

EDNA  
INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2013*



Edna Independent School District  
Annual Financial Report  
For The Year Ended August 31, 2013

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CERTIFICATE OF BOARD

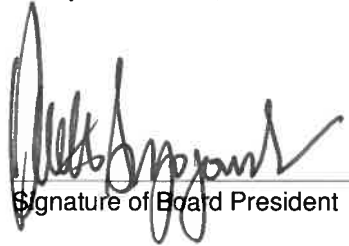
Edna Independent School District  
Name of School District

Jackson  
County

120-901  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended August 31, 2013, at a meeting of the board of trustees of such school district on the 21st day of October, 2013.

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

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

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



*Financial Section*





# *Reed & Associates, PC*

*Certified Public Accountants*  
1717 8th Street, Suite 5  
Bay City, Texas 77414  
auditors@swbell.net ~ (979) 245-7361

## **Independent Auditor's Report**

To the Board of Trustees  
Edna Independent School District  
PO Drawer 919  
Edna, Texas 77957-0919

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Edna Independent School District as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Edna Independent School District as of August 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## 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 Edna Independent School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The 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.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2013, on our consideration of Edna 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 Edna Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,

Reed and  
Associates, PC

Digitally signed by Reed and Associates, PC  
DN: cn=Reed and Associates, PC, o=Reed  
and Associates, PC, ou=Reed and Associates,  
PC, email=auditors@rwa.net, c=US  
Date: 2013.10.23 08:41:33 -0500

Reed & Associates, PC  
Bay City, Texas  
October 1, 2013

**EDNA INDEPENDENT SCHOOL DISTRICT**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AUGUST 31, 2013

This discussion and analysis of the Edna Independent School District's financial statements provides a narrative overview of the District's financial activities for the fiscal year ended August 31, 2013. The information presented here should be read in conjunction with the basic financial statements and the accompanying notes to those financial statements.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Edna Independent School District's finances in a manner similar to private sector business. They present the financial picture of the District from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District as well as all liabilities. Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of Edna Independent School District is improving or deteriorating.

The *statement of activities* presents information showing how the district's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Edna Independent School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

**Enterprise funds.** Enterprise funds are used to account for a government's business-type activities. These funds impose fees or charges to those who use the services. This fund was for a summer recreation program sponsored by the City of Edna, the Edna Independent School District and the Lavaca Navidad River Authority.

**EDNA INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**AUGUST 31, 2013**

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the district. Fiduciary funds are not reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements.

**District-wide Financial Analysis**

The District's net position at August 31, 2013 and 2012 are summarized as follows:

**EDNA INDEPENDENT SCHOOL DISTRICT'S NET POSITION**

	Governmental Activities		Business-type Activities	
	8/31/2013	8/31/2012	8/31/2013	8/31/2012
Current and other assets	\$ 12,218,582	\$ 14,524,349	\$	\$ 781
Capital assets	39,907,237	36,361,790		
Total assets	<u>52,125,819</u>	<u>50,886,139</u>	<u>-</u>	<u>781</u>
Other liabilities	1,291,177	1,424,820		
Long-term liabilities	21,163,054	21,983,340		
Total liabilities	<u>22,454,231</u>	<u>23,408,160</u>	<u>-</u>	<u>-</u>
Net position:				
Net investment in capital assets	19,037,237	14,686,790		
Restricted	689,740	524,403		
Unrestricted	9,944,611	12,266,786		781
Total net position	<u>\$ 29,671,588</u>	<u>\$ 27,477,979</u>	<u>\$ -</u>	<u>\$ 781</u>

Net position may serve over time as a useful indicator of a district's financial position. In the case of Edna Independent School District, assets exceeded liabilities by \$29,671,588 at the close of the most recent fiscal year, August 31, 2013. Current assets decreased \$2,305,767, while capital assets increased \$3,545,447 due primarily to the completion of the dome gymnasium. Other liabilities decreased \$133,643 of which \$95,478 was in accounts payable and long-term liabilities decrease \$820,286 due to payments on bonded debt.

A large portion of the District's net position (64 percent) reflects its investment in capital assets less any debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services to students; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities

An additional portion of the District's net position (2 percent) represents resources that are subject to external restrictions on how they may be used and the unrestricted net position represent amounts available for spending (34 percent).

**EDNA INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
AUGUST 31, 2013**

The District's governmental activities as of August 31, 2013 and 2012 are summarized as follows:

**EDNA INDEPENDENT SCHOOL DISTRICT'S CHANGES IN NET POSITION**

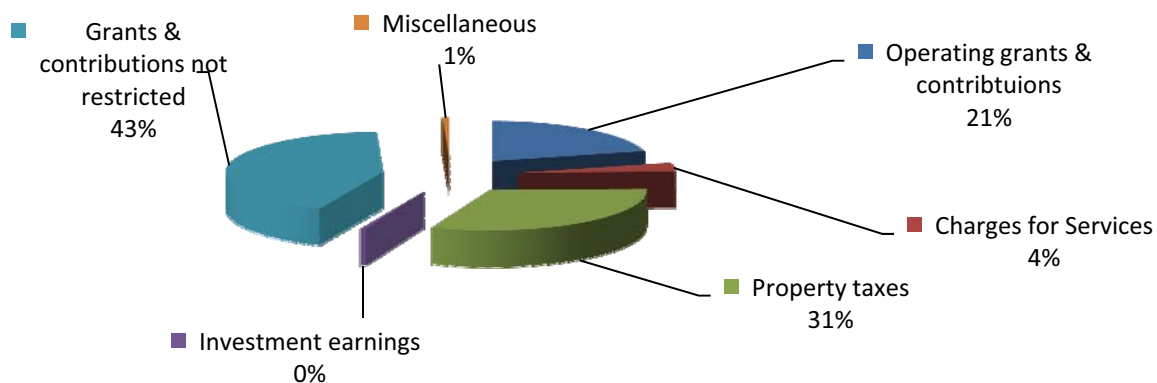
	Governmental Activities		Business-type Activities	
	8/31/2013	8/31/2012	8/31/2013	8/31/2012
Revenues:				
Program Revenues:				
Charges for services	\$ 645,390	\$ 627,301	\$	\$ 3,330
Operating grants	3,731,385	3,443,898		
General Revenues:				
Property taxes	5,611,676	5,419,224		
Investment earnings	98,376	140,832		
Grants & contributions not restricted	7,608,626	7,421,225		
Miscellaneous	123,678	221,444		1,750
Transfers	781	-	(781)	
Total revenues	<u>17,819,912</u>	<u>17,273,924</u>	<u>(781)</u>	<u>5,080</u>
Expenses:				
Instruction	8,024,686	7,723,171		
Instructional resources	189,272	171,874		
Curr and staff development	94,798	85,807		
Instructional leadership	316,014	280,282		
School leadership	856,758	777,803		
Guidance & counseling	538,522	502,554		
Health services	150,962	134,830		
Student transportation	365,566	334,638		
Food service	828,298	683,704		
Extracurricular activities	549,869	517,099		
General administration	590,415	571,810		
Plant maintenance	1,661,730	1,583,744		
Security & monitoring	16,286	6,249		
Data processing	62,734	74,329		
Community services	7,856	14,381		
Interest on long-term debt	710,471	729,681		
Bond issuance costs & fees	1,600	16,395		
Enterprise operating exp				4,499
Capital Outlay	166,266	26,482		
Payments to SSA	48,410	47,764		
Intergovernmental Charges	176,879	172,565		
Total expenses	<u>15,357,392</u>	<u>14,455,162</u>	<u>-</u>	<u>4,499</u>
Increase in net position	2,462,520	2,818,762	(781)	581
Net position, beginning	27,477,977	24,659,217	781	200
Prior Period Adjustment	(268,909)	-		
Net position ending	<u>\$ 29,671,588</u>	<u>\$ 27,477,979</u>	<u>\$ -</u>	<u>\$ 781</u>

**Governmental activities.** Governmental activities increased the District's net position by \$2,462,520 compared to the prior year increase of \$2,818,762. Revenue increased by a net of \$545,988 while expenditures increased by \$902,230. Key elements of the net changes are as follows:

- Operating grants increased a net \$287,487 due to the recognition of additional federal hazard mitigation funds as well as increases in other regularly occurring federal funds over the prior year, offset by the loss in federal ARRA and education jobs funds.
- Property taxes increased \$192,452 due primarily to an increase in the interest in sinking rate from .3382 per \$100 to .3706 per \$100 as well as increase in values of over \$6,000,000.

