

**ALDINE INDEPENDENT  
SCHOOL DISTRICT**

**ANNUAL FINANCIAL AND  
COMPLIANCE REPORT**

**For the Year Ended June 30, 2014**



**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**TABLE OF CONTENTS**

	<u>Page</u>	<u>Exhibit</u>
<b>Certificate of the Board</b>	i	
<b>Financial Section</b>		
<b>Independent Auditor’s Report</b>	1	
<b>Management’s Discussion and Analysis</b>	7	
<b>Basic Financial Statements:</b>		
Government-wide Financial Statements		
Statement of Net Position	17	A-1
Statement of Activities	18	B-1
Governmental Fund Financial Statements		
Balance Sheet	20	C-1
Reconciliation of Balance Sheet for Governmental Funds to Statement of Net Position	23	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	24	C-3
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	26	C-4
Proprietary Fund Financial Statements		
Statement of Net Position	27	D-1
Statement of Revenues, Expenses, and Changes in Fund Net Position	28	D-2
Statement of Cash Flows	29	D-3
Fiduciary Fund Financial Statements		
Statement of Fiduciary Assets and Liabilities	30	E-1
Notes to the Financial Statements	31	F-1
<b>Required Supplementary Information:</b>		
Budgetary Comparison Schedule - General Fund	54	G-1
Budgetary Comparison Schedule - Child Nutrition Fund	55	G-2
Notes to Required Supplementary Information	56	G-3
<b>Other Supplementary Information:</b>		
Combining Fund Statements:		
Nonmajor Governmental Funds		
Combining Balance Sheet	58	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	64	H-2
<b>Required TEA Schedules:</b>		
Schedule of Delinquent Taxes Receivable	72	J-1
Budgetary Comparison Schedule - Debt Service Fund	74	J-5

**ALDINE INDEPENDENT SCHOOL DISTRICT**

**TABLE OF CONTENTS (continued)**

	<u>Page</u>	<u>Exhibit</u>
<b>Federal Awards Section</b>		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77	
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by <i>OMB Circular A-133</i>	79	
Schedule of Findings and Questioned Costs	81	
Schedule of Expenditures of Federal Awards	84	K-1
Notes to Schedule of Expenditures of Federal Awards	87	K-2

**CERTIFICATE OF THE BOARD**

Aldine Independent School District

Name of School District

Harris

County

101-902

Co. - Dist. No.

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and approved for the fiscal year ended June 30, 2014, at a meeting of the Board of Trustees of such school district on November 17, 2014.

  
\_\_\_\_\_  
President of the Board

  
\_\_\_\_\_  
Secretary of the Board



## **FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Aldine Independent School District  
Houston, 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 Aldine Independent School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

To the Board of Trustees  
Aldine Independent School District

### ***Opinions***

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7–14 and 54–56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, and required Texas Education Agency ("TEA") schedules, as 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

To the Board of Trustees  
Aldine Independent School District

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas  
November 17, 2014

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## **ALDINE INDEPENDENT SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Aldine Independent School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2014.

#### **Financial Highlights**

The assets and deferred outflows of the District exceeded its liabilities at the close of the most recent fiscal year by \$517,300,093 (*net position*). Of this amount, \$327,794,750 (unrestricted net position) may be used to meet the District's ongoing obligations to students and creditors.

- The District's total net position increased by \$51,160,979.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$410,038,543, an increase of \$61,861,518 in comparison with the prior year, including a prior period adjustment to increase fund balance by \$1,141,112. The increase in governmental fund balances was primarily due to an increase in the fund balance in the general fund of \$31,086,743.
- As of the close of the current fiscal year, unassigned fund balance for the general fund is 55 percent of total general fund expenditures.
- The District's total bonded debt increased by \$11,685,000 (3 percent) during the current fiscal year.

#### **Overview of the Financial Statements**

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

#### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets, and deferred outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

The *government-wide financial statements* of the District are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the District include Instruction, Instructional Resources and Media Services, Curriculum and Instructional Staff Development, Instructional Leadership, School Leadership, Guidance, Counseling, and Evaluation Services, Social Work Services, Health Services, Student Transportation, Food Services, Cocurricular/ Extracurricular Activities, General Administration, Facilities Maintenance and Operations, Security and Monitoring Services, Data Processing Services, Community Services, Interest on Long-term Debt, Bond Issuance Costs and Fees, Facilities Acquisition and Construction, and Appraisal District Fees.

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Fund Financial Statements**

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

**Governmental Funds**

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

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

The District maintains individual governmental funds for general, special revenue, debt service, and capital projects funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, child nutrition fund, and debt service fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in the financial statements. The District adopts an annual appropriated budget for its general fund, debt service fund, and child nutrition special revenue fund.

**Proprietary Fund**

The District maintains individual internal service funds for health insurance coverage. *Internal service funds*, one type of proprietary fund, are an accounting device used to accumulate and allocate costs internally among the District's various funds and functions. Because this service predominantly benefits governmental functions, it has been included within *governmental activities* in the government-wide financial statements.

The District maintains an enterprise fund for concessions and a child day care program. *Enterprise funds*, a second type of proprietary fund, are used to report on other activity for which a fee is charged to external users for goods or services. Enterprise funds are included within the *business-type activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The internal service fund financial statements provide separate information for the Health Insurance Fund.



**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Fiduciary Fund**

The fiduciary funds are used to account for resources held for the benefit of students and employees. The District's *agency fund* is used to account for resources held in a custodial capacity by the District and consists of funds that are the property of students or others. The fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the District's own programs. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

**Notes to the Financial Statements**

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

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. The required supplementary information relates to comparison of the original adopted budget, the final amended budget, and the actual amounts for the fiscal year. This is required supplementary information for the general fund and any major special revenue funds. The District did not have any major special revenue funds; therefore, only the general fund is presented as required supplementary information.

**Other Information**

The combining and individual fund statements and schedules and other supplementary information are presented immediately following the required supplementary information.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$517,300,093 at the close of the most recent fiscal year.

The largest portion of the District's net position (\$138,384,877) reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, construction in progress), less any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

As of June 30, 2014 the District's net position included the following:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<b>2014</b>				<b>2014</b>	
	<u>As Restated</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>As Restated</u>	<u>2013</u>
Current and other assets	\$ 465,119,738	\$ 378,528,165	\$ 480,926	\$ 435,581	\$ 465,600,664	\$ 378,963,746
Capital and non current assets depreciation	555,858,526	576,830,818	43,622	52,090	555,902,148	576,882,908
<b>Total Assets</b>	<u>1,020,978,264</u>	<u>955,358,983</u>	<u>524,548</u>	<u>487,671</u>	<u>1,021,502,812</u>	<u>955,846,654</u>
Deferred charge on refunding	3,537,770	2,970,093			3,537,770	2,970,093
<b>Total Deferred Outflows of Resources</b>	<u>3,537,770</u>	<u>2,970,093</u>			<u>3,537,770</u>	<u>2,970,093</u>
Current liabilities	79,819,119	77,050,374	14,881	8,238	79,834,000	77,058,612
Long term liabilities	427,906,489	412,368,835			427,906,489	412,368,835
<b>Total Liabilities</b>	<u>507,725,608</u>	<u>489,419,209</u>	<u>14,881</u>	<u>8,238</u>	<u>507,740,489</u>	<u>489,427,447</u>
<b>Net Position:</b>						
Net investment in capital assets	138,384,877	121,592,704			138,384,877	121,592,704
Restricted	51,120,466	50,937,261			51,120,466	50,937,261
Unrestricted	327,285,083	296,379,902	509,667	479,433	327,794,750	296,859,335
<b>Total Net Position</b>	<u>\$ 516,790,426</u>	<u>\$ 468,909,867</u>	<u>\$ 509,667</u>	<u>\$ 479,433</u>	<u>\$ 517,300,093</u>	<u>\$ 469,389,300</u>

Net position is restricted for various purposes as follows:

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Food service	\$ 21,384,533	\$ 21,707,979
Debt service	29,735,933	29,229,282
	<u>\$ 51,120,466</u>	<u>\$ 50,937,261</u>

The balance of unrestricted net position (\$327,794,750) may be used to meet the District's ongoing obligations to students and creditors. At the end of the current fiscal year, the District reports positive balances in all three categories of net position. The District's net position increased by \$51,160,979 during the current fiscal year.

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Comparative Schedule of Changes in Net Position**  
**For the Years Ended June 30, 2014 and 2013**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Program Revenues</b>						
Charges for services	\$ 11,833,872	\$ 12,026,682	\$ 960,845	\$ 1,037,382	\$ 12,794,717	\$ 13,064,064
Operating grants and contributions	126,453,611	112,883,342			126,453,611	112,883,342
<b>General Revenues</b>						
Property taxes	199,840,904	189,235,561			199,840,904	189,235,561
State Aid - Formula Grants	349,625,418	316,908,600			349,625,418	316,908,600
Interest earnings	766,065	667,524			766,065	667,524
Other	86,403	201,155		52,137	86,403	253,292
<b>Total Revenues</b>	<b>688,606,273</b>	<b>631,922,864</b>	<b>960,845</b>	<b>1,089,519</b>	<b>689,567,118</b>	<b>633,012,383</b>
<b>Expenses</b>						
Instruction	352,403,794	335,896,301			352,403,794	335,896,301
Instructional resources and media serv	5,526,085	4,556,985			5,526,085	4,556,985
Curriculum and staff development	8,853,211	5,660,428			8,853,211	5,660,428
Instructional leadership	7,691,310	6,856,957			7,691,310	6,856,957
School leadership	35,548,683	32,293,605			35,548,683	32,293,605
Guidance, counseling, and evaluation ser	24,104,945	22,877,294			24,104,945	22,877,294
Social work services	1,948,724	1,897,245			1,948,724	1,897,245
Health services	5,924,598	5,373,612			5,924,598	5,373,612
Student transportation	33,252,819	29,682,351			33,252,819	29,682,351
Food service	48,703,185	40,834,808			48,703,185	40,834,808
Extracurricular activities	8,227,123	7,488,754			8,227,123	7,488,754
General administration	13,573,759	11,631,011			13,573,759	11,631,011
Plant, maintenance and operations	47,095,382	46,239,737			47,095,382	46,239,737
Security and monitoring services	6,090,432	4,570,409			6,090,432	4,570,409
Data processing services	8,773,930	8,544,650			8,773,930	8,544,650
Community services	1,282,046	1,087,135			1,282,046	1,087,135
Interest on long-term debt	17,048,970	17,979,808			17,048,970	17,979,808
Debt issuance costs and fees	597,289	16,058			597,289	16,058
Facilities repairs and maintenance	4,738,568	7,003,655			4,738,568	7,003,655
Payments to Tax Increment Fund	4,635,157	3,699,605			4,635,157	3,699,605
Other intergovernmental charges	1,455,518	1,423,638			1,455,518	1,423,638
Enterprising Activities			930,611	947,911	930,611	947,911
<b>Total Expenses</b>	<b>637,475,528</b>	<b>595,614,046</b>	<b>930,611</b>	<b>947,911</b>	<b>638,406,139</b>	<b>596,561,957</b>
Increase (Decrease) in Net Position	51,130,745	36,308,818	30,234	141,608	51,160,979	36,450,426
<b>Beginning Net Position</b>	<b>468,909,867</b>	<b>420,110,287</b>	<b>479,433</b>	<b>337,825</b>	<b>469,389,300</b>	<b>420,448,112</b>
<b>Prior Period Adjustment</b>	<b>(3,250,186)</b>	<b>12,490,762</b>			<b>(3,250,186)</b>	<b>12,490,762</b>
<b>Ending Net Position</b>	<b>\$ 516,790,426</b>	<b>\$ 468,909,867</b>	<b>\$ 509,667</b>	<b>\$ 479,433</b>	<b>\$ 517,300,093</b>	<b>\$ 469,389,300</b>

**Governmental Activities**

Governmental activities increased the District's net position by \$51,130,745. Revenues are generated primarily from three sources. Property taxes, state-aid formula grants, and operating grants and contributions represent \$675,919,933 of total revenues. The remaining is generated from charges for services, investment earnings, and miscellaneous revenues.

	<b>Total Revenues</b>	<b>% of Total Revenues</b>
Property taxes	\$ 199,840,904	29%
State Aid - Formula Grants	349,625,418	51%
Operating grants and contributions	126,453,611	17%
Charges for services	11,833,872	2%
Other revenue	852,468	1%
<b>Total Revenues</b>	<b>\$ 688,606,273</b>	<b>100%</b>

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The primary functional expenses of the District are instruction, plant maintenance and operations and food service, which represent 70 percent of total expenses. The remaining individual functional categories of expenses are each less than 5 percent of total expenses.

	<u>Total Expenses</u>	<u>% of Total Expenses</u>
Instruction	\$ 352,403,794	55%
Plant, maintenance and operations	47,095,382	7%
Food service	48,703,185	8%
Other expenses	189,273,167	30%
<b>Total Expenses</b>	<u>\$ 637,475,528</u>	<u>100%</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$410,038,543, an increase of \$61,861,518 in comparison with the prior year. The increase in ending governmental fund balances is primarily due to the increase in the general fund balance.

The *general fund* is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$280,457,450, while total fund balance reached \$306,916,123. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 55 percent of total general fund expenditures, while total fund balance represents 60 percent of that same amount. The fund balance of the District's general fund increased by \$31,086,743 during the current fiscal year.

The *child nutrition fund* has a total fund balance of \$21,384,533, all of which is restricted for federal grants. The net decrease in the child nutrition fund balance during the current year of \$323,446 was attributable to actual expenditures being less than anticipated budgeted amounts.

The *debt service fund* has a total fund balance of \$33,787,328, all of which is restricted for the retirement of funded indebtedness. The net increase in fund balance during the current year of \$2,242,058 was due actual revenues being greater than budgeted expectations.

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget of the general fund can be briefly summarized as follows:

	<b>Budget</b>	
	<b>Original</b>	<b>Final Amended</b>
Total revenues	\$ 512,752,036	\$ 533,710,209
Total expenditures	531,997,343	530,997,343
<b>Net change in fund balance</b>	<b>\$ (19,245,307)</b>	<b>\$ 2,712,866</b>

The review of the final amended budget versus actual for the general fund reflected that revenues were greater than budgetary estimates and expenditures were less than budgetary estimates.

