

ANTHONY INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL AND COMPLIANCE REPORTS
FOR THE YEAR ENDED AUGUST 31, 2014

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ANTHONY INDEPENDENT SCHOOL DISTRICT

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CERTIFICATE OF BOARD

Anthony Independent School District
Name of School District

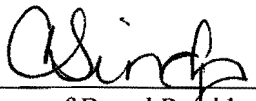
El Paso County
County

071-906
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2014, at a meeting of the board of trustees of such school district on the 21st day of January 2015.



Signature of Board ~~Secretary~~ V.P.



Signature of Board President

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

(attach list as necessary)

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FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Trustees
Anthony Independent School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Anthony Independent School District, as of August 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note I to the financial statements, in 2014, Anthony Independent School District adopted new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

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 9 through 20 and 60, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anthony Independent School District's financial statements. The combining and individual nonmajor fund financial statements and required TEA schedules, 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 the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not part of the basic financial statements.

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

The required TEA schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2015, on our consideration of the Anthony Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Anthony Independent School District's internal control over financial reporting and compliance.

Gibson, Ruddock, Patterson LLC
El Paso, Texas
January 15, 2015

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MANAGEMENT'S DISCUSSION & ANALYSIS

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Management's Discussion and Analysis

As management of the Anthony Independent School District (District), we offer readers of the Anthony Independent School District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended August 31, 2014. Please read it in conjunction with the independent auditors report, and the District's Basic Financial Statements.

Financial Highlights

- The assets of the Anthony Independent School District exceeded its liabilities at the end of the fiscal year by \$8,781,080 (net position). Of this amount, \$2,403,668 (unrestricted) may be used to meet the District's ongoing obligations to creditors and residents.
- The District's total net position decreased by \$577,981 for fiscal year 2014. The decrease can be attributed to a change in accounting principal as required by GASB 65 to write off unamortized debt issuance costs from prior periods and to a decline in state aid which can be attributed to a decline in student population and an increase in expenditures due to an increase in salary and wages.
- At the end of the fiscal year, the Anthony Independent School District's governmental funds reported combined ending fund balances of \$5,449,501, a decrease of \$269,333 from the prior fiscal year. This is a result of the following: a decrease of \$108,534 in the general fund, a decrease of \$210,799 in the capital projects fund, an increase of \$17,349 in the debt service fund and an increase of \$32,651 in the other funds fund.
- At the end of the fiscal year, the unassigned fund balance for the general fund was \$2,005,784 or 24.2% of general fund expenditures.
- The District's Child Nutrition Program reported an ending restricted fund balance in fiscal year 2014 of \$252,650, a decrease of \$66,433. This was a planned decrease to reduce fund balance to below three months operating expenditures.
- Beginning with fiscal year 2014, the District implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities" which establishes accounting and financial reporting standards that reclassify and recognize certain items that were previously reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Anthony Independent School District's basic financial statements. The Anthony Independent School 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 other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

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

The *statement of net position* presents information on all the Anthony Independent School District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and 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 cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g., uncollected taxes).

Both the statement of *net position* and the *statement of activities* distinguish functions of the Anthony Independent School District that are primarily supported by property taxes and federal and state revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the Anthony Independent School District included education, bus transportation, food service, and community service. The District does not have any business-type activities.

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 Anthony Independent School District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Anthony Independent School District can be divided into two categories: governmental 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 government'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 the fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Anthony Independent School District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statements of revenues, expenditures, and changes in fund balance for the general fund, capital projects and other funds. The general fund and capital projects funds are considered major funds. The other funds- the debt services fund, and other special revenue funds-are not major funds and as such are listed in the "other funds" column. Should the District add another non-major fund, it would be combined with the special revenue funds into the "other funds" column, in 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 this report.

The Anthony Independent School District adopts an annual appropriated budget for its general fund (which includes Food Service). A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds

Fiduciary funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Anthony Independent School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Government-wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of a district's financial position. In the case of the Anthony Independent School District, assets exceeded liabilities by \$8,781,080 at the end of the fiscal year.