- Unrestricted grants and contributions increased \$187,401 primarily in state funding due to increased enrollment and ADA.
- Instructional costs increased over \$301,000 and food service costs increased over \$144,000 due primarily to the increased enrollment and ADA and the need for additional staff and food. Other functions increased as well due to additional staff needs.
- Capital outlay costs increased over \$139,000 as a result of temporary buildings and other professional fees that were not capitalized as part of completion of the construction projects. Maintenance costs increased as a result of a large landscaping project and increased utilities related to the dome gymnasium.

## Revenues by Source - Governmental Activities



### Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the District's strong fiscal management and accountability.

**Governmental funds.** The general government functions are reported in the General and Special Revenue Funds. The focus of the District's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year the District's governmental funds reported combined ending fund balances of \$10,668,405, a decrease of \$1,897,628 over the prior year fund balance. Portions of the fund balance are restricted 1) to pay debt 2) for federal and state grants and 3) for operation of special education cooperative and a portion is committed for the use at each campus due to fundraising efforts. The remaining balance of \$9,954,236 represents unassigned fund balance which is available for spending at the District's discretion.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,954,236. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unassigned fund balance represents 64 percent of total general fund expenditures.

The fund balance of the general fund decreased by \$2,072,018 compared to the prior year decrease of \$1,256,274. Overall revenue was up \$810,303 and expenditures were up \$4,135,476. Key elements of the net change are as follows:

- Federal revenue in the general fund was up over \$645,000 due to the recognition of the remaining hazard mitigation funds relating to the dome gymnasium.

**EDNA INDEPENDENT SCHOOL DISTRICT**  
MANAGEMENT DISCUSSION AND ANALYSIS  
AUGUST 31, 2013

- State funding was up over \$213,000 due to the increased enrollment and ADA as noted above under the district-wide financial analysis.
- Capital outlay costs increased \$3,200,000 due to completion of various capital projects including the dome gymnasium, High School science building and Elementary School addition.
- Instructional costs were up over \$385,000 as a result of increased enrollment and ADA and the need for additional staff as noted above under the district-wide financial analysis.

**General Fund Budgetary Highlights.** The Board of Trustees approved increases to the estimated revenue of \$983,521 primarily due to recognition of \$933,521 in federal hazard mitigation funds and increases to appropriations during the year of \$2,252,288 the majority of which was in capital outlay related to the completion of various capital projects as noted earlier.

Actual revenues exceeded estimated amounts by \$521,661, while expenditures were less than appropriations by \$2,865,480. The District recognized a significant increase in enrollment and ADA resulting in greater than anticipated state funds. The majority of the expenditure savings was in capital outlay.

### **Debt Administration**

Significant debt administration events during the current fiscal year include scheduled principal payments of \$805,000.

### **Capital Assets**

Some of the more significant capital events during the year include completion of the High School dome gymnasium and science building and the Edna Elementary additions at a cost of \$1,701,251, \$1,417,434 and \$641,644 respectively. The District also recognized depreciation expense for the year of \$931,947.

### **Economic Factors and Next Year's Budgets and Rates**

The annual budget is developed to provide efficient, effective and controlled use of the District's resources. Factors affecting the 2014 Budget were as follows:

- In the current year budget, the district commits a greater amount of funds to district wide infrastructure for technology.
- In addition to infrastructure funds the district budgeted additional technology funds to each campus.
- The district increased personnel for instruction by adding additional teachers on the Elementary and Junior High Campuses.
- Potential building projects may materialize due to the condition of the roof of the building which houses Special Services.
- Additional funds were budgeted for utilities at the High School due to the new and renovated buildings as well as the construction of the domed gym.

### **Request for Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Edna Independent School District, Attention: Business Manager, PO Drawer 919, Edna, Tx 77957-0919 or call 361-782-3573.





*Basic Financial Statements*



## EDNA INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF NET POSITION

AUGUST 31, 2013

Data Control Codes	1	2	3
	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
1110	\$ 650,931	\$ --	\$ 650,931
1120	10,394,207	--	10,394,207
1225	290,196	--	290,196
1240	882,283	--	882,283
1290	965	--	965
Capital Assets:			
1510	201,179	--	201,179
1520	39,016,516	--	39,016,516
1530	689,542	--	689,542
1000	<u>52,125,819</u>	<u>--</u>	<u>52,125,819</u>
<b>LIABILITIES:</b>			
2110	904,304	--	904,304
2140	31,195	--	31,195
2165	347,473	--	347,473
2300	8,205	--	8,205
Noncurrent Liabilities:			
2501	815,000	--	815,000
2502	20,348,054	--	20,348,054
2000	<u>22,454,231</u>	<u>--</u>	<u>22,454,231</u>
<b>NET POSITION</b>			
3200	19,037,237	--	19,037,237
Restricted For:			
3820	26,819	--	26,819
3850	461,818	--	461,818
3890	201,103	--	201,103
3900	9,944,611	--	9,944,611
3000	<u>\$ 29,671,588</u>	<u>\$ --</u>	<u>\$ 29,671,588</u>

The accompanying notes are an integral part of this statement.

# EDNA INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues	
			Charges for Services	4 Operating Grants and Contributions
	Governmental Activities:			
11	<i>Instruction</i>	\$ 8,024,686	\$ 182,904	\$ 1,502,692
12	<i>Instructional Resources and Media Services</i>	189,272	5,284	8,914
13	<i>Curriculum and Staff Development</i>	94,798	339	60,687
21	<i>Instructional Leadership</i>	316,014	45,506	97,271
23	<i>School Leadership</i>	856,758	--	48,530
31	<i>Guidance, Counseling, &amp; Evaluation Services</i>	538,522	24,949	220,344
33	<i>Health Services</i>	150,962	16,391	29,446
34	<i>Student Transportation</i>	365,566	--	15,271
35	<i>Food Service</i>	828,298	244,333	533,673
36	<i>Cocurricular/Extracurricular Activities</i>	549,869	112,540	8,772
41	<i>General Administration</i>	590,415	11,959	25,410
51	<i>Plant Maintenance and Operations</i>	1,661,730	736	8,933
52	<i>Security and Monitoring Services</i>	16,286	--	--
53	<i>Data Processing Services</i>	62,734	--	2,929
61	<i>Community Services</i>	7,856	449	901
72	<i>Interest on Long-term Debt</i>	710,471	--	185,681
73	<i>Bond Issuance Costs and Fees</i>	1,600	--	--
81	<i>Capital Outlay</i>	166,266	--	933,521
93	<i>Payments Related to Shared Services Arrangements</i>	48,410	--	48,410
99	<i>Other Intergovernmental Charges</i>	176,879	--	--
TG	Total Governmental Activities	<u>15,357,392</u>	<u>645,390</u>	<u>3,731,385</u>
	Business-type Activities:			
TP	Total Primary Government	<u>\$ 15,357,392</u>	<u>\$ 645,390</u>	<u>\$ 3,731,385</u>
	General Revenues:			
MT	<i>Property Taxes, Levied for General Purposes</i>			
DT	<i>Property Taxes, Levied for Debt Service</i>			
IE	<i>Investment Earnings</i>			
GC	<i>Grants and Contributions Not Restricted to Specific Programs</i>			
MI	<i>Miscellaneous</i>			
FR	<i>Transfers</i>			
TR	Total General Revenues and Transfers			
CN	Change in Net Position			
NB	Net Position - Beginning			
PA	Prior Period Adjustment			
	Net Position - Beginning, as Restated			
NE	Net Position - Ending			

The accompanying notes are an integral part of this statement.

