

**ASPERMONT INDEPENDENT SCHOOL DISTRICT**

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED AUGUST 31, 2014*

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

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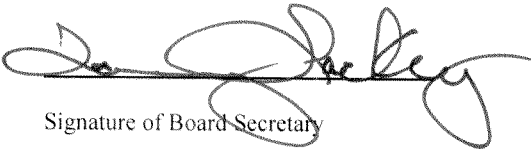
CERTIFICATE OF BOARD

Aspermont Independent School District  
Name of School District

Stonewall  
County

217-901  
Co.-Dist. Number

We, the undersigned, certify that the attached auditor's reports of the above named school district were reviewed and  approved  
-  disapproved for the year ended August 31, 2014, at a meeting of the board of school trustees of such school district on the  
27 day of Oct., 2014.



Signature of Board Secretary



Signature of Board President

If the auditor's reports were checked above as disapproved, the reason(s) therefore is/are (attach list if necessary):

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## Independent Auditor's Report

### UNMODIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER INFORMATION - STATE OR LOCAL GOVERNMENTAL ENTITY

Board of Trustees  
Aspermont Independent School District  
P.O. Box 549  
Aspermont, Texas 79502

#### Report on the Financial Statements

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

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

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

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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. 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### *Opinions*

In my 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Aspermont Independent School District as of August 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with account principles generally accepted in the United States of America.

#### Other Matters

#### *Required Supplementary Information*

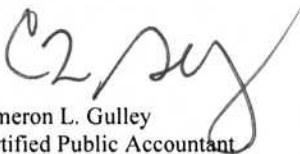
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule for the general fund as listed in the table of contents be presented to supplement the basic financial statements. Such information, although 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. I have applied certain limited procedure 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the TEA required schedules 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 my opinion, the combining and individual nonmajor fund financial statements and the TEA required schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The combining and individual nonmajor fund financial statements and the TEA required schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated October 23, 2014, on my consideration of the District's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Cameron L. Gulley  
Certified Public Accountant

October 23, 2014



# Aspermont Independent School District

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300 Seventh Street \* P. O. Box 549 \* Aspermont, Texas 79502

(940) 989-3355 \* Fax (940) 989-3353

## Office of the Superintendent

Cliff Gilmore, Superintendent of Schools

### MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Aspermont Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2014. Please read it in conjunction with the independent auditor's report on page 2 and the District's Basic Financial Statements which begin on page 10.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 12) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 22) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

#### Reporting the District as a Whole

##### *The Statement of Net Position and the Statement of Activities*

The analysis of the District's overall financial condition and operations begins on page 5. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully

assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into one activity:

Governmental activities - Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these services.

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 12 and provide detailed information about the most significant funds - not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds - governmental and proprietary - use different accounting approaches.

Governmental funds - Most of the District's basic services are reported in governmental funds. These use the modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

Proprietary funds - the District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's enterprise funds (one category of proprietary funds) are the business-type activities reported in the government-wide statements but containing more detail and additional information, such as cash flows. The internal service funds (the other category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities - such as the District's self-insurance program.

## **The District as Trustee**

### ***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in a separate Statements of Fiduciary Net Position on page 21. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following analyses of comparative balances and changes therein is inclusive of the current year's and prior year's operations. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Total net position of the District's governmental activities increased from \$3,491,905 to \$4,223,568. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - increased from \$1,396,932 to \$1,601,558 at August 31, 2014 due to current year surpluses in the general fund. Current assets decreased by \$7,093,982 consisting primarily of reductions in cash used for construction purposes. Capital assets increased by \$7,089,782 because of asset additions in excess of depreciation expense. Long-term liabilities decreased by \$273,855 due to long-term debt principal retired during the year. Other liabilities decreased by \$462,008 due to liquidation of prior year state foundation revenue overpayments.

Table I Aspermont Independent School District Net Position			
	Governmental Activities 2014	Governmental Activities 2013	Variance Increase/ (Decrease)
Current and other assets	\$ 4,618,820	\$ 11,712,802	\$ (7,093,982)
Capital assets	8,346,416	1,256,634	7,089,782
Total assets	12,965,236	12,969,436	(4,200)
Long-term liabilities	8,621,593	8,895,448	(273,855)
Other liabilities	120,075	582,083	(462,008)
Total liabilities	8,741,668	9,477,531	(735,863)
Net position:			
Net investment in capital assets	(275,176)	(7,638,814)	7,363,638
Restricted for federal and state programs	12,458	5,417	7,041
Restricted for debt service	19,947	0	19,947
Restricted for capital projects	2,364,781	9,228,370	(6,863,589)
Restricted for other purposes	500,000	500,000	0
Unrestricted	1,601,558	1,396,932	204,626
Total net position	\$ 4,223,568	\$ 3,491,905	\$ 731,663

Table II Aspermont Independent School District Changes in Net Position			
	Governmental Activities 2014	Governmental Activities 2013	Variance Favorable/ (Unfavorable)
Revenues:			
Program Revenues:			
Charges for services	\$ 56,532	\$ 63,246	\$ (6,714)
Operating grants and contributions	358,903	352,953	5,950
General Revenues:			
Maintenance and operations taxes	3,140,959	3,636,522	(495,563)
Debt service taxes	530,254	0	530,254
State aid - formula grants	553,155	119,048	434,107
Investment earnings	34,222	22,846	11,376
Miscellaneous	6,029	3,780	2,249
Total Revenues	4,680,054	4,198,395	481,659

Table II - Continued  
Aspermont Independent School District  
Changes in Net Position

	Governmental Activities 2014	Governmental Activities 2013	Variance Favorable/ (Unfavorable)
Expenses:			
Instruction, curriculum and media services	1,451,001	1,644,339	193,338
Instructional and school leadership	198,834	189,722	(9,112)
Student support services	148,152	151,563	3,411
Child nutrition	92,533	109,309	16,776
Co-curricular activities	278,252	304,351	26,099
General administration and other intergovernmental charges	331,119	321,902	(9,217)
Plant maintenance, security & data processing	452,986	457,938	4,952
Debt service	295	171,099	170,804
Incremental costs associated with Chapter 41	995,219	764,229	(230,990)
Total Expenses	3,948,391	4,114,452	166,061
Increase in Net Position	731,663	83,943	647,720
Net Position - beginning of year	3,491,905	3,407,962	83,943
Net Position - end of year	\$ 4,223,568	\$ 3,491,905	\$ 731,663

The District's total revenues increased by \$481,659 for the year. Net property tax revenues were higher by approximately \$35,000 due to rate increases for the year. However, maintenance and operating tax revenues were lower due to a decline in property valuations by over 13% from last year. The reduction in property values added additional state aid revenues for the year by approximately \$435,000..

