

**IRION COUNTY
INDEPENDENT SCHOOL DISTRICT
*MERTZON, TEXAS***

**ANNUAL FINANCIAL REPORT FOR THE
YEAR ENDED AUGUST 31, 2014**

IRION COUNTY ISD
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2014

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
CERTIFICATE OF BOARD	1
Independent Auditors' Report	2-4
Management's Discussion and Analysis	5-10
<u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Position	11
B-1 Statement of Activities	12-13
Governmental Fund Financial Statements:	
C-1 Balance Sheet	14-15
C-2 Reconciliation for C-1	16
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	17-18
C-4 Reconciliation for C-3	19
Proprietary Fund Financial Statements:	
D-1 Statement of Net Position	20
D-2 Statement of Revenues, Expenses, and Changes in Fund Net Position	21
D-3 Statement of Cash Flows	22
Fiduciary Fund Financial Statements:	
E-1 Statement of Fiduciary Net Position	23
Notes to the Financial Statements	24-36
<u>Required Supplementary Information</u>	
G-1 Budgetary Comparison Schedule - General Fund	37
<u>Combining and Other Schedules</u>	
Nonmajor Governmental Funds:	
H-1 Combining Balance Sheet	38-39
H-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	40-41
Agency Funds:	
H-9 Combining Statement of Changes in Assets and Liabilities - Agency Funds	42
<u>Required TEA Schedules</u>	
J-1 Schedule of Delinquent Taxes	43-44
J-4 Budgetary Comparison Schedule - Child Nutrition Fund	45
J-5 Budgetary Comparison Schedule - Debt Service Fund	46
<u>Reports on Compliance, Internal Control, and Federal Awards</u>	
Report on Internal Control Over Financial Reporting and Compliance Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	
	47-48
	49
	50
K-1 Schedule of Expenditures of Federal Awards	51
L-1 Schools First Questionnaire	52

CERTIFICATE OF BOARD

Irion County ISD
Name of School District

Irion
County

118902
Co.-Dist. Number

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

Signature of Board Secretary

Signature of Board President

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

Independent Auditor's Report

January 15, 2015

Board of Trustees
Irion County Independent School District
Mertzon, Texas

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-10 and 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Irion County ISD's basic financial statements. The combining and individual nonmajor fund financial statements, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the other information, such as the introductory and statistical section 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Jones, Hay, Marschall & McKinney, P.C.
Certified Public Accountants

Management's Discussion and Analysis

IRION COUNTY ISD

In this section of the Annual Financial Report, we, the managers of Irion County 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 auditor's report on pages 2-4 and the District's Basic Financial Statements, which begin on page 11.

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 11 through 13). 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 14) 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. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside the district.

The notes to the financial statements (starting on page 24) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required by TEA. The sections labeled TEA Required Schedules and Reports on Internal Controls, Compliance and Federal Awards 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 Assets and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 11. 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 Assets 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 tuition received from students from outside the district and 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 assets and changes in them. The District's net assets (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 assets 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 non-financial 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 Assets and the Statement of Activities, we divide the District into two kinds of activities:

- Governmental activities—Most of the District's basic services are reported here, including the instruction, counseling, co-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance most of these activities.
- Business-type activities—The District earns interest on its enterprise bank account.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 13 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 to account for special grants and revenues. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities).

Most of the District's basic services are reported in governmental funds. These use 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 Assets and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for the money raised by student activity programs. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 23. 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

Our analysis focuses on the net assets (Table I) and changes in net assets (Table II) of the District's governmental activities.

**Table I -Irion County
Independent School District
NET ASSETS**

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 14,875,524	\$ 9,135,490
Capital assets	<u>18,584,288</u>	<u>15,041,886</u>
Total assets	<u>\$ 33,459,812</u>	<u>\$ 24,177,376</u>
Long-term liabilities	\$ 7,744,824	\$ 0
Other liabilities	<u>1,361,629</u>	<u>694,851</u>
Total liabilities	<u>\$ 9,106,453</u>	<u>\$ 694,851</u>
Net assets		
Invested in capital assets, net	\$ 10,839,464	\$ 15,041,886
Restricted	6,163,843	36,548
Unrestricted	<u>7,350,052</u>	<u>8,404,091</u>
Total net assets	<u>\$ 24,353,359</u>	<u>\$ 23,482,525</u>

**Table II -Irion County
Independent School District
CHANGES IN NET ASSETS**

	<u>2014</u>	<u>2013</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 130,745	\$ 41,307
Operating grants & contributions	565,027	1,862,682
General Revenues:		
Maintenance & operations taxes	11,655,370	9,324,956
Debt service taxes	2,598,547	2,434,915
Investment earnings	12,378	9,988
Miscellaneous	<u>10,994</u>	<u>0</u>
Total revenue	<u>\$ 14,973,061</u>	<u>\$ 13,673,848</u>
Expenses:		
Instruction, curriculum & media services	\$ 3,820,229	\$ 2,252,184
Instructional/school leadership	291,925	283,900
Guidance, social work, health & transportation	209,091	194,969
Food services	287,347	252,429
Cocurricular activities	345,818	389,414
General administration	349,313	334,064
Plant maintenance & operations	644,685	597,045
Data processing	97,828	72,982
Debt services	412,834	36,633
Other	<u>7,643,157</u>	<u>5,502,302</u>
Total expenses	<u>\$ 14,102,227</u>	<u>\$ 9,915,922</u>
Change in net assets	\$ 870,834	\$ 3,757,926
Net assets at beginning of year	<u>23,482,525</u>	<u>19,724,599</u>
Net assets at end of year	<u>\$ 24,353,359</u>	<u>\$ 23,482,525</u>

Net assets of the District's governmental activities increased from \$23,482,525 to \$24,353,359. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - was \$7,350,052 at August 31, 2014. The District's total revenues increased by 10% (\$1,299,213). This increase was due mainly to an increase in tax revenues. The total cost of all programs and services increased 42% (\$4,186,305). This increase was due mainly to additional expenditures for the purchase of attendance credits over the prior year.