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8

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (6,339,090)		\$ (6,339,090)
(175,074)		(175,074)
(33,772)		(33,772)
(173,237)		(173,237)
(808,228)		(808,228)
(293,229)		(293,229)
(105,125)		(105,125)
(350,295)		(350,295)
(50,292)		(50,292)
(428,557)		(428,557)
(553,046)		(553,046)
(1,652,061)		(1,652,061)
(16,286)		(16,286)
(59,805)		(59,805)
(6,506)		(6,506)
(524,790)		(524,790)
(1,600)		(1,600)
767,255		767,255
--		--
(176,879)		(176,879)
<u>(10,980,617)</u>		<u>(10,980,617)</u>
<u>(10,980,617)</u>	<u>--</u>	<u>(10,980,617)</u>
4,143,858	--	4,143,858
1,467,818	--	1,467,818
98,376	--	98,376
7,608,626	--	7,608,626
123,678	--	123,678
781	(781)	--
<u>13,443,137</u>	<u>(781)</u>	<u>13,442,356</u>
<u>2,462,520</u>	<u>(781)</u>	<u>2,461,739</u>
27,477,977	781	27,478,758
(268,909)	--	(268,909)
<u>27,209,068</u>	<u>781</u>	<u>27,209,849</u>
<u>\$ 29,671,588</u>	<u>\$ --</u>	<u>\$ 29,671,588</u>

**EDNA INDEPENDENT SCHOOL DISTRICT***BALANCE SHEET - GOVERNMENTAL FUNDS*

AUGUST 31, 2013

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 14,358	\$ 636,573	\$ 650,931
1120	Current Investments	10,394,207	--	10,394,207
1225	Taxes Receivable, Net	229,541	60,655	290,196
1240	Due from Other Governments	742,399	139,884	882,283
1260	Due from Other Funds	--	31,552	31,552
1290	Other Receivables	965	--	965
1000	Total Assets	<u>11,381,470</u>	<u>868,664</u>	<u>12,250,134</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 903,774	\$ 530	\$ 904,304
2160	Accrued Wages Payable	280,317	58,377	338,694
2170	Due to Other Funds	--	31,551	31,551
2200	Accrued Expenditures	5,397	3,382	8,779
2300	Unearned Revenue	237,746	60,655	298,401
2000	Total Liabilities	<u>1,427,234</u>	<u>154,495</u>	<u>1,581,729</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	30,719	30,719
3480	Retirement of Long-Term Debt	--	456,645	456,645
3490	Other Restrictions of Fund Balance	--	201,103	201,103
Committed Fund Balances:				
3545	Other Committed Fund Balance	--	25,702	25,702
3600	Unassigned	9,954,236	--	9,954,236
3000	Total Fund Balances	<u>9,954,236</u>	<u>714,169</u>	<u>10,668,405</u>
4000	Total Liabilities and Fund Balances	<u>\$ 11,381,470</u>	<u>\$ 868,664</u>	<u>\$ 12,250,134</u>

The accompanying notes are an integral part of this statement.

**EDNA INDEPENDENT SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
AUGUST 31, 2013*

Total fund balances - governmental funds balance sheet	\$ 10,668,405
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.	39,907,237
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	290,196
Payables for bond principal which are not due in the current period are not reported in the funds.	(20,870,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(31,195)
Unamortized bond premiums are deferred in the statement of net position.	<u>(293,055)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 29,671,588</u>

The accompanying notes are an integral part of this statement.

**EDNA INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
<b>REVENUES:</b>			
5700 Local and Intermediate Sources	\$ 4,414,572	\$ 2,248,926	\$ 6,663,498
5800 State Program Revenues	8,044,662	317,878	8,362,540
5900 Federal Program Revenues	933,521	2,065,722	2,999,243
5020 Total Revenues	<u>13,392,755</u>	<u>4,632,526</u>	<u>18,025,281</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	6,085,825	1,443,198	7,529,023
0012 Instructional Resources and Media Services	171,938	5,436	177,374
0013 Curriculum and Staff Development	27,677	61,181	88,858
0021 Instructional Leadership	140,504	156,106	296,610
0023 School Leadership	790,478	12,435	802,913
0031 Guidance, Counseling, & Evaluation Services	263,730	240,002	503,732
0033 Health Services	93,258	48,370	141,628
0034 Student Transportation	430,303	--	430,303
0035 Food Service	6,071	774,896	780,967
0036 Cocurricular/Extracurricular Activities	447,420	73,852	521,272
0041 General Administration	519,457	31,374	550,831
0051 Plant Maintenance and Operations	1,552,093	--	1,552,093
0052 Security and Monitoring Services	15,853	--	15,853
0053 Data Processing Services	57,589	--	57,589
0061 Community Services	5,271	1,590	6,861
0071 Principal on Long-term Debt	--	805,000	805,000
0072 Interest on Long-term Debt	--	726,544	726,544
0073 Bond Issuance Costs and Fees	--	1,600	1,600
0081 Capital Outlay	4,509,572	--	4,509,572
0093 Payments to Shared Service Arrangements	167,736	80,452	248,188
0099 Other Intergovernmental Charges	176,879	--	176,879
6030 Total Expenditures	<u>15,461,654</u>	<u>4,462,036</u>	<u>19,923,690</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(2,068,899)</u>	<u>170,490</u>	<u>(1,898,409)</u>
Other Financing Sources and (Uses):			
7915 Transfers In	781	3,900	4,681
8911 Transfers Out	(3,900)	--	(3,900)
7080 Total Other Financing Sources and (Uses)	<u>(3,119)</u>	<u>3,900</u>	<u>781</u>
1200 Net Change in Fund Balances	<u>(2,072,018)</u>	<u>174,390</u>	<u>(1,897,628)</u>
0100 Fund Balances - Beginning	12,026,254	539,779	12,566,033
3000 Fund Balances - Ending	<u>\$ 9,954,236</u>	<u>\$ 714,169</u>	<u>\$ 10,668,405</u>

The accompanying notes are an integral part of this statement.



**EDNA INDEPENDENT SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2013*

Net change in fund balances - total governmental funds	\$ (1,897,628)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,477,395
The depreciation of capital assets used in governmental activities is not reported in the funds.	(931,948)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(6,373)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	805,000
Bond premiums are amortized in the SOA but not in the funds.	15,286
(Increase) decrease in accrued interest from beginning of period to end of period.	<u>788</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 2,462,520</u>

The accompanying notes are an integral part of this statement.

**EDNA INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF NET POSITION

ENTERPRISE FUND

AUGUST 31, 2013

Data Control Codes		Nonmajor Enterprise Fund
<u>          </u>		<u>Enterprise Fund</u>
	<b>ASSETS:</b>	
1000	Total Assets	\$ --
	<b>LIABILITIES:</b>	
2000	Total Liabilities	--
	<b>NET POSITION:</b>	
3000	Total Net Position	\$ --

The accompanying notes are an integral part of this statement.

**EDNA INDEPENDENT SCHOOL DISTRICT**  
*STATEMENT OF REVENUES, EXPENSES, AND CHANGES*  
*IN FUND NET POSITION - ENTERPRISE FUND*  
*FOR THE YEAR ENDED AUGUST 31, 2013*

<u>Data Control Codes</u>	<u>Nonmajor Enterprise Fund</u>
	<u>Enterprise Fund</u>
Income (Loss) before Contributions and Transfers	\$ --
8911 <i>Transfers Out</i>	(781)
1300 Change in Net Position	<u>(781)</u>
0100 Total Net Position - Beginning	781
3300 Total Net Position - Ending	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**EDNA INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2013

	Enterprise Fund Summer Recreation Program
<b>Cash Flows from Operating Activities:</b>	
<i>Cash Received from Customers</i>	\$ --
<i>Cash Payments to Other Suppliers for Goods and Services</i>	--
Net Cash Provided (Used) by Operating Activities	<u>--</u>
<b>Cash Flows from Non-capital Financing Activities:</b>	
Transfer Out of Remaining Balance	(781)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(781)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
<b>Cash Flows from Investing Activities:</b>	
Net Cash Provided (Used) for Investing Activities	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(781)
Cash and Cash Equivalents at Beginning of Year	781
Cash and Cash Equivalents at End of Year	<u>\$ --</u>
<b>Reconciliation of Operating Income to Net Cash     Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ --
Net Cash Provided (Used) by Operating Activities	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

**EDNA INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2013

Data Control Codes		Agency Fund
<u>ASSETS:</u>		<u>Student Activity</u>
1110	Cash and Cash Equivalents	\$ 53,731
1000	Total Assets	<u>53,731</u>
	<b>LIABILITIES:</b>	
	Current Liabilities:	
2190	Due to Student Groups	\$ 53,731
2000	Total Liabilities	<u>53,731</u>
	<b>NET POSITION:</b>	
3000	Total Net Position	<u>\$ --</u>

The accompanying notes are an integral part of this statement.



# EDNA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2013

### A. Summary of Significant Accounting Policies

#### **Description of Government-wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. All fiduciary activities are reported only in the fund financial statements.

#### **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.

#### **Basis of Presentation – Government-wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

#### The District reports the following major governmental funds

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

#### Additionally, the District reports the following fund types:

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide 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.

## **EDNA INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2013*

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

#### **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

#### **Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, food service fund and debt service fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.