Total expenses of the District decreased by \$166,061 from the previous year. The largest increase of \$230,990 was due to increased property wealth associated with property tax valuations as represented above in the incremental costs associated with Chapter 41 paid back to the state. Debt service expenses declined by \$170,804 due to fees associated with issuance of new bonds in the previous year. Instructional and child nutrition expenses decreased by due to lower payroll costs. Instructional and school leadership category was higher due to increased payroll costs. Co-curricular activities were down this year due to fewer athletic supplies purchased. General administration expenses were up due to professional fees incurred.

### THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$4,454,246, a decrease of \$6,630,021 from last year's fund balance of \$11,084,267. The primary reason for the difference is due to capital expenditures incurred reflected as expenditures on the fund-level financial statements but capitalized on the government-wide financial statements. Additionally, depreciation expense was not charged at the fund-level financial statements and total cash for bonds payable principal repayments were not charged at the government-wide level. See the detailed reconciliation of the two amounts at Exhibit C-2.

Over the course of the year, the Board of Trustees revised the District's budget only a few times. There were no significant amendments made throughout the year. Most amendments were to re-allocate between functions.

The District's General Fund balance of \$2,711,176 reported on pages 15 and 37 differs from the General Fund's budgetary fund balance of \$2,493,717 reported in the budgetary comparison schedule on page 37. This is principally due to expenditures being more favorable than the final amended budget indicated they might be.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### *Capital Assets*

At the end of fiscal year 2014, the District had \$10,676,728 invested in a broad range of capital assets including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents an increase of \$7,202,806 from last fiscal year. The following additions were made during the year:

New elementary school (in progress)	\$ 7,182,603
Fencing	13,777
Miter band saw	6,426
Total Asset Additions	\$ 7,202,806

### *Debt*

During the year the District issued long-term bonds payable totaling \$8,455,000 to finance construction of a new school building. The bonds will be repaid over twenty-two years at annual interest rates varying from 2.0% - 4.25%. Annual payments should approximate \$580,000 due semi-annually on February 15 and August 15 each year until final maturity on February 15, 2035. The District retired \$255,000 in principal (and \$324,901 in interest) during the year. The bonds payable balance at August 31, 2014 totaled \$8,200,000.

At August 31, 2014, the District had one outstanding long-term capital lease obligation totaling \$33,483 used to finance the purchase of an activity bus in fiscal year 2011. A final lease payment of approximately \$35,251 is due in December, 2014 at an imputed interest rate of 3.95%. There were no lease payments made during the current year.

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

The District should remain financially strong during the 2014-15 fiscal year. Revenues and expenditures for next fiscal year are \$3.7 million which is approximately what was budgeted in 2013-14 for the general fund. The tax rate adopted by the board of trustees was set at \$1.04 (an increase of \$0.0346 from last fiscal year) for the general fund and \$0.176 (an increase of \$0.006 from last fiscal year) for debt service. Property tax valuations of the District increased by approximately 10% from 2013-14. The District will remain in recapture mode with the state for an approximate \$885,000 in recapture costs. The adopted break-even budget for 2014-15 should keep the general fund balance of the District at or near \$2,700,000 at August 31, 2015.

Construction should be completed on the new elementary school building during the fall of 2014-15.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's business office at: Aspermont Independent School District, 300 Seventh Street, P. O. Box 549, Aspermont, Texas 79502; (940) 989-3355.

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*BASIC FINANCIAL STATEMENTS*

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

Data Control Codes	Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 2,650,724
1120 Current Investments	1,615,645
1220 Property Taxes Receivable (Delinquent)	88,349
1230 Allowance for Uncollectible Taxes	(43,851)
1240 Due from Other Governments	303,646
1250 Accrued Interest	4,307
Capital Assets:	
1510 Land	20,000
1520 Buildings, Net	765,401
1530 Furniture and Equipment, Net	161,136
1550 Leased Property Under Capital Leases, Net	98,376
1580 Construction in Progress	7,301,503
1000 Total Assets	<u>12,965,236</u>
<b>LIABILITIES</b>	
2110 Accounts Payable	49,782
2160 Accrued Wages Payable	47,025
2180 Due to Other Governments	22,050
2200 Accrued Expenses	1,218
Noncurrent Liabilities	
2501 Due Within One Year	288,483
2502 Due in More Than One Year	8,333,110
2000 Total Liabilities	<u>8,741,668</u>
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	(275,176)
3820 Restricted for Federal and State Programs	12,458
3850 Restricted for Debt Service	19,947
3860 Restricted for Capital Projects	2,364,781
3890 Restricted for Other Purposes	500,000
3900 Unrestricted	1,601,558
3000 Total Net Position	<u>\$ 4,223,568</u>

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
		Expenses	3 Charges for Services	4 Operating Grants and Contributions
<b>Primary Government:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
11 Instruction	\$ 1,412,886	\$ -	\$ 244,795	\$ (1,168,091)
12 Instructional Resources and Media Services	3,927	-	-	(3,927)
13 Curriculum and Staff Development	2,419	-	-	(2,419)
23 School Leadership	198,834	-	7,390	(191,444)
31 Guidance, Counseling and Evaluation Services	57,913	-	3,383	(54,530)
33 Health Services	4,746	-	226	(4,520)
34 Student (Pupil) Transportation	85,493	-	980	(84,513)
35 Food Services	92,533	18,645	80,115	6,227
36 Extracurricular Activities	278,252	15,587	7,194	(255,471)
41 General Administration	244,033	-	7,670	(236,363)
51 Facilities Maintenance and Operations	426,890	22,300	6,689	(397,901)
53 Data Processing Services	26,096	-	461	(25,635)
73 Debt Service - Bond Issuance Cost and Fees	295	-	-	(295)
92 Incremental Costs related to WADA	995,219	-	-	(995,219)
93 Payments related to Shared Services Arrangements	31,769	-	-	(31,769)
99 Other Intergovernmental Charges	87,086	-	-	(87,086)
[TP] TOTAL PRIMARY GOVERNMENT:	<u>\$ 3,948,391</u>	<u>\$ 56,532</u>	<u>\$ 358,903</u>	<u>(3,532,956)</u>