**Capital Assets and Long-term Liabilities**

**Capital Assets**

The District's investment in capital assets for its governmental type activities as of June 30, 2014, includes land, buildings and improvements, furniture and equipment, and construction in progress. The investment in capital assets for the current year was \$507,536,055. The following table summarizes the investment in capital assets as of June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
Land	\$ 49,126,509	\$ 48,663,793
Buildings and improvements	753,343,057	726,699,293
Furniture and equipment	100,753,151	113,233,497
Construction in progress	4,302,538	3,703,770
<b>Total</b>	<b>907,525,255</b>	<b>892,300,353</b>
Accumulated depreciation	(399,989,200)	(388,731,289)
<b>Net capital assets</b>	<b>\$ 507,536,055</b>	<b>\$ 503,569,064</b>

Additional information on the District's capital assets can be found in the notes to the financial statements.

**Long-term Liabilities**

At the end of the current fiscal year, the District had \$400,850,000 in bonded debt outstanding, an increase of \$11,685,000 over the previous year. The District's bonds are sold with an "AAA" rating and are guaranteed through the Texas Permanent School Fund Guarantee Program or by a municipal bond insurance policy. The underlying rating of the bonds from Standard and Poor's is "Aa1" and from Moody's Investors Service is "AA+" for general obligation debt.

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Changes in general obligation bonds, for the year ended June 30, 2014, are as follows:

<b>Outstanding 07/01/13</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding 06/30/14</b>
<u>\$ 389,165,000</u>	<u>\$ 67,625,000</u>	<u>\$ (55,940,000)</u>	<u>\$ 400,850,000</u>

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

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

- Aldine ISD has 69,825 students enrolled for the 2014 - 2015 school year, which is a 3.5% increase from the prior year.
- For fiscal year 2015, the district employs a total of 9453 staff members, which consists of 5405 teachers, administrators and professional staff, 945 instructional aides and 3103 ancillary support staff.
- The District maintains 75 campuses for instruction.
- District Property values have increased 10% from the 2013 tax year to the 2014 tax year.
- The maintenance and operations tax rate for fiscal year 2014 - 2015 is \$1.133388, while the debt service tax rate is \$.1525. The maintenance and operations rate remained unchanged from the prior fiscal year while the debt service rate decreased by \$.02.
- The district continues to be recognized for operating efficiently to maximize resources that flow to students and accommodate student enrollment growth.

These indicators were taken into account when adopting the General Fund budget for 2014 -2015. The total Aldine Independent School District adopted budget for 2014 - 2015 is \$689,728,088, which represents the General Fund, the Debt Service Fund and the Child Nutrition Fund.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Aldine Independent School District, 14910 Aldine Westfield Rd., Houston, Texas 77032.

## **BASIC FINANCIAL STATEMENTS**

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**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

*Exhibit A-1*

<b>Data Control Codes</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
1110	\$ 89,679,391	\$ 480,926	\$ 90,160,317
1120	244,483,413		244,483,413
1225	21,236,912		21,236,912
1240	107,622,907		107,622,907
1250	58,282		58,282
1290	14,484		14,484
1300	1,839,270		1,839,270
1410	185,079		185,079
<b>Capital assets not subject to depreciation:</b>			
1510	49,126,509		49,126,509
1580	4,302,538		4,302,538
<b>Capital assets net of depreciation:</b>			
1520	423,800,610		423,800,610
1530	30,306,398	43,622	30,350,020
1910	48,322,471		48,322,471
<b>1000</b>	<b>1,020,978,264</b>	<b>524,548</b>	<b>1,021,502,812</b>
<b>Deferred outflows of resources</b>			
1700	3,537,770		3,537,770
	<b>3,537,770</b>		<b>3,537,770</b>
<b>Liabilities</b>			
2110	14,387,579	7,090	14,394,669
2140	6,713,530		6,713,530
2150	4,717,889		4,717,889
2160	46,137,404	7,791	46,145,195
2180	1,793,096		1,793,096
2200	4,461,972		4,461,972
2300	1,607,649		1,607,649
<b>Noncurrent Liabilities:</b>			
2501	22,662,116		22,662,116
2502	405,244,373		405,244,373
<b>2000</b>	<b>507,725,608</b>	<b>14,881</b>	<b>507,740,489</b>
<b>Net Position</b>			
3200	138,384,877		138,384,877
<b>Restricted for:</b>			
3840	21,384,533		21,384,533
3850	29,735,933		29,735,933
3900	327,285,083	509,667	327,794,750
<b>3000</b>	<b>\$ 516,790,426</b>	<b>\$ 509,667</b>	<b>\$ 517,300,093</b>

See Notes to the Financial Statements

**ALDINE INDEPENDENT SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2014

Data Control Codes	Functions/Programs	Expenses	Program Revenue	
			Charges for Services	Operating Grants and Contributions
	<b>Governmental activities:</b>			
11	Instruction	\$ 352,403,794	\$ 3,675,340	\$ 56,201,686
12	Instructional resources and media services	5,526,085		644,948
13	Curriculum and staff development	8,853,211	46,849	6,937,786
21	Instructional leadership	7,691,310	18,493	1,555,242
23	School leadership	35,548,683	1,233	2,481,141
31	Guidance, counseling, and evaluation services	24,104,945		3,041,461
32	Social work services	1,948,724		1,036,938
33	Health services	5,924,598		5,723,266
34	Student transportation	33,252,819		2,134,101
35	Food service	48,703,185	4,240,633	42,317,985
36	Extracurricular activities	8,227,123	3,613,170	233,984
41	General administration	13,573,759	23,424	914,088
51	Facilities maintenance and operations	47,095,382	207,333	1,522,704
52	Security and monitoring services	6,090,432	1,233	324,471
53	Data processing services	8,773,930		453,780
61	Community services	1,282,046	6,164	748,806
72	Interest on long-term debt	17,048,970		
73	Debt issuance costs and fees	597,289		
81	Facilities repairs and maintenance	4,738,568		181,224
97	Payments to Tax Increment Fund	4,635,157		
99	Other intergovernmental charges	1,455,518		
<b>TG</b>	<b>Total governmental activities</b>	<u>\$ 637,475,528</u>	<u>\$ 11,833,872</u>	<u>\$ 126,453,611</u>
	<b>Business-type activities</b>			
01	Enterprising Activities	930,611	960,845	
<b>TB</b>	<b>Total business-type activities</b>	<u>930,611</u>	<u>960,845</u>	
<b>TP</b>	<b>Total primary government</b>	<u>\$ 638,406,139</u>	<u>\$ 12,794,717</u>	<u>\$ 126,453,611</u>

**Data Control Codes**

**General revenues:**

**Taxes:**

- MT** Property taxes, levied for general purposes
- DT** Property taxes, levied for debt service
- SF** State-aid formula grants
- IE** Investment earnings
- MI** Miscellaneous
- TR** Total general revenues
- CN** Change in net position
- NB** **Net position - beginning**
- PA** Prior period adjustments
- NE** **Net position - ending**

See Notes to the Financial Statements

*Exhibit B-1*

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (292,526,768)		\$ (292,526,768)
(4,881,137)		(4,881,137)
(1,868,576)		(1,868,576)
(6,117,575)		(6,117,575)
(33,066,309)		(33,066,309)
(21,063,484)		(21,063,484)
(911,786)		(911,786)
(201,332)		(201,332)
(31,118,718)		(31,118,718)
(2,144,567)		(2,144,567)
(4,379,969)		(4,379,969)
(12,636,247)		(12,636,247)
(45,365,345)		(45,365,345)
(5,764,728)		(5,764,728)
(8,320,150)		(8,320,150)
(527,076)		(527,076)
(17,048,970)		(17,048,970)
(597,289)		(597,289)
(4,557,344)		(4,557,344)
(4,635,157)		(4,635,157)
(1,455,518)		(1,455,518)
<u>(499,188,045)</u>		<u>(499,188,045)</u>
	\$ 30,234	30,234
	<u>30,234</u>	<u>30,234</u>
<u>(499,188,045)</u>	<u>30,234</u>	<u>(499,157,811)</u>
173,638,769		173,638,769
26,202,135		26,202,135
349,625,418		349,625,418
766,065		766,065
86,403		86,403
<u>550,318,790</u>		<u>550,318,790</u>
51,130,745	30,234	51,160,979
468,909,867	479,433	469,389,300
(3,250,186)		(3,250,186)
<u>\$ 516,790,426</u>	<u>\$ 509,667</u>	<u>\$ 517,300,093</u>

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2014**

<b>Data Control Codes</b>	<b>General Fund</b>	<b>Child Nutrition</b>	<b>Debt Service</b>
<b>Assets</b>			
1110 Cash and temporary investments	\$ 51,370,770	\$ 4,629,180	\$ 13,570,007
1120 Investments	167,861,221	16,030,546	20,102,982
<b>Receivables:</b>			
1220 Property taxes - delinquent	43,806,086		4,963,821
1230 Allowance for uncollectible taxes (credit)	(25,231,310)		(2,301,685)
1240 Receivables from other governments	91,260,829	1,483,971	291,901
1250 Accrued interest	58,282		
1260 Due from other funds	13,068,227		
1290 Other receivables	2,493		
1300 Inventories, at cost	1,217,224	622,046	
1410 Prepaid items	183,483	1,596	
1900 Long-term investments	48,322,471		
<b>1000 Total Assets</b>	<u>\$ 391,919,776</u>	<u>\$ 22,767,339</u>	<u>\$ 36,627,026</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>			
<b>Liabilities</b>			
2110 Accounts payable	\$ 10,559,640	\$ 744,555	\$ 22
2150 Payroll deduction and withholdings payable	4,717,891		
2160 Accrued wages payable	44,632,242	617,989	
2170 Due to other funds			
2180 Payable to other governments	1,594,944	20,262	177,541
2200 Accrued expenditures	4,091,873		
2300 Unearned revenues	832,286		
<b>2000 Total Liabilities</b>	<u>66,428,876</u>	<u>1,382,806</u>	<u>177,563</u>
<b>Deferred Inflows of Resources</b>			
2600 Unavailable revenues - property taxes	18,574,777		2,662,135
<b>Total Deferred Inflows of Resources</b>	<u>18,574,777</u>		<u>2,662,135</u>
<b>Fund Balance</b>			
<b>Non-Spendable</b>			
3410 Inventories	1,217,224	622,046	
3430 Prepaid items	183,483	1,596	
<b>Restricted</b>			
3450 Federal/State funds grant restrictions		20,760,891	
3470 Capital acquisitions and contractual obligations			
3480 Retirement of funded indebtedness			33,787,328
<b>Committed</b>			
3510 Construction	25,057,966		
3545 Other purposes			
3600 <b>Unassigned</b>	<u>280,457,450</u>		
<b>3000 Total fund balances</b>	<u>306,916,123</u>	<u>21,384,533</u>	<u>33,787,328</u>
<b>4000 Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 391,919,776</u>	<u>\$ 22,767,339</u>	<u>\$ 36,627,026</u>

See Notes to the Financial Statements

*Exhibit C-1*

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 14,151,717 36,871,481  14,586,206  11,991  <u>          </u> <u>\$ 65,621,395</u>	\$ 83,721,674 240,866,230  48,769,907 (27,532,995) 107,622,907 58,282 13,068,227 14,484 1,839,270 185,079 <u>48,322,471</u> <u>\$ 516,935,536</u>
\$ 2,569,625  887,173 13,068,227 349 370,099 775,363 <u>          </u> <u>17,670,836</u>	\$ 13,873,842 4,717,891 46,137,404 13,068,227 1,793,096 4,461,972 1,607,649 <u>          </u> <u>85,660,081</u>
<u>          </u> <u>          </u>	21,236,912 <u>21,236,912</u>
45,802,669  2,147,890  <u>47,950,559</u>	1,839,270 185,079  20,760,891 45,802,669 33,787,328  25,057,966 2,147,890 280,457,450 <u>410,038,543</u>
<u>\$ 65,621,395</u>	<u>\$ 516,935,536</u>

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**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**RECONCILIATION OF BALANCE SHEET FOR GOVERNMENTAL FUNDS TO**  
**STATEMENT OF NET POSITION**  
**June 30, 2014**

*Exhibit C-2*

<b>Data Control Codes</b>		
	<b>Total fund balance, governmental funds</b>	\$ 410,038,543
	Amounts reported for governmental activities in the statement of net position are different because:	
<b>1</b>	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets at historical cost, net of accumulated depreciation, where applicable	507,536,055
<b>2</b>	Property taxes receivable have been levied and are due this year, but are not available soon enough to pay for the current period's expenditures, these property taxes and related penalty and interest amounts (net of allowance for uncollectible accounts).	21,236,912
<b>3</b>	Deferred loss on refunding	3,537,770
	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. Long-term liabilities at year end consist of:	
<b>4</b>	General obligation bonds	(400,850,000)
<b>5</b>	Premiums on issuance	(17,641,617)
<b>6</b>	Accrued compensated absences	(6,355,872)
	Accrued interest payable	(6,713,530)
<b>7</b>	Addition of Internal Service fund net position	6,002,165
<b>19</b>	<b>Total net position-governmental activities</b>	<u>\$ 516,790,426</u>