# EDNA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

The appropriated budget is prepared at the fund and function level. The department heads may make transfers of appropriations within a function; however, transfers of appropriations between functions require the approval of the Board of Trustees. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

### Assets, Liabilities, Deferred Outflows/inflows of Resources, and Net Position/fund Balance

#### Cash and cash equivalents:

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

#### Investments:

Investments for the District are reported at fair value (generally based on quoted market prices) except for the position in Government Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

#### Capital assets:

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	15
Vehicles	8-10
Equipment	5-10

#### Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District does not have any items that qualifies for reporting in this category.

In addition to liabilities, the statement 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualifies for reporting in this category.

## **EDNA INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2013*

#### Net position flow assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

#### Fund balance flow assumptions:

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### Fund balance policies:

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Trustees has not delegated the authority to assign fund balance. When it is appropriate to assign fund balance this is accomplished in the same manner as committed funds that is through the adoption of a resolution. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

## **Revenues and Expenditures/expenses**

#### Program revenues:

Amounts reported as program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

#### 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 (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

## **EDNA INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2013*

#### Compensated absences:

Vacation days shall be used during the year in which they are earned and shall not accumulate. Unused vacation days shall not be reimbursed upon the employee's resignation, retirement, or any other termination of employment.

An employee who retires from the District shall be eligible for reimbursement for state and local leave under the following conditions: 1) the employee's retirement is voluntary, i.e., the employee is not being discharged or nonrenewed 2) the employee provides advance written notice of intent to retire. Contract employees must provide written notice at least 30 days before the last day of employment. Non-contract employees must provide written notice at least two weeks before the last day of employment and 3) the employee has at least ten years of service with the District. The employee shall be reimbursed for each day of state and local leave, to a maximum of 50 days, at a rate established by the Board. If the employee is reemployed with the District, days for which the employee received payment shall not be available to that employee.

#### Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the summer recreation program are program fees. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### 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 insure accuracy in building a statewide database for policy development and funding plans.

## **B. Deposits and Investments**

### **Cash Deposits**

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's funds are required to be deposited and invested under the terms of a depository contract. At August 31, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$11,090,063 and the bank balance was \$11,318,091. The District's cash deposits at August 31, 2013 and during the year ended August 31, 2013, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

### **Investments**

All investments made by the District shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules or regulations. The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper. The State Treasurer's Investment Pool (Pool) operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. The Pool has a credit rating of AAA from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state.

The government utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

# EDNA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

As of August 31, 2013 the District had the following investments:

Investment or Investment Type	Maturity	Credit Rating	Fair Value
Prosperity Bank Money Market	N/A	N/A	\$ 10,386,899
First Public	N/A	Aaa	7,308
Total Investments			<u>\$ 10,394,207</u>

### C. Disaggregated Receivables

Receivables as of the year end for the District's individual funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Other Governmental	Governmental Totals
Taxes	\$ 461,427	\$ 101,165	\$ 562,592
Rendition Penalties	5,802	--	5,802
Less Allowance on Taxes	(237,688)	(40,510)	(278,198)
	<u>\$ 229,541</u>	<u>\$ 60,655</u>	<u>\$ 290,196</u>

Due from other governments:

Texas Education Agency	\$ 537,189	\$ 132,174	\$ 669,363
Jackson County	196,458	7,710	204,168
	<u>\$ 733,647</u>	<u>\$ 139,884</u>	<u>\$ 873,531</u>

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

### D. Capital Assets

Capital asset activity for the year ended August 31, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 201,179	\$ --	\$ --	\$ 201,179
Construction in progress	3,809,162	4,343,306	8,152,468	--
Total capital assets not being depreciated	<u>4,010,341</u>	<u>4,343,306</u>	<u>8,152,468</u>	<u>201,179</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	37,502,585	8,152,468	174,066	45,480,987
Equipment	506,061	46,186	22,076	530,171
Vehicles	1,239,347	87,903	--	1,327,250
Total capital assets being depreciated	<u>39,247,993</u>	<u>8,286,557</u>	<u>196,142</u>	<u>47,338,408</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,822,404)**	(791,322)	(149,256)	(6,464,470)
Equipment	(354,199)	(19,535)	(22,076)	(351,658)
Vehicles	(719,942)	(96,280)	--	(816,222)
Total accumulated depreciation	<u>(6,896,545)</u>	<u>(907,137)</u>	<u>(171,332)</u>	<u>(7,632,350)</u>
Total capital assets being depreciated, net	<u>32,351,448</u>	<u>7,379,420</u>	<u>24,810</u>	<u>39,706,058</u>
Governmental activities capital assets, net	<u>\$ 36,361,789</u>	<u>\$ 11,722,726</u>	<u>\$ 8,177,278</u>	<u>\$ 39,907,237</u>

Depreciation of \$907,137 and net asset disposal of \$24,810 for a total of \$931,947 was charged to functions as follows:

Instruction	\$ 534,647
Instructional Resources and Media Services	11,898
Curriculum and Staff Development	5,940

# EDNA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

Instructional Leadership	19,403
School Leadership	53,845
Guidance, Counseling, & Evaluation Services	34,790
Health Services	9,334
Student Transportation	23,166
Food Services	47,331
Extracurricular Activities	35,797
General Administration	39,584
Plant Maintenance and Operations	109,637
Security and Monitoring Services	433
Data Processing Services	5,146
Community Services	996
	\$ 931,947

### E. Pension Plan

#### Plan Description

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

#### Funding Policy

Contribution requirements are not actuarially 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 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) state statute prohibits benefit improvements, if as a result of a the 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 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution including federally funded personnel, new hires and amounts above statutory minimum.

Year	Member		Rate	State on-behalf Amount	District Amount
	Rate	Amount			
2013	6.400%	475,681	6.400%	373,791	111,805
2012	6.400%	442,119	6.000%	330,543	83,944
2011	6.400%	468,485	6.644%	385,627	100,720

# EDNA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

### F. Retiree Health Care Plan

#### 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 Care 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 Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701.

#### 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 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. 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 2013–2011.

Contribution Rates and Contribution Amounts							
Year	Member		State on-behalf		District		
	Rate	Amount	Rate	Amount	Rate	Amount	
2013	0.650%	48,311	0.500%	33,958	0.550%	54,163	
2012	0.650%	44,903	1.000%	62,337	0.550%	44,739	
2011	0.650%	47,581	1.000%	64,751	0.550%	48,709	

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 August 31, 2013, 2012, and 2011, the subsidy payments received by TRS-Care on behalf of the District were \$28,287, \$16,976, and \$19,509, respectively.

### G. Risk Management

#### Property Casualty

During the year ended August 31, 2013, Edna ISD met its statutory property casualty obligations through participation in the Property Casualty Alliance of Texas (the Fund). The Fund was created pursuant to the provisions of the Interlocal Cooperation Act, Chapter 791, Title 7 of the Texas Government Code. All districts participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides property and casualty coverage and services to its members.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any covered claim in excess of the Fund's self-insured retentions. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year ended February 28, 2013, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions.

## **EDNA INDEPENDENT SCHOOL DISTRICT**

### *NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED AUGUST 31, 2013*

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on the last day of February. The audit is approved by the Fund's Board of Trustees by July of the same year. The Fund's audited financial statement as of February 28, 2013 are available for inspection at the Fund's administrative offices.

#### **Unemployment Compensation Pool**

During the year ended August 31, 2013, Edna ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's unemployment compensation program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its obligations to the Texas Workforce Commission. Expenses are accrued each month 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 unemployment compensation pool members.

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 approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2012 are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

#### **Workers Compensation Pool**

During the year ended August 31, 2013, the District met its statutory workers' compensation obligations through participation in the Claims Administrative Self Insurance Fund (the Fund). The Fund was created and is operated under provisions of the Interlocal Cooperation Act of the Texas Government Code. The Fund provides statutory workers' compensation benefits to its members and their injured employees.

The fund pays all administrative costs and administers all claims for its members. The District pays a fixed fee for this coverage under a three year contract, and is not liable for any additional costs other than this fixed amount. 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.

#### **H. Employee Health Care Coverage**

During the year ended August 31, 2013, employees of the District were covered by a health insurance plan (the Plan). The District paid premiums of \$258 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 Article 3.51-2, Texas Insurance 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.

#### **I. Long-Term Obligations**

##### **General Obligation Bonds**

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds in the amount of \$23,760,000 have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the District and are comprised of current interest bonds and qualified school construction bonds, described further below.