THE DISTRICT'S FUNDS

At the end of the year, the District's governmental funds (as presented in the balance sheet on pages 14-15) totaled \$13,401,858, which is more than last year's total of \$6,911,742. Included in this year's total change in fund balance are capital project expenditures of \$4,255,440 and principal payments made on outstanding bonds payable (\$1,919,987 total payments).

CAPITAL ASSET ADMINISTRATION

At the end of the year, the District had an investment in capital assets, net of debt, of \$10,839,464. This amount represents a decrease in capital assets, net of debt, of \$4,202,422. Net disposals of \$34,140 were made in the current year (fully depreciated). Depreciation expense for the year was \$713,038.

DEBT

At year end, the District had \$7,580,000 of long-term current interest bonds outstanding after originally being issued \$9,499,987 of Series 2013 current interest bonds on September 26, 2013 (closing date). Principal payments totaling \$1,919,987 were paid during the current year. Interest payments totaling \$237,580 were made for the current year, with an additional \$10,430 in interest being accrued.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

After maintaining a tax rate of \$1.50 for eight years, the District lowered the tax rate to \$1.37 for 2007. For 2008, the rate was lowered to \$1.3103. This rate includes \$1.04 for maintenance and operations plus .2703 for the purpose of payment of principal and interest on debts. For 2009, 2010 and 2011 the rate was 1.31015. This rate includes 1.04000 for maintenance and operations plus .27015 for the purpose of payment of principal and interest on debt. For 2012 the rate was 1.3104. This rate includes 1.04000 for maintenance and operations plus 0.2704 for the purpose of payment of principal and interest on debt. For 2013 the tax rate was \$1.309702. This rate includes 1.04 for maintenance and operations plus 0.269702 for the purpose of payment of principal and interest on debt. For 2014 the tax rate was \$1.270000. This rate includes 1.04 for maintainance and operations plus 0.23000 for the purpose of payment of principal and interest on debt. Due to the age of the facilities, the District issued a \$9,500,000 bond in the current year for the purpose of renovation and construction of facilities.

The District remains a Chapter 41 "property wealthy district." This is due primarily to mineral production in the county. The District is likely to maintain Chapter 41 status as long as oil and gas production and prices remain high. Districts with Chapter 41 status must continue to practice mandated wealth equalization. This limits the District's gain from the increased tax base. The District recognizes that the oil and gas industry is volatile and uncertain, making it difficult to plan for the future. Irion County ISD has experienced a small decline in enrollment. This could become a budgeting factor if the trend continues.

While the District benefits from increased revenue generated by high oil and gas prices, it also suffers from the effects of associated increased fuel and energy costs. The unpredictability of market prices makes it difficult to accurately budget for utilities and transportation.

In a prior year, the District entered into a 313 Economic Development agreement with a wind power company. As a result, there are functioning wind turbines in the county that have been placed on the tax roll. The district will continue to receive payment for providing limitations on the appraised value of qualified property. Funds generated from the tax incentives are not subject to recapture under current school funding rules. Because the District carries a metropolitan statistical area designation due to census data, the threshold for economic development has been set at \$40,000,000.

The District continues to pursue all sources of revenue to supplement current funding sources.

CONTACTING THE DISTRICT' S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Superintendent's office at P. O. Box 469, Mertzon, Texas, 76941.

BASIC FINANCIAL STATEMENTS

IRION COUNTY ISD
STATEMENT OF NET POSITION
AUGUST 31, 2014

EXHIBIT A-1

Data Control Codes	1	2 Primary Government		3
	Governmental Activities	Business Type Activities	Total	
ASSETS				
1110 Cash and Cash Equivalents	\$ 8,409,358	\$ 5,815	\$ 8,415,173	
1120 Current Investments	6,308,650	-	6,308,650	
1220 Property Taxes Receivable (Delinquent)	145,640	-	145,640	
1230 Allowance for Uncollectible Taxes	(9,447)	-	(9,447)	
1240 Due from Other Governments	2,438	-	2,438	
1490 Other Current Assets	18,885	-	18,885	
Capital Assets:				
1510 Land	162,906	-	162,906	
1520 Buildings, Net	13,664,415	-	13,664,415	
1530 Furniture and Equipment, Net	2,252,740	-	2,252,740	
1580 Construction in Progress	2,504,227	-	2,504,227	
1000 Total Assets	<u>33,459,812</u>	<u>5,815</u>	<u>33,465,627</u>	
LIABILITIES				
2110 Accounts Payable	13,875	-	13,875	
2140 Interest Payable	10,430	-	10,430	
2160 Accrued Wages Payable	78,413	-	78,413	
2180 Due to Other Governments	1,257,321	-	1,257,321	
2200 Accrued Expenses	1,590	-	1,590	
Noncurrent Liabilities				
2501 Due Within One Year	1,155,000	-	1,155,000	
2502 Due in More Than One Year	6,589,824	-	6,589,824	
2000 Total Liabilities	<u>9,106,453</u>	<u>-</u>	<u>9,106,453</u>	
NET POSITION				
3200 Net Investment in Capital Assets	10,839,464	-	10,839,464	
Restricted for:				
3820 Restricted for Federal and State Programs	36,773	-	36,773	
3850 Restricted for Debt Service	487,349	-	487,349	
3860 Restricted for Capital Projects	5,428,167	-	5,428,167	
3890 Restricted for Other Purposes	211,554	-	211,554	
3900 Unrestricted	7,350,052	5,815	7,355,867	
3000 Total Net Position	<u>\$ 24,353,359</u>	<u>\$ 5,815</u>	<u>\$ 24,359,174</u>	