Data Control Codes	General Revenues:		
	Taxes:		
MT	Property Taxes, Levied for General Purposes		3,140,959
DT	Property Taxes, Levied for Debt Service		530,254
SF	State Aid - Formula Grants		553,155
IE	Investment Earnings		34,222
MI	Miscellaneous Local and Intermediate Revenue		6,029
TR	Total General Revenues		<u>4,264,619</u>
CN	Change in Net Position		731,663
NB	Net Position - Beginning		<u>3,491,905</u>
NE	Net Position--Ending		<u>\$ 4,223,568</u>

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 909,690	\$ 14,496	\$ 1,714,782
1120 Investments - Current	1,615,645	-	-
1220 Property Taxes - Delinquent	83,775	4,574	-
1230 Allowance for Uncollectible Taxes (Credit)	(43,393)	(458)	-
1240 Receivables from Other Governments	292,818	1,335	-
1250 Accrued Interest	4,307	-	-
1260 Due from Other Funds	1	-	-
1000 Total Assets	<u>\$ 2,862,843</u>	<u>\$ 19,947</u>	<u>\$ 1,714,782</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 33,387	\$ -	\$ -
2160 Accrued Wages Payable	41,629	-	-
2170 Due to Other Funds	13,455	-	1
2180 Due to Other Governments	22,050	-	-
2200 Accrued Expenditures	764	-	-
2000 Total Liabilities	<u>111,285</u>	<u>-</u>	<u>1</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	40,382	4,116	-
2600 Total Deferred Inflows of Resources	<u>40,382</u>	<u>4,116</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3480 Retirement of Long-Term Debt	-	15,831	-
Committed Fund Balance:			
3510 Construction	650,000	-	1,714,781
3530 Capital Expenditures for Equipment	500,000	-	-
3600 Unassigned Fund Balance	1,561,176	-	-
3000 Total Fund Balances	<u>2,711,176</u>	<u>15,831</u>	<u>1,714,781</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 2,862,843</u>	<u>\$ 19,947</u>	<u>\$ 1,714,782</u>

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

Other Funds	Total Governmental Funds
\$ 11,756	\$ 2,650,724
-	1,615,645
-	88,349
-	(43,851)
9,493	303,646
-	4,307
-	1
<u>\$ 21,249</u>	<u>\$ 4,618,821</u>
\$ 2,941	\$ 36,328
5,396	47,025
-	13,456
-	22,050
454	1,218
<u>8,791</u>	<u>120,077</u>
-	44,498
-	44,498
12,458	12,458
-	15,831
-	2,364,781
-	500,000
-	1,561,176
<u>12,458</u>	<u>4,454,246</u>
<u>\$ 21,249</u>	<u>\$ 4,618,821</u>

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

<b>Total Fund Balances - Governmental Funds</b>	\$	4,454,246
<b>1</b> Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$3,473,922 and the accumulated depreciation was \$2,217,288. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		(7,638,814)
<b>2</b> Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2014 capital outlays and debt principal payments is to increase (decrease) net position.		7,457,806
<b>3</b> The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(113,024)
<b>4</b> Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		63,354
<b>19 Net Position of Governmental Activities</b>	\$	4,223,568

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

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

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 3,211,993	\$ 526,343	\$ 12,969
5800 State Program Revenues	661,583	-	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	<u>3,873,576</u>	<u>526,343</u>	<u>12,969</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	1,195,034	-	-
0012 Instructional Resources and Media Services	3,927	-	-
0013 Curriculum and Instructional Staff Development	2,419	-	-
0023 School Leadership	197,844	-	-
0031 Guidance, Counseling and Evaluation Services	57,913	-	-
0033 Health Services	4,746	-	-
0034 Student (Pupil) Transportation	67,162	-	-
0035 Food Services	1,725	-	-
0036 Extracurricular Activities	256,385	-	-
0041 General Administration	242,866	-	-
0051 Facilities Maintenance and Operations	423,005	-	-
0053 Data Processing Services	26,096	-	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	-	255,000	-
0072 Interest on Long Term Debt	-	324,901	-
0073 Bond Issuance Cost and Fees	-	295	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	-	-	6,876,558
<b>Intergovernmental:</b>			
0092 Incremental Costs Associated with Chapter 41	995,219	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	31,769	-	-
0099 Other Intergovernmental Charges	87,086	-	-
6030 Total Expenditures	<u>3,593,196</u>	<u>580,196</u>	<u>6,876,558</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>280,380</u>	<u>(53,853)</u>	<u>(6,863,589)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7915 Transfers In	-	69,684	-
8911 Transfers Out (Use)	(69,684)	-	-
7080 Total Other Financing Sources (Uses)	<u>(69,684)</u>	<u>69,684</u>	<u>-</u>
1200 Net Change in Fund Balances	210,696	15,831	(6,863,589)
0100 Fund Balance - September 1 (Beginning)	<u>2,500,480</u>	<u>-</u>	<u>8,578,370</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,711,176</u>	<u>\$ 15,831</u>	<u>\$ 1,714,781</u>

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



Other Funds	Total Governmental Funds
\$ 18,645	\$ 3,769,950
29,462	691,045
221,013	221,013
<u>269,120</u>	<u>4,682,008</u>
172,085	1,367,119
-	3,927
-	2,419
-	197,844
-	57,913
-	4,746
-	67,162
89,994	91,719
-	256,385
-	242,866
-	423,005
-	26,096
-	255,000
-	324,901
-	295
-	6,876,558
-	995,219
-	31,769
-	87,086
<u>262,079</u>	<u>11,312,029</u>
<u>7,041</u>	<u>(6,630,021)</u>
-	69,684
-	(69,684)
-	-
<u>7,041</u>	<u>(6,630,021)</u>
<u>5,417</u>	<u>11,084,267</u>
<u>\$ 12,458</u>	<u>\$ 4,454,246</u>