## EDNA INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

Qualified School Construction Bonds (QSCB) are a U.S. debt instrument created by Section 1521 of the American Recovery and Reinvestment Act of 2009. Section 54F of the Internal Revenue code covers QSCBs. The bonds may be used for the rehabilitation, repair and equipping of schools in addition to the purchase of land on which a public school will be built. The QSCB lender receives a Federal tax credit set by the IRS in lieu of receiving an interest payment. These bonds are interest free and matures February of 2026.

#### Governmental Activities:

General Obligation Bonds	Sale Date	Original Borrowed	Interest Rate to Maturity	Final Maturity	Outstanding Balance
2006 Schoolhouse Bonds	7/15/2006	9,810,000	4.1-5.0%	2/15/2031	7,970,000
2007 Schoolhouse Bonds	7/15/2007	2,080,000	4.25-5.0%	2/15/2031	1,785,000
2011 School Building Bonds	2/15/2011	6,335,000	2.0-5.0%	2/15/2036	6,045,000
2011 QSC Bonds	2/15/2011	5,535,000	None	2/15/2026	5,070,000
					<u>20,870,000</u>

#### Changes in Long-Term Debt

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2013, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 21,675,000	\$ --	\$ 805,000	\$ 20,870,000	\$ 815,000
Add deferred amounts:	--	--	--	--	--
Issuance premium	308,340	--	15,286	293,054	--
Total governmental activities	<u>\$ 21,983,340</u>	<u>\$ --</u>	<u>\$ 820,286</u>	<u>\$ 21,163,054</u>	<u>\$ 815,000</u>

Debt service requirements on long-term debt at August 31, 2013, are as follows:

#### General Obligation Bonds:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 815,000	\$ 708,579	\$ 1,523,579
2015	835,000	690,666	1,525,666
2016	850,000	672,185	1,522,185
2017	875,000	652,306	1,527,306
2018	895,000	631,791	1,526,791
2019-2023	4,805,000	2,827,071	7,632,071
2024-2028	5,350,000	2,114,378	7,464,378
2029-2033	4,660,000	931,020	5,591,020
2034-2038	1,785,000	136,875	1,921,875
Totals	<u>\$ 20,870,000</u>	<u>\$ 9,364,871</u>	<u>\$ 30,234,871</u>

#### J. Fund Balance

##### Stabilization Funds

On August 29, 2011 the Board of Trustees adopted a stabilization policy. The amount of General Fund fund balance for stabilization to provide for emergencies, contingencies, revenue shortfalls or budgetary imbalances is to be maintained at an amount not less than three months of General Fund operating expenditures, measured based on the most recently completed fiscal year. This amount maintained for stabilization funding is to be reported in the Unassigned fund balance classification each year.



**EDNA INDEPENDENT SCHOOL DISTRICT**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2013

**Minimum Fund Balance Policy**

The District shall maintain, at all times, an overall unrestricted fund balance (committed fund balance, assigned fund balance, and unassigned fund balance) of not less than three months of regular general fund operating expenditures, measured based on the most recently completed fiscal year. If it is determined that the District is below this minimum established fund balance level, the Board shall be informed of this condition and shall take necessary budgetary actions to bring the fund balance level into compliance with this policy. The governing board committed fund balances as follows:

**Committed Fund Balances**

The Board of Trustees committed funds in the campus activities special revenue fund for use at the campus level.

**Restricted Fund Balances**

Restricted fund balances in the special revenue funds represent amounts restricted for state and federal grants as well as amounts restricted by outside parties for use in the special education cooperative. Fund balance in the debt service fund is restricted for the retirement of long-term debt.

K. Interfund Balances and Activities

Balances due to and due from other funds at August 31, 2013, are schedule to be repaid within one year and consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
Other Governmental Funds	Other Governmental Funds	\$ 31,552	Short-term loans

Transfers to and from other funds at August 31, 2013, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Other Governmental Funds	\$ 3,900	Supplement other funds sources
Enterprise Fund	General Fund	781	Transfer residual

L. Shared Services Arrangements

**Shared Services Arrangement - Fiscal Agent**

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services using state and local funds to the member districts listed below. All services are provided by the fiscal agent. The member Districts provide the funds to the fiscal agent According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Edna ISD	\$ 284,344
Industrial ISD	240,427
Ganado ISD	145,692
Total	\$ 670,463

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides special education services using federal funds to the member districts listed below. All services are provided by the fiscal agent. The state passes the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

# EDNA INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2013

Member Districts	Formula	Preschool	Discretionary
Edna ISD	\$ 222,477	\$ 13,134	\$ 150,751
Industrial ISD	146,428	5,280	--
Ganado ISD	94,443	1,736	--
Total	<u>\$ 463,348</u>	<u>\$ 20,150</u>	<u>\$ 150,751</u>

### M. Disaggregated Revenue

Local and intermediate sources of revenue reported in the fund financial statements for the year ended August 31, 2013 consisted of the following:

	General Fund	Other Governmental Funds	Totals
Property taxes	\$ 4,068,619	\$ 1,439,207	\$ 5,507,826
Penalties & Interest	86,785	23,438	110,223
Shared service payments		395,511	395,511
Tuition and fees	32,350		32,350
Investment earnings	94,005	5,413	99,418
Food service fees		244,333	244,333
Athletic receipts	40,749		40,749
Enterprising receipts		41,922	41,922
Gifts & bequests	24,000	99,102	123,102
Other	68,064		68,064
	<u>\$ 4,414,572</u>	<u>\$ 2,248,926</u>	<u>\$ 6,663,498</u>

### N. Commitments and Contingencies

#### **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.

### O. Prior Period Adjustment

Due to the early implementation of GASB Statement 65 "Items Previously Reported as Assets and Liabilities" the District recorded a prior period adjustment of \$268,909 in the governmental activities to recognize the unamortized portion of debt issuance costs as an expense in the year incurred.

## *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.



**EDNA INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	<i>Local and Intermediate Sources</i>	\$ 4,200,263	\$ 4,250,263	\$ 4,414,572	\$ 164,309
5800	<i>State Program Revenues</i>	7,687,310	7,687,310	8,044,662	357,352
5900	<i>Federal Program Revenues</i>	--	933,521	933,521	--
5020	<b>Total Revenues</b>	<u>11,887,573</u>	<u>12,871,094</u>	<u>13,392,755</u>	<u>521,661</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	<i>Instruction</i>	6,228,127	6,322,701	6,085,825	236,876
0012	<i>Instructional Resources and Media Services</i>	188,044	188,044	171,938	16,106
0013	<i>Curriculum and Staff Development</i>	43,561	45,161	27,677	17,484
	<b>Total Instruction &amp; Instr. Related Services</b>	<u>6,459,732</u>	<u>6,555,906</u>	<u>6,285,440</u>	<u>270,466</u>
Instructional and School Leadership:					
0021	<i>Instructional Leadership</i>	158,725	158,725	140,504	18,221
0023	<i>School Leadership</i>	823,379	826,129	790,478	35,651
	<b>Total Instructional &amp; School Leadership</b>	<u>982,104</u>	<u>984,854</u>	<u>930,982</u>	<u>53,872</u>
Support Services - Student (Pupil):					
0031	<i>Guidance, Counseling and Evaluation Services</i>	299,386	299,386	263,730	35,656
0033	<i>Health Services</i>	103,658	103,658	93,258	10,400
0034	<i>Student (Pupil) Transportation</i>	611,579	592,479	430,303	162,176
0035	<i>Food Services</i>	8,500	8,500	6,071	2,429
0036	<i>Cocurricular/Extracurricular Activities</i>	573,501	574,961	447,420	127,541
	<b>Total Support Services - Student (Pupil)</b>	<u>1,596,624</u>	<u>1,578,984</u>	<u>1,240,782</u>	<u>338,202</u>
Administrative Support Services:					
0041	<i>General Administration</i>	667,876	667,876	519,457	148,419
	<b>Total Administrative Support Services</b>	<u>667,876</u>	<u>667,876</u>	<u>519,457</u>	<u>148,419</u>
Support Services - Nonstudent Based:					
0051	<i>Plant Maintenance and Operations</i>	1,708,722	1,811,866	1,552,093	259,773
0052	<i>Security and Monitoring Services</i>	13,915	22,555	15,853	6,702
0053	<i>Data Processing Services</i>	50,267	69,367	57,589	11,778
	<b>Total Support Services - Nonstudent Based</b>	<u>1,772,904</u>	<u>1,903,788</u>	<u>1,625,535</u>	<u>278,253</u>
Ancillary Services:					
0061	<i>Community Services</i>	11,800	11,800	5,271	6,529
	<b>Total Ancillary Services</b>	<u>11,800</u>	<u>11,800</u>	<u>5,271</u>	<u>6,529</u>
Capital Outlay:					
0081	<i>Capital Outlay</i>	4,181,273	6,221,393	4,509,572	1,711,821
	<b>Total Capital Outlay</b>	<u>4,181,273</u>	<u>6,221,393</u>	<u>4,509,572</u>	<u>1,711,821</u>
Intergovernmental Charges:					
0093	<i>Payments to Fiscal Agent/Member Dist.-SSA</i>	212,533	212,533	167,736	44,797
0099	<i>Other Intergovernmental Charges</i>	190,000	190,000	176,879	13,121
	<b>Total Intergovernmental Charges</b>	<u>402,533</u>	<u>402,533</u>	<u>344,615</u>	<u>57,918</u>
6030	<b>Total Expenditures</b>	<u>16,074,846</u>	<u>18,327,134</u>	<u>15,461,654</u>	<u>2,865,480</u>