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

IRION COUNTY ISD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1	Program Revenues	
		3	4
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
11 Instruction	\$ 3,735,895	\$ 8,381	\$ 565,027
12 Instructional Resources and Media Services	73,566	-	-
13 Curriculum and Staff Development	10,768	-	-
23 School Leadership	291,925	-	-
31 Guidance, Counseling and Evaluation Services	74,403	-	-
33 Health Services	59,079	-	-
34 Student (Pupil) Transportation	75,609	-	-
35 Food Services	287,347	48,287	-
36 Extracurricular Activities	345,818	19,651	-
41 General Administration	349,313	-	-
51 Facilities Maintenance and Operations	644,685	52,108	-
52 Security and Monitoring Services	1,110	-	-
53 Data Processing Services	97,828	-	-
72 Debt Service - Interest on Long Term Debt	243,784	2,318	-
73 Debt Service - Bond Issuance Cost and Fees	169,050	-	-
91 Contracted Instructional Services Between Schools	7,452,953	-	-
93 Payments related to Shared Services Arrangements	29,369	-	-
99 Other Intergovernmental Charges	159,725	-	-
[TG] Total Governmental Activities:	14,102,227	130,745	565,027
BUSINESS-TYPE ACTIVITIES:			
01 Enterprise Funds - Locally Defined	-	3	-
[TB] Total Business-Type Activities:	-	3	-
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 14,102,227	\$ 130,748	\$ 565,027

Data Control Codes	General Revenues:
	Taxes
MT	Property Taxes, Levied for General Purposes
DT	Property Taxes, Levied for Debt Service
IE	Investment Earnings
MI	Miscellaneous Local and Intermediate Revenue
TR	Total General Revenues
CN	Change in Net Position
NB	Net Position - Beginning
NE	Net Position--Ending

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

Net (Expense) Revenue and Changes in Net Position		
6	7	8
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (3,162,487)	\$ -	\$ (3,162,487)
(73,566)	-	(73,566)
(10,768)	-	(10,768)
(291,925)	-	(291,925)
(74,403)	-	(74,403)
(59,079)	-	(59,079)
(75,609)	-	(75,609)
(239,060)	-	(239,060)
(326,167)	-	(326,167)
(349,313)	-	(349,313)
(592,577)	-	(592,577)
(1,110)	-	(1,110)
(97,828)	-	(97,828)
(241,466)	-	(241,466)
(169,050)	-	(169,050)
(7,452,953)	-	(7,452,953)
(29,369)	-	(29,369)
(159,725)	-	(159,725)
<u>(13,406,455)</u>	<u>-</u>	<u>(13,406,455)</u>
-	3	3
<u>-</u>	<u>3</u>	<u>3</u>
(13,406,455)	3	(13,406,452)
11,655,370	-	11,655,370
2,598,547	-	2,598,547
12,378	-	12,378
10,994	-	10,994
<u>14,277,289</u>	<u>-</u>	<u>14,277,289</u>
870,834	3	870,837
<u>23,482,525</u>	<u>5,812</u>	<u>23,488,337</u>
<u>\$ 24,353,359</u>	<u>\$ 5,815</u>	<u>\$ 24,359,174</u>

IRION COUNTY ISD
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS			
1110 Cash and Cash Equivalents	\$ 7,880,449	\$ 487,349	\$ -
1120 Investments - Current	880,483	-	5,428,167
1220 Property Taxes - Delinquent	122,434	23,206	-
1230 Allowance for Uncollectible Taxes (Credit)	(9,447)	-	-
1240 Receivables from Other Governments	-	-	-
1490 Other Current Assets	18,885	-	-
1000 Total Assets	<u>\$ 8,892,804</u>	<u>\$ 510,555</u>	<u>\$ 5,428,167</u>
LIABILITIES			
2160 Accrued Wages Payable	\$ 71,637	\$ -	\$ -
2180 Due to Other Governments	1,257,321	-	-
2200 Accrued Expenditures	1,290	-	-
2300 Unearned Revenues	112,987	23,206	-
2000 Total Liabilities	<u>1,443,235</u>	<u>23,206</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual	-	-	5,428,167
3480 Retirement of Long-Term Debt	-	487,349	-
3490 Other Restricted Fund Balance	211,554	-	-
Committed Fund Balance:			
3510 Construction	550,000	-	-
3530 Capital Expenditures for Equipment	166,910	-	-
Assigned Fund Balance:			
3570 Capital Expenditures for Equipment	250,000	-	-
3590 Other Assigned Fund Balance	2,533,555	-	-
3600 Unassigned Fund Balance	3,737,550	-	-
3000 Total Fund Balances	<u>7,449,569</u>	<u>487,349</u>	<u>5,428,167</u>
4000 Total Liabilities and Fund Balances	<u>\$ 8,892,804</u>	<u>\$ 510,555</u>	<u>\$ 5,428,167</u>

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

Other Funds	Total Governmental Funds
\$ 41,560	\$ 8,409,358
-	6,308,650
-	145,640
-	(9,447)
2,438	2,438
-	18,885
<u>\$ 43,998</u>	<u>\$ 14,875,524</u>
\$ 6,776	\$ 78,413
-	1,257,321
300	1,590
149	136,342
<u>7,225</u>	<u>1,473,666</u>
36,773	36,773
-	5,428,167
-	487,349
-	211,554
-	550,000
-	166,910
-	250,000
-	2,533,555
-	3,737,550
<u>36,773</u>	<u>13,401,858</u>
<u>\$ 43,998</u>	<u>\$ 14,875,524</u>

IRION COUNTY ISD
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2014

Total Fund Balances - Governmental Funds	\$	13,401,858
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$21,448,470 and the accumulated depreciation was \$6,406,584. 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.		15,041,886
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2014 capital outlays and debt principal payments is to increase (decrease) net position.		6,175,427
3 The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(713,038)
4 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, recognizing unpaid worker's compensation claims, reclassifying the proceeds of bond sales as an increase in bonds payable, recognizing and amortizing bond premiums, and recognizing other liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		(9,552,774)
19 Net Position of Governmental Activities	\$	24,353,359

