,244,288	2,610,580	3,854,868		
2018		5,859,452	2,279,322	8,138,774		
2019		1,569,342	2,417,139	3,986,481		
2020-2024		10,921,292	11,717,316	22,638,608		
2025-2029		15,178,058	8,721,987	23,900,045		
2030-2034		11,090,000	4,381,415	15,471,415		
2035-2039		11,550,000	1,804,459	13,354,459		
Totals	\$_	59,677,415 \$	40,110,521 \$	99,787,936		

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

A portion of the bonds sold in the Series 2003, Series 2008, Series 2009, and Series 2012 Refunding bond issues were premium capital appreciation bonds. These obligations have par values of \$9,520,284 and maturity values of \$21,105,000. The interest on these obligations will be paid upon maturity in fiscal years ending June 30, 2010 through June 30, 2026. The accumulated accretion for these bonds at June 30, 2014 is \$1,846,841, which has been recorded in the government-wide financial statements.

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at June 30, 2014.

Sinking Fund Requirements:

The District is required to make sinking fund payments on the 2003 Qualified Zone Academy Bonds, 2005 Qualified Zone Academy Bonds, 2005 Maintenance Tax Notes, and 2011 Qualified School Construction Bonds as part of the debt covenants. The payments are held in escrow and reflected as restricted assets in the fund financial statements. The District's sinking fund requirements on long-term debt at June 30, 2014, are as follows:

Year Ending June 30,	Amount
2015	\$ 672,535
2016	672,535
2017	672,535
2018	672,535
2019	426,609
2020	426,609
2021	426,609
2022	355,000
2023	355,000
2024	355,000
2025	355,000
2026	355,000
2027	355,000
2028	360,000
	\$ 6,459,967

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

3. Federal Emergency Management Agency Disaster Loan

The District was approved to receive a \$5,000,000 Community Disaster Loan from the Federal Emergency Management Agency ("FEMA"). The funds were used to carry on existing operations or to expand the District's essential functions to meet disaster related needs related to Hurricane Ike. The term of the loan was five years, which could be extended to ten years. At June 30, 2014, the District had received \$5,000,000.

G. Commitments Under Noncapitalized Leases

Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of June 30, 2014, as follows:

Year Ending June 30,	
2015	\$ 109,665
2016	33,685
2017	17,867
2018	17,867
2019	10,422
Total Minimum Rentals	\$ 189,506
Rental Expenditures in 2014	\$ 100,244

H. Risk Management

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

Unemployment Compensation Pool

During the year ended June 30, 2014, West Orange-Cove CISD provided unemployment compensation coverage to its employees through participation in the Texas Association of School Boards 'TASB' Risk Management Fund. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2013, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

I. 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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, TX 78701 or by calling at 1-800-223-8778, or by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS publications heading.

2. Funding Policy

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

Contribution rates and contributions for fiscal years 2014-2012 are shown in the table below. These rates are set by the General Appropriations Act. In certain circumstances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employee's salaries that exceeded the statutory minimum.

		Statutory				
		M	lember	S	Minimum	
'	Year	Rate Amount Rate Amount		Amount	Amount	
\Box	2014	6.400%	\$ 877,895	6.800%	\$ 663,388	\$ 69,969
	2013	6.400%	853,475	6.400%	678,660	65,683
	2012	6.400%	850,631	6.000%	788,286	64,712

J. Retiree Health Care Plan

1. a. Plan Description

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

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204, establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon the public school district payroll. Per Texas Insurance Code, Chapter, 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school district. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2014-2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Contribution Rates and Contribution Amounts									
	Active N	/lember	State		School District				
Year	Rate	Amount	Rate Amount		Rate	Amount			
2014	0.65%	\$ 89,161	1.00%	\$ 99,703	0.55%	\$ 75,444			
2013	0.65%	86,681	0.50%	66,679	0.55%	73,347			
2012	0.65%	85,326	1.00%	131,271	0.55%	72,199			

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2014, 2013 and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$37,200, \$35,471 and \$32,566, respectively.

K. Employee Health Care Coverage

During the year ended June 30, 2014, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$315 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. All premiums were paid to a third party administrator, acting on behalf of the licensed insurer. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement.

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

Latest financial statements for the TRS Active Health Care are available for the year ended September 30, 2013, have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

L. Commitments and Contingencies

1. Contingencies

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

M. Shared Services Arrangements

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

N. Subsequent Events

The District did not have any subsequent events through October 17, 2014, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2014.