**EDNA INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	<u>(4,187,273)</u>	<u>(5,456,040)</u>	<u>(2,068,899)</u>	<u>3,387,141</u>
	Other Financing Sources (Uses):				
7915	Transfers In	--	--	781	781
8911	Transfers Out	--	--	<u>(3,900)</u>	<u>(3,900)</u>
7080	Total Other Financing Sources and (Uses)	--	--	<u>(3,119)</u>	<u>(3,119)</u>
1200	Net Change in Fund Balance	<u>(4,187,273)</u>	<u>(5,456,040)</u>	<u>(2,072,018)</u>	<u>3,384,022</u>
0100	Fund Balance - Beginning	12,026,254	12,026,254	12,026,254	--
3000	Fund Balance - Ending	<u>\$ 7,838,981</u>	<u>\$ 6,570,214</u>	<u>\$ 9,954,236</u>	<u>\$ 3,384,022</u>

**EDNA INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION*  
*FOR THE YEAR ENDED AUGUST 31, 2013*

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District adopts annual operating budgets for the general fund, food service fund and debt service fund in accordance with State law. No other special revenue fund budgets were adopted by the District.





*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.

**EDNA INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

AUGUST 31, 2013

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
<b>ASSETS:</b>				
1110	Cash and Cash Equivalents	\$ 238,058	\$ 398,515	\$ 636,573
1225	Taxes Receivable, Net	--	60,655	60,655
1240	Due from Other Governments	81,754	58,130	139,884
1260	Due from Other Funds	31,552	--	31,552
1000	Total Assets	<u>351,364</u>	<u>517,300</u>	<u>868,664</u>
<b>LIABILITIES:</b>				
Current Liabilities:				
2110	Accounts Payable	\$ 530	\$ --	\$ 530
2160	Accrued Wages Payable	58,377	--	58,377
2170	Due to Other Funds	31,551	--	31,551
2200	Accrued Expenditures	3,382	--	3,382
2300	Unearned Revenue	--	60,655	60,655
2000	Total Liabilities	<u>93,840</u>	<u>60,655</u>	<u>154,495</u>
<b>FUND BALANCES:</b>				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	30,719	--	30,719
3480	Retirement of Long-Term Debt	--	456,645	456,645
3490	Other Restrictions of Fund Balance	201,103	--	201,103
Committed Fund Balances:				
3545	Other Committed Fund Balance	25,702	--	25,702
3000	Total Fund Balances	<u>257,524</u>	<u>456,645</u>	<u>714,169</u>
4000	Total Liabilities and Fund Balances	<u>\$ 351,364</u>	<u>\$ 517,300</u>	<u>\$ 868,664</u>

**EDNA INDEPENDENT SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 781,910	\$ 1,467,016	\$ 2,248,926
5800 <i>State Program Revenues</i>	132,197	185,681	317,878
5900 <i>Federal Program Revenues</i>	2,065,722	--	2,065,722
5020 <b>Total Revenues</b>	<u>2,979,829</u>	<u>1,652,697</u>	<u>4,632,526</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	1,443,198	--	1,443,198
0012 <i>Instructional Resources and Media Services</i>	5,436	--	5,436
0013 <i>Curriculum and Staff Development</i>	61,181	--	61,181
0021 <i>Instructional Leadership</i>	156,106	--	156,106
0023 <i>School Leadership</i>	12,435	--	12,435
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	240,002	--	240,002
0033 <i>Health Services</i>	48,370	--	48,370
0035 <i>Food Service</i>	774,896	--	774,896
0036 <i>Cocurricular/Extracurricular Activities</i>	73,852	--	73,852
0041 <i>General Administration</i>	31,374	--	31,374
0061 <i>Community Services</i>	1,590	--	1,590
0071 <i>Principal on Long-term Debt</i>	--	805,000	805,000
0072 <i>Interest on Long-term Debt</i>	--	726,544	726,544
0073 <i>Bond Issuance Costs and Fees</i>	--	1,600	1,600
0093 <i>Payments to Shared Service Arrangements</i>	80,452	--	80,452
6030 <b>Total Expenditures</b>	<u>2,928,892</u>	<u>1,533,144</u>	<u>4,462,036</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	<u>50,937</u>	<u>119,553</u>	<u>170,490</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	3,900	--	3,900
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>3,900</u>	<u>--</u>	<u>3,900</u>
1200 <b>Net Change in Fund Balances</b>	<u>54,837</u>	<u>119,553</u>	<u>174,390</u>
0100 <b>Fund Balances - Beginning</b>	<u>202,687</u>	<u>337,092</u>	<u>539,779</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 257,524</u>	<u>\$ 456,645</u>	<u>\$ 714,169</u>

**EDNA INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2013

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/Lunch Program	255 ESEA Title II Training & Recruiting	
<b>ASSETS:</b>					
1110	Cash and Cash Equivalents	\$ --	\$ --	\$ 17,943	\$ --
1240	Due from Other Governments	40,594	10,634	12,759	3,865
1260	Due from Other Funds	--	--	--	--
1000	Total Assets	<u>40,594</u>	<u>10,634</u>	<u>30,702</u>	<u>3,865</u>
<b>LIABILITIES:</b>					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2160	Accrued Wages Payable	9,761	9,678	--	3,520
2170	Due to Other Funds	29,874	--	--	--
2200	Accrued Expenditures	959	956	--	345
2000	Total Liabilities	<u>40,594</u>	<u>10,634</u>	<u>--</u>	<u>3,865</u>
<b>FUND BALANCES:</b>					
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	30,702	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>30,702</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 40,594</u>	<u>\$ 10,634</u>	<u>\$ 30,702</u>	<u>\$ 3,865</u>

313 IDEA-B Formula	314 IDEA-B Preschool	315 IDEA-B Discretionary	404 Student Success Initiative	410 State Textbook Fund
\$ --	\$ --	\$ --	\$ --	\$ 17
12,252	806	180	664	--
--	--	--	--	--
<u>12,252</u>	<u>806</u>	<u>180</u>	<u>664</u>	<u>17</u>
\$ --	\$ --	\$ --	\$ --	\$ --
10,769	735	--	--	--
833	--	180	664	--
650	71	--	--	--
<u>12,252</u>	<u>806</u>	<u>180</u>	<u>664</u>	<u>--</u>
--	--	--	--	17
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>17</u>
<u>\$ 12,252</u>	<u>\$ 806</u>	<u>\$ 180</u>	<u>\$ 664</u>	<u>\$ 17</u>

**EDNA INDEPENDENT SCHOOL DISTRICT**

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2013

Data Control Codes	437  Special Education	461  Campus Activity Funds
<b>ASSETS:</b>		
1110 <i>Cash and Cash Equivalents</i>	\$ 184,014	\$ 26,134
1240 <i>Due from Other Governments</i>	--	--
1260 <i>Due from Other Funds</i>	31,552	--
1000 Total Assets	<u>215,566</u>	<u>26,134</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2110 <i>Accounts Payable</i>	\$ 98	\$ 432
2160 <i>Accrued Wages Payable</i>	23,914	--
2170 <i>Due to Other Funds</i>	--	--
2200 <i>Accrued Expenditures</i>	401	--
2000 Total Liabilities	<u>24,413</u>	<u>432</u>
<b>FUND BALANCES:</b>		
Restricted Fund Balances:		
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--
3490 <i>Other Restrictions of Fund Balance</i>	191,153	--
Committed Fund Balances:		
3545 <i>Other Committed Fund Balance</i>	--	25,702
3000 Total Fund Balances	<u>191,153</u>	<u>25,702</u>
4000 Total Liabilities and Fund Balances	<u>\$ 215,566</u>	<u>\$ 26,134</u>