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

IRION COUNTY ISD
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
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 11,730,979	\$ 2,601,142	\$ 2,676
5800 State Program Revenues	361,818	-	-
5900 Federal Program Revenues	-	-	-
5020 Total Revenues	12,092,797	2,601,142	2,676
EXPENDITURES:			
Current:			
0011 Instruction	1,838,379	-	-
0012 Instructional Resources and Media Services	62,314	-	-
0013 Curriculum and Instructional Staff Development	9,121	-	-
0023 School Leadership	247,273	-	-
0031 Guidance, Counseling and Evaluation Services	63,023	-	-
0033 Health Services	50,042	-	-
0034 Student (Pupil) Transportation	64,040	-	-
0035 Food Services	6,196	-	-
0036 Extracurricular Activities	346,633	-	-
0041 General Administration	294,830	-	-
0051 Facilities Maintenance and Operations	546,030	-	-
0052 Security and Monitoring Services	940	-	-
0053 Data Processing Services	97,828	-	-
Debt Service:			
0071 Principal on Long Term Debt	-	1,919,987	-
0072 Interest on Long Term Debt	-	237,580	-
0073 Bond Issuance Cost and Fees	-	169,050	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	48,946	-	4,074,496
Intergovernmental:			
0091 Contracted Instructional Services Between Schools	7,452,953	-	-
0093 Payments to Fiscal Agent/Member Districts of SSA	29,369	-	-
0099 Other Intergovernmental Charges	159,725	-	-
6030 Total Expenditures	11,317,642	2,326,617	4,074,496
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	775,155	274,525	(4,071,820)
OTHER FINANCING SOURCES (USES):			
7911 Capital Related Debt Issued (Regular Bonds)	-	-	9,499,987
7915 Transfers In	400,000	-	-
7916 Premium or Discount on Issuance of Bonds	-	169,050	-
7949 Other Resources	10,994	-	-
8911 Transfers Out (Use)	(118,000)	(450,000)	-
7080 Total Other Financing Sources (Uses)	292,994	(280,950)	9,499,987
1200 Net Change in Fund Balances	1,068,149	(6,425)	5,428,167
0100 Fund Balance - September 1 (Beginning)	6,381,420	493,774	-
3000 Fund Balance - August 31 (Ending)	\$ 7,449,569	\$ 487,349	\$ 5,428,167

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

Other Funds	Total Governmental Funds
\$ 48,289	\$ 14,383,086
24,030	385,848
179,179	179,179
<u>251,498</u>	<u>14,948,113</u>
124,011	1,962,390
-	62,314
-	9,121
-	247,273
-	63,023
-	50,042
-	64,040
295,262	301,458
-	346,633
-	294,830
-	546,030
-	940
-	97,828
-	1,919,987
-	237,580
-	169,050
-	4,123,442
-	7,452,953
-	29,369
-	159,725
<u>419,273</u>	<u>18,138,028</u>
<u>(167,775)</u>	<u>(3,189,915)</u>
-	9,499,987
168,000	568,000
-	169,050
-	10,994
-	(568,000)
<u>168,000</u>	<u>9,680,031</u>
225	6,490,116
<u>36,548</u>	<u>6,911,742</u>
<u>\$ 36,773</u>	<u>\$ 13,401,858</u>

IRION COUNTY ISD
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED AUGUST 31, 2014

Total Net Change in Fund Balances - Governmental Funds	\$	6,490,116
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.		6,175,427
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.		(713,038)
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, reclassifying the proceeds of bond sales, recognizing bond amortization costs, and recognizing other liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		(11,081,671)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>870,834</u>

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

IRION COUNTY ISD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2014

	Business-Type Activities
	Total Enterprise Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 5,815
Total Assets	5,815
NET POSITION	
Unrestricted Net Position	5,815
Total Net Position	\$ 5,815

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

IRION COUNTY ISD
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

	Business-Type Activities
	Total Enterprise Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 3
Total Operating Revenues	3
Operating Income	3
Total Net Position September 1 (Beginning)	5,812
Total Net Position August 31 (Ending)	\$ 5,815

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

IRION COUNTY ISD
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

	Business-Type Activities
	Total Enterprise Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 3
Net Increase in Cash and Cash Equivalents	3
Cash and Cash Equivalents at Beginning of Year	5,812
Cash and Cash Equivalents at End of Year	\$ 5,815
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>	
<u>Provided By (Used For) Operating Activities:</u>	
Operating Income (Loss):	\$ 3

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

IRION COUNTY ISD
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2014

	Agency Fund
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 14,344
Total Assets	<u>\$ 14,344</u>
LIABILITIES	
Due to Student Groups	\$ 14,344
Total Liabilities	<u>\$ 14,344</u>

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

IRION COUNTY ISD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities are government-wide financial statements. They report information on all of the Irion County ISD 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 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.

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.

Interfund activities between governmental funds and between governmental funds and proprietary funds appear as due to/due froms on the Governmental Fund Balance Sheet and Proprietary Fund Statement of Net Assets 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 Assets. All interfund transactions between governmental 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 Assets 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 froms on the government-wide Statement of Activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are 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, as do the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for 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, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors 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 Assets. The fund equity is segregated into invested in capital assets net of related debt, restricted net assets, and unrestricted net assets.

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.

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

Governmental Funds:

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

Proprietary Funds:

3. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District's non-major Enterprise Fund is a wind farm (a series of wind powered electricity generators) on property within the District and the subsequent collections of "payments in lieu of taxes" from the owners of the wind farm.

Fiduciary Funds:

4. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Fund is made up of student activity accounts.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary funds, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. In the government-wide financial statements, long-term debt is reported as a liability. In the fund financial statements, governmental fund types recognize note principal payments as expenditures.
3. For compensated absences, employees are allowed to accrue five state and three local personal days each year. State personal days are cumulative and carry over from year to year. Unused local personal days are paid by the District at year end at substitute rates (\$65 for degreed staff and \$58 for non-degreed staff). The employees' accumulating rights to receive compensation for future absences are contingent upon future illnesses. Since such amounts cannot be reasonably estimated, a liability for unused sick leave has not been recorded in the financial statements.