Required Supplementary Information

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

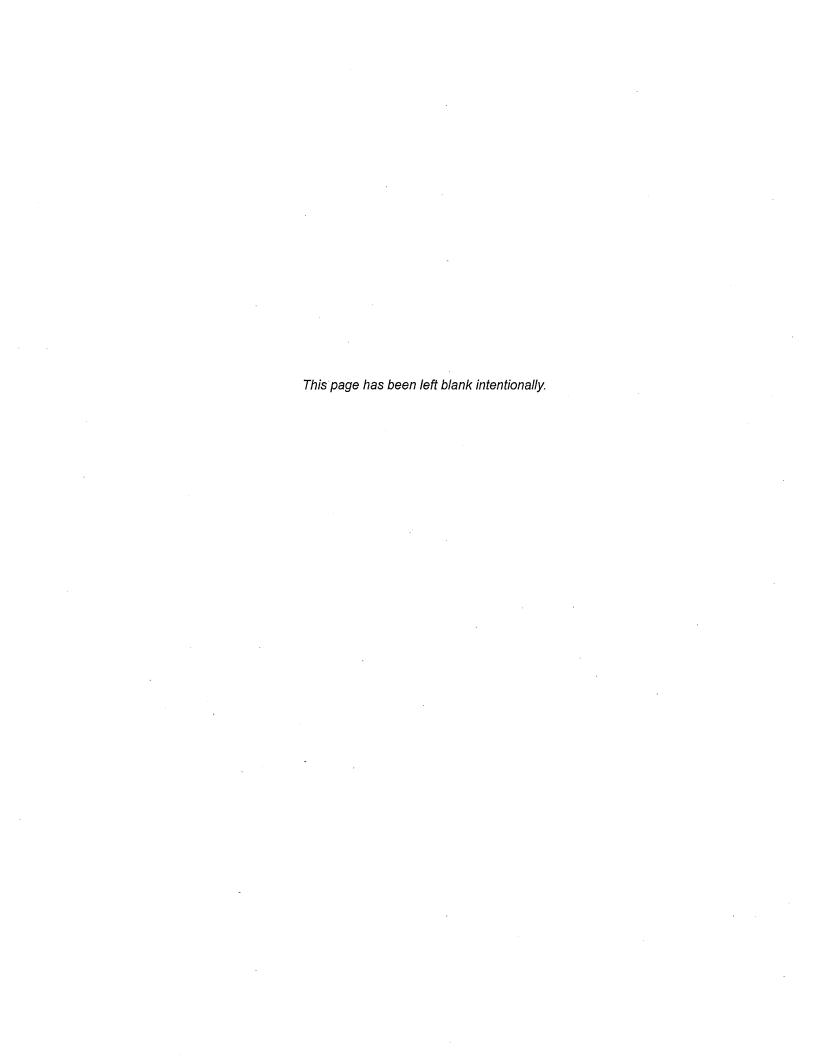
GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2014