497	498	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
<u>Monsanto Grant</u>	<u>Formosa Grant</u>	<u></u>
\$ 15	\$ 9,935	\$ 238,058
--	--	81,754
--	--	31,552
<u>15</u>	<u>9,935</u>	<u>351,364</u>
\$ --	\$ --	\$ 530
--	--	58,377
--	--	31,551
--	--	3,382
<u>--</u>	<u>--</u>	<u>93,840</u>
--	--	30,719
15	9,935	201,103
--	--	25,702
<u>15</u>	<u>9,935</u>	<u>257,524</u>
<u>\$ 15</u>	<u>\$ 9,935</u>	<u>\$ 351,364</u>

**EDNA INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

Data Control Codes	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	240 National School Breakfast/Lunch Program	244 Career and Tech Grant
<b>REVENUES:</b>				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ 244,602	\$ --
5800 <i>State Program Revenues</i>	--	--	3,511	--
5900 <i>Federal Program Revenues</i>	347,096	41,821	529,893	17,925
5020 <b>Total Revenues</b>	<u>347,096</u>	<u>41,821</u>	<u>778,006</u>	<u>17,925</u>
<b>EXPENDITURES:</b>				
Current:				
0011 <i>Instruction</i>	308,908	41,821	--	17,530
0012 <i>Instructional Resources and Media Services</i>	--	--	--	--
0013 <i>Curriculum and Staff Development</i>	27,045	--	--	395
0021 <i>Instructional Leadership</i>	2,027	--	--	--
0023 <i>School Leadership</i>	8,768	--	--	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	73	--	--	--
0033 <i>Health Services</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	774,896	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--	--
0041 <i>General Administration</i>	--	--	--	--
0061 <i>Community Services</i>	275	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--	--
6030 <b>Total Expenditures</b>	<u>347,096</u>	<u>41,821</u>	<u>774,896</u>	<u>17,925</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>				
1100 <b>Expenditures</b>	<u>--</u>	<u>--</u>	<u>3,110</u>	<u>--</u>
Other Financing Sources and (Uses):				
7915 <i>Transfers In</i>	--	--	--	--
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
1200 <b>Net Change in Fund Balances</b>	<u>--</u>	<u>--</u>	<u>3,110</u>	<u>--</u>
0100 <b>Fund Balances - Beginning</b>	<u>--</u>	<u>--</u>	<u>27,592</u>	<u>--</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 30,702</u>	<u>\$ --</u>



255 ESEA Title II Training & Recruiting	263 English Lang Acquisition and Enhancement	313 IDEA-B Formula	314 IDEA-B Preschool	315 IDEA-B Discretionary
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>85,985</u>	<u>9,212</u>	<u>543,802</u>	<u>20,150</u>	<u>150,751</u>
<u>85,985</u>	<u>9,212</u>	<u>543,802</u>	<u>20,150</u>	<u>150,751</u>
89,885	9,212	274,761	20,150	150,751
--	--	--	--	--
--	--	726	--	--
--	--	20,717	--	--
--	--	--	--	--
--	--	166,812	--	--
--	--	334	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	80,452	--	--
<u>89,885</u>	<u>9,212</u>	<u>543,802</u>	<u>20,150</u>	<u>150,751</u>
<u>(3,900)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>3,900</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>3,900</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--
--	--	--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**EDNA INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

Data Control Codes	385 Supplemental Visually Impaired	404 Student Success Initiative	410 State Textbook Fund
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	4,500	6,640	117,546
5900 <i>Federal Program Revenues</i>	--	--	--
5020 <b>Total Revenues</b>	<u>4,500</u>	<u>6,640</u>	<u>117,546</u>
<b>EXPENDITURES:</b>			
Current:			
0011 <i>Instruction</i>	4,500	6,640	81,747
0012 <i>Instructional Resources and Media Services</i>	--	--	--
0013 <i>Curriculum and Staff Development</i>	--	--	32,115
0021 <i>Instructional Leadership</i>	--	--	--
0023 <i>School Leadership</i>	--	--	3,667
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	--	--	--
0033 <i>Health Services</i>	--	--	--
0035 <i>Food Service</i>	--	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	--	--	--
0041 <i>General Administration</i>	--	--	--
0061 <i>Community Services</i>	--	--	--
0093 <i>Payments to Shared Service Arrangements</i>	--	--	--
6030 <b>Total Expenditures</b>	<u>4,500</u>	<u>6,640</u>	<u>117,529</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	<u>--</u>	<u>--</u>	<u>17</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	<u>--</u>	<u>--</u>	<u>--</u>
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>
1200 <b>Net Change in Fund Balances</b>	<u>--</u>	<u>--</u>	<u>17</u>
0100 <b>Fund Balances - Beginning</b>	<u>--</u>	<u>--</u>	<u>--</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 17</u>

437 Special Education	461 Campus Activity Funds	497 Monsanto Grant	498 Formosa Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ 395,512	\$ 82,796	\$ 10,000	\$ 49,000	\$ 781,910
--	--	--	--	132,197
319,087	--	--	--	2,065,722
<u>714,599</u>	<u>82,796</u>	<u>10,000</u>	<u>49,000</u>	<u>2,979,829</u>
383,782	5,835	9,985	37,691	1,443,198
--	5,436	--	--	5,436
850	50	--	--	61,181
133,362	--	--	--	156,106
--	--	--	--	12,435
73,117	--	--	--	240,002
48,036	--	--	--	48,370
--	--	--	--	774,896
--	73,852	--	--	73,852
30,000	--	--	1,374	31,374
1,315	--	--	--	1,590
--	--	--	--	80,452
<u>670,462</u>	<u>85,173</u>	<u>9,985</u>	<u>39,065</u>	<u>2,928,892</u>
44,137	(2,377)	15	9,935	50,937
--	--	--	--	3,900
--	--	--	--	3,900
<u>44,137</u>	<u>(2,377)</u>	<u>15</u>	<u>9,935</u>	<u>54,837</u>
147,016	28,079	--	--	202,687
<u>\$ 191,153</u>	<u>\$ 25,702</u>	<u>\$ 15</u>	<u>\$ 9,935</u>	<u>\$ 257,524</u>



## *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.

**EDNA INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FOR THE YEAR ENDED AUGUST 31, 2013*

Year Ended August 31	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2004 and Prior Years	\$ Various	\$ Various	\$ Various
2005	1.50	.0634	265,576,436
2006	1.50	.05	288,612,581
2007	1.37	.24	447,423,975
2008	1.04	.25	421,552,558
2009	1.04	.23	445,632,520
2010	1.04	.1769	426,885,364
2011	1.04	.1769	403,351,713
2012	1.04	.3382	386,197,141
2013 (School Year Under Audit)	1.04	.3706	392,285,907

1000 Totals

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

10 Beginning Balance 9/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/13
\$ 135,062	\$ --	\$ 17,321	\$ 3,569	\$ (36,678)	\$ 77,494
16,401	--	393	17	(971)	15,020
14,510	--	542	18	(892)	13,058
25,649	--	1,147	201	(787)	23,514
26,683	--	3,266	785	(998)	21,634
55,306	--	8,153	1,803	(274)	45,076
73,763	--	11,653	1,982	540	60,668
90,521	--	12,474	2,122	528	76,453
141,160	--	49,354	16,049	(702)	75,055
--	5,533,585	3,979,669	1,418,321	20,513	156,108
<u>\$ 579,055</u>	<u>\$ 5,533,585</u>	<u>\$ 4,083,972</u>	<u>\$ 1,444,867</u>	<u>\$ (19,721)</u>	<u>\$ 564,080</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**EDNA INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-2**

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2014-2015  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED AUGUST 31, 2013*