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

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	(6,630,021)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2014 capital outlays and debt principal payments is to increase (decrease) net position.		7,457,806
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(113,024)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		16,902
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>731,663</b>

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

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

EXHIBIT D-1

	Governmental Activities -
	Internal Service Fund
<b>ASSETS</b>	
Current Assets:	
Due from Other Funds	\$ 13,455
Total Assets	13,455
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	13,455
Total Liabilities	13,455
<b>NET POSITION</b>	
Unrestricted Net Position	-
Total Net Position	\$ -

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

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

	Governmental Activities -	
	Internal Service Fund	
<b>OPERATING REVENUES:</b>		
Local and Intermediate Sources	\$ 4,247	
Total Operating Revenues	4,247	
<b>OPERATING EXPENSES:</b>		
Payroll Costs	4,247	
Total Operating Expenses	4,247	
Operating Income	-	
Total Net Position - September 1 (Beginning)	-	
 Total Net Position - August 31 (Ending)	 \$ -	

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

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

	Governmental Activities -
	Internal Service Fund
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Assessments - Other Funds	\$ 2,546
Cash Payments for Insurance Claims	(2,546)
Net Cash Provided by Operating Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	-
Cash and Cash Equivalents at Beginning of Year	<u>-</u>
Cash and Cash Equivalents at End of Year	<u>\$ -</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>    Provided by Operating Activities:</u>	
Operating Income (Loss):	\$ -
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Receivables	(1,701)
Increase (decrease) in Accounts Payable	1,701
Net Cash Provided by Operating Activities	<u>\$ -</u>
<u>Reconciliation of Total Cash and Cash Equivalents:</u>	
Cash and Cash Equivalents on Balance Sheet	\$ -
Pooled Cash and Cash Equivalents on Balance Sheet	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ -</u>

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

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

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	Agency Fund
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 56,167
Investments - Current	7,116
Total Assets	<u>\$ 63,283</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 63,283
Total Liabilities	<u>\$ 63,283</u>

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

**ASPERMONT INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE FINANCIAL STATEMENTS*  
*AT AND FOR THE YEAR ENDED AUGUST 31, 2014*

I. Summary of significant accounting policies

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

A. Reporting entity

The Board of School Trustees (the "Board"), a seven member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of Aspermont Independent School District (the "District"). Because members of the Board are elected by the public; have the authority to make decisions, appoint administrators and managers, and significantly influence operations; and have the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by Governmental Accounting Standards Board ("GASB"), Statement No. 14, "The Financial Reporting Entity." There are no component units included within the reporting entity.

B. Government-wide and fund financial statements

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

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

Interfund activities between governmental funds [and between governmental funds and proprietary funds] appear as due to/due from on the Governmental Fund Balance Sheet [and Proprietary Fund Statement of Net Position] and as other resources and other uses on the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance [and on the Proprietary Fund Statement of Revenues, Expenses and Changes in Fund Net Position]. All interfund transactions between governmental funds [and between governmental funds and internal service funds] are eliminated on the government-wide statements. [Interfund activities between governmental funds and enterprise funds remain on the government-wide statements and appear on the government-wide Statement of Net Position as internal balances and on the Statement of Activities as interfund transfers.] Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are nonoperating.

### C. Measurement focus, basis of accounting, and financial statement presentation

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

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

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

### D. Fund accounting

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Capital Projects Fund** - The capital projects fund accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities and procurement of equipment necessary for providing educational programs for all students within the District.
3. **Debt Service Fund** - The debt service fund is used to account for revenues collected to pay interest and related costs and to retire long-term debt.

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

Governmental Funds:

4. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.



Proprietary Funds:

5. **Internal Service Funds** - Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's internal service fund is the Worker's Comp fund.

Fiduciary Funds:

6. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is the "Aspermont Student Activity Fund."

E. Other accounting policies

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

4. The District's policy does not permit employees to accumulate unused vacation and sick pay benefits. Therefore, there is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.
5. Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Asset:</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Vehicles	10
Equipment	7-10
Technology Equipment	5-10

6. Since Internal Service Funds support the operations of governmental funds, they are consolidated with the governmental funds in the government-wide financial statements. The expenditures of governmental funds that create the revenues of internal service funds are eliminated to avoid "grossing up" the revenues and expenses of the District as a whole.
7. Governmental fund balances are characterized into the following categories:

*Non-spendable* fund balances include amounts that are not in spendable form (i.e. inventory or prepaid items) or amounts that are required to be maintained intact legally or contractually (i.e. principal in an endowment fund)

*Restricted* fund balances include amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

*Committed* fund balances include amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

*Assigned* fund balances are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

*Unassigned* fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

District policies concerning fund balances are as follows:

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

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

When it is appropriate for fund balance to be assigned, only the Board of Trustees has the authority to assign fund balance by formal action by the board.

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

At August 31, 2014, the District's general fund balances were committed or assigned as follows:

Committed for future construction	\$650,000.
Committed for future equipment	\$500,000.

8. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless unrestricted assets will have to be returned because they were not used.

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

## II. Stewardship, compliance, and accountability

### A. Budgetary data

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibits J4 and J5 (if applicable).

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. However, none of these were significant.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. There were no appropriated or nonappropriated budget special revenue funds at the end of the current fiscal year.

### B. Excess of expenditures over appropriations by more than \$2,500

None.

### C. Deficit fund equity

N/A.

## III. Detailed notes on all funds

### A. Deposits and investments

#### District Policies and Legal and Contractual Provisions Governing Deposits

Custodial Credit Risk for Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the District complies with this law, it has no custodial credit risk for deposits.

Foreign Currency Risk - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by not investing in any foreign currency.

#### District Policies and Legal and Contractual Provisions Governing Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the

District to adopt, implement, and publicize an investment policy. Statutes authorize the District to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2014, the District had the following investments.