Data		1	2	3	Variance with Final Budget
Control		Budgete	d Amounts		Positive
Codes	_	Original	Final	Actual	(Negative)
	REVENUES:				
5700		\$ 19,517,497	\$ 19,765,497	\$ 19,629,898	\$ (135,599)
5800	State Program Revenues	1,541,077	1,741,077	1,701,261	(39,816)
5900	Federal Program Revenues	475,000	475,000	433,167	(41,833)
5020	Total Revenues	21,533,574	21,981,574	21,764,326	(217,248)
	EVECUPITURES				
	EXPENDITURES:				
	Current:				
0011	Instruction & Instructional Related Services:	0.054.110	0.104.046	0.007.140	107 709
0011 0012	Instruction Instructional Resources and Media Services	9,354,118 257,534	9,194,946 202,091	9,087,148 195,289	107,798 6,802
0012	Curriculum and Staff Development	173,265	498,281	483,725	14,556
0013	Total Instruction & Instr. Related Services	9,784,917	9,895,319	9,766,162	129,157
	Total instruction a instr. Helated Services	3,704,317		3,700,102	123,137
	Instructional and School Leadership:				
0021	Instructional Leadership	401,186	140,471	120,471	20,000
0021	School Leadership	1,117,793	1,187,793	1,158,299	29,494
0020	Total Instructional & School Leadership	1,518,979	1,328,264	1,278,770	49,494
	· ·	1,010,070	1,020,204	1,270,770	
	Support Services - Student (Pupil):			* 1 L	
0031	Guidance, Counseling and Evaluation Services	539,384	699,887	686,831	13,056
0032	Social Work Services	10,834	60,884	60,469	415
0033	Health Services	175,546	125,546	118,008	7,538
0034	Student (Pupil) Transportation	935,000	1,109,000	1,051,605	57,395
0036	Cocurricular/Extracurricular Activities	733,491	735,995	695,061	40,934
0000	Total Support Services - Student (Pupil)	2,394,255	2,731,312	2,611,974	119,338
	(
	Administrative Support Services:				
0041	General Administration	1,540,553	1,354,553	1,297,284	57,269
	Total Administrative Support Services	1,540,553	1,354,553	1,297,284	57,269
	•				
	Support Services - Nonstudent Based.				
0051	Plant Maintenance and Operations	3,631,915	3,639,435	3,385,541	253,894
0052	Security and Monitoring Services	60,000	63,529	57,629	5,900
0053	Data Processing Services	320,186	326,163	306,804	19,359
	Total Support Services - Nonstudent Based	4,012,101	4,029,127	3,749,974	279,153
				and the second s	
	Debt Service:				
0071	Principal on Long-Term Debt	100,000	340,000	340,000	
0072	Interest on Long-Term Debt	448,376	166,376	40,239	126,137
0073	Bond Issuance Costs and Fees	25,405	25,405	5,156	20,249
	Total Debt Service	573,781	531,781	385,395	146,386
	1.1				
0004	Intergovernmental Charges:	4 005 040	1 705 010	4.750.070	0.004
0091	Contracted Instr. Services Between Public Schools		1,765,612	1,758,678	6,934
0099	Other Intergovernmental Charges	298,000 1,663,612	340,000	<u>338,480</u> 2,097,158	1,520
	Total Intergovernmental Charges	1,003,012	2,105,612	2,097,136	8,454
6030	Total Expenditures	21,488,198	21,975,968	21,186,717	789,251
0030	rotal Experiultures	21,400,130	21,370,300		103,201
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	45,376	5,606	577,609	572,003
1100	Exponditures			377,000	072,000

EXHIBIT G-1 Page 2 of 2

GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2014

Data		1	2	3	Variance with Final Budget
Control		Budgete	d Amounts		Positive
Codes		Original	Final	Actual	(Negative)
-	Other Financing Sources (Uses):				
7915	Transfers In			1,113	1,113
8911	Transfers Out			(2,153,257)	(2,153,257)
7080	Total Other Financing Sources and (Uses)			(2,152,144)	(2,152,144)
1200	Net Change in Fund Balance	45,376	5,606	(1,574,535)	(1,580,141)
0100	Fund Balance - Beginning	11,601,637	11,601,637	11,601,637	
3000	Fund Balance - Ending	\$ 11,647,013	\$ 11,607,243	\$ 10,027,102	\$ (1,580,141)



Combining Statements and Budget Comparisons as Supplementary Information

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

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2014

			205		211		224		225
Data				Ε	SEA Title I				
Contro	I		Head	I	mproving		IDEA-B		IDEA-B
Codes			Start	Bas	sic Programs		Formula	Pre	school Grant
	ASSETS:								
1110	Cash and Cash Equivalents	\$		\$		\$		\$	
1240	Due from Other Governments		216,830		407,416		180,660		38,665
1260	Due from Other Funds								
1300	Inventories								
1000	Total Assets	\$	216,830	\$	407,416	\$	180,660	\$	38,665
	LIABILITIES:								
	Current Liabilities:								
2110	Accounts Payable	\$	11,600	\$	28,033	\$	4,456	\$	
2150	Payroll Deductions & Withholdings	,	16,443		13,120		6,227		446
2160	Accrued Wages Payable		83,300		80,307		31,390		3,223
2170	Due to Other Funds		105,487		285,956		138,587		34,996
2190	Due to Student Groups								
2300	Unearned Revenue								 、
2000	Total Liabilities		216,830		407,416		180,660		38,665
	FUND BALANCES:								
	Nonspendable Fund Balances:								
3410	Inventories								
	Restricted Fund Balances:								
3450	Federal/State Funds Grant Restrictions								
	Assigned Fund Balances:								
3590	Other Assigned Fund Balance								
3000	Total Fund Balances					_			
4000	Total Liabilities and Fund Balances	\$	216,830	\$	407,416	\$	180,660	\$	38,665