A review of Anthony Independent School District's Statement of Net Position shows that the largest portion of assets (58.16 %) is its investment of capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The Anthony Independent School District uses these capital assets to educate the children of Anthony Independent School District; therefore, these assets are not available for future spending. Although, Anthony Independent School 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. The second largest portion of the District's assets is in cash and cash equivalents, which represent 35.74% of total assets. The Anthony Independent School District's net position is listed below:

Anthony Independent School District's Net Position

	Governmental Activities	
	2014	2013
Current and Other Assets	6,689,405	6,707,532
Capital Assets	9,299,552	9,560,399
Restricted Assets	1,000	1,000
Total Assets	15,989,957	16,268,931
Long-term Liabilities Outstanding		
Due Within One Year	173,247	150,000
Due in More Than One Year	5,892,610	6,078,613
Other Liabilities	1,149,612	681,257
Total Liabilities	7,215,469	6,909,870
Net Position:		
Invested in Capital Assets, Net of Related Debt	6,024,278	6,537,436
Restricted for Federal & State Programs	321,636	407,575
Restricted for Debt Service	21,517	178
Restricted for Campus Activities	13,971	9,628
Restricted for Other Purposes	-	300,000
Unrestricted	2,399,678	2,104,244
Total Net Position	8,781,080	9,359,061

A significant portion of the Anthony Independent School District's net position (68.61%) is invested in capital assets (net of related debt). A much smaller amount is subjected to external restrictions regarding how they may be used. These restrictions pertain to Federal & State Programs (3.67%), Debt Service (0.23%), and Campus Activities (0.16%) respectively. A portion of the District's net position (27.33%) is unrestricted in nature and may be used at the discretion of the District and to meet ongoing obligations to creditors or stakeholders.

Governmental Activities

Governmental activities decreased the Anthony Independent School District's net position by \$373,713. This changed the District's financial condition. Another important consideration is the District's liquidity, that is, its ability to convert assets into cash to pay for obligations and commitments. With cash and cash equivalents and due from other governments representing 40.88% of assets, the District's current ratio is 4.94, indicating a strong short term position. During the fiscal year, the District experienced the following:

- An increase in the taxable assessed property values which resulted in an increase in local tax revenues. To maximize state funding, the District's Board approved a tax rate for maintenance and operations at \$1.04 per one hundred dollars of assessed property valuation (the state maximum without voter approval). The AISD's experienced a slight increase in the debt service rate from \$0.1300 to \$0.1582. As a result of the above actions, the District increased the property tax rate from \$1.1700 in the prior year to \$1.1982 for the current fiscal year.
- The Anthony Independent School District collected 98.00% of its property taxes as a percentage of the levy. Please note that the collection rate for the prior year was 98.87%. In comparison to prior year's collection rate, AISD had a small decrease of 0.87%.
- The District earned \$5,171 in investment earnings for the current fiscal year. The District utilizes the Lone Star Investment Pool and Wells Fargo Bank.

The major elements of the District's governmental activities that contributed to the decrease in the change in net position are listed on the next page.

Anthony Independent School District's Changes in Net Position

	Governmental Activities	
	2014	2013
Revenues		
<i>Program Revenues:</i>		
Charges for Sevices	74,602	63,155
Operating Grants and Contributions	2,369,798	2,141,268
<i>General Revenues:</i>		
Local Property Taxes	2,073,359	1,853,449
State Revenues	5,163,684	5,049,438
Other	30,399	51,847
Total Revenues	9,711,842	9,159,157
Expenses:		
Instruction	4,612,171	4,344,267
Instruction Resources & Media Services	233,721	221,600
Curriculum & Instructional Staff Development	244,188	238,605
Instructional Leadership	95,844	85,527
School Leadership	495,745	486,446
Guidance, Counseling & Evaluation Services	320,507	254,427
Social Work Services	-	-
Health Services	123,022	124,813
Student (Pupil) Transportation	174,786	182,637
Food Services	1,104,248	817,585
Cocurricular Activities	529,848	412,849
General Administration	614,712	508,636
Plant, Maintenance & Operations	937,197	874,893
Security & Monitoring	58,645	33,578
Data Processing Services	262,938	183,102
Community Services	39,700	53,528
Debt Service-Interest on Long Term Debt	197,630	126,230
Debt Service-Bond Issuance Costs & Fees	-	15,678
Facilities Acquisition and Construction	7,574	11,957
Payments to Fiscal Agent/Member District of SSA	6,962	9,369
Other Intergovernmental Charges	26,117	22,295
Total Expenses	10,085,555	9,008,022
Transfers		
Changes in Net Postion	(373,713)	151,135
Net Postion - Beginning	9,359,061	9,207,926
Prior Period Adjustment	(204,268)	-
Net Postion - Ending	8,781,080	9,359,061

General Fund Budgetary Highlights

The original budget for the Anthony Independent School District was increased by approximately \$43,000. The differences between the original budget and the final amended budget were due to projected increases in expenditures over the original estimates.