See Notes to the Financial Statements

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2014**

<b>Data Control Codes</b>		<b>General Fund</b>	<b>Child Nutrition</b>	<b>Debt Service</b>
<b>Revenues</b>				
5700	Local, intermediate, and out-of-state	\$ 179,684,041	\$ 4,246,746	\$ 26,451,039
5800	State program revenues	356,402,534	249,584	14,836,972
5900	Federal program revenues	5,612,497	42,753,182	
<b>5020</b>	<b>Total revenues</b>	<u>541,699,072</u>	<u>47,249,512</u>	<u>41,288,011</u>
<b>Expenditures</b>				
<b>Current:</b>				
0011	Instruction	297,145,770		
0012	Instruction resources and media services	4,690,114		
0013	Curriculum and instructional staff development	1,473,087		
0021	Instructional leadership	6,181,944		
0023	School leadership	32,577,288		
0031	Guidance, counseling and evaluation services	21,339,340		
0032	Social work services	897,191		
0033	Health services	4,825,517		
0034	Student transportation	32,500,039		
0035	Food services		46,824,789	
0036	Extracurricular activities	6,739,137		
0041	General administration	12,481,281		
0051	Facilities maintenance and operations	44,575,889	557,185	
0052	Security and monitoring services	5,870,640		
0053	Data processing services	8,141,506		
0061	Community services	517,956		
<b>Debt service:</b>				
0071	Principal on long-term debt			21,620,000
0072	Interest on long-term debt			18,003,328
0073	Debt issuance costs and fees	3,180		
<b>Capital outlay:</b>				
0081	Facilities acquisition and construction	21,935,992	200,524	
<b>Intergovernmental:</b>				
0097	Payments to tax increment fund	4,635,157		
0099	Other intergovernmental charges	1,455,518		
<b>6030</b>	<b>Total expenditures</b>	<u>507,986,546</u>	<u>47,582,498</u>	<u>39,623,328</u>
1100	Excess (deficiency) of revenues over expenditures	<u>33,712,526</u>	<u>(332,986)</u>	<u>1,664,683</u>
<b>Other Financing Sources (Uses)</b>				
7911	Capital-related debt issued (regular bonds)			31,330,000
7912	Sale of real or personal property	85,276	9,540	
7915	Transfers in			
7916	Premium or discount on issuance of bonds			4,159,019
8911	Transfers out	(2,711,059)		
8949	Other uses			(34,911,644)
<b>7080</b>	<b>Total other financing sources and uses</b>	<u>(2,625,783)</u>	<u>9,540</u>	<u>577,375</u>
1200	Net change in fund balances	31,086,743	(323,446)	2,242,058
<b>0100</b>	<b>Fund Balance - July 1 (Beginning)</b>	275,829,380	21,707,979	31,545,270
1300	Prior period adjustment			
<b>3000</b>	<b>Fund Balance - June 30 (Ending)</b>	<u>\$ 306,916,123</u>	<u>\$ 21,384,533</u>	<u>\$ 33,787,328</u>

See Notes to the Financial Statements



*Exhibit C-3*

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,398,920	\$ 214,780,746
3,702,953	375,192,043
51,929,988	100,295,667
<u>60,031,861</u>	<u>690,268,456</u>
42,687,941	339,833,711
619,013	5,309,127
7,143,500	8,616,587
1,219,238	7,401,182
1,714,622	34,291,910
1,827,559	23,166,899
976,041	1,873,232
893,135	5,718,652
1,048,065	33,548,104
	46,824,789
1,207,186	7,946,323
601,381	13,082,662
178,561	45,311,635
154,896	6,025,536
53,293	8,194,799
723,943	1,241,899
440,154	22,060,154
47,838	18,051,166
	3,180
10,654,629	32,791,145
	4,635,157
	1,455,518
<u>72,190,995</u>	<u>667,383,367</u>
<u>(12,159,134)</u>	<u>22,885,089</u>
36,295,000	67,625,000
	94,816
2,711,059	2,711,059
868,126	5,027,145
	(2,711,059)
	<u>(34,911,644)</u>
<u>39,874,185</u>	<u>37,835,317</u>
27,715,051	60,720,406
19,137,344	348,177,025
1,141,112	1,141,112
<u>1,141,112</u>	<u>1,141,112</u>
\$ 47,950,559	\$ 410,038,543

**ALDINE INDEPENDENT SCHOOL DISTRICT**

*Exhibit C-4*

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

*For the Year Ended June 30, 2014*

<u>Data Control Codes</u>		
	Net change in fund balances - total governmental funds (from C-3)	\$ 60,720,406
	Amounts reported for <i>governmental activities</i> in the statement of activities (B-1) are different because:	
	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
1	Governmental funds capital outlays	35,259,288
2	Governmental activities depreciation expense	(26,837,850)
	Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(63,149)
3	Property tax revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,699,274)
4	Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	21,905,000
	Proceeds from issuance of long-term debt is reported as an other financing source in the governmental funds. In the government-wide financial statements, proceeds are treated as an increase in long-term liabilities and amounts paid to refunding agents are treated as a decrease in long-term liabilities.	
5	Proceeds from issuance of regular bonds	(67,625,000)
6	Premium on issuance of regular bonds	(5,027,145)
7	Payments to refunding agent	34,911,644
	Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
8	Decrease in interest payable not recognized in fund statements	12,941
9	Decrease in long-term portion of accrued compensated absences	451,224
10	Amortization of deferred charges	550,300
11	Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities (see D-3).	(1,427,640)
	<b>Change in net position of governmental activities (see B-1)</b>	<u><u>\$ 51,130,745</u></u>

See Notes to the Financial Statements

**ALDINE INDEPENDENT SCHOOL DISTRICT**

*Exhibit D-1*

*STATEMENT OF NET POSITION*

*PROPRIETARY FUNDS*

*June 30, 2014*

<b>Data Control Codes</b>	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets</b>		
<b>Current Assets:</b>		
1110	\$ 480,926	\$ 5,957,717
1176-89		3,617,183
	<u>480,926</u>	<u>9,574,900</u>
<b>Total Current Assets</b>		
Land, Buildings and Equipment:		
1540	52,137	
Accumulated depreciation -		
1574	(8,515)	
	<u>43,622</u>	
<b>Total non-current assets</b>		
1000	<u>524,548</u>	<u>9,574,900</u>
<b>Total Assets</b>		
<b>Liabilities</b>		
<b>Current Liabilities:</b>		
2110	7,090	513,735
2160	7,791	
	<u>14,881</u>	<u>513,735</u>
<b>Total Current Liabilities</b>		
<b>Non-current Liabilities:</b>		
2590		3,059,000
		<u>3,059,000</u>
<b>Total Non-current Liabilities</b>		
2000	<u>14,881</u>	<u>3,572,735</u>
<b>Total Liabilities</b>		
<b>Net Position</b>		
3200	43,622	
3900	466,045	6,002,165
3000	<u>\$ 509,667</u>	<u>\$ 6,002,165</u>
<b>Total Net Position</b>		

See Notes to the Financial Statements.

**ALDINE INDEPENDENT SCHOOL DISTRICT**

*Exhibit D-2*

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUNDS**

*For the Year Ended June 30, 2014*

<b>Data Control Codes</b>		<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
	<b>Operating Revenues</b>		
5749	Miscellaneous revenue from local sources	\$	\$ 33,641,882
5754	Charges for services	960,845	
5020	<b>Total Operating Revenues</b>	<u>960,845</u>	<u>33,641,882</u>
	<b>Operating Expenses</b>		
6100	Payroll costs	650,731	
6200	Purchased and contracted services		3,575,863
6300	Supplies and materials	179,358	
6400	Claims expense and other operating expenses	92,054	31,499,083
6449	Depreciation	8,468	
6030	<b>Total Operating Expenses</b>	<u>930,611</u>	<u>35,074,946</u>
1200	<b>Operating Income</b>	<u>30,234</u>	<u>(1,433,064)</u>
	<b>Non-Operating Revenues (Expenses)</b>		
7955	Investment earnings		5,424
	<b>Total Nonoperating Revenues (Expenses)</b>		<u>5,424</u>
1200	Change in Net Position	30,234	(1,427,640)
0100	<b>Net Position - July 1 (Beginning)</b>	<u>479,433</u>	<u>7,429,805</u>
3300	<b>Net Position - June 30 (Ending)</b>	<u>\$ 509,667</u>	<u>\$ 6,002,165</u>

See Notes to the Financial Statements.

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2014**

*Exhibit D-3*

	<b>Business-type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
	<u>                    </u>	<u>                    </u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from user charges	\$ 960,845	\$ 33,641,882
Cash payments for insurance claims		(31,363,083)
Cash payments to suppliers for goods and services	(270,949)	(3,505,263)
Cash payments to employees	(644,551)	
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>45,345</u>	<u>(1,226,464)</u>
Net Increase in Cash and Cash Equivalents	45,345	(1,226,464)
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>435,581</u>	<u>7,184,181</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 480,926</u>	<u>\$ 5,957,717</u>
<b>Reconciliation to Balance Sheet</b>		
Cash and Cash Equivalents Per Cash Flow	<u>\$ 480,926</u>	<u>\$ 5,957,717</u>
Cash and Cash Equivalents per Balance Sheet	<u>\$ 480,926</u>	<u>\$ 5,957,717</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 30,234	\$ (1,433,064)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	8,468	
Change in Assets and Liabilities:		
Increase (decrease) in Accounts Payable	463	75,600
Increase (decrease) in Claims Payable		136,000
Increase (decrease) in Accrued Wages Payable	<u>6,180</u>	<u>(5,000)</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 45,345</u>	<u>\$ (1,226,464)</u>

See Notes to the Financial Statements.

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
*June 30, 2014*

*Exhibit E-1*

<u>Data Control Codes</u>	<u>Agency Fund</u>
<b>Assets</b>	
Current Assets	
1110 Cash and cash equivalents	\$ 1,458,705
<b>1000 Total Assets</b>	<u>\$ 1,458,705</u>
 <b>Liabilities</b>	
Current Liabilities	
2110 Accounts payable	\$ 59,353
2190 Due to others	1,399,352
<b>2000 Total Liabilities</b>	<u>\$ 1,458,705</u>

See Notes to the Financial Statements

**Note 1 - Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Aldine Independent School District (District) is governed by a seven-member Board of Trustees (Board), which has governance responsibilities over all activities related to public elementary and secondary education within the District. Because members of the Board are elected by the public; have authority to make decisions; appoint management and significantly influence operations; and have primary accountability for fiscal matters; the District is not included in any other governmental reporting entity.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Aldine Independent School District (the primary government) and its component unit. Aldine Independent School District Public Facility Corporation was created by the Board of Trustees of the District in December 1997 as a non-profit public corporation. The Corporation's Board of Directors and Officers are comprised of members of the Board of Trustees. The Corporation's stated purpose is to provide for the acquisition, construction, and equipping of schools along with the related financing of such purposes. The Public Facility Corporation does not issue separate financial statements. The financial statements of the Corporation have been included in the financial reporting entity as a blended component unit.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to students or users who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

The fiduciary fund financial statements reflect the District's agency fund, reporting only assets and liabilities, and do not have a measurement focus.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

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

Grant revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *child nutrition fund* accounts for the activities related to food service operations.
- The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The District reports the following nonmajor governmental funds:

- The *capital projects fund* is used to account for proceeds from sales of bonds and other revenues to be used for authorized construction and technology projects/enhancements.
- The *special revenue funds* are used to account for resources restricted to, or designated for specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a special revenue fund. Generally, unused balances are returned to the grantor at the close of the specified project periods.

Additionally, the District reports the following fund types:

- The *agency fund* is used to account for assets held by the District as an agent for student organizations. The fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operation.
- The *enterprise fund* accounts for the activities of the District's catering and daycare operations.
- The *internal service fund* accounts for health services provided to other funds and/or employees of the District on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to students or users for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment income.



**Note 1 - Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service fund are charges to the funds and/or employees for self-funded health services. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**D. Deposits and Investments**

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

Investments for the District are reported at fair value based on quoted market prices at June 30, 2014. The investment pools operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

**E. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Property tax receivables include unpaid property taxes at year-end and are shown net of an allowance for uncollectibles. Allowances for uncollectible taxes receivable are based on the District's historical experience in collecting property taxes. Revenues from property taxes are recognized when levied to the extent they are available. The District considers property taxes as available when collected. However, not all outstanding property taxes are expected to be collected within one year of the date of the financial statements. Property values are determined by the Harris County Appraisal District as of January 1 of each year. The amount of net assessed values for fiscal year 2014 (tax year 2013) were \$15,077,188,319 . Prior to July 1 of each year, the District must adopt its annual budget and as soon thereafter as practicable, shall adopt a tax rate thus creating the tax levy.

The District's combined tax rate for fiscal year was \$1.305888 , which included \$1.133388 for maintenance and operations and \$0.172500 for debt service. Property taxes for the current calendar year are levied on approximately October 1 of each year and are payable by January 31 of the following year. The total levy for the 2014 fiscal year was \$196,891,193 . Property tax receivables are recorded as of the date levied. Unpaid taxes become delinquent on February 1 and a tax lien on real property is created as of July 1 of each year.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**F. Inventories and Prepaid Items**

Inventories consisting of supplies and materials are valued at weighted average cost and they include maintenance, transportation, office and instructional supplies, and food service commodities. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Food service commodity inventory is recorded at fair market value on the date received. Commodities are recognized as revenues in the period received when all the eligibility requirements are met. Commodity inventory items are recorded as expenditures when distributed to user locations. A portion of fund balance is classified as non-spendable to reflect minimum inventory quantities considered necessary for the District's continuing operations.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**G. Capital Assets**

Capital assets, which include land, construction in progress, buildings and improvements, furniture and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life in excess of one year. 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 and improvements, and 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	20
Vehicles	2 - 15
Furniture and equipment	3 - 15

**Note 1 - Summary of Significant Accounting Policies (continued)**

**H. Compensated Absences**

Compensated absences are absences for which employees will be paid, such as sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in long-term liabilities on the statement of net position.

**I. Long-term Obligations**

The District's long-term obligations consist of bonded indebtedness, health insurance, and compensated absences. 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 and proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize 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. The current requirements for general obligation bonds principal and interest expenditures are accounted for in the debt service fund.

The current requirements for compensated absences are accounted for in the general fund. The requirements for health insurance are accounted for in the internal service fund.

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amount of deferred outflows in the governmental activities related to deferred charge on refunding at June 30, 2014, was \$3,537,770.

**Note 1 - Summary of Significant Accounting Policies (continued)**

**J. Deferred Outflows/Inflows of Resources (continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The amount of deferred inflows in the governmental funds related to unavailable revenue for property taxes at June 30, 2014 was \$21,236,912.

**K. Fund Equity**

The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been properly classified in the Governmental Funds Balance Sheet (Exhibit C-1).

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. The fund balances for the Debt Service Fund, Capital Projects Fund, Child Nutrition Fund and other grant funds are classified as restricted.

Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. the Board of Trustees). To be reported as committed, amounts cannot be used for any other purposes unless the District takes the same highest level of action to remove or change the constraint. The general fund has committed fund balance in the amount of \$25,057,966 for construction and fund 461 has committed fund balance in the amount of \$1,861,854. Fund 498 has committed fund balance of \$286,036 for the retirement of debt.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District or by an official or body to which the Board of Trustees delegates the authority.

Unassigned fund balance – amounts that are available for any purpose. Positive numbers are reported only in the general fund.

The District establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Per Policy CE local, assigned fund balance amounts are established by the Superintendent or his designee.

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

**Note 1 - Summary of Significant Accounting Policies (continued)**

**L. Data Control Codes**

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

**M. Use of Estimates**

The presentation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Note 2 - Deposits and Investments**

**Cash Deposits:** The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas School Depository Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the District's and the depository banks' agent bank. The pledged securities are approved by the Texas Education Agency and shall be in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. The District's cash deposits at June 30, 2014, were entirely covered by FDIC insurance and pledged securities held by the District's agent in the name of the District.

**Investments:** The District's investment policy is in accordance with the Public Funds Investment Act, the Public Funds Collateral Act, and federal and state laws. The District further limits its investments to obligations of the U.S. Treasury or the State of Texas, certain U.S. Agencies, certificates of deposit, collateralized mortgage obligations, no-load money market mutual funds, certain municipal securities, qualified commercial paper, repurchase agreements, or investment pools.

**Local Government Investment Pools**

For the year ended June 30, 2014, the District invested in the State of Texas TexPool, the State of Texas TexStar Investment Pool, and the Texas Association of School Board's Lone Star Investment Pool. TexPool, TexSTAR, and Lone Star operate in a similar manner consistent with the Security and Exchange Commission's Rule 2a7 of the Investment Company Act of 1940. TexPool is duly chartered and overseen by the State Comptroller's Office and administered by Lehman Brothers and Federated Investors, Inc. The State Street Bank is the custodial bank. The portfolio consists of U.S. T-Bills, T-Notes, collateralized repurchase and reverse repurchase agreements, and no-load money market mutual funds regulated by the Securities and Exchange Commission and is rated AAA or equivalent by at least one nationally recognized rating service. Lone Star Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered by First Public, LLC and managed by Standish Mellon and American Beacon Advisors. The Bank of New York is the custodial bank. Lone Star Investment Pool is restricted to invest in obligations of the United States or its agencies and instrumentalities; other obligations insured by the United States; fully collateralized repurchase agreements having a defined termination date, secured by obligations described previously; and SEC-registered no-load money market mutual funds, the assets which consist exclusively of the obligations described above.

**Note 2 - Deposits and Investments (continued)**

**Local Government Investment Pools (continued)**

TexStar Investment Pool is duly chartered by the State of Texas Interlocal Cooperation Act, is administered and managed by JPMorgan Fleming Asset Management, Inc. and First Southwest Asset Management, Inc. FP Morgan Chase Bank and/or its subsidiary JP Morgan Investor Services Co. is the custodial bank. The primary objectives of TexStar are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet Participants' needs, diversification to avoid unreasonable or avoidable risks, and yield.

At June 30, 2014, the District's cash and investment balances and the weighted average maturity of these investments were as follows:

	<b>Fair Market Value</b>	<b>Weighted Average Maturity (Days)</b>
<b>Governmental Activities</b>		
Cash and deposits	\$ 89,679,391	N/A
<i>Investments</i>		
Local Government Investment Pools		
Lone Star	175,281,637	61
TexPool	83,462	51
TexStar	16,007,950	50
	<u>191,373,049</u>	
Investment Securities		
Commercial Paper	12,504,161	31
Federal National Mortgage Assoc.	14,784,409	427
Federal Home Loan Mortgage Corp.	11,283,468	127
Federal Home Loan Bank	32,621,808	606
Federal Farm Credit Bank	24,998,016	388
Federal Agriculture Mortgage Corporation	4,997,143	123
US Treasury Bills	243,830	37
	<u>101,432,835</u>	
<b>Total Investments</b>	<u>292,805,884</u>	135
<b>Total Governmental Activities</b>	<u>382,485,275</u>	
<b>Business-type Activities:</b>		
Cash and deposits	480,926	N/A
<b>Fiduciary Funds</b>		
Cash and Deposits	1,458,705	N/A
<b>Total Fiduciary Funds</b>	<u>1,458,705</u>	
<b>Total</b>	<u><u>\$ 384,424,906</u></u>	

**Note 2 - Deposits and Investments (continued)**

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The District monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the District reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 360 days.

At June 30, 2014, the District's exposure to interest rate risk as measured by the segmented time distribution by investment type is summarized below:

	Fair Value	Investment Maturity in Years	
		Less than 1	1-5
Local Government Investment Pools:			
Lone Star	\$ 175,281,637	\$ 175,281,637	\$
TexPool	83,462	83,462	
TexStar	16,007,950	16,007,950	
Investment Securities:			
Commercial Paper	12,504,161	12,504,161	
Federal National Mortgage Assoc.	14,784,409	6,018,009	8,766,400
Federal Home Loan Mortgage Corp.	11,283,468	11,283,468	
Federal Home Loan Bank	32,621,808	6,054,346	26,567,462
Federal Farm Credit Bank	24,998,016	12,009,407	12,988,609
Federal Agriculture Mortgage Corporation	4,997,143	4,997,143	
US Treasury Bills	243,830	243,830	
	<u>\$ 292,805,884</u>	<u>\$ 244,483,413</u>	<u>\$ 48,322,471</u>

**Credit Risk:** State law and the District's investment policy limits investments in all categories to top ratings issued by nationally recognized statistical rating organizations. As of June 30, 2014, the District's investments in TexPool were rated AAA and in TexStar were rated AAAM by Standard and Poor's. The District's investment in Lone Star Corporate Overnight Plus Fund was rated AAA by Standard and Poor's. The District's investment in Agency Securities were rated AA+ by Standard and Poor's. The District's investment in Commercial Paper was rated A-1+ by Standard and Poor's.

**Concentration of Credit Risk:** The District's investment policy does not require the investment portfolio to be diversified in terms of investment instruments, maturity scheduling, and financial institutions in order to reduce the risk of loss resulting from over-concentration of assets in a specific class of investments, specific maturity, or specific issuer. The District's investments in the Lone Star Investment Pool, Federal Home Loan Bank, and Federal Farm Credit Bank represents 60%, 11%, and 9%, respectively, of the District's total investments.

The investments are reported by the District at fair value. The amount of investment earnings during the year ended June 30, 2014, was \$778,307.

**Note 3 - Receivables**

Receivables as of June 30, 2014, for the District's individual major and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Child Nutrition</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 43,806,086	\$	\$ 4,963,821	\$	\$ 48,769,907
Due from other governments	91,260,829	1,483,971	291,901	14,586,206	107,622,907
Interest	58,282				58,282
Other	2,493			11,991	14,484
Gross Receivables	135,127,690	1,483,971	5,255,722	14,598,197	156,465,580
Less allowance for doubtful accounts	(25,231,310)		(2,301,685)		(27,532,995)
<b>Net Total Receivables</b>	<b>\$ 109,896,380</b>	<b>\$ 1,483,971</b>	<b>\$ 2,954,037</b>	<b>\$ 14,598,197</b>	<b>\$ 128,932,585</b>

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the fiscal year or in connection with resources that have been received, but not yet earned. At the end of the fiscal year 2014, the various components of unearned revenues reported in the governmental funds were as follows:

	<u>Unearned</u>
Unearned federal revenue	87,101
Unearned state and local revenue	1,520,548
	<u>\$ 1,607,649</u>

**Note 4 - Capital Assets**

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

**Governmental Activities:**

	<u>Balance July 1, 2013 As Restated</u>	<u>Additions</u>	<u>(Retirements) and Transfers</u>	<u>Balance June 30, 2014</u>
Capital assets, not being depreciated				
Land	\$ 48,663,793	\$ 462,716	\$	\$ 49,126,509
Construction in progress	3,703,770	4,302,538	(3,703,770)	4,302,538
<b>Total Capital assets, not being depreciated</b>	<u>52,367,563</u>	<u>4,765,254</u>	<u>(3,703,770)</u>	<u>53,429,047</u>
Capital assets, being depreciated				
Buildings and improvements	726,699,293	22,939,994	3,703,770	753,343,057
Furniture and equipment	95,879,549	7,554,040	(2,680,438)	100,753,151
<b>Total Capital assets, being depreciated</b>	<u>822,578,842</u>	<u>30,494,034</u>	<u>1,023,332</u>	<u>854,096,208</u>
Less accumulated depreciation for:				
Buildings and improvements	(309,426,161)	(20,116,286)		(329,542,447)
Furniture and Equipment	(66,342,478)	(6,721,564)	2,617,289	(70,446,753)
<b>Total Accumulated depreciation</b>	<u>(375,768,639)</u>	<u>(26,837,850)</u>	<u>2,617,289</u>	<u>(399,989,200)</u>
<b>Governmental Capital Assets</b>	<u>\$ 499,177,766</u>	<u>\$ 8,421,438</u>	<u>\$ (63,149)</u>	<u>\$ 507,536,055</u>



**Note 4 - Capital Assets (continued)**

**Business-type Activities:**

	<u>Balance As Restated</u>	<u>Additions</u>	<u>(Retirements) and Transfers</u>	<u>Balance June 30, 2014</u>
Capital assets, not being depreciated				
Land	\$	\$	\$	\$
Construction in progress				
<b>Total Capital assets, not being depreciated</b>				
Capital assets, being depreciated				
Buildings and improvements				
Furniture and equipment	52,137			52,137
<b>Total Capital assets, being depreciated</b>	<u>52,137</u>			<u>52,137</u>
Less accumulated depreciation for:				
Buildings and improvements				
Furniture and Equipment	(47)	(8,468)		(8,515)
<b>Total Accumulated depreciation</b>	<u>(47)</u>	<u>(8,468)</u>		<u>(8,515)</u>
<b>Business-type Capital Assets</b>	<u>\$ 52,090</u>	<u>\$ (8,468)</u>	<u>\$</u>	<u>\$ 43,622</u>

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

<u>Function</u>	<u>Depreciation Expense</u>
<b>Governmental Activities:</b>	
Instruction	\$ 12,757,456
Instructional resources and media services	210,683
Curriculum and staff development	236,244
Instructional leadership	279,950
School leadership	1,202,471
Guidance, counseling and evaluation services	896,404
Social work services	74,869
Health services	198,356
Student transportation	4,368,997
Food Services	2,496,348
Extracurricular activities	273,146
General administration	475,211
Plant maintenance and operations	1,840,160
Security and monitoring services	301,594
Data processing services	1,186,137
Community services	39,824
Total - Governmental Activities	<u>\$ 26,837,850</u>
<b>Business-type Activities:</b>	
Community services	<u>\$ 8,468</u>

**Note 4 - Capital Assets (continued)**

The District has active construction projects as of June 30, 2014. As of the end of the current fiscal year, the District's commitments with contractors are as follows:

<b>Project</b>	<b>Approved Construction Budget</b>	<b>Construction in Progress</b>	<b>Remaining Commitment</b>
Aldine Education Center	\$ 1,062,531	\$ 230,485	\$ 832,047
Capital Improvement N. Belt Water Plant	133,350	102,007	31,343
Capital Improvement Transportation Security	9,682,872	790,742	8,892,131
Cypresswood Point Elementary	11,752,367	8,940	11,743,427
Kitchen Renovations (Various Schools)	7,264,851	1,153,656	6,111,194
Security Foyers (Various schools)	2,088,146	1,878,557	209,589
Thorne Stadium Scoreboard	848,337	50,823	797,514
Wall Partitions (Various Schools)	1,786,189	87,329	1,698,860
	<u>\$ 34,618,643</u>	<u>\$ 4,302,538</u>	<u>\$ 30,316,105</u>

**Note 5 - Interfund Receivables, Payables, and Transfers**

Interfund balances consist of short-term lending/borrowing arrangements that result primarily from payroll, warehouse ordering and other regularly occurring charges that are paid by the general fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more nonmajor governmental funds.

The composition of interfund balances as of June 30, 2014, is as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Net</b>
<b>Governmental Activities:</b>			
General Fund	\$ 13,068,227	\$	\$ 13,068,227
Nonmajor Governmental Funds		13,068,227	(13,068,227)
<b>Total Governmental Activities</b>	<u>13,068,227</u>	<u>13,068,227</u>	
<b>Total</b>	<u>\$ 13,068,227</u>	<u>\$ 13,068,227</u>	<u>\$</u>

Interfund transfers are defined as "flows of assets without equivalent flow of assets in return and without a requirement for repayment." The following is a summary of the District's transfers for the fiscal year ended June 30, 2014:

<b>Transfer Out</b>	<b>Transfer In</b>	<b>Amount</b>
General Fund	Nonmajor Governmental Fund	\$ 2,711,059

Interfund transfers in the amount of \$2,711,059 was made from the general fund and to two nonmajor governmental fund to cover deficits in special revenue funds, to allocate funds related to building renovations and for bond payments in the public facilities corporation.

**Note 6 - Compensated Absences and Other Retirement/Sick Leave Benefits**

District employees who retire under the Teacher Retirement System within sixty (60) days of the termination of their employment with the District and the beneficiaries of employees of the District who die are eligible to be paid for not more than sixty (60) of the unused state personal leave, state sick leave, and local sick leave, combined, which were earned while employed by the District. Payment will be made at the employee's daily rate at the time of retirement or death. Eligible sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have met the District's retirement and State's retirement eligibility requirements:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deductions - Payments to Participants</b>	<b>Balance June 30, 2014</b>
Compensated absences payable	<u>\$ 6,807,096</u>	<u>\$ 1,690,892</u>	<u>\$ (2,142,116)</u>	<u>\$ 6,355,872</u>

**Note 7 - Long-term Liabilities**

The District has entered into a continuing disclosure undertaking to provide annual reports and material event notices to the State Information Depository of Texas through the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of Aldine Independent School District.

The District is subject to a legal debt margin in which the net indebtedness shall not exceed 10 percent of all assessed real and personal property in the District. At June 30, 2014, the legal debt margin amounted to \$1,123,014,543 .