240 iional School akfast/Lunch Program	242 Summer Feeding Program	Car 	244 reer and Tech Basic Grant	T	255 SEA Title II raining & Recruiting	<u>L</u>	265 21st Century Community earning Centers
\$ 758,245 36,240 478	\$ 139,802 21,231 	\$	 6,257 	\$	 69,446 	\$	
\$ 30,331 825,294	\$ 161,033	\$	6,257	\$	69,446	\$	<u></u> :
\$ 169,542 8,052 23,472 145,621 346,687	\$ 	\$	6,157 6,257	\$	13,129 1,039 4,002 51,276 69,446	\$ 	
30,331	·						
448,276	161,033						
 478,607	 161,033		<u></u>	- · · · · ·			
\$ 825,294	\$ 161,033	\$	6,257	\$	69,446	\$	

WEST ORANGE-COVE CONSOLIDATED INDEPENDENT SCHOOL DISTRICT COMBINING BALANCE SHEET

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS JUNE 30, 2014

			289		404
Data		Rura	al Education		Student
Contro	ol .	Ad	hievement		Success
Codes	•		Program		Initiative
	ASSETS:				-
1110	Cash and Cash Equivalents	\$		\$	
1240	Due from Other Governments				
1260	Due from Other Funds				
1300	Inventories				
1000	Total Assets	\$		\$	1
	LIABILITIES:				
	Current Liabilities:				
2110	Accounts Payable	\$		\$	
2150	Payroll Deductions & Withholdings				
2160	Accrued Wages Payable		. ==		
2170	Due to Other Funds				
2190	Due to Student Groups				
2300	Unearned Revenue				
2000	Total Liabilities				
	FUND BALANCES:				
	Nonspendable Fund Balances:				
3410	Inventories				
	Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions				
	Assigned Fund Balances:				
3590	Other Assigned Fund Balance				
3000	Total Fund Balances				
4000	Total Liabilities and Fund Balances	\$ <u> </u>	·	\$	

					Total
					Nonmajor
	410		461		Special
	State		Campus		Revenue
	Textbook		Activity	ı	Funds (See
	Fund		Funds	1	Exhibit C-1)
		-			
\$	11,511	\$	165,393	\$	1,074,951
		·		•	976,745
					478
					30,331
\$	11,511	\$	165,393	\$	2,082,505
'=		*		-	
\$	6,370	\$	26,463	\$	259,693
		•		•	45,327
					225,694
					768,080
			43		43
	5,141				5,141
	11,511	_	26,506		1,303,978
		_			.,000,070
					30,331
					00,001
					609,309
	•				000,000
			138,887		138,887
_		_	138,887		778,527
		_			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
\$	11,511	\$	165,393	\$	2,082,505
=				 " ==	_,555_,555

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2014

Data			205	ı	211 ESEA Title I		224		225
Contro	i		Head		Improving		IDEA-B		IDEA-B
Codes	3		Start	Ba	sic Programs		Formula	Pre	school Grant
	REVENUES:								
5700	Local and Intermediate Sources	\$		\$		\$		\$	64 =0
5800	State Program Revenues								**
5900	Federal Program Revenues		1,412,098		1,210,015		611,983		65,346
5020	Total Revenues		1,412,098		1,210,015		611,983		65,346
	EXPENDITURES:								
	Current:								
0011	Instruction		833,692		1,007,939		539,855		59,282
0013	Curriculum and Staff Development		21,743		148,615				
0021	Instructional Leadership		105,258						
0023	School Leadership		62,482						
0031	Guidance, Counseling, & Evaluation Services		55,901		5,930		61,483		
0032	Social Work Services		142,619		14,762				
0033	Health Services		63,576						5,152
0034	Student Transportation		2,000						
0035	Food Service								
0036	Cocurricular/Extracurricular Activities								
0041	General Administration		40,952		3,397		10,645		912
0051	Facilities Maintenance and Operations		75,300						-
0052	Security and Monitoring Services				17,411				
0061	Community Services		8,575		11,961				
6030	Total Expenditures		1,412,098		1,210,015		611,983		65,346
1100	Excess (Deficiency) of Revenues Over (Under)								
1100	Expenditures	_				_			
	Other Financing Sources and (Uses):								
8911	Transfers Out								
7080	Total Other Financing Sources and (Uses)					-			
1200	Net Change in Fund Balances	_							
	Fund Balances - Beginning					_			
3000	Fund Balances - Ending	\$		\$		\$		\$	·