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ --	\$ --	\$ 173,720	\$ 141,156	\$ --	\$ --	\$ 314,876
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	14,840	--	--	--	991	--	15,831
6212	Audit Services	--	--	--	15,750	--	--	15,750
6213	Tax Appraisal and Collection	--	187,389	--	--	--	--	187,389
621X	Other Prof. Services	1,100	--	--	93,000	--	--	94,100
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	775	--	37	3,537	--	--	4,349
6240	Contr. Maint. and Repair	--	--	--	--	--	--	--
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	1,511	3,694	--	--	5,205
6290	Miscellaneous Contr.	9,206	--	--	153	--	--	9,359
6310	Operational Supplies, Materials	--	--	--	--	--	--	--
6320	Textbooks and Reading	--	--	--	--	--	--	--
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	3,489	--	3,709	11,011	--	--	18,209
6410	Travel, Subsistence, Stipends	295	--	1,626	5,327	--	--	7,248
6420	Ins. and Bonding Costs	7,467	250	--	--	--	--	7,717
6430	Election Costs	--	--	--	--	--	--	--
6490	Miscellaneous Operating	13,353	--	3,019	922	383	30,000	47,677
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	--	--

Total \$ 50,525 \$ 187,639 \$ 183,622 \$ 274,550 \$ 1,374 \$ 30,000 \$ 727,710

Total Expenditures for General and Special Revenue Funds (9) \$ 18,390,546

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 4,477,396
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 1,552,093
Food (Function 35, 6341 and 6499)	(13)	\$ --
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		<u>\$ 274,550</u>

Subtotal 6,304,039

Net Allowed Direct Cost \$ 12,086,507

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 45,480,986
Historical Cost of Buildings over 50 years old	(16)	--
Amount of Federal Money in Building Cost (Net of #16)	(17)	1,720,170
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	1,857,421
Historical Cost of Furniture & Equipment over 16 years old	(19)	80,773
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ --

(8) Note A - No Function 53 expenditures and \$176,879 in Function 99 expenditures are included in this report on administrative costs.



**EDNA INDEPENDENT SCHOOL DISTRICT**  
*NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED AUGUST 31, 2013*

**EXHIBIT J-3**

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 235,577	\$ 244,602	\$ 9,025
5800 <i>State Program Revenues</i>	3,261	3,511	250
5900 <i>Federal Program Revenues</i>	539,057	529,893	(9,164)
5020 Total Revenues	<u>777,895</u>	<u>778,006</u>	<u>111</u>
<b>EXPENDITURES:</b>			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	777,895	774,896	2,999
Total Support Services - Student (Pupil)	<u>777,895</u>	<u>774,896</u>	<u>2,999</u>
6030 Total Expenditures	<u>777,895</u>	<u>774,896</u>	<u>2,999</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	--	3,110	3,110
1200 Net Change in Fund Balance	--	3,110	3,110
0100 Fund Balance - Beginning	27,592	27,592	--
3000 Fund Balance - Ending	<u>\$ 27,592</u>	<u>\$ 30,702</u>	<u>\$ 3,110</u>

**EDNA INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-4**

DEBT SERVICE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 1,404,121	\$ 1,467,016	\$ 62,895
5800 <i>State Program Revenues</i>	129,423	185,681	56,258
5020 <i>Total Revenues</i>	<u>1,533,544</u>	<u>1,652,697</u>	<u>119,153</u>
<b>EXPENDITURES:</b>			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	805,000	805,000	--
0072 <i>Interest on Long-Term Debt</i>	726,544	726,544	--
0073 <i>Bond Issuance Costs and Fees</i>	2,000	1,600	400
<i>Total Debt Service</i>	<u>1,533,544</u>	<u>1,533,144</u>	<u>400</u>
6030 <i>Total Expenditures</i>	<u>1,533,544</u>	<u>1,533,144</u>	<u>400</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>			
1100 <i>Expenditures</i>	--	119,553	119,553
1200 <i>Net Change in Fund Balance</i>	--	119,553	119,553
0100 <i>Fund Balance - Beginning</i>	337,092	337,092	--
3000 <i>Fund Balance - Ending</i>	<u>\$ 337,092</u>	<u>\$ 456,645</u>	<u>\$ 119,553</u>

# *Reed & Associates, PC*

*Certified Public Accountants*

*1717 8th Street, Suite 5*

*Bay City, Texas 77414*

*auditors@swbell.net ~ (979) 245-7361*

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  
Edna Independent School District  
PO Drawer 919  
Edna, Texas 77957-0919

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, the business-type activities, each major fund, and the aggregate remaining fund information of Edna Independent School District, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Edna Independent School District's basic financial statements, and have issued our report thereon dated October 1, 2013.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Edna 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 Edna Independent School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Edna Independent School District's internal control.

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Edna 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,

Reed and  
Associates, PC

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email=auditors@swbell.net, c=US  
Date: 2013.10.23 08:42:05 -05'00'

Reed & Associates, PC

Bay City, Texas  
October 1, 2013

# *Reed & Associates, PC*

*Certified Public Accountants*  
1717 8th Street, Suite 5  
Bay City, Texas 77414  
auditors@swbell.net ~ (979) 245-7361

## 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  
Edna Independent School District  
PO Drawer 919  
Edna, Texas 77957-0919

Members of the Board of Trustees:

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

We have audited Edna 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 Edna Independent School District's major federal programs for the year ended August 31, 2013. Edna 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 Edna 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 Edna 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 Edna Independent School District's compliance.

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

In our opinion, Edna 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 August 31, 2013.

## Report on Internal Control Over Compliance

Management of Edna 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 Edna 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 Edna Independent School District's internal control over compliance.

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

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

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

Respectfully submitted,

**Reed and  
Associates, PC**

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and Associates, PC, ou=Reed and Associates,  
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Reed & Associates, PC

Bay City, Texas  
October 1, 2013

**EDNA INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED AUGUST 31, 2013*

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?      Yes   X   No

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?      Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.039	Hazard Mitigation

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

Auditee qualified as low-risk auditee?   X   Yes      No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**EDNA INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED AUGUST 31, 2013*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Not Applicable		



**EDNA INDEPENDENT SCHOOL DISTRICT**  
*CORRECTIVE ACTION PLAN*  
*FOR THE YEAR ENDED AUGUST 31, 2013*

Not Applicable



**EDNA INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED AUGUST 31, 2013**

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

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010	1361010112090	\$ 311,011
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010	13610104120901042	14,649
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010	13610104120901001	10,715
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010	14610104120901000	10,720
Total CFDA Number 84.010			<u>347,095</u>
<i>SSA IDEA-B Formula *</i>	84.027	13660001120901600	532,383
<i>SSA IDEA-B Formula *</i>	84.027	14660001120901600	11,419
<i>SSA IDEA-B Discretionary *</i>	84.027	13660002120901600	150,751
Total CFDA Number 84.027			<u>694,553</u>
<i>Career and Technical - Basic Grant</i>	84.048	13420006120901	17,925
<i>SSA IDEA-B Preschool *</i>	84.173	13661001120901600	19,344
<i>SSA IDEA-B Preschool *</i>	84.173	14661001120901600	806
Total CFDA Number 84.173			<u>20,150</u>
<i>Title III Part A English Language Acquisition and Language Enhance</i>	84.365	13671001120901	9,212
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367	13694501120901	82,120
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367	14694501120901	3,865
Total CFDA Number 84.367			<u>85,985</u>
Total Passed Through State Department of Education			<u>1,174,920</u>
Passed Through Edna ISD:			
<i>IDEA-B Formula *</i>	84.027	13660001120901600	31,187
<i>IDEA-B Formula *</i>	84.027	14660001120901600	10,634
Total Passed Through Edna ISD			<u>41,821</u>
Total U. S. Department of Education			<u>1,216,741</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401301	104,203
School Breakfast Program *	10.553	71401201	12,200
Total CFDA Number 10.553			<u>116,403</u>
National School Lunch Program *	10.555	71301301	344,168
National School Lunch Program *	10.555	71301201	40,209
Total CFDA Number 10.555			<u>384,377</u>
Total Passed Through State Department of Education			<u>500,780</u>
Passed Through State Department of Agriculture:			
Commodity Supplemental Food Program (Non-cash)	10.565	120901A	29,113
Total U. S. Department of Agriculture			<u>529,893</u>

**EDNA INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED AUGUST 31, 2013*

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
DEPARTMENT OF HOMELAND SECURITY			
Passed Through Jackson County:			
Hazard Mitigation Grant	97.039	DR-1791-311	933,521
Total Department of Homeland Security			<u>933,521</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,680,155</u>

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

The accompanying notes are an integral part of this schedule.

**EDNA INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2013*

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Edna 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.

2. Subrecipients

Of the federal expenditures presented in the schedule, Edna Independent School District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
IDEA B Formula	84.027	\$ 80,452

**EDNA INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF AUGUST 31, 2013*

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