**Changes in Long-term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance June 30, 2014</b>	<b>Due Within One Year</b>
General obligation bonds	\$ 389,165,000	\$ 67,625,000	\$ (55,940,000)	\$ 400,850,000	\$ 20,520,000
For issuance premiums/discounts	13,473,739	5,027,145	(859,267)	17,641,617	
Compensated absences payable	6,807,096	1,690,892	(2,142,116)	6,355,872	2,142,116
Self insured health claims	2,923,000	2,916,125	(2,780,125)	3,059,000	
	<u>\$ 412,368,835</u>	<u>\$ 77,259,162</u>	<u>\$ (61,721,508)</u>	<u>\$ 427,906,489</u>	<u>\$ 22,662,116</u>

**Note 7 - Long-term Liabilities (continued)**

**General Obligation Bonds**

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These are issued as current interest bonds and term bonds with various amounts of principal maturing each year.

General obligation bonds currently outstanding are as follows:

<u>Issue</u>	<u>Original Issuance Amount</u>	<u>Interest Rate (%)</u>	<u>Maturity Date</u>	<u>Debt Outstanding</u>
Unlimited Tax Refunding Bonds, Series 2003	\$ 16,335,000	3.00% to 5.00%	2016	\$ 1,675,000
Unlimited Tax School Building Bonds, Series 2003	50,800,000	1.75% to 4.50%	2028	35,345,000
Unlimited Tax Refunding Bonds, Series 2007	66,150,000	4.00% to 5.625%	2026	49,795,000
Unlimited Tax Bonds, Series 2007A	73,300,000	4.50% to 5.25%	2032	59,400,000
Unlimited Tax School Building Bonds, Series 2008	98,335,000	4.00% to 4.625%	2033	82,350,000
Unlimited Tax School Building Bonds, Series 2010A	92,835,000	3.50% to 5.00%	2036	90,495,000
Unlimited Tax Refunding Bonds, Series 2010B	16,345,000	2.25% to 4.00%	2026	13,035,000
Aldine ISD Public Facilities Corporation Refunding Bonds,	2,435,000	2.00 - 2.375%	2020	1,870,000
Unlimited Tax School Building & Refunding Bonds, Series 2013	45,625,000	2.00 - 5.00%	2038	44,885,000
Unlimited Tax School Building Bonds, Series 2014	22,000,000	3.00 - 5.00%	2039	22,000,000
				<u>\$ 400,850,000</u>

During the fiscal year, the District issued Unlimited Tax School Building & Refunding Bonds, Series 2013 for \$45,625,000. The proceeds from the sale of the Bonds will be used (i) for the construction, acquisition and equipment of school buildings in the District, the purchase of necessary sites for school buildings and the purchase of new school buses, (ii) to currently refund a portion of the outstanding Unlimited Tax Refunding Bonds, series 2005 and (iii) to pay the costs associated with the issuance of the Bonds. The reacquisition price exceeded the net carrying amount of the refunded debt by \$876,644; this resulted in a deferred outflow of resources amortized over the life of the new debt. Total debt service payments after the refunding of bonds resulted in a net present value savings of \$3,846,153.

During the fiscal year, the District also issued Unlimited Tax School Building Bonds, Series 2014 for \$22,000,000. The proceeds from the sale of the Bonds will be used (i) for the construction, acquisition and equipment of school buildings in the District, the purchase of necessary sites for school buildings and the purchase of new school buses, and (ii) to pay the costs associated with the issuance of the Bonds.

Debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2015	\$ 20,520,000	\$ 17,699,531	\$ 38,219,531
2016	21,635,000	17,466,744	39,101,744
2017	21,165,000	16,438,881	37,603,881
2018	21,665,000	15,486,781	37,151,781
2019	22,215,000	14,507,031	36,722,031
2020 - 2024	104,895,000	57,215,006	162,110,006
2025 - 2029	93,000,000	34,265,431	127,265,431
2030 - 2034	73,525,000	13,599,841	87,124,841
2035 - 2039	22,230,000	2,044,450	24,274,450
	<u>\$ 400,850,000</u>	<u>\$ 188,723,696</u>	<u>\$ 589,573,696</u>

**Note 7 - Long-term Liabilities (continued)**

**Prior Years' Refunding of Long-Term Debt**

In prior years, the District defeased, certain general obligation debt by placing the proceeds of the new bonds in an irrevocable trust, to provide for all future debt service payments on the refunded debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At June 30, 2014, all of the previously refunded debt has been retired.

**Note 8 - Revenues from Local, Intermediate, and Out-of-State Sources**

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

	<u>General Fund</u>	<u>Child Nutrition</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property Taxes	\$ 170,610,417	\$	\$ 25,949,925	\$	\$ 196,560,342
Penalties, interest and other tax related revenue	4,513,543		466,293		4,979,836
Investment Income	683,360		34,821	36,347	754,528
Co-curricular student activities				3,619,255	3,619,255
Tuition and fees	102,327			743,318	845,645
Food Sales		4,246,746			4,246,746
Other	3,774,394				3,774,394
	<u>\$ 179,684,041</u>	<u>\$ 4,246,746</u>	<u>\$ 26,451,039</u>	<u>\$ 4,398,920</u>	<u>\$ 214,780,746</u>

**Note 9 - General Fund Federal Source Revenues**

<u>Program or Source</u>	<u>CFDA #</u>	<u>Amount</u>
School Health and Related Service (SHARS)	N/A	\$ 4,596,417
E-Rate Reimbursement		291,867
Indirect Costs		724,213
		<u>\$ 5,612,497</u>

**Note 10 - Operating Leases**

Commitments under operating lease (non-capitalized) agreements for facilities and equipment are subject to fiscal funding clauses. As such, the agreements are cancelable and the District is therefore not obligated for minimum future rental payments as of June 30, 2014. The imputed interest on the leases is not readily determinable.

Rental expenditures for the year ended June 30, 2014 amounted to \$2,070,014

**Note 11 - Pension Information**

**Plan Description**

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple-employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of the employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefits provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, 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.

**Service Requirement**

1. Normal    Age 65 with 5 years of service  
              Any combination of age and service totaling 80 with at least 5 years of service
  
2. Reduced    Age 55 with at least 5 years of service  
              Any age below 50 with 30 years of service

**Funding Policy**

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (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' 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 law provides for a member contribution rate of 6.4% for fiscal year 2014, 2013 and 2012 and a state contribution rate of 6.8% for fiscal year 2014 of all employees' eligible gross earnings, except for those staff members subject to statutory minimum requirements and those staff members being paid from and participating in federally funded programs. State statutes establish these rates.

**Note 11 - Pension Information (continued)**

**Contributions**

The statutory minimum requirements are based on the State of Texas teacher schedules adjusted based on local tax rates. For staff members funded by federal programs, the federal programs are required to contribute 6.8% for fiscal year 2014, 6.4% for fiscal year 2013, and 6.0% for fiscal year 2012.

Contributions made by the State, District and staff members for the years ended June 30, 2014, 2013, and 2012 are as follows:

<b>Fiscal Year</b>	<b>State TRS Contributions Made on Behalf Of the District</b>	<b>District Required Contributions To TRS</b>	<b>Staff Members' Contributions To TRS</b>
2014	\$ 17,231,333	\$ 8,806,453	\$ 24,748,821
2013	15,018,223	7,411,348	22,692,102
2012	13,479,399	5,072,962	22,196,380

For the current fiscal year and each of the prior two fiscal years, the District's actual contributions were equal to 100 percent of the required contributions. The contributions made by the state on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

**Note 12 - 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). TRS-Care Retire Plan provides health care coverage for certain person (and their dependents) who retired under TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional insurance coverage for participants. TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained 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.

The Texas Legislature determines the funding of benefits and has no continuing obligation to provide benefits beyond each fiscal year. Currently, the benefits of TRS-Care are financed through a combination of retiree premiums and percentage of payroll contributions from active employees, school districts, and the State of Texas.

**Benefit Provisions and Service Requirements**

Retirees can receive a free basic level of coverage and optional coverage is also available. All dependent coverage is optional. Basic coverage is a comprehensive major medical group health insurance plan. Generally, TRS public school retirees with more than 10 years of service and their dependents are eligible for this insurance coverage.

**Note 12 - Retiree Health Plan (continued)**

**Funding Policy**

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 0.50% and 0.65% of public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2014, 2013, and 2012. 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. For staff members funded by federal programs, the federal programs are required to contribute 1.00%.

Contributions made by the State, District and staff members for the fiscal year June 30, 2014, 2013, and 2012 are as follows:

<b>Fiscal Year</b>	<b>State TRS Care Contributions Made on Behalf Of the District</b>	<b>District Required Contributions To TRS Care</b>	<b>Staff Members' Contributions To TRS Care</b>
2014	\$ 3,345,267	\$ 2,338,361	\$ 2,513,552
2013	1,812,875	2,184,029	2,301,303
2012	3,095,875	1,907,501	2,254,320

For the current fiscal year and each of the past two fiscal years, the District’s actual contributions were equal to 100 percent of the required contributions. The contributions made by the state on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended June 30, 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$1,017,036, \$938,171, and \$870,205, respectively. These payments are recorded as equal revenues and expenditures in the governmental funds financial statement of the District.

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 dependents 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 is available to help employers continue to provide coverage to early retirees. ERRP reimbursement is available on a first come, first served basis for qualified employers that apply and become certified for the program. TRS has been certified for this program and has received funds from the ERRP program beginning in fiscal year 2012. For the fiscal years ended June 30, 2014 and 2013, the District did not receive a payment under this program; for fiscal year ended June 30, 2012 the District received \$822,934.



**Note 13 - Risk Management**

**Property/Liability**

The District is exposed to various risks of loss related to property/liability losses for which the District carries commercial insurance.

**Health Insurance**

The District establishes a limited risk management program for health insurance. Partial employee contributions are required for certain types of personal coverage, and total employee contributions are required for dependent coverage. Premiums are paid into an internal service fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program. These interfund premiums are reported as revenues in the internal service fund.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities also include an estimated amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is based on the District's historical experience. An excess coverage insurance policy covers individual claims in excess of \$425,000 for each participant. There were no significant reductions in insurance coverage from the prior period.

For each of the past three fiscal years, settlements for certain individual claims have exceeded coverage; the following schedule summarizes the excess coverage by claim:

<b>Period</b>		<b>Threshold of coverage of individual claims</b>	<b>Paid Claim</b>	<b>Excess Coverage</b>
<b>From</b>	<b>To</b>			
January 1, 2014	June 30, 2014	\$ 425,000	\$ 1,711,143	\$ 1,286,143
January 1, 2013	December 31, 2013	400,000	1,199,926	799,926
January 1, 2013	December 31, 2013	400,000	1,102,419	702,419
January 1, 2013	December 31, 2013	400,000	830,585	430,585
January 1, 2013	December 31, 2013	400,000	439,168	39,168
January 1, 2012	December 31, 2012	400,000	1,226,222	826,222
January 1, 2012	December 31, 2012	400,000	448,043	48,043
January 1, 2012	December 31, 2012	400,000	401,218	1,218

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

<b>Fiscal Year</b>	<b>Beginning of Year Accrual</b>	<b>Current Year Estimates</b>	<b>Claims Payments</b>	<b>End of Year Accrual</b>
2014	\$ 2,923,000	\$ 35,210,946	\$ 35,074,946	\$ 3,059,000
2013	2,370,000	30,277,761	29,724,761	2,923,000

**Note 14 - Shared Service Arrangement – Fiscal Agent**

The District is fiscal agent for a Shared Service Arrangement (“SSA”) which provides services to the member Districts, Aldine ISD, Huffman ISD, and Spring ISD. All services are provided by the fiscal agent. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in a special revenue fund and will be accounted for using Model 2 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Revenues	
5800 State revenue distributed by TEA	\$ 978,110
	<u>978,110</u>
Expenditures	
6100 Payroll costs	\$ 978,109
	<u>\$ 978,109</u>

**Note 15 - Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

In 2007, a post-commitment funding review of the District’s e-rate program was performed by the Universal Service Administrative Company (“USAC”). As a result of the review, USAC issued a commitment adjustment letter to the District rescinding a previous funding commitment of approximately \$2.3 million. USAC is seeking to recover the funds from the District. The District has appealed the commitment adjustment to the Federal Communication Commission. A reserve has been established for this possible liability.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management and the District’s counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**Note 16 - Arbitrage**

In accordance with the provisions of Section 148(f) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District has estimated that it has no arbitrage liability as of June 30, 2014.

**Note 17 - Prior Period Adjustment**

The District recorded a prior period adjustment for the correction of an error for capital assets, eliminating assets and accumulated depreciation for items previously reported that were below the District's capitalization policy. Additionally, the District recorded a prior period adjustment for the correction of an error in the calculation of retainage payable in the capital projects fund.