Teachers and administrative personnel (except for the superintendent) do not receive paid vacations but are paid only for the number of days they are required to work each year. Two administrative assistants, the maintenance director and the technology director are granted two-week vacations. In the event of termination, an employee is reimbursed for the unused local leave they have accumulated for the current year. The District has no liability for unused vacation pay since all vacation leave is used or lost if not taken each year. Vacation pay is charged to operations when taken by the employees of the District.

4. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

5. Capital assets, which include land, buildings, furniture and equipment and infrastructure assets, 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 are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	50
Furniture & Equipment	10-25
Computer Equipment	5

NOTE 2 - 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 Exhibit J4 and J5.

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

1. Prior to August 31, 2013 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. The budget was properly amended by the Board of Trustees as needed throughout the year.

NOTE 3 - ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

A. DEPOSITS AND INVESTMENTS

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

Temporary investments, certificate of deposits, are reported at fair value.

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.

District Policies and Legal and Contractual Provisions Governing Investments

Compliance with the Public Funds Investment Act

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 a governmental entity to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes authorize the entity 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 entity to have independent auditors perform test procedures related to investment practices as provided by the Act. Irion County ISD is in substantial compliance with the requirements of the Act and with local policies.

As of August 31, 2014, the carrying amount of the District's deposits was \$8,429,517 (Includes \$14,344 in Agency Fund deposits) and the bank balance was \$8,586,741. The District's deposits were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank.

In addition, the following is disclosed regarding coverage of combined balances at August 31, 2014:

- A. Name of the bank: First National Bank -Mertzon
- B. The market value of securities pledged at August 31, 2014 was: \$34,328,819.
- C. Total amount of FDIC coverage at August 31, 2014 was \$250,000.

Custodial Credit Risk for Investments

To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the 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 includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Interest Rate Risk

To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District specifies some policy guidelines that require at least half of the investment portfolio to have maturity dates of less than one year on a weighted average maturity basis.

Risk Level

The cash and temporary investments held at financial institutions can be categorized according to three levels of risk. These three levels of risk are:

- Category 1 - Deposits which are insured or collateralized by securities held by the entity or by its agent pledged in the entity's name.
- Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Deposits which are not collateralized.

Based on these three levels of risk, at August 31, 2014, the District's deposits are categorized as follows:

Category 1	<u>\$ 8,586,741</u>
Total	<u>\$ 8,586,741</u>

Temporary Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>More Than 10</u>
Certificates of Deposit	\$ 0	\$ 0			
TexasTERM	1,398	1,398			
Texstar Pool	<u>6,307,252</u>	<u>6,307,252</u>			
TOTAL	<u>\$6,308,650</u>	<u>\$6,308,650</u>			

No CD's were held at the First National Bank of Mertz on as of August 31, 2014. The \$6,308,650 of Texstar Pool and TexasTERM investments are not categorized because they are not evidenced by securities that exist in physical or book form. The carrying value of all investments were the same as their fair market value as of August 31, 2014.

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 TRANSFERS

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

Transfers to Nonmajor Governmental Funds

From:

General Fund	\$ 118,000
All Others	<u>50,000</u>
Total Transferred to Nonmajor Governmental Funds	<u>\$ 168,000</u>

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at August 31, 2014, were as follows:

	<u>Property Taxes</u>	<u>Inter- Governmental</u>	<u>Allowance for Uncollectibles</u>	<u>Total Receivables</u>
Governmental Activities:				
General Fund	\$ 122,434	\$ 0	\$ (9,447)	\$ 112,987
Debt Service Fund	23,206	0	0	23,206
Special Revenue Funds	<u>0</u>	<u>2,438</u>	<u>0</u>	<u>2,438</u>
Total - Governmental Activities	<u>\$ 145,640</u>	<u>\$ 2,438</u>	<u>\$ (9,447)</u>	<u>\$ 138,631</u>

F. CAPITAL ASSET ACTIVITY

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

	<u>Beginning Balance</u>	Primary Government		<u>Ending Balance</u>
		<u>Additions</u>	<u>Retirements</u>	
Governmental Activities:				
Land	\$ 162,906	\$ 0	\$ 0	\$ 162,906
Buildings and Improvements	18,030,261	0	0	18,030,261
Construction in Progress	0	2,504,227	0	2,504,227
Furniture and Equipment	<u>3,255,303</u>	<u>1,751,213</u>	<u>(34,140)</u>	<u>4,972,376</u>
Totals at Historic Cost	<u>\$21,448,470</u>	<u>\$ 4,255,440</u>	<u>\$ (34,140)</u>	<u>\$25,669,770</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(3,899,511)	(466,335)	0	(4,365,846)
Furniture and Equipment	<u>(2,507,073)</u>	<u>(246,703)</u>	<u>34,140</u>	<u>(2,719,636)</u>
Total Accumulated Depreciation	<u>(6,406,584)</u>	<u>(713,038)</u>	<u>34,140</u>	<u>(7,085,482)</u>
Governmental Activities Capital Assets, Net	<u>\$15,041,886</u>	<u>\$ 3,542,402</u>	<u>\$ 0</u>	<u>\$18,584,288</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 354,364
Instructional Resources and Media Services	11,252
Curriculum Development and Instructional Staff Development	1,647
Instructional Leadership	0
School Leadership	44,652
Guidance, Counseling and Evaluation Services	11,380
Health Services	9,037
Student (Pupil) Transportation	11,569
Food Services	54,437
Cocurricular/Extracurricular Activities	62,635
General Administration	53,240
Plant Maintenance and Operations	98,655
Security and Monitoring Service	<u>170</u>
Total Depreciation Expense	<u>\$ 713,038</u>

G. BONDS AND LONG-TERM NOTES PAYABLE

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund.