240 National Sch Breakfast/Lu Program	nch	242 Summer Feeding Program	Summer Career and Tech ES Feeding Basic 7		255 ESEA Title II Training & Recruiting		265 21st Century Community Learning Centers	
\$ 139,7 13,5 1,378,0 1,531,3	81 42	489 29,898 30,387	\$ 	34,620 34,620	\$	 214,280 214,280	\$	18,802 18,802
 1,306,7	91	 10,490		24,893 2,934 5,872 921		97,886 111,367 5,027		17,554 1,248
 1,306,9		10,490		 34,620		 214,280		18,802
 224,48		 19,897	_			 		
254,18 \$ 478,60	57	141,136 161,033	\$.	\$	 	\$	

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 2014

			289		404
Data		Rur	al Education		Student
Contro	ol en	Ac	chievement		Success
Codes	,		Program	·	Initiative
	REVENUES:				
5700	Local and Intermediate Sources	\$		\$	
5800	State Program Revenues	·		•	13,046
5900	Federal Program Revenues		1,113		′
5020	Total Revenues		1,113	. —	13,046
					,
	EXPENDITURES:				
	Current:				
0011	Instruction				13,046
0013	Curriculum and Staff Development				
0021	Instructional Leadership				
0023	School Leadership				
0031	Guidance, Counseling, & Evaluation Services		**		**
0032	Social Work Services				
0033	Health Services				
0034	Student Transportation				
0035	Food Service				
0036	Cocurricular/Extracurricular Activities				
0041	General Administration				
0051	Facilities Maintenance and Operations				
0052	Security and Monitoring Services				
0061	Community Services				
6030	Total Expenditures			-	13,046
	·				
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures		1,113		
					
	Other Financing Sources and (Uses):				
8911	Transfers Out		(1,113)		
7080	Total Other Financing Sources and (Uses)		(1,113)		
	Net Change in Fund Balances	-			
	- 				
	Fund Balances - Beginning				
	Fund Balances - Ending	\$		\$	
					

				Total
	440			Nonmajor
	410	461		Special
	State	Campus		Revenue
	Textbook	Activity		Funds (See
_	Fund	 Funds	_	Exhibit C-2)
\$		\$ 166,886	\$	306,659
	78,883			105,999
				4,976,197
	78,883	 166,886		5,388,855
		•		
	78,883			2,673,030
				284,659
				106,506
				62,482
				129,186
				157,381
				68,728
				2,000
				1,317,281
		168,503		168,503
				61,854
				75,455
				17,411
				20,536
	78,883	 168,503		5,145,012
	•			
		 (1,617)		243,843
		 <u></u>		(1,113)
		 		(1,113)
		(1,617)		242,730
		 140,504		535,797
\$		\$ 138,887	\$	778,527



Other Supplementary Information

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

SCHEDULE OF DELINQUENT TAXES RECEIVABLE FOR THE YEAR ENDED JUNE 30, 2014

	1	2	3 Assessed/Appraised					
Year Ended		Tax Rates						
June 30	Maintenance	Debt Service	Tax Purposes					
2005 and Prior Years	\$ Various	\$ Various	\$ Various					
2006	1.4957	.0869	1,446,172,931					
2007	1.4883	.0944	1,374,369,700					
2008	1.0401	.0917	1,471,914,469					
2009	1.0401	.2085	1,543,486,158					
2010	1.172	.26	1,555,261,912					
2011	1.04	.3127	1,517,141,323					
2012	1.04	.246	1,581,117,570					
2013	1.17	.2866	1,649,520,773					
2014 (School Year Under Audit)	1.17	.2577	1,681,766,848					
1000 Totals								

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

В	10 eginning alance 7/1/13	_	20 Current Year's Total Levy	1	31 Maintenance Collections	_	32 Debt Service Collections	_	40 Entire Year's Adjustments		50 Ending Balance 6/30/14
\$ 200 A	335,377	\$		\$	9,469	\$	479	\$	(14,891)	\$	310,538
	77,418				4,585		668		(2,780)		69,385
	83,755		44.		6,439		445		(1,986)		74,885
	79,093				7,388		806		(1,370)		69,529
	108,824				9,369		1,941		(551)		96,963
	169,909				18,592		4,303		1,063		148,077
	285,645		<u></u>		36,200		10,885		(18,710)		219,850
	512,451				51,725		12,235		(18,220)		430,271
	883,869				157,638		38,615		(35,018)	-	652,598
			24,011,258		19,067,631		4,200,332		132,655	- :	875,950
\$	2,536,341	\$_	24,011,258	\$	19,369,036	\$_	4,270,709	\$_	40,192	\$	2,948,046
\$		\$		\$		\$,	\$		\$	

FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET (UNAUDITED)
GENERAL FUND
AS OF JUNE 30, 2014

Data		
Control		
Codes	Explanation	Amount
1	Total General Fund Fund Balance as of June 30, 2014 (Exhibit C-1 object 3000 for the General Fund only)	\$ 10,027,102
2	Total General Fund Nonspendable Fund Balance (from Exhibit C-1 - total of object 341X-344X for the General Fund only)	
3	Total General Fund Restricted Fund Balance (from Exhibit C-1 - total of object 345X-349X for the General Fund only)	
4	Total General Fund Committed Fund Balance (from Exhibit C-1 - total of object 351X-354X for the General Fund only)	233,998
5	Total General Fund Assigned Fund Balance (from Exhibit C-1 - total of object 355X-359X for the General Fund only)	
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (net of borrowed funds and funds representing deferred revenues)	4,200,000
7	Estimate of two months' average cash disbursements during the fiscal year	3,700,000
8	Estimate of delayed payments from state sources (58XX)	500,000
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount	1,500,000
10	Estimate of delayed payments from federal sources (59XX)	
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	<u></u>
12	General Fund Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)	10,133,998
13	Excess (Deficit) Unassigned General Fund Fund Balance (1-12)	\$ (106,896)

If Item 11 is a Positive Number
Explanation of need for and/or projected use of net positive
Unassigned General Fund Fund Balance:

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2014

Data			1		2		3		/ariance with Final Budget
Contro	ol .	_	Budgete	d Ar	nounts				Positive
Codes	3		Original	_	Final		Actual	_	(Negative)
	REVENUES:								
5700		\$	160,600	\$	160,600	\$	139,773	\$	(20,827)
5800	State Program Revenues		8,069		8,069		13,581		5,512
5900	Federal Program Revenues	_	1,223,591	_	1,223,591	· ·	1,378,042	_	154,451
5020	Total Revenues	_	1,392,260	_	1,392,260	_	1,531,396	_	139,136
	EXPENDITURES:								-
	Current:								
	Support Services - Student (Pupil):								
0035	Food Services	_	1,372,968	_	1,372,813	_	1,306,791	_	66,022
	Total Support Services - Student (Pupil)	_	1,372,968	_	1,372,813	_	1,306,791		66,022
	Support Services - Nonstudent Based:								
0051	Plant Maintenance and Operations			_	155	-	155	_	
	Total Support Services - Nonstudent Based	_		_	155	_	155	_	
				_				_	
6030	Total Expenditures		1,372,968	_	1,372,968		1,306,946	_	66,022
1100	Excess (Deficiency) of Revenues Over (Under)					1. 1			
1100	Expenditures		19,292		19,292		224,450		205,158
1200	Net Change in Fund Balance	_	19,292	_	19,292		224,450		205,158
0100	Fund Balance - Beginning		254,157		254,157		254,157		
3000	Fund Balance - Ending	\$_	273,449	\$	273,449	\$_	478,607	·\$_	205,158
	The second secon	-				· i ==		`=	

DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2014

Data			1		2		3		ariance with
Control			Budgete	d A'n	nounte				inal Budget Positive
Codes		_	Original	u All	Final		Actual		
	REVENUES:	_	Original	_	Tillal	-	Actual	_	(Negative)
5700	Local and Intermediate Sources	\$	4,303,469	\$	4,303,469	\$	4,459,963	\$	156,494
5900	Federal Program Revenues	Ψ.		Ψ		Ψ	274,660	Ψ	274,660
5020	Total Revenues	_	4,303,469	_	4,303,469	_	4,734,623		431,154
**-*		÷	1,000,100	_	1,000,100		4,704,020		401,104
	EXPENDITURES:								
	Debt Service:								
0071	Principal on Long-Term Debt		1,532,534		1,532,534		1,010,256		522,278
0072	Interest on Long-Term Debt		2,710,616		2,710,616		2,835,362		(124,746)
0073	Bond Issuance Costs and Fees		8,000		8,000		21,874		(13,874)
	Total Debt Service	_	4,251,150		4,251,150		3,867,492	_	383,658
		_		_					
6030	Total Expenditures	_	4,251,150		4,251,150		3,867,492		383,658
1100	France (Deficiency) of Decomposition								
1100	Excess (Deficiency) of Revenues Over (Under)		50010						
1100	Expenditures	_	52,319		52,319	_	867,131		814,812
1200	Net Change in Fund Balance		52,319		52,319		867,131		814,812
0100	Fund Balance - Beginning		6,339,829		6,339,829		6,339,829		
3000	Fund Balance - Ending	\$_	6,392,148	\$_	6,392,148	\$	7,206,960	\$	814,812
		-		·=		'=		T ==	