The following is a summary of the prior period adjustments to the net position of the governmental activities:

<b>Net position - beginning of the year</b>	\$ 468,909,867
Restatement due to:	
Effect of correction of an error - capital assets	(4,391,298)
Effect of correction of an error - accounts payable	<u>1,141,112</u>
<b>As restated</b>	<u><u>\$ 465,659,681</u></u>

The fund balance in the governmental funds was restated as follows:

<b>Fund balance - beginning of the year</b>	\$ 348,177,025
Restatement due to:	
Effect of correction of an error - accounts payable	<u>1,141,112</u>
<b>As restated</b>	<u><u>\$ 349,318,137</u></u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Year Ended June 30, 2014

Exhibit G-1

Data Control Codes	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)	
	Original	Final			
<b>Revenues</b>					
5700	Local revenues	\$ 160,000,000	\$ 175,000,000	\$ 179,684,041	\$ 4,684,041
5800	State program revenues	345,252,036	350,210,209	356,402,534	6,192,325
5900	Federal program revenues	7,500,000	8,500,000	5,612,497	(2,887,503)
<b>5020</b>	<b>Total revenues</b>	<u>512,752,036</u>	<u>533,710,209</u>	<u>541,699,072</u>	<u>7,988,863</u>
<b>Expenditures</b>					
<b>Current:</b>					
0011	Instruction	302,160,119	298,290,409	297,145,770	1,144,639
0012	Instruction resources and media services	4,676,363	4,774,001	4,690,114	83,887
0013	Curriculum and instructional staff development	1,425,664	1,814,448	1,473,087	341,361
0021	Instructional leadership	5,582,788	6,604,806	6,181,944	422,862
0023	School leadership	33,555,523	33,939,609	32,577,288	1,362,321
0031	Guidance, counseling and evaluation services	23,023,152	23,580,513	21,339,340	2,241,173
0032	Social work services	926,285	987,489	897,191	90,298
0033	Health services	4,233,634	5,192,138	4,825,517	366,621
0034	Student transportation	36,107,660	34,512,902	32,500,039	2,012,863
0035	Food services				
0036	Extracurricular activities	6,091,599	7,381,738	6,739,137	642,601
0041	General administration	17,246,471	14,465,154	12,481,281	1,983,873
0051	Facilities maintenance and operations	48,054,245	48,458,378	44,575,889	3,882,489
0052	Security and monitoring services	3,900,665	8,975,062	5,870,640	3,104,422
0053	Data processing services	12,851,316	10,999,448	8,141,506	2,857,942
0061	Community services	674,015	662,729	517,956	144,773
<b>Debt Service:</b>					
0071	Principal on long-term debt	333,000	667,000		667,000
0073	Debt issuance costs and fees			3,180	(3,180)
<b>Capital Outlay:</b>					
0081	Facilities acquisition and construction	25,721,879	23,528,554	21,935,992	1,592,562
<b>Intergovernmental:</b>					
0097	Payments to Tax Increment Fund	4,000,000	4,700,000	4,635,157	64,843
0099	Payments to appraisal district	1,432,965	1,462,965	1,455,518	7,447
<b>6030</b>	<b>Total Expenditures</b>	<u>531,997,343</u>	<u>530,997,343</u>	<u>507,986,546</u>	<u>23,010,797</u>
1100	Excess (deficiency) of revenues over expenditures	<u>(19,245,307)</u>	<u>2,712,866</u>	<u>33,712,526</u>	<u>30,999,660</u>
<b>Other Financing Sources (Uses)</b>					
7912	Sale of property			85,276	85,276
8911	Transfers out			(2,711,059)	(2,711,059)
<b>7080</b>	<b>Total other financing sources and uses</b>			<u>(2,625,783)</u>	<u>(2,625,783)</u>
1200	Net change in fund balances	(19,245,307)	2,712,866	31,086,743	28,373,877
<b>0100</b>	<b>Fund balances - beginning</b>	<u>275,829,380</u>	<u>275,829,380</u>	<u>275,829,380</u>	
<b>3000</b>	<b>Fund balances - ending</b>	<u>\$ 256,584,073</u>	<u>\$ 278,542,246</u>	<u>\$ 306,916,123</u>	<u>\$ 28,373,877</u>

See Notes to Required Supplementary Information

**ALDINE INDEPENDENT SCHOOL DISTRICT**

*Exhibit G-2*

**BUDGETARY COMPARISON SCHEDULE**

**CHILD NUTRITION PROGRAM FUND**

*For the Year Ended June 30, 2014*

<b>Data Control Codes</b>	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
5700	Local revenues	\$ 5,426,500	\$ 5,426,500	\$ 4,246,746	\$ (1,179,754)
5800	State program revenues	239,000	239,000	249,584	10,584
5900	Federal program revenues	37,894,491	37,894,491	42,753,182	4,858,691
<b>5020</b>	<b>Total Revenues</b>	<u>43,559,991</u>	<u>43,559,991</u>	<u>47,249,512</u>	<u>3,689,521</u>
<b>Expenditures</b>					
<b>Current:</b>					
0035	Food services	42,808,674	46,692,808	46,824,789	(131,981)
0051	Facilities maintenance and operations	751,317	751,317	557,185	194,132
<b>Capital Outlay:</b>					
0081	Facilities acquisition and construction		8,000,000	200,524	7,799,476
<b>6030</b>	<b>Total Expenditures</b>	<u>43,559,991</u>	<u>55,444,125</u>	<u>47,582,498</u>	<u>7,861,627</u>
1100	Excess (deficiency) of revenues over expenditures		(11,884,134)	(332,986)	11,551,148
<b>Other Financing Sources (Uses)</b>					
7912	Sale of real or personal property			9,540	9,540
7080	<b>Total other financing sources and uses</b>			<u>9,540</u>	<u>9,540</u>
1200	Net change in fund balances		(11,884,134)	(323,446)	11,560,688
<b>0100</b>	<b>Fund balances - beginning</b>	<u>21,707,979</u>	<u>21,707,979</u>	<u>21,707,979</u>	
<b>3000</b>	<b>Fund balances - ending</b>	<u>\$ 21,707,979</u>	<u>\$ 9,823,845</u>	<u>\$ 21,384,533</u>	<u>\$ 11,560,688</u>

See Notes to Required Supplementary Information

**A. Budgets and Budgetary Accounting**

The District adopts annual appropriations type budgets for the General Fund, Child Nutrition Special Revenue Fund, and the Debt Service Fund using the same method of accounting as for financial reporting, as required by law. The remaining Special Revenue Funds (primarily federal grant programs) utilize a managerial type budget approved at the fund level by the Board of Trustees upon acceptance of the grants. These grants are subject to Federal, State and locally imposed project length budgets and monitoring through submission of reimbursement reports. The General Fund Budget report is presented on Exhibit G-1, the Child Nutrition Special Revenue fund budget report and the Debt Service Fund budget report appear on Exhibit G-2 and J-5, respectively.

Expenditures may not legally exceed budgeted appropriations at the function or activity level. Expenditure requests which would require an increase in total budgeted appropriations must be approved by the Trustees through formal budget amendment. State law prohibits trustees from making budget appropriations in excess of funds available and estimated revenues. State law also prohibits amendment of the budget after fiscal year end. Supplemental appropriations were made to the General Fund during the fiscal year ended June 30, 2014. During the fiscal year ended June 30, 2014, the Board of Trustees approved budget amendments decreasing expenditures as follows:

	<u>General Fund</u>	<u>Child Nutrition</u>	<u>Debt Service</u>
Amendments Approved	\$ (1,000,000)	\$ 11,884,134	\$ 754,259

The amendment approved for the Child Nutrition Special Revenue Fund, was to release fund balance to be used towards the new Child Nutrition facility, renovations and replacement, or additional equipment.

The administrative level at which responsibility for control of budgeted appropriations begins is at the organizational level within each function of operations. The finance department reviews closely the expenditure requests submitted by the various organizational heads (principal and department heads) throughout the year to ensure proper spending compliance. No public funds of the District shall be expended in any manner other than as provided for in the budget adopted by the Board of Trustees.

The official school budget was prepared for adoption for budgeted governmental fund types by June 30, 2013. The budget was formally adopted by the Board of Trustees at a duly advertised public meeting prior to the expenditure of funds. The final amended budget is filed with the Texas Education Agency (TEA) through inclusion in the annual financial and compliance report.

**B. Expenditures in Excess of Appropriations**

At the end of the current fiscal year, the District's expenditures exceeded appropriations in the general fund and the child nutrition fund in the following functions:

	<u>General Fund</u>
Bond issuance costs and fees	<u>\$ 3,180</u>
	<u>Child Nutrition</u>
Food services	<u>\$ 131,981</u>



**OTHER SUPPLEMENTARY INFORMATION**

**ALDINE INDEPENDENT SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**ALL NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014

<b>Data Control Codes</b>	<b>205</b>	<b>206</b>	<b>211</b>
	<b>Head Start</b>	<b>ESEA, Title III-B, Education for Homeless Children and Youth</b>	<b>ESEA Title I, A - Improving Basic Ed.</b>
<b>Assets</b>			
1110	Cash and temporary investments	\$	\$
1120	Investments		
<b>Receivables:</b>			
1240	Receivables from other governments	217,303	21,866
1290	Other receivables		9,445,074
<b>1000</b>	<b>Total Assets</b>	<b>\$ 217,303</b>	<b>\$ 21,866</b>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
2110	Accounts payable	\$ 8,958	\$ 492,998
2160	Accrued wages payable	58,173	422,496
2170	Due to other funds	150,172	21,862
2180	Due to other governments		4
2200	Accrued expenditures		24
2300	Unearned revenues		387
<b>2000</b>	<b>Total Liabilities</b>	<b>217,303</b>	<b>21,866</b>
<b>Fund Balance:</b>			
<b>Restricted:</b>			
3470	Capital acquisitions and contractual obligations		
<b>Committed:</b>			
3545	Other purposes		
<b>3000</b>	<b>Total Fund Balances</b>		
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<b>\$ 217,303</b>	<b>\$ 21,866</b>

212	224	225	244	255	263	265
ESEA. Title I, Part C - Education of Migratory Children	IDEA B - Formula	IDEA B - Preschool	Vocational Ed. - Basic	ESEA Title II, A - Training and Recruiting	ESEA Title III, A - English Lang. Acquisition	Title IV, Part B - 21st Century Community Learning Centers
\$	\$	\$	\$	\$	\$	\$ 1,565
39,568	2,344,532	54,566	228,827	815,626	658,728	59,033
<u>\$ 39,568</u>	<u>\$ 2,344,532</u>	<u>\$ 54,566</u>	<u>\$ 228,827</u>	<u>\$ 815,626</u>	<u>\$ 658,728</u>	<u>\$ 60,598</u>
\$ 25,427	\$ 165,914	\$ 27	\$ 866	\$ 14,447	\$ 2,125	\$ 1,097
48	90,448				88,577	13,940
14,093	2,088,170	54,539	227,646	788,892	239,766	38,347
			17			304
			298	12,287	328,260	
						6,910
<u>39,568</u>	<u>2,344,532</u>	<u>54,566</u>	<u>228,827</u>	<u>815,626</u>	<u>658,728</u>	<u>60,598</u>
<u>\$ 39,568</u>	<u>\$ 2,344,532</u>	<u>\$ 54,566</u>	<u>\$ 228,827</u>	<u>\$ 815,626</u>	<u>\$ 658,728</u>	<u>\$ 60,598</u>

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

	272	289	315
<u>Data Control Codes</u>	<u>Medicaid Administrative Claiming Program - MAC</u>	<u>Federally Funded Special Revenue</u>	<u>SSA - IDEA - Part B, Discretionary</u>
<b>Assets</b>			
1110	Cash and temporary investments	\$ 40,036	\$
1120	Investments		
<b>Receivables:</b>			
1240	Receivables from other governments	358,843	28,460
1290	Other receivables		
<b>1000</b>	<b>Total Assets</b>	<u>\$ 358,843</u>	<u>\$ 28,460</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
2110	Accounts payable	\$ 2	\$
2160	Accrued wages payable	1,425	57,275
2170	Due to other funds	357,416	28,460
2180	Due to other governments		
2200	Accrued expenditures		
2300	Unearned revenues	69,212	
<b>2000</b>	<b>Total Liabilities</b>	<u>358,843</u>	<u>28,460</u>
<b>Fund Balance:</b>			
<b>Restricted:</b>			
3470	Capital acquisitions and contractual obligations		
<b>Committed:</b>			
3545	Other purposes		
<b>3000</b>	<b>Total Fund Balances</b>	<u></u>	<u></u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 358,843</u>	<u>\$ 28,460</u>

316	317	340	385	397	404	408
SSA - IDEA - Part B, Deaf	SSA - IDEA - Part B, Preschool Deaf	SSA - IDEA, Part C, Early Intervention (Deaf)	State Supplemental Visually Impaired (SSVI)	Advanced Placement Incentive	Student Success Initiative	Virtual Schools
\$	\$	\$	\$	\$ 12,522	\$	\$ 600
31,063	5,851	1,814				
<u>\$ 31,063</u>	<u>\$ 5,851</u>	<u>\$ 1,814</u>	<u>\$</u>	<u>\$ 12,522</u>	<u>\$</u>	<u>\$ 600</u>
\$ 2,853	\$ 318	\$ 29	\$	\$ 1,543	\$	\$
28,210	5,533	1,785				600
<u>31,063</u>	<u>5,851</u>	<u>1,814</u>	<u></u>	<u>10,979</u> <u>12,522</u>	<u></u>	<u>600</u>
<u>\$ 31,063</u>	<u>\$ 5,851</u>	<u>\$ 1,814</u>	<u>\$</u>	<u>\$ 12,522</u>	<u>\$</u>	<u>\$ 600</u>

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2014**

	410	419	429	
<b>Data Control Codes</b>	<b>Instructional Materials Allotment</b>	<b>Preschool Programs</b>	<b>State Funded Special Revenue Fund</b>	
<b>Assets</b>				
1110	Cash and temporary investments	\$ 114,187	\$ 512	\$
1120	Investments			
<b>Receivables:</b>				
1240	Receivables from other governments			1,854
1290	Other receivables			
<b>1000</b>	<b>Total Assets</b>	<u>\$ 114,187</u>	<u>\$ 512</u>	<u>\$ 1,854</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
2110	Accounts payable	\$ 18,440	\$	\$ 723
2160	Accrued wages payable		512	
2170	Due to other funds			657
2180	Due to other governments			
2200	Accrued expenditures			
2300	Unearned revenues	95,747		474
<b>2000</b>	<b>Total Liabilities</b>	<u>114,187</u>	<u>512</u>	<u>1,854</u>
<b>Fund Balance:</b>				
<b>Restricted:</b>				
3470	Capital acquisitions and contractual obligations			
<b>Committed:</b>				
3545	Other purposes			
<b>3000</b>	<b>Total Fund Balances</b>	<u></u>	<u></u>	<u></u>
<b>4000</b>	<b>Total Liabilities and Fund Balance</b>	<u>\$ 114,187</u>	<u>\$ 512</u>	<u>\$ 1,854</u>