Investment Type	Investment Maturities (in years)				
	Fair Value	Less than 1 Year	1-5	6-10	More Than 10
Certificates of Deposit	\$1,622,761	\$1,622,761			
Total	\$1,622,761	\$1,622,761			

Additional policies and contractual provisions governing deposits and investments for the District are specified below:

Credit Risk - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations the District limits investments in certificates of deposit or publicly funded investment pools to the top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2014, the District's investments in certificates of deposit and investment pools were rated A1 by Standard and Poor's.

Custodial Credit Risk for Investments - To limit the risk that, in the even of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This included securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments. The District further limits investments in a single issuer when they would cause investment risk to be significantly greater in the governmental and business-type activities, individual major funds, aggregate non-major funds and fiduciary fund types than they are in the primary government. Usually this limitation is 20%.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District requires at least half of the investment portfolio to have maturities of less than one year on a weighted average maturity basis.

Foreign Currency Risk for Investments - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment by limiting all investments denominated in a foreign currency to zero.

B. Property taxes

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

C. Delinquent taxes receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. Interfund balances and transfers

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

Fund	Due From	Due To	Purpose	Current?
General Fund	\$ 1		Operating activities	Yes
General Fund		\$ 13,455	Operating activities	Yes
Capital Projects Fund		1	Operating activities	Yes
Internal Service Fund	\$ 13,455		Operating activities	Yes
Total	<u>\$ 13,456</u>	<u>\$ 13,456</u>		

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

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

Fund	Transfers In	Transfers Out	Purpose
Debt Service Fund	\$ 69,684		Operating deficit
General Fund		\$ 69,684	Operating deficit
Total	<u>\$ 69,684</u>	<u>\$ 69,684</u>	

E. Disaggregation of receivables and payables

Receivables at August 31, 2014 were as follows:

	Property Taxes	Other Government	Accrued Interest	Total Receivables
Governmental Activities:				
General Fund	\$ 83,775	\$ 292,818	\$ 4,307	\$ 380,900
Debt Service Fund	4,574	1,335		5,909
Nonmajor Governmental Funds		9,493		9,493
Total Governmental Activities	<u>\$ 88,349</u>	<u>\$ 303,646</u>	<u>\$ 4,307</u>	<u>\$ 396,302</u>

Payables at August 31, 2014 were as follows:

	Accounts	Salaries and Benefits	Total Payables
Governmental Activities:			
General Fund	\$ 33,387	\$ 42,393	\$ 75,780
Nonmajor Governmental Funds	2,941	5,850	8,791
Total Governmental Activities	<u>\$ 36,328</u>	<u>\$ 48,243</u>	<u>\$ 84,571</u>

F. Capital asset activity

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

	Balance 8/31/13	Additions	Deletions	Balance 8/31/14
Governmental activities:				
Land	\$ 20,000			\$ 20,000
Buildings and improvements	2,518,670			2,518,670
Furniture and equipment	652,392	\$ 20,203		672,595
Leased property under capital lease	163,960			163,960
Construction in progress	118,900	7,182,603		7,301,503
Totals	3,473,922	7,202,806		10,676,728
Less accum depreciation for:				
Buildings and improvements	1,698,363	54,906		1,753,269
Furniture and equipment	469,737	41,722		511,459
Leased property under capital lease	49,188	16,396		65,584
Total accum depreciation	2,217,288	113,024		2,330,312
Governmental activities capital assets, net	\$ 1,256,634	\$ 7,089,782	\$ 0	\$ 8,346,416

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 52,193
School leadership	990
Student (pupil) transportation	18,331
Food service	814
Cocurricular/extracurricular activities	21,867
General administration	1,167
Plant maintenance and operations	17,662
Total depreciation expense - governmental activities	\$ 113,024

G. Loans and capital leases payable

On November 20, 2010, the District entered into a long-term capital lease obligation for the acquisition of an activity school bus. Total cost of the leased asset totaled \$163,960 with repayments totaling \$35,496 beginning in December, 2010 and continuing annually until December, 2014. The imputed rate of interest on the capitalized lease was 3.95%.

Following is the loan and lease activity for the year:

	Balance 9/1/13	Additions	Retired	Balance 8/31/13	Current Amt Due
Lease due 12/20/14 @ 3.95% interest	\$ 33,483			\$ 33,483	\$ 33,483

H. Bonds payable

Bonded indebtedness of the District is accounted for in the Statement of Net Position and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. Effective interest rates range from 2.0% to 4.25%.

A summary of changes in general long-term debt for the year ended August 31, 2014 is as follows:

Description	Interest Rate Payable	Amounts Original Issue	Amounts Outstanding 8/31/13	Additions	Retired	Amounts Outstanding 8/31/14
Bonds Payable:						
Unlimited tax school building bonds, series 2013	2.0% - 4.25%	\$8,455,000	\$8,455,000		\$255,000	\$8,200,000
Bond premium, series 2013	N/A	N/A	406,966		18,856	388,110
Total Long-Term Debt			\$8,861,966	\$0	\$273,856	\$8,588,110

Aspermont ISD Unlimited Tax School Building Bonds, Series 2013 -

The bonds were issued on August 20, 2013 for the purpose of construction and renovation of facilities and were issued in accordance with Texas law. The original issue was for \$8,455,000, maturing in various amounts, with a stated interest rates ranging from 2.0% - 4.25%, and maturing on February 15, 2035. Bonds due on or after February 15, 2024 are callable at par on that date or any principal maturity date thereafter. The bonds were issued at a premium of \$406,966 which is being amortized over the life of the bonds.