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

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

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Orange-Cove Consolidated Independent School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise West Orange-Cove Consolidated Independent School District's basic financial statements, and have issued our report thereon dated October 17, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Respectfully submitted to the suitable for any other purpose.

Davis Reinemann & Company, P.C.

sville, Texas Òctober 17, 2014 Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited West Orange-Cove Consolidated Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Orange-Cove Consolidated Independent School District's major federal programs for the year ended June 30, 2014. West Orange-Cove Consolidated Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

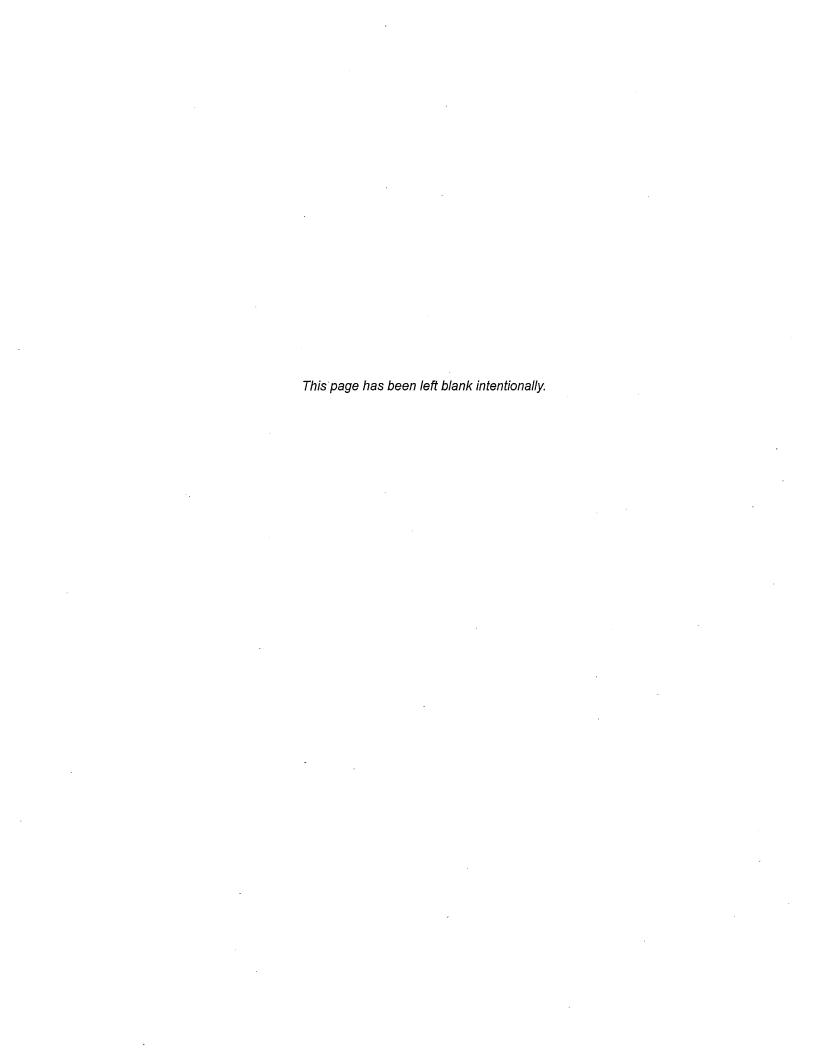
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiences. We did not identify any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

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

Respectfully submitted,

PRELIMINATION OF THE PROPERTY OF THE PROPERTY

sville, Texas October 17, 2014



SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

A. Summary of Auditor's Results

B.