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

<u>DESCRIPTION</u>	<u>Interest</u>	<u>Amounts</u>	<u>Interest</u>	<u>Payable</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding</u>
	<u>Rate</u>	<u>Original</u>	<u>Current</u>	<u>Amounts</u>			
	<u>Payable</u>	<u>Issue</u>	<u>Year</u>	<u>Outstanding</u>			<u>8/31/14</u>
ICISD Unlimited Tax School Building Bonds, Series 2013	variable	\$9,499,987	\$ 237,580	\$ 0	\$ 9,499,987	\$1,919,987	\$ 7,580,000
TOTAL			\$ 237,580	\$ 0	\$ 9,499,987	\$1,919,987	\$ 7,580,000

A reoffering premium in the amount of \$169,050 on the bond was included in the funds due from the underwriter. Amortization of the bond premium in the amount of \$4,226 was incurred for the current year.

H. COMMITMENTS UNDER OPERATING LEASES

The District entered into operating leases covering six copiers on July 28, 2010. All of these leases are on a 60-month lease. Commitments under operating (noncapitalized) lease agreements for facilities and equipment provide for minimum future rental payments as of August 31, 2014, as follows:

<u>Year Ending</u>	
<u>August 31</u>	
2015	\$17,000
Total Minimum Rentals	\$17,000
Rental Expenditures in Fiscal Year 2014	\$20,043

I. FUND BALANCES

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Fund balances fall under the following classifications:

1. Non-spendable fund balance is that portion of fund equity which is not available for appropriation (inventories, prepaids, endowments, permanent fund principal) because it is not spendable in any form or it is legally or required by contract for a specific future use.
2. Restricted fund balance is that portion of fund equity which has been legally separated for a specific purpose (Construction, federal and state programs, retirement of long-term debt, and fund balance of consolidated school districts). These restrictions can be imposed by law or by creditors, grantors, contributors, or other governments' laws or regulations.

3. Committed fund balance is that portion of fund equity which represents tentative plans for the future use of financial resources and require Board action to earmark fund balance for bona fide purposes that will be fulfilled within a reasonable period of time (Construction, self-insurance, capital expenditures, retirements of notes/loans payable, claims/judgments). There should never be a negative committed amount in any fund type.

From time to time, the Board of Trustees may commit fund balances by a majority vote in a schedule meeting. Commitments may be modified or rescinded only through formal action by the Board of Trustees (the District's highest level of decision-making authority). Board commitments cannot exceed the amount of fund balance that is greater than the sum of nonspendable and restricted fund balances since that practice would commit funds that the District does not have.

4. Assigned fund balance is that portion of fund equity which represents tentative plans for the future use of financial resources (Construction, self-insurance, capital expenditures, retirements of notes/loans payable, claims/judgments) but do not require approval in the board minutes and can also be made by an official or body to which the board has delegated authority. Funds other than the general fund will have residual amounts reported as assigned fund balance. There should never be a negative assigned amount in any fund type.

The Board may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting (usually the superintendent). The Board of Trustees may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board of Trustees by a majority vote in a scheduled meeting.

5. Unassigned fund balance is that portion of fund equity that is currently available to finance expenditures/expenses not already approved by the Board of Trustees or described under GASB 54 as the amount in excess of non-spendable, restricted, committed, and assigned fund balance (surplus). Only the general fund will have unassigned amounts.

When the District makes expenditures that can be made from either restricted or unrestricted balances, the expenditures should be charged to restricted balances. When the District incurs expenditures that can be made from either committed, assigned, or unassigned balances, the expenditures should be charged to committed if directly associated with the specific commitment, to assigned if directly associated with the specific assignment, and to unassigned if not directly associated with either the specific commitment or specific assignment.

For minimum fund balances, the District's strives to maintain a yearly fund balance in the general operating fund in which the total fund balance is two months operating expenditures and the unreserved, undesignated, unassigned fund balance is two months operating expenditures.

There were no major special revenue funds nor any rainy day funds established for the current school year.

The details of the fund balances are included in the governmental funds balance sheet.

J. DEFINED BENEFIT PENSION PLAN

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

Funding Policy. State law provides for fiscal years 2014, 2013 and 2012 state contribution rates of 6.8%, 6.4%, and 6.0%, as well as member contribution rates of 6.4% for all three years. In certain instances the reporting district (I.S.D., college, university, or state agency) is required to make all or a portion of the state's 6.8% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State contributions to TRS made on behalf of Irion County ISD's employees for the years ended August 31, 2014, 2013 and 2012 were \$162,719, \$138,438, and \$146,446, respectively. In addition, for the years ended August 31, 2014, 2013 and 2012, the state also contributed \$6,339, \$8,956, and \$5,400 to TRS representing the District's allocation of Medicare Part D on-behalf payments and an additional amount in the year ended August 31, 2012 of \$5,954 for the early retiree reinsurance program. Irion County ISD paid additional state contributions for the years ended August 31, 2014, 2013, and 2012 in the amount of \$15,425, \$12,840, and \$12,263, respectively, on the portion of the employees' salaries that exceeded the statutory minimum.

K. DEFERRED REVENUE

Deferred revenues consisted of net property taxes receivable of \$136,193 and federal grants totaling \$149 overpaid in the current year to be allotted to the subsequent year.

L. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss, except losses resulting from workman's compensation claims. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District is partially uninsured with respect to worker’s compensation insurance. The District participates in a shared risk pool, the “West Texas Educational Insurance Association” administered by Claims Administrative Services, Inc. Individual claims that exceed the loss fund maximum, stated at \$22,160 at August 31, 2014, are paid by the Association through a reinsurance program. The District is responsible for all claims up to the loss fund maximum.

Cumulative unpaid claims (including “incurred but not reported” claims) the District is responsible for paying totaled \$13,875 at August 31, 2014. Contributions to this pool for the current year were \$9,080.

The following table shows the changes in claims liabilities for prior years and the current year:

	<u>Beginning of</u> <u>Year Liability</u>	<u>Changes</u>	<u>Claim Payments</u>	<u>End of Year</u> <u>Liability</u>
Prior Years	\$ 7,467	\$ (400)	\$ (819)	\$ 6,248
2011-2012	2,157	(15)	(689)	1,453
2012-2013	3,008	(1,086)	(615)	1,307
2013-2014	<u>0</u>	<u>5,227</u>	<u>(360)</u>	<u>4,867</u>
Totals	<u>\$ 12,632</u>	<u>\$ 3,726</u>	<u>\$ (2,483)</u>	<u>\$ 13,875</u>

The District participates in numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at August 31, 2014 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying government-wide financial statements for such contingencies. The potential impact of any additional changes in the State school finance system, if legislated or ordered by court, on the District’s financial condition, sources and level of funding, tax base and taxing power is unknown.