I. Commitments under operating leases

None

J. Debt service requirements - bonds and capital leases

Capital leases

The Public Property Finance Act gives the District authority to enter into capital leases for the acquisition of personal property. Current principal and interest requirements are recorded in the applicable fund. Commitments under capitalized lease agreements for facilities and equipment provide minimum future rental payments as of August 31, 2014 as follows:

Year Ending August 31,	Amount
2015	\$ 35,251
Less: incremental borrowing rate of interest	(1,768)
Present Value of Future Lease Payments	<u>\$ 33,483</u>

Bonds and long-term notes payable

Future debt service requirements for long-term bonds and notes payable are as follows:

Year Ended <u>August 31,</u>	<u>Bonds Payable</u>		<u>Total Requirements</u>
	<u>Principal</u>	<u>Interest</u>	
2015	\$ 255,000	\$ 324,413	\$ 579,413
2016	265,000	316,562	581,562
2017	275,000	305,763	580,763
2018	285,000	294,562	579,562
2019	300,000	282,862	582,862
2020-2024	1,685,000	1,221,213	2,903,213
2025-2029	2,055,000	848,212	2,903,212
2030-2034	2,510,000	390,094	2,900,094
2035	570,000	12,112	582,112
Totals	<u>\$ 8,200,000</u>	<u>\$ 3,995,793</u>	<u>\$ 12,195,793</u>

K. Accumulated unpaid vacation and sick leave benefits

N/A.

L. Defined benefit pension plan

*Plan Description.* The District contributes to the Teacher Retirements System of Texas (the “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, Sect. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature pursuant to the following state fund policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member’s annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Contribution rates and contributions for fiscal years 2014-12 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 and on the portion of the employees’ salaries that exceeded the statutory minimum. On-behalf payments by the State have been recognized as equal revenues and expenditures by the District, in the amounts of \$88,696, \$91,276 and \$85,604 (net of District statutory minimum and federal grant contributions of \$23,452, \$23,410 and \$19,282 for each respective year) for the years ended August 31, 2014, 2013 and 2012, respectively.



Contribution Rates and Contribution Amounts
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Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2014	6.4%	\$ 105,360	6.8%	\$ 112,148	\$ 16,029
2013	6.4%	\$ 114,686	6.4%	\$ 114,686	\$ 15,657
2012	6.4%	\$ 111,879	6.0%	\$ 104,886	\$ 9,785

M. Health care coverage

During the year ended August 31, 2014, employees of the District were covered by a health insurance plan (the “Plan”). The District contributed premiums of \$225 per month per employee to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions or premiums for dependents. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. Latest financial statements for TRS - Care are available for the year ended August 31, 2014, and have been filed with the Texas State Board of Insurance, Austin, Texas, and are public records.

N. Self-insurance coverage

Beginning September 1, 1992, the District established a self-insurance plan for workers’ compensation benefits as authorized by Section 504.011 of the Labor Code. The District participates in this plan (West Texas Educational Insurance Association self-funded workers’ compensation program) along with other participating entities. The District contributes annual amounts determined by Claims Administrative Services, Inc. As claims arise, they are submitted to and paid by Claims Administrative Services, Inc. on behalf of the District under terms of a contractual agreement. According to state statute, the District is protected against unanticipated catastrophic claims an aggregate loss by coverage carried through a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Coverage was in effect for specific occurrences exceeding \$225,000 and aggregate retention at \$2,000,000.

The costs associated with this self-insurance plan are reported as interfund transactions to the extent of amounts actuarially determined. Accordingly, they are treated as operating revenues of the Internal Service Fund and operating expenditures of the General Fund. The liabilities of the plan include incurred but not reported claims. These liabilities reported in the Funds at August 31, 2014, are based on the requirements of Governmental Accounting Standards Board No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors. Workers’ compensation liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time were computed by an actuary and are reported at their present value using an expected future investment yield assumption.

Estimates of claims payable and of claims incurred, but not reported at August 31, 2014, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

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

	Year Ended August 31, 2014
Unpaid claims, beginning of the year	\$ 11,754
Incurred claims (including IBNR’s)	4,247
Claim payments	(2,546)
Unpaid claims, end of the year	\$ 13,455

O. Changes in long-term liabilities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable	\$8,455,000		\$255,000	\$8,200,000	\$255,000
Bond premium	406,966		18,856	388,110	0
Capital lease liability	33,483			33,483	33,483
<b>Totals</b>	<b>\$8,895,449</b>		<b>\$273,856</b>	<b>\$8,621,593</b>	<b>\$288,483</b>

P. Unearned and unavailable revenues

Unearned and unavailable revenue at year-end consisted of the following:

	Unavailable Revenue (levied but uncollected property taxes)
General Fund	\$40,382
Debt Service Fund	4,116
<b>Total</b>	<b>\$44,498</b>

Q. Due from state agencies

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from state agencies as of August 31, 2014, are summarized below.

Fund	State Entitlements	Federal Grants	Total
General	\$ 273,915		\$ 273,915
Special Revenue	2,929	\$ 4,554	7,483
<b>Net Total Receivables</b>	<b>\$ 276,844</b>	<b>\$ 4,554</b>	<b>\$ 281,398</b>

R. Revenue from local and intermediate sources

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

Description	General Fund	Capital Projects Fund	Debt Service Fund	Special Revenue Funds	Total
Property taxes	\$3,107,163		\$522,475		\$3,629,638
Penalties, interest and other tax income	39,866		3,663		43,529
Food sales				\$18,645	18,645
Investment income	21,048	\$12,969	205		34,222
Co-curricular student activities	15,587				15,587
Other income	28,329				28,329
<b>Total</b>	<b>\$3,211,993</b>	<b>\$12,969</b>	<b>\$526,343</b>	<b>\$18,645</b>	<b>\$3,769,950</b>

S. School district retiree health 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 Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

*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 employee 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 2014-2012.

Contribution Rates and Contribution Amounts						
Year	Member		State		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	0.65%	\$ 11,431	1.00%	\$ 16,492	0.55%	\$ 9,312
2013	0.65%	\$ 11,647	0.50%	\$ 8,960	0.55%	\$ 9,856
2012	0.65%	\$ 11,362	1.00%	\$ 17,152	0.55%	\$ 9,614

*Federal Government Retiree Drug Subsidy - Medicare Part D.* 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 TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended August 31, 2014, 2013 and 2012 were \$4,344, \$6,588 and \$3,847, respectively.