435	461	498	499	699	
SSA - Regional Day School for the Deaf	Campus Activity Fund	AISD Public Facilities Corporation	Locally Defined Special Revenue Fund	Capital Projects	Total Nonmajor Governmental Funds
\$	\$ 1,943,084	\$ 375,190 243,684	\$ 718,867	\$ 10,945,154 36,627,797	\$ 14,151,717 36,871,481
160,243					14,586,206
	7		11,984		11,991
<u>\$ 160,243</u>	<u>\$ 1,943,091</u>	<u>\$ 618,874</u>	<u>\$ 730,851</u>	<u>\$ 47,572,951</u>	<u>\$ 65,621,395</u>
\$ 171	\$ 60,642 20,595	\$	\$ 65,187 73,623	\$ 1,682,897 58,518	\$ 2,569,625 887,173
160,072		332,838			13,068,227 349
				28,867	370,099
			592,041		775,363
<u>160,243</u>	<u>81,237</u>	<u>332,838</u>	<u>730,851</u>	<u>1,770,282</u>	<u>17,670,836</u>
				45,802,669	45,802,669
	1,861,854	286,036			2,147,890
	1,861,854	286,036		45,802,669	47,950,559
<u>\$ 160,243</u>	<u>\$ 1,943,091</u>	<u>\$ 618,874</u>	<u>\$ 730,851</u>	<u>\$ 47,572,951</u>	<u>\$ 65,621,395</u>

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2014*

<b>Data Control Codes</b>	<b>205</b>	<b>206 ESEA, Title III-B, Education for Homeless Children and Youth</b>	<b>211 ESEA Title I, A - Improving Basic Ed.</b>
	<b>Head Start</b>		
<b>Revenues</b>			
5700	\$	\$	\$
5800			
5900	3,673,816	28,084	27,026,515
<b>5020</b>	<b>3,673,816</b>	<b>28,084</b>	<b>27,026,515</b>
<b>Expenditures</b>			
<b>Current:</b>			
0011	2,393,235	6,434	22,974,427
0012			62,018
0013	3,643		2,527,543
0021	203,836	3,729	383,894
0023	575,897		206,036
0031			893
0032	208,996	4,284	
0033	279,963		79,354
0034		7,160	
0036			
0041		6,477	322,547
0051	1,347		
0052			
0053			52,675
0061	6,899		417,128
<b>Debt service:</b>			
0071			
0072			
<b>Capital outlay:</b>			
0081			
<b>6030</b>	<b>3,673,816</b>	<b>28,084</b>	<b>27,026,515</b>
1100			
<b>Other Financing Sources (Uses)</b>			
7911			
7915			
7916			
<b>7080</b>			
1200			
<b>0100</b>			
<b>3000</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>



212 ESEA. Title I, Part C - Education of Migratory Children	224 IDEA B - Formula	225 IDEA B - Preschool	244 Vocational Ed. - Basic	255 ESEA Title II, A - Training and Recruiting	263 ESEA Title III, A - English Lang. Acquisition	265 Title IV, Part B - 21st Century Community Learning Centers
\$	\$	\$	\$	\$	\$	\$
59,725	11,220,322	350,192	865,904	2,924,250	3,233,888	634,592
59,725	11,220,322	350,192	865,904	2,924,250	3,233,888	634,592
4,572	7,811,237	337,722	648,744	1,765,104	764,296	218,394
	603,254	1,295	62,401	1,053,448	2,336,716	3,409
843	531,060	2,881		41,376	3,545	
350	12,030			11,940	3,318	30
700	1,657,521	8,294	23,625			
49,151	56,864					355,140
	531,335					
	5,549					
3,658				52,382	7,542	57,619
111					507	
340	11,472		131,079		117,964	
59,725	11,220,322	350,192	865,849	2,924,250	3,233,888	634,592
			55			
			55			
			(55)			
\$	\$	\$	\$	\$	\$	\$

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
*For the Year Ended June 30, 2014*

	272	289	315
<b>Data Control Codes</b>	<b>Medicaid Administrative Claiming Program - MAC</b>	<b>Federally Funded Special Revenue</b>	<b>SSA - IDEA - Part B, Discretionary</b>
<b>Revenues</b>			
5700	Local, intermediate, and out-of-state	\$	\$
5800	State program revenues		
5900	Federal program revenues	290,336	71,429
<b>5020</b>	<b>Total Revenues</b>	<u>290,336</u>	<u>71,429</u>
<b>Expenditures</b>			
<b>Current:</b>			
0011	Instruction	152,945	71,334
0012	Instruction resources and media services		
0013	Curriculum and instructional staff development	7,152	
0021	Instructional leadership		
0023	School leadership	61,873	
0031	Guidance, counseling and evaluation services	106,692	95
0032	Social work services	290,336	
0033	Health services		
0034	Student transportation	1,035,140	
0036	Extracurricular activities		
0041	General administration		
0051	Facilities maintenance and operations	892	
0052	Security and monitoring services	117,136	
0053	Data processing services		
0061	<b>Community services</b>		
<b>Debt service:</b>			
0071	Principal on long-term debt		
0072	Interest on long-term debt		
<b>Capital outlay:</b>			
0081	Capital outlay		
<b>6030</b>	<b>Total Expenditures</b>	<u>290,336</u>	<u>71,429</u>
1100	Excess (deficiency) of revenues over expenditures		
<b>Other Financing Sources (Uses)</b>			
7911	Capital-related debt issued (regular bonds)		
7915	Transfers in		
7916	Premium or discount on issuance of bonds		
<b>7080</b>	<b>Total other financing sources and uses</b>		
1200	Net change in fund balances		
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>		
	Prior period adjustment		
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$</u>	<u>\$</u>

316	317	340	385	397	404	408
SSA - IDEA - Part B, Deaf	SSA - IDEA - Part B, Preschool Deaf	SSA - IDEA, Part C, Early Intervention (Deaf)	State Supplemental Visually Impaired (SSVI)	Advanced Placement Incentive	Student Success Initiative	Virtual Schools
\$	\$	\$	\$	\$	\$	\$
			20,000	30	3,728	
47,908	7,656	1,882		11,659		
<u>47,908</u>	<u>7,656</u>	<u>1,882</u>	<u>20,000</u>	<u>11,689</u>	<u>3,728</u>	
43,835	7,656	1,882	20,000	8,682	3,728	
3,449				429		
154						
343				2,578		
127						
<u>47,908</u>	<u>7,656</u>	<u>1,882</u>	<u>20,000</u>	<u>11,689</u>	<u>3,728</u>	
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - ALL NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2014**

	410	419	429
<b>Data Control Codes</b>	<b>Instructional Materials Allotment</b>	<b>Preschool Programs</b>	<b>State Funded Special Revenue Fund</b>
<b>Revenues</b>			
5700	Local, intermediate, and out-of-state	\$	\$
5800	State program revenues	2,687,786	2,874
5900	Federal program revenues	6,425	\$
<b>5020</b>	<b>Total Revenues</b>	<u>2,687,786</u>	<u>2,874</u>
<b>Expenditures</b>			
<b>Current:</b>			
0011	Instruction	2,667,245	2,245
0012	Instruction resources and media services		27
0013	Curriculum and instructional staff development		602
0021	Instructional leadership		
0023	School leadership		5,901
0031	Guidance, counseling and evaluation services		
0032	Social work services		
0033	Health services		
0034	Student transportation		
0036	Extracurricular activities		
0041	General administration		
0051	Facilities maintenance and operations	20,541	74
0052	Security and monitoring services		
0053	Data processing services		
0061	Community services		
<b>Debt service:</b>			
0071	Principal on long-term debt		
0072	Interest on long-term debt		
<b>Capital outlay:</b>			
0081	Capital outlay		
<b>6030</b>	<b>Total Expenditures</b>	<u>2,687,786</u>	<u>2,874</u>
1100	Excess (deficiency) of revenues over expenditures		
<b>Other Financing Sources (Uses)</b>			
7911	Capital-related debt issued (regular bonds)		
7915	Transfers in		
7916	Premium or discount on issuance of bonds		
<b>7080</b>	<b>Total other financing sources and uses</b>		
1200	Net change in fund balances		
<b>0100</b>	<b>Fund balance - July 1 (beginning)</b>		
	Prior period adjustment		
<b>3000</b>	<b>Fund balance - June 30 (ending)</b>	<u>\$</u>	<u>\$</u>

435	461	498	499	699	
SSA - Regional Day School for the Deaf	Campus Activity Fund	AISD Public Facilities Corporation	Locally Defined Special Revenue Fund	Capital Projects	Total-Other Governmental Funds
\$ 978,110	\$ 3,619,255	\$	\$ 743,318 4,000	\$ 36,347	\$ 4,398,920 3,702,953 51,929,988
978,110	3,619,255		747,318	36,347	60,031,861
960,627	563,939 556,968 117,920		132,710 421,789 47,920 47,588	1,126,948	42,687,941 619,013 7,143,500 1,219,238 1,714,622
17,483	787,081 11,913 553 2,483 89 1,178,405		10,717 28,781 151,156 5,000 11,045		1,827,559 976,041 893,135 1,048,065 1,207,186 601,381
	29,828 26,715 15,771			120,879	178,561 154,896 53,293 723,943
		285,000 47,838		155,154	440,154 47,838
				10,654,629	10,654,629
978,110	3,291,665	332,838	879,996	12,057,610	72,190,995
	327,590	(332,838)	(132,678)	(12,021,263)	(12,159,134)
				36,295,000	36,295,000
		661,822	221,829	1,827,408	2,711,059
				868,126	868,126
		661,822	221,829	38,990,534	39,874,185
	327,590	328,984	89,151	26,969,271	27,715,051
	1,534,264		(89,151)	17,692,286	19,137,344
				1,141,112	1,141,112
\$	\$ 1,861,854	\$ 286,036	\$	\$ 45,802,669	\$ 47,993,507

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## **REQUIRED TEA SCHEDULES**

**ALDINE INDEPENDENT SCHOOL DISTRICT**

**SCHEDULE OF DELINQUENT TAXES RECEIVABLE**

*For the Year Ended June 30, 2014*

<u>Last Ten Fiscal Years</u>	<u>Tax Rates</u>		<u>Net Assessed/Appraised Value For School Tax Purposes</u>	<u>Beginning Balance 7/1/2013</u>
	<u>Maintenance</u>	<u>Debt Service</u>		
2005 and prior	Various	Various	Various	\$ 7,573,958
2006	1.640000	0.069000	8,521,469,514	1,491,427
2007	1.494000	0.110000	8,673,670,364	1,561,244
2008	1.133800	0.143600	11,570,731,145	1,711,136
2009	1.133000	0.159000	11,453,923,555	2,347,873
2010	1.133000	0.167000	11,592,455,956	2,624,485
2011	1.133388	0.167156	12,876,363,061	3,014,858
2012	1.133388	0.195000	13,099,407,231	3,695,495
2013	1.133400	0.195000	13,606,182,550	6,854,480
2014	1.133388	0.172500	15,077,188,319	
<b>1000 Totals</b>				<u><u>\$ 30,874,956</u></u>
	Penalty and interest receivable on taxes			
	<b>Total taxes receivable per Exhibit C-1</b>			
9000	Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code			<u><u>\$ -</u></u>



*Exhibit J-1*

<b>20</b>	<b>31</b>	<b>32</b>	<b>40</b>	<b>50</b>
<b>Current Year's Total Levy</b>	<b>Maintenance Total Collections</b>	<b>Debt Service Total Collections</b>	<b>Entire Year's Adjustments</b>	<b>Ending Balance 6/30/2014</b>
\$	\$ 335,288	\$ 21,402	\$ (748,368)	\$ 6,468,900
	105,362	4,433	(22,852)	1,358,780
	68,321	5,030	(108,326)	1,379,567
	172,938	21,903	(70,894)	1,445,401
	524,216	73,566	215,009	1,965,100
	654,576	96,482	243,610	2,117,037
	760,739	112,196	145,860	2,287,783
	841,995	144,866	13,173	2,721,807
	1,537,387	264,508	(1,549,426)	3,503,159
<u>196,891,193</u>	<u>165,609,591</u>	<u>25,205,538</u>		<u>6,076,064</u>
<u>\$ 196,891,193</u>	<u>\$ 170,610,413</u>	<u>\$ 25,949,924</u>	<u>\$ (1,882,214)</u>	<u>29,323,598</u>
				<u>19,446,309</u>
				<u>\$ 48,769,907</u>
<u>\$ -</u>	<u>\$ 4,635,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ALDINE INDEPENDENT SCHOOL DISTRICT**

*Exhibit J-5*

**BUDGETARY COMPARISON SCHEDULE**

**DEBT SERVICE FUND**

*For the Year Ended June 30, 2014*

<b>Data Control Codes</b>		<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>	<b>Variance with Final Budget - Positive (Negative)</b>
		<b>Original</b>	<b>Final</b>		
	<b>Revenues</b>				
5700	Local and intermediate sources	\$ 24,667,956	\$ 26,259,724	\$ 26,451,039	\$ 191,315
5800	State program revenues	13,033,928	14,203,913	14,836,972	633,059
<b>5020</b>	<b>Total Revenues</b>	<u>37,701,884</u>	<u>40,463,637</u>	<u>41,288,011</u>	<u>824,374</u>
	<b>Expenditures</b>				
	<b>Current:</b>				
	<b>Debt Service:</b>				
0071	Principal on long-term debt	20,865,741	21,620,000	21,620,000	
0072	Interest on long-term debt	18,003,328	18,003,328	18,003,328	
<b>6030</b>	<b>Total Expenditures</b>	<u>38,869,069</u>	<u>39,623,328</u>	<u>39,623,328</u>	
1100	Excess (deficiency) of revenues over expenditures	<u>(1,167,185)</u>	<u>840,309</u>	<u>1,664,683</u>	<u>824,374</u>
	<b>Other Financing Sources (Uses)</b>				
7911	Capital-related Debt Issued (Regular Bonds)		35,176,723	31,330,000	3,846,723
7916	Premium or discount on issuance of bonds			4,159,019	(4,159,019)
8949	Payment to Bond Refunding Escrow Agent		(34,911,643)	(34,911,644)	(1)
<b>7080</b>	<b>Total other financing sources and uses</b>		<u>265,080</u>	<u>577,375</u>	<u>(312,297)</u>
1200	Net change in fund balances	(1,167,185)	1,105,389	2,242,058	
<b>0100</b>	<b>Fund balances - beginning</b>	<u>31,545,270</u>	<u>31,545,270</u>	<u>31,545,270</u>	
<b>3000</b>	<b>Fund balances - ending</b>	<u>\$ 30,378,085</u>	<u>\$ 32,650,659</u>	<u>\$ 33,787,328</u>	<u>\$</u>

**FEDERAL AWARDS SECTION**

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Aldine Independent School District  
Houston, 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 Aldine Independent School District (the “District”), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated November 17, 2014.