M. SUBSEQUENT EVENTS

Events occurring subsequent to August 31, 2014 have been evaluated by management through January 15, 2015 (the date of availability of the financial statements). No events occurred from August 31, 2013 through January 15, 2015 that would require disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

IRION COUNTY ISD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 10,414,457	\$ 11,672,555	\$ 11,730,979	\$ 58,424
5800	State Program Revenues	397,291	383,462	361,818	(21,644)
5020	Total Revenues	10,811,748	12,056,017	12,092,797	36,780
EXPENDITURES:					
Current:					
0011	Instruction	2,071,748	2,175,639	1,838,379	337,260
0012	Instructional Resources and Media Services	65,730	73,730	62,314	11,416
0013	Curriculum and Instructional Staff Development	9,973	12,973	9,121	3,852
0023	School Leadership	258,410	258,051	247,273	10,778
0031	Guidance, Counseling and Evaluation Services	68,403	76,231	63,023	13,208
0033	Health Services	52,194	60,104	50,042	10,062
0034	Student (Pupil) Transportation	70,532	90,010	64,040	25,970
0035	Food Services	7,787	6,196	6,196	-
0036	Extracurricular Activities	273,613	366,771	346,633	20,138
0041	General Administration	319,623	319,267	294,830	24,437
0051	Facilities Maintenance and Operations	570,322	603,382	546,030	57,352
0052	Security and Monitoring Services	1,550	1,550	940	610
0053	Data Processing Services	99,378	109,377	97,828	11,549
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	48,946	48,946	-
Intergovernmental:					
0091	Contracted Instructional Services Between Schools	6,656,365	7,631,365	7,452,953	178,412
0093	Payments to Fiscal Agent/Member Districts of	29,370	36,870	29,369	7,501
0099	Other Intergovernmental Charges	169,500	176,000	159,725	16,275
6030	Total Expenditures	10,724,498	12,046,462	11,317,642	728,820
1100	Excess of Revenues Over Expenditures	87,250	9,555	775,155	765,600
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	-	400,000	400,000	-
7949	Other Resources	27,486	27,486	10,994	(16,492)
8911	Transfers Out (Use)	(114,736)	(174,736)	(118,000)	56,736
7080	Total Other Financing Sources (Uses)	(87,250)	252,750	292,994	40,244
1200	Net Change in Fund Balances	-	262,305	1,068,149	805,844
0100	Fund Balance - September 1 (Beginning)	6,381,420	6,381,420	6,381,420	-
3000	Fund Balance - August 31 (Ending)	\$ 6,381,420	\$ 6,643,725	\$ 7,449,569	\$ 805,844

COMBINING AND OTHER STATEMENTS

IRION COUNTY ISD
 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	240 National Breakfast and Lunch Program	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 149	\$ -	\$ 41,411
1240	Receivables from Other Governments	1,907	-	-	-
1000	Total Assets	<u>\$ 1,907</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 41,411</u>
LIABILITIES					
2160	Accrued Wages Payable	\$ 1,737	\$ -	\$ -	\$ 4,555
2200	Accrued Expenditures	170	-	-	83
2300	Unearned Revenues	-	149	-	-
2000	Total Liabilities	<u>1,907</u>	<u>149</u>	<u>-</u>	<u>4,638</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	36,773
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,773</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,907</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ 41,411</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	410 State Textbook Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 41,560
-	531	-	-	2,438
<u>\$ -</u>	<u>\$ 531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,998</u>
\$ -	\$ 484	\$ -	\$ -	\$ 6,776
-	47	-	-	300
-	-	-	-	149
<u>-</u>	<u>531</u>	<u>-</u>	<u>-</u>	<u>7,225</u>
-	-	-	-	36,773
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,773</u>
<u>\$ -</u>	<u>\$ 531</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,998</u>

IRION COUNTY ISD
 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	240 National Breakfast and Lunch Program	
REVENUES:					
570	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 48,289
580	State Program Revenues	-	-	-	753
590	Federal Program Revenues	49,995	-	-	78,445
5020	Total Revenues	<u>49,995</u>	<u>-</u>	<u>-</u>	<u>127,487</u>
EXPENDITURES:					
Current:					
001	Instruction	49,995	-	-	-
003	Food Services	-	-	-	295,262
6030	Total Expenditures	<u>49,995</u>	<u>-</u>	<u>-</u>	<u>295,262</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	(167,775)
OTHER FINANCING SOURCES (USES):					
791	Transfers In	-	-	-	168,000
1200	Net Change in Fund Balance	-	-	-	225
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,548</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,773</u>

244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	270 ESEA VI, Pt B Rural & Low Income	410 State Textbook Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 48,289
-	-	-	23,277	24,030
-	12,912	37,827	-	179,179
-	12,912	37,827	23,277	251,498
-	12,912	37,827	23,277	124,011
-	-	-	-	295,262
-	12,912	37,827	23,277	419,273
-	-	-	-	(167,775)
-	-	-	-	168,000
-	-	-	-	225
-	-	-	-	36,548
\$ -	\$ -	\$ -	\$ -	\$ 36,773

IRION COUNTY ISD
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
AGENCY FUND				
Assets:				
Cash and Temporary Investments	\$ 38,157	\$ 246,485	\$ 270,298	\$ 14,344
Liabilities:				
Due to Student Groups	\$ 38,157	\$ 246,485	\$ 270,298	\$ 14,344
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 38,157	\$ 246,485	\$ 270,298	\$ 14,344
Liabilities:				
Due to Student Groups	\$ 38,157	\$ 246,485	\$ 270,298	\$ 14,344