*Early Retiree Reinsurance Program.* The Early Retiree Reinsurance Program (“ERRP”) is a provision of the Patient Protection and Affordable Care Act (“PPACA”) and provides reimbursement to plan sponsors for a portion of the cost of providing health benefits to retirees between the ages of 55-64 and their covered dependants regardless of age. An “early retiree” is defined as a plan participant aged 55-64 who is not eligible for Medicare and is not covered by an active employee of the plan sponsor. This temporary program was not available to TRS for the fiscal years ended August 31, 2014 or 2013; therefore there was no allocation required for 2014. On-behalf payments recognized as equal revenues and expenditures by the District for the years ended August 31, 2014, 2013 and 2012 were \$0, \$0 and \$4,242 respectively.

T. Litigation

N/A.

U. Construction and other significant commitments and contingencies

The District has committed \$8,455,000 towards a school building construction project. At August 31, 2014, the majority of the project had been completed. The project is expected to be completed in the fall of 2014-15 school year. Following are remaining committed but unexpended balances.

	Building Contractor	Architect	Total
Total awarded contract	\$ 7,843,511	\$ 468,750	\$ 8,312,261
Less: amount paid	(6,402,156)	(432,250)	(6,834,406)
Remaining commitment	<u>\$ 1,441,355</u>	<u>\$ 36,500</u>	<u>\$ 1,477,855</u>

V. Joint ventured shared-service arrangements

The District participates in a shared services arrangement for Special Education services with the Tri-County Special Education Co-op. The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent nor does the district have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the shared services arrangement.

Presented below are the revenues and expenditures attributable to the District's participation.

Revenues     \$31,769  
Expenditures \$31,769

W. Subsequent events

N/A.

X. Related organizations

N/A.

Y. Maintenance of effort

N/A.

Z. Negative net position balance - net investment in capital assets

At August 31, 2014, the District's net position balance for net investment in capital assets was a negative \$275,176. The negative net position balance should only be temporary as the District has remaining cash of \$1,714,782 from the 2013 bond issue that will be used to fund future construction of a new school building. As construction costs are incurred, the net position balances should liquidate those restricted for capital projects and increase the balance for net investment in capital assets.

*REQUIRED SUPPLEMENTARY INFORMATION*

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 3,136,276	\$ 3,136,276	\$ 3,211,993	\$ 75,717
5800	State Program Revenues	695,612	695,612	661,583	(34,029)
5020	Total Revenues	3,831,888	3,831,888	3,873,576	41,688
<b>EXPENDITURES:</b>					
Current:					
0011	Instruction	1,291,550	1,245,050	1,195,034	50,016
0012	Instructional Resources and Media Services	5,000	5,000	3,927	1,073
0013	Curriculum and Instructional Staff Development	1,650	3,150	2,419	731
0023	School Leadership	194,818	198,818	197,844	974
0031	Guidance, Counseling and Evaluation Services	59,231	59,231	57,913	1,318
0033	Health Services	17,782	17,782	4,746	13,036
0034	Student (Pupil) Transportation	71,684	71,684	67,162	4,522
0035	Food Services	2,275	2,275	1,725	550
0036	Extracurricular Activities	244,824	259,824	256,385	3,439
0041	General Administration	246,265	246,265	242,866	3,399
0051	Facilities Maintenance and Operations	419,414	444,414	423,005	21,409
0053	Data Processing Services	30,436	30,436	26,096	4,340
Intergovernmental:					
0092	Incremental Costs Associated with Chapter 41	1,113,707	1,113,707	995,219	118,488
0093	Payments to Fiscal Agent/Member Districts of	31,770	31,770	31,769	1
0099	Other Intergovernmental Charges	86,482	87,482	87,086	396
6030	Total Expenditures	3,816,888	3,816,888	3,593,196	223,692
1100	Excess of Revenues Over Expenditures	15,000	15,000	280,380	265,380
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	62,921	62,921	-	(62,921)
8911	Transfers Out (Use)	(77,921)	(84,684)	(69,684)	15,000
7080	Total Other Financing Sources (Uses)	(15,000)	(21,763)	(69,684)	(47,921)
1200	Net Change in Fund Balances	-	(6,763)	210,696	217,459
0100	Fund Balance - September 1 (Beginning)	2,500,480	2,500,480	2,500,480	-
3000	Fund Balance - August 31 (Ending)	\$ 2,500,480	\$ 2,493,717	\$ 2,711,176	\$ 217,459

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*COMBINING SCHEDULES*

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
<b>ASSETS</b>				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1240	Receivables from Other Governments	2,939	699	736
1000	Total Assets	<u>\$ 2,939</u>	<u>\$ 699</u>	<u>\$ 736</u>
<b>LIABILITIES</b>				
2110	Accounts Payable	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	2,679	637	671
2200	Accrued Expenditures	260	62	65
2000	Total Liabilities	<u>2,939</u>	<u>699</u>	<u>736</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 2,939</u>	<u>\$ 699</u>	<u>\$ 736</u>

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	410 State Textbook Fund	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 11,756	\$ -	\$ -	\$ -	\$ -	\$ 11,756
1,616	574	-	2,929	-	9,493
<u>\$ 13,372</u>	<u>\$ 574</u>	<u>\$ -</u>	<u>\$ 2,929</u>	<u>\$ -</u>	<u>\$ 21,249</u>
\$ 12	\$ -	\$ -	\$ 2,929	\$ -	\$ 2,941
886	523	-	-	-	5,396
16	51	-	-	-	454
<u>914</u>	<u>574</u>	<u>-</u>	<u>2,929</u>	<u>-</u>	<u>8,791</u>
12,458	-	-	-	-	12,458
<u>12,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,458</u>
<u>\$ 13,372</u>	<u>\$ 574</u>	<u>\$ -</u>	<u>\$ 2,929</u>	<u>\$ -</u>	<u>\$ 21,249</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary
<b>REVENUES:</b>				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	65,198	11,735	12,309	27,990
5020 Total Revenues	<u>65,198</u>	<u>11,735</u>	<u>12,309</u>	<u>27,990</u>
<b>EXPENDITURES:</b>				
Current:				
0011 Instruction	65,198	11,735	12,309	27,990
0035 Food Services	-	-	-	-
6030 Total Expenditures	<u>65,198</u>	<u>11,735</u>	<u>12,309</u>	<u>27,990</u>
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	410 State Textbook Fund	429 Other State Special Revenue Funds	Total Nonmajor Governmental Funds
\$ 18,645	\$ -	\$ -	\$ -	\$ -	\$ 18,645
610	-	-	28,798	54	29,462
77,780	12,096	13,905	-	-	221,013
<u>97,035</u>	<u>12,096</u>	<u>13,905</u>	<u>28,798</u>	<u>54</u>	<u>269,120</u>
-	12,096	13,905	28,798	54	172,085
89,994	-	-	-	-	89,994
<u>89,994</u>	<u>12,096</u>	<u>13,905</u>	<u>28,798</u>	<u>54</u>	<u>262,079</u>
7,041	-	-	-	-	7,041
5,417	-	-	-	-	5,417
<u>\$ 12,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,458</u>