**Internal Control Over Financial Reporting**

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

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

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

To the Board of Trustees  
Aldine Independent School District

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, professional style.

Houston, Texas  
November 17, 2014

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

To the Board of Trustees  
Aldine Independent School District  
Houston, Texas

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

To the Board of Trustees  
Aldine Independent School District

### **Other Matters**

The results of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item #2013-002. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Report on Internal Control Over Compliance**

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

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

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

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



Houston, Texas  
November 17, 2014



**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2014*

**I. Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency (ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) OMB Circular A-133?	No

Identification of major programs

Name of Federal Program or Cluster CFDA Numbers

**US Department of Agriculture**

*Child Nutrition Cluster:*

National School Lunch Program	10.555
School Breakfast Program	10.553
USDA Donated Commodities	10.555
Child and Adult Care Food Program	10.558

**Environmental Protection Agency**

National Clean Diesel Emissions Reduction Program	66.039
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**US Department of Education**

*Special Education Cluster (IDEA):*

Special Education – Grants to States (IDEA, Part B)	84.027A
Special Education – Preschool Grants (IDEA Preschool)	84.173A

**US Department of Health and Human Services**

Head Start	93.600
Medical Assistance Program (Medicaid; Title XIX)	93.778

Dollar Threshold Considered Between Type A and Type B Federal Programs \$2,862,221

Auditee qualified as low-risk auditee? Yes

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**For the Year Ended June 30, 2014**

**II. Financial Statement Findings**

There are no financial statement findings during the current fiscal year

**III. Federal Awards Findings And Questioned Costs**

**Finding #2013-002**

**Child Nutrition Cluster: National School Lunch Program (CFDA #10.555) and School Breakfast Program (CFDA#10.553)**

*Criteria:* Per Section 14.2 of the Texas Department of Agriculture’s Administrative Reference Manual and as also referenced in Section 1.3.2.4 of the Texas Education Agency’s (“TEA”) Financial Accountability Resource Guide, the Child Nutrition fund (fund 240) fund balance cannot exceed three months of average expenditures.

*Condition:* At June 30, 2014, the District’s Child Nutrition fund balance exceed three months average expenditures by \$7,098,648.

*Questioned Costs:* None

*Effect:* The District is not in compliance with the Texas Department of Agriculture’s fund balance requirement.

*Cause:* Although the District has a plan in place and was in the process of expending funds for improvements to the child nutrition program, current year expenditures did not reduce fund balance below the three months average fund balance requirement.

*Recommendation:* The District should evaluate its future spending to ensure its Child Nutrition fund balance is in compliance with the Texas Department of Agriculture’s fund balance requirement.

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
*For the Year Ended June 30, 2014*

**IV. Status Of Prior Year Findings**

**Finding #2013-001:**                                 **Status:** Resolved; No similar instances noted during the current  
 General Ledger Maintenance                         fiscal year.

**Finding #2013-002:**                                 **Status:** Partially resolved; This situation continues to exist, see  
 Excess Child Nutrition fund                         Finding # 2013-002.  
 balance

**V. Corrective Action Plan**

**Finding #2013-002:**                                 **Contact Person:** Ms. Anne Hazzan, Assistant Superintendent of  
 Excess Child Nutrition fund                         Finance  
 balance

**Response:** The District understands the rules and is continuously working to adhere to them. The fund balance has been released to be used towards the new Child Nutrition facility, renovations and replacement, or additional equipment.

**Estimated Completion Date:** June 30, 2015

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2014

*Exhibit K-1*  
Page 1 of 3

(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(3) Federal Expenditures
<b>U.S. Department of Justice</b>			
DJ-11-A10-26822-01	<i>Edward Byrne Memorial Justice Assistance Grant Program</i>	16.738	\$ 119,440
2673801	<i>HOPE Helping Others Pursue Excellence</i>	16.540	<u>106,690</u>
<b>Total U.S. Department of Justice</b>			<u>226,130</u>
<b>National Science Foundation</b>			
<b>Passed Through Texas A&amp;M Research Foundation:</b>			
DRL-0822343	<i>Education and Human Resources Grant (ERH)</i>	47.076	<u>851</u>
<b>Total National Science Foundation</b>			<u>851</u>
<b>Environmental Protection Agency</b>			
00F62701	<i>National Clean Diesel Emissions Reduction Program</i>	66.039	<u>873,952</u>
<b>Total Environmental Protection Agency</b>			<u>873,952</u>
<b>U.S. Department of Education</b>			
<b>Passed Through Texas Education Agency:</b>			
13610101101902	<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	2,544,232
14610101101902	<i>ESEA Title I, Part A - Improving Basic Programs</i>	84.010A	24,761,850
146101121019020103	<i>Title I - Focus and Priority School Grant</i>	84.010A	9,901
14610112101902000	<i>Title I - Focus and Priority School Grant</i>	84.010A	4,789
14610112101902121	<i>Title I - Focus and Priority School Grant</i>	84.010A	5,347
14610112101902124	<i>Title I - Focus and Priority School Grant</i>	84.010A	5,625
14610112101902132	<i>Title I - Focus and Priority School Grant</i>	84.010A	6,800
14610112101902068	<i>Title I - Focus and Priority School Grant</i>	84.010A	10,335
14610112101902127	<i>Title I - Focus and Priority School Grant</i>	84.010A	4,856
14610112101902125	<i>Title I - Focus and Priority School Grant</i>	84.010A	3,581
14610112101902102	<i>Title I - Focus and Priority School Grant</i>	84.010A	6,827
14610112101902105	<i>Title I - Focus and Priority School Grant</i>	84.010A	9,726
14610112101902013	<i>Title I - Focus and Priority School Grant</i>	84.010A	36,279
14610112101902114	<i>Title I - Focus and Priority School Grant</i>	84.010A	10,428
13610104101902061	<i>Title I - School Improvement Program</i>	84.010A	1,535
13610104101902105	<i>Title I - School Improvement Program</i>	84.010A	12,665
13610104101902000	<i>Title I - School Improvement Program</i>	84.010A	3,482
13610104101902069	<i>Title I - School Improvement Program</i>	84.010A	8,473
13610104101902005	<i>Title I - School Improvement Program</i>	84.010A	12,928
13610104101902046	<i>Title I - School Improvement Program</i>	84.010A	8,133
13610104101902068	<i>Title I - School Improvement Program</i>	84.010A	1,113
13610104101902045	<i>Title I - School Improvement Program</i>	84.010A	1,535
13610104101902044	<i>Title I - School Improvement Program</i>	84.010A	(569)
13615001101902	<i>Title I - Part C - Migrant Education Program</i>	84.011A	799
14615001101902	<i>Title I - Part C - Migrant Education Program</i>	84.011A	59,176
136600011019026000	<i>IDEA Part B - Formula*</i>	84.027A	257,856
146600011019026600	<i>IDEA Part B - Formula*</i>	84.027A	11,130,211

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2014

*Exhibit K-1*  
Page 2 of 3

(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(3) Federal Expenditures
<b>U.S. Department of Education (continued)</b>			
<b>Passed Through Texas Education Agency (continued):</b>			
136600011019026000	<i>IDEA Part B - Formula (Deaf)*</i>	84.027A	\$ 3,011
146600011019026601	<i>IDEA Part B - Formula (Deaf)*</i>	84.027A	45,208
136600021019026673	<i>IDEA Part B - Discretionary (Deaf)*</i>	84.027A	21,390
146600111019026673	<i>IDEA Part B - Discretionary (Deaf)*</i>	84.027A	50,039
136610011019026000	<i>IDEA Part B - Preschool*</i>	84.173A	6,567
146610011019026610	<i>IDEA Part B - Preschool*</i>	84.173A	349,034
136610011019026000	<i>IDEA Part B - Preschool (Deaf)*</i>	84.173A	151
146610011019026611	<i>IDEA Part B - Preschool (Deaf)*</i>	84.173A	7,547
14420006101902	<i>Carl D. Perkins Career and Technical Basic Grant</i>	84.048A	881,036
133911011019023000	<i>IDEA Part C - Early Intervention</i>	84.181A	68
143911011019023911	<i>IDEA Part C - Early Intervention</i>	84.181A	1,814
2501201	<i>Advanced Placement Incentive - IB Exam Reimbursement</i>	84.330B	11,659
13671001101902	<i>ESEA Title III, Part A - English Language Acquisition</i>	84.365A	1,141,161
14671001101902	<i>ESEA Title III, Part A - English Language Acquisition</i>	84.365A	2,127,203
13694501101902	<i>ESEA Title II, Part A - Teacher &amp; Principal Training</i>	84.367A	407,713
14694501101902	<i>ESEA Title II, Part A - Teacher &amp; Principal Training</i>	84.367A	2,566,941
69551202	<i>Summer School (LEP)</i>	84.369A	38,004
69551302	<i>Summer School (LEP)</i>	84.369A	51,004
<b>Total Passed Through Texas Education Agency</b>			<b>46,627,463</b>
<b>Passed Through Harris County Department of Education</b>			
136950167110020	<i>Title IV, Part B - 21st Century Community Learning Centers (CASE)</i>	84.287C	169,593
146950167110020	<i>Title IV, Part B - 21st Century Community Learning Centers (CASE)</i>	84.287C	190,275
126950147110001	<i>Title IV, Part B - 21st Century Community Learning Centers (CASE)</i>	84.287C	26,403
136950147110001	<i>Title IV, Part B - 21st Century Community Learning Centers (CASE)</i>	84.287C	253,051
<b>Total Passed Through Harris County Department of Education</b>			<b>639,322</b>
<b>Passed Through Education Service Center Region 10:</b>			
13-066	<i>Education for Homeless Children and Youth</i>	84.196A	3,257
14-003	<i>Education for Homeless Children and Youth</i>	84.196A	24,888
<b>Total Passed Through Education Service Center Region 10:</b>			<b>28,145</b>
<b>Total U.S. Department of Education</b>			<b>47,294,930</b>

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2014

*Exhibit K-1*  
Page 3 of 3

(2A) Pass Through Entity Identifying Number	(1) Federal Grantor/ Pass-Through Grantor/ Program Title	(2) Federal CFDA Number	(3) Federal Expenditures
<b>U.S. Department of Health and Human Services</b>			
<b>Passed Through Harris County Department of Education:</b>			
2814CCMC24	<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</i>	93.596	\$ 161,118
133914017110001	<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</i>	93.596	58,993
133914017110001	<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund</i>	93.596	5,742
<b>Total Passed Through Harris County Department of Education</b>			<u>225,853</u>
<b>Passed Through University of Texas Health Science Center Houston:</b>			
5TP1AH000072-02	<i>Abstinence EducationProgram</i>	93.235	3,718
5TP1AH000072-04	<i>Abstinence EducationProgram</i>	93.235	64,615
<b>Total Passed Through University of Texas Health Science Center Houston</b>			<u>68,333</u>
<b>Passed Through Avance, Inc:</b>			
06CH7 000-0016	<i>Head Start</i>	93.600	1,683,274
06CH7 000-0017	<i>Head Start</i>	93.600	1,990,542
<b>Total Passed Through Avance, Inc:</b>			<u>3,673,816</u>
<b>Passed Through Texas Health and Human Services:</b>			
529-07-015700121	<i>Medicaid Administrative Claim Program (MAC)</i>	93.778	290,336
<b>Total Passed Through Texas Health and Human Services</b>			<u>290,336</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>4,258,338</u>
<b>U.S. Department of Agriculture</b>			
<b>Passed Through Texas Department of Agriculture:</b>			
Non Cash Assistance (Commodities):			
1010002A	<i>National School Lunch Program**</i>	10.555	2,486,904
Cash Assistance:			
N/A	<i>Fresh Fruits and Vegetables Program</i>	10.582	830,652
00513	<i>Child and Adult Care Food Program</i>	10.558	990,470
<b>Total Passed Through Texas Department of Agriculture:</b>			<u>4,308,026</u>
<b>Passed Through Texas Department of Education:</b>			
Cash Assistance:			
71301401	<i>National School Lunch Program**</i>	10.555	27,682,669
71401401	<i>School Breakfast Program**</i>	10.553	10,762,487
<b>Total Passed Through Texas Department of Education:</b>			<u>38,445,156</u>
<b>Total Department of Agriculture</b>			<u>42,753,182</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 95,407,383</u>

\*Special Education Cluster  
\*\*Child Nutrition Cluster

**Note 1 -Basis of Accounting**

The District accounts for all awards under federal programs in the General and Certain Special Revenue Funds in accordance with the Texas Education Agency's *Financial Accountability System Resource Guide*. These programs are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used for these funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the liability is incurred, if measurable, except for certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of specified project periods

**Note 2 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.

**Note 3 - Reconciliation to Basic Financial Statements**

The following is a reconciliation of expenditures of federal awards program per Exhibit K-1 and expenditures reported on Exhibit C-3:

<b>Total Expenditures of Federal Awards - Exhibit K-1</b>	\$ 95,407,383
Medicaid SHARS	4,596,417
E-Rate Reimbursements	291,867
<b>Total Federal Revenue - Exhibit C-3</b>	<u>\$ 100,295,667</u>

**Note 4 - General Fund Expenditures**

Federal Awards reported in the general fund are summarized as follows:

Medicaid SHARS	\$ 4,596,417
E-Rate Reimbursements	291,867
Indirect Costs	
ESEA Title I, Part A - Improving Basic Programs	443,356
Title I - Part C - Migrant Education Program	250
IDEA Part B - Formula	168,056
IDEA Part B - Preschool	5,451
Carl D. Perkins Career and Technical Basic Grant	15,132
ESEA Title III, Part A - English Language Acquisition and Language Enhancement	34,476
ESEA Title II, Part A - Teacher & Principal Training and Recruiting	50,404
Edward Byrne Memorial Justice Assistance Grant Program	2,297
Education for Homeless Children and Youth	61
Title IV, Part B - 21st Century Community Learning Centers (CASE)	4,730
	<u>\$ 5,612,497</u>



**DO NOT BIND IN REPORT**

**ALDINE INDEPENDENT SCHOOL DISTRICT**  
***Required Responses to Selected School First Indicators***  
***For the Year Ended June 30, 2014***

***Exhibit L-1***

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