T.E.A. REQUIRED SCHEDULES

IRION COUNTY ISD
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2014

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2005 and prior years	Various	Various	\$ Various
2006	1.500000	0.000000	297,841,950
2007	1.370000	0.000000	392,209,020
2008	1.040000	0.27030	486,397,380
2009	1.040000	0.27015	654,744,625
2010	1.040000	0.27015	589,828,123
2011	1.040000	0.27015	694,881,460
2012	1.040000	0.27040	723,399,520
2013	1.040000	0.26970	881,733,240
2014 (School year under audit)	1.040000	0.23000	1,002,361,177
100 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
\$ 2,525	\$ -	\$ 1,139	\$ -	\$ (192)	\$ 1,194
189	-	82	-	(43)	64
925	-	92	-	(33)	800
843	-	66	17	(38)	722
1,157	-	122	178	(143)	714
2,299	-	779	86	(66)	1,368
12,565	-	4,876	831	(423)	6,435
33,223	-	16,223	3,489	(656)	12,855
77,961	-	17,764	6,260	(15,929)	38,008
-	12,549,008	11,554,150	2,569,381	1,658,003	83,480
<u>\$ 131,687</u>	<u>\$ 12,549,008</u>	<u>\$ 11,595,293</u>	<u>\$ 2,580,242</u>	<u>\$ 1,640,480</u>	<u>\$ 145,640</u>

IRION COUNTY ISD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 51,000	\$ 51,000	\$ 48,289	\$ (2,711)
5800	State Program Revenues	800	800	753	(47)
5900	Federal Program Revenues	75,157	74,720	78,445	3,726
5020	Total Revenues	126,957	126,520	127,487	968
EXPENDITURES:					
0035	Food Services	241,693	332,250	295,262	36,988
6030	Total Expenditures	241,693	332,250	295,262	36,988
1100	Excess (Deficiency) of Revenues Over Expenditures	(114,736)	(205,731)	(167,775)	37,956
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	114,736	224,736	168,000	(56,736)
1200	Net Change in Fund Balances	-	19,006	225	(18,781)
0100	Fund Balance - September 1 (Beginning)	36,548	36,548	36,548	-
3000	Fund Balance - August 31 (Ending)	\$ 36,548	\$ 55,554	\$ 36,773	\$ (18,781)

IRION COUNTY ISD
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DEBT SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 2,161,016	\$ 2,161,016	\$ 2,601,142	\$ 440,126
5020	Total Revenues	2,161,016	2,161,016	2,601,142	440,126
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	2,161,016	1,919,988	1,919,987	1
0072	Interest on Long Term Debt	-	241,028	237,580	3,448
0073	Bond Issuance Cost and Fees	-	-	169,050	(169,050)
6030	Total Expenditures	2,161,016	2,161,016	2,326,617	(165,601)
1100	Excess of Revenues Over Expenditures	-	-	274,525	274,525
OTHER FINANCING SOURCES (USES):					
7916	Premium or Discount on Issuance of Bonds	-	-	169,050	169,050
8911	Transfers Out (Use)	-	(450,000)	(450,000)	-
7080	Total Other Financing Sources (Uses)	-	(450,000)	(280,950)	169,050
1200	Net Change in Fund Balances	-	(450,000)	(6,425)	443,575
0100	Fund Balance - September 1 (Beginning)	493,774	493,774	493,774	-
3000	Fund Balance - August 31 (Ending)	\$ 493,774	\$ 43,774	\$ 487,349	\$ 443,575

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditor's Report

January 15, 2015

Board of School Trustees
Irion County Independent School District
Mertzon, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Irion County ISD, as of and for the year ended August 31, 2014 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 31, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Jones, Hay, Marschall & McKinney, P.C.
Certified Public Accountants

IRION COUNTY ISD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2014

I. Summary of the Auditor's Results:

1. An unqualified report was issued on the financial statements of the District.
2. No significant deficiencies in internal control were identified.
3. No instances of noncompliance which were material to the financial statements of the District were identified.
4. The audit did not disclose any audit findings which the auditor is required to report under Section ____,510(a). These include:
 - a. Significant deficiencies in internal control over major programs.
 - b. Material noncompliance with the provisions of laws, regulations, contracts or grant agreements related to a major program.
 - c. A type of compliance requirement for a major program, when known questioned costs are likely greater than \$10,000.
 - d. Known questioned costs greater than \$10,000 for a Federal program which is not audited as a major program.
 - e. Known fraud affecting a Federal award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for Federal awards.
 - f. Instances where audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee materially misrepresents the status of any prior audit finding.
5. There are no major programs.
6. The dollar amount to distinguish between Type A and Type B programs was \$300,000. There were no Type A programs.
7. The District qualifies as a low-risk auditee.

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

1. There were no significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial audit.

III. Findings and Questioned Costs for Federal Awards.

1. None

IRION COUNTY ISD
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2014

(Prepared by the District's Administration)

<u>FINDING/RECOMMENDATION</u>	<u>CURRENT STATUS</u>
None	N/A

IRION COUNTY ISD
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED AUGUST 31, 2014

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14 - Pass Through #	\$ 48,088
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	15 -Pass Through #	1,907
Total CFDA Number 84.010A			49,995
Total Title I, Part A Cluster			49,995
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	14 - Pass Through #	37,827
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14 - Pass Through #	12,381
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15 -Pass Through #	531
Total CFDA Number 84.367A			12,912
Total Passed Through State Department of Education			\$ 100,734
TOTAL DEPARTMENT OF EDUCATION			\$ 100,734
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 17,877
*National School Lunch Program - Cash Assistance	10.555		52,849
*National School Lunch Prog. - Non-Cash Assistance	10.555		7,720
Total CFDA Number 10.555			60,569
Total Child Nutrition Cluster			78,446
Total Passed Through the State Department of Agriculture			\$ 78,446
TOTAL DEPARTMENT OF AGRICULTURE			\$ 78,446
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 179,180

*Clustered Programs

SCHOOLS FIRST QUESTIONNAIRE

Irion County ISD

Fiscal Year 2014

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