ASPERMONT INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED AUGUST 31, 2014

	BALANCE SEPTEMBER 1 2013	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2014
<b>STUDENT ACTIVITY ACCOUNT</b>				
Assets:				
Cash and Temporary Investments	\$ 45,300	\$ 177,914	\$ 159,931	\$ 63,283
<b>STUDENT ACTIVITY ACCOUNT</b>				
Liabilities:				
Due to Student Groups	\$ 45,300	\$ 177,914	\$ 159,931	\$ 63,283
<b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Temporary Investments	\$ 45,300	\$ 177,914	\$ 159,931	\$ 63,283
Liabilities:				
Due to Student Groups	\$ 45,300	\$ 177,914	\$ 159,931	\$ 63,283

*REQUIRED TEA SCHEDULES*

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2005 and prior years	Various	Various	\$ Various
2006	1.439800	0.000000	123,199,199
2007	1.316700	0.000000	148,880,636
2008	1.040000	0.000000	150,325,116
2009	1.040000	0.000000	179,689,956
2010	1.040000	0.000000	170,698,864
2011	1.040000	0.000000	216,868,340
2012	1.040000	0.000000	254,955,498
2013	0.999900	0.000000	357,540,651
2014 (School year under audit)	1.005400	0.170000	309,483,041
1000 TOTALS			



(10) Beginning Balance 9/1/2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2014
\$ 21,552	\$ -	\$ 15	\$ -	\$ (2,531)	\$ 19,006
1,252	-	54	-	(276)	922
8,082	-	100	-	(255)	7,727
2,443	-	83	-	(982)	1,378
4,266	-	92	-	(1,719)	2,455
4,371	-	198	-	(1,929)	2,244
6,064	-	1,066	-	(1,675)	3,323
11,880	-	3,792	-	(2,196)	5,892
33,990	-	20,199	-	(12)	13,779
-	3,637,664	3,081,564	522,475	(2,002)	31,623
<u>\$ 93,900</u>	<u>\$ 3,637,664</u>	<u>\$ 3,107,163</u>	<u>\$ 522,475</u>	<u>\$ (13,577)</u>	<u>\$ 88,349</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 21,300	\$ 21,300	\$ 18,645	\$ (2,655)
5800	State Program Revenues	600	600	610	10
5900	Federal Program Revenues	61,243	61,243	77,780	16,537
5020	Total Revenues	83,143	83,143	97,035	13,892
<b>EXPENDITURES:</b>					
0035	Food Services	98,143	98,143	89,994	8,149
6030	Total Expenditures	98,143	98,143	89,994	8,149
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(15,000)	7,041	22,041
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	15,000	15,000	-	(15,000)
1200	Net Change in Fund Balances	-	-	7,041	7,041
0100	Fund Balance - September 1 (Beginning)	5,417	5,417	5,417	-
3000	Fund Balance - August 31 (Ending)	\$ 5,417	\$ 5,417	\$ 12,458	\$ 7,041

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 516,980	\$ 516,980	\$ 526,343	\$ 9,363
5020	Total Revenues	516,980	516,980	526,343	9,363
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	255,000	255,000	255,000	-
0072	Interest on Long Term Debt	324,901	324,901	324,901	-
0073	Bond Issuance Cost and Fees	-	-	295	(295)
6030	Total Expenditures	579,901	579,901	580,196	(295)
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,921)	(62,921)	(53,853)	9,068
<b>OTHER FINANCING SOURCES (USES):</b>					
7915	Transfers In	62,921	62,921	69,684	6,763
1200	Net Change in Fund Balances	-	-	15,831	15,831
0100	Fund Balance - September 1 (Beginning)	-	-	-	-
3000	Fund Balance - August 31 (Ending)	\$ -	\$ -	\$ 15,831	\$ 15,831

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*OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION*

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# Cameron L. Gulley

CERTIFIED PUBLIC ACCOUNTANT

P. O. Box 163  
Eastland, Texas 76448  
(325)669-9795  
cgulley@txol.net

## Independent Auditor's Report

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS

Board of Trustees  
Aspermont Independent School District  
P.O. Box 549  
Aspermont, Texas 79502

I 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Aspermont Independent School District (the "District") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated October 23, 2014.

#### Internal Control Over Financial Reporting

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

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

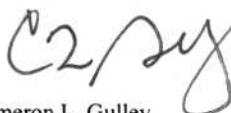
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aspermont Independent School District's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cameron L. Gulley  
Certified Public Accountant

October 23, 2014

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

Finding	Statement of Condition	Material Weakness?	Questioned Costs
2013-1	<p>The cash balances of the general operating maintenance account, payroll account and bond construction account were not reconciled to the general ledger at August 31, 2013. Specifically, transfers between accounts were not properly recorded; several bank debit transactions were not recorded; and August teacher retirement system contributions were paid twice but not both recorded.</p> <p><u>Status:</u> All of the District's bank accounts were reconciled to the general ledger for the current year under audit.</p>	Yes.	None.

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

I. Summary of Auditor's Results

A. Financial Statements

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting:	
Material weakness(es) identified?	No..
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported.
Noncompliance material to financial statements noted?	No.

B. Federal Awards

N/A.

II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None.

III. Findings and Questioned Costs for Federal Awards

N/A.

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

None required.

## SCHOOLS FIRST QUESTIONNAIRE

Aspermont Independent School District

Fiscal Year 2014

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