NONE

1.	Financial Statements					
	Type of auditor's report issued:		<u>Unm</u>	odified		
	Internal control over financial reporting:					
	One or more material weaknesses	identified?		Yes	X	No
	One or more significant deficiencies are not considered to be material w			Yes	X	None Reported
	Noncompliance material to financial statements noted?			Yes	X_	No
2.	Federal Awards					
	Internal control over major programs:					
	One or more material weaknesses	identified?		Yes	X	No
	One or more significant deficiencies are not considered to be material w			Yes	X_	None Reported
	Type of auditor's report issued on complemajor programs:	liance for	<u>Unm</u>	odified		
	Any audit findings disclosed that are req to be reported in accordance with secti of OMB Circular A-133?			Yes	<u>X</u> .	No
	Identification of major programs:			-		
	<u>CFDA Number(s)</u> 84.027, 84.173 10.553, 10.559 10.565 93.600 93.778	Name of Federal P Special Education of Child Nutrition Clus Commodity Supple Head Start Medical Assistance	Cluster ster mental	Food Pro		
	Dollar threshold used to distinguish between A and has B arrangement	veen .	ቀ ባለላ	000		
	type A and type B programs:		<u>\$300</u>			
	Auditee qualified as low-risk auditee?			Yes	<u> </u>	No
Fina NO	ancial Statement Findings NE					•
Fad	eral Award Findings and Ouestioned Cos	te				

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2014

Finding/Recommendation	Current Status	Management's Explanation If Not Implemented
Finding/necommendation	Current Status	ii not impiemented
None.		

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2014

EXHIBIT K-1 Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Direct Programs:			
Head Start	93.600	06CH5405 \$	•
Head Start	93.600	06CH5405	1,315,189
Total Direct Programs Passed Through State Department of Education:			1,453,053
Medical Assistance Program *	93.778	065874201	374,000
Total U. S. Department of Health and Human Services			1,827,053
U. S. DEPARTMENT OF EDUCATION Passed Through Texas Education Agency: ESEA Title I Part A - Improving Basic Programs *	84.010a	13610101181906	64,533
ESEA Title I Part A - Improving Basic Programs *	84.010a	14610101181906	1,146,192
Total CFDA Number 84.010a			1,210,725
IDEA-B Formula *	84.027	13660001181906	07.670
IDEA-B Formula *	84.027 84.027	14660001181906600	27,673 594,955
Total CFDA Number 84.027	• ···•=/		622,628
		•	
Career and Technical - Basic Grant	84.048	14420006181906	35,538
IDEA-B Preschool *	84.173	13661001181906	3,765
IDEA-B Preschool *	84.173	14661001181906600	62,493
Total CFDA Number 84.173		- -	66,258
Title IV Part B21st Century Community Learning Centers	84.287	100050107110005	10.000
Total CFDA Number 84.287	04.207	126950127110025	18,802 18,802
		· · · · · · · · · · · · · · · · · · ·	10,002
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	13694501181906	45,478
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367a	14694501181906	173,829
Total CFDA Number 84.367a		-	219,307
Grants for State Assessments and Related Activities Total CFDA Number 84.367a	84.369	S369A120045	1,113
Total Passed Through Texas Education Agency			2,174,371
Total U. S. Department of Education		- -	2,174,371
U. S. DEPARTMENT OF AGRICULTURE Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401301	358,712
National School Lunch Program *	10.555	71301301	925,428
Summer Food Service Program (Non-cash) *	10.559	181-906	29,898
Commodity Supplemental Food Program (Non-cash) *	10.565	181-906	93,902
Total Passed Through State Department of Education		-	1,407,940
Total U. S. Department of Agriculture		· "_	1,407,940
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ ₌	5,409,364

^{*} Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2014

Basis of Presentation

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

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

Total Expenditures of Federal Awards	\$ 5,409,364
Add:	
Interest Subsidy for 2011 Qualified School Construction Bonds	 274,660
Federal Program Revenues (Exhibit C-2)	\$ 5,684,024

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS AS OF JUNE 30, 2014

_	!	Responses
Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?		No
Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?		Yes
Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?		No
Was there any disclosure in the Annual Financial Report of material noncompliance?	·	No
What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$	1,846,841
	other sources of information concerning default on bonded indebtedness obligations? Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report? Did the Annual Financial Report disclose any instances of material weaknesses in internal controls? Was there any disclosure in the Annual Financial Report of material noncompliance? What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations? Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report? Did the Annual Financial Report disclose any instances of material weaknesses in internal controls? Was there any disclosure in the Annual Financial Report of material noncompliance? What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at