The Board of the Anthony Independent School District adopted a fiscal budget of \$8,437,870 for expenditures as well as the revenues of \$8,272,603 on August 21, 2013 for the current fiscal year. Expenditures exceeded revenues due to a planned decrease in the food service fund balance. At year end, the final budget had increased by approximately \$43,000 due to investments in capital assets in Extracurricular Activities \$30,000 and minor improvements in Facilities Maintenance & Operations \$13,000.

Overall, there were projected decreases in expenditures in Direct Instruction of approximately \$79,800, Transportation \$30,000, and Data Processing Services \$7,280. There were projected increases in expenditures in Curriculum & Instructional Staff Development - \$15,952, Instructional Leadership \$35,318, Extracurricular Activities \$30,000, General Administration \$31,231 and Facilities Maintenance and Operations \$45,050. There were also small increases and decreases in other functions of approximately \$2,529.

A review of the final budget and actual budget results (expenditures) in the general fund indicate that the District exceeded final budget amounts, on a per function basis, in two functions (Direct Instruction 11 - \$90,220 and Instructional Leadership 21 - \$6,387. This was not deemed material in comparison to the overall budget. The remaining functions all had remaining budget amounts at year end. At year end, total expenditures in the general fund were 97.74% of the final amended budgeted.

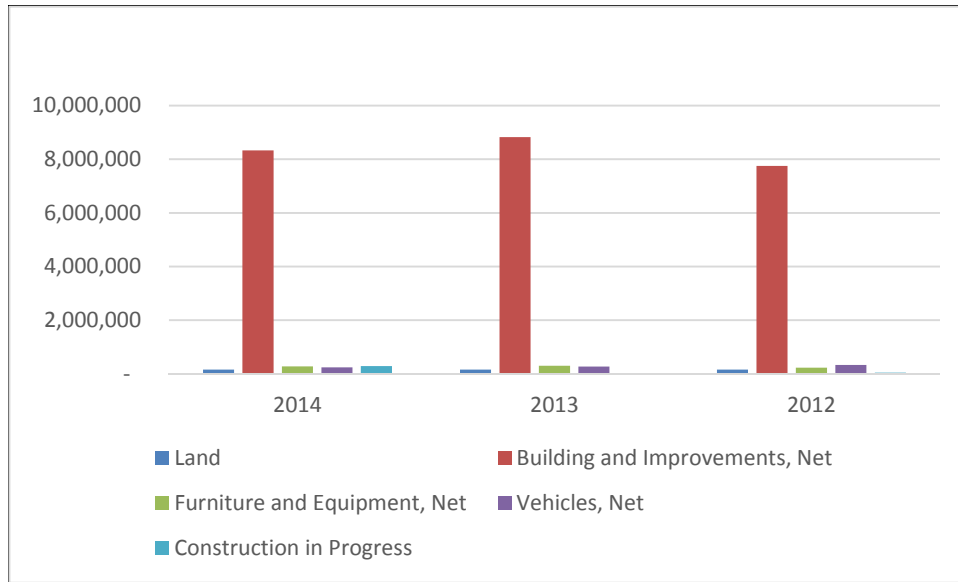
Capital Asset and Debt Administration

Capital Assets

The Anthony Independent School District’s investment in capital assets as of August 31, 2014, was \$9,299,552, net of accumulated depreciation. These assets include Land, Buildings and Building Improvements, Furniture and Equipment, Vehicles and Construction in Progress. Furniture and Equipment and Vehicles increased due to capital asset purchases. Construction in Progress increased due to 2013 bond projects as well as a new serving line at the Anthony Elementary School. All other categories decreased due to depreciation expense. The total decrease in the District’s capital assets for the year was 2.73% due largely to depreciation expense of \$617,510.

	Governmental Activities	
	2014	2013
Land	159,302	159,302
Building and Improvements, Net	8,331,431	8,825,413
Furniture and Equipment, Net	278,054	301,851
Vehicles, Net	240,931	273,833
Construction in Progress	289,834	-
Total Capital Assets	9,299,552	9,560,399

Below is a chart illustrating the District's capital assets.



Long-Term Debt

At the end of the fiscal year, the District's total outstanding bond debt payments are \$8,014,072 of which \$5,860,000 is attributable to principal and \$2,154,072 to interest. A comparison of the changes in general long-term debt (principal only) is listed below.

General Obligations, Revenue Bonds and Capital Leases

	Governmental Activities	
	2014	2013
Unlimited Tax Refunding Bonds 2006	2,885,000	2,890,868
Unlimited Building Bonds 2013	2,975,000	2,975,000
Total	5,860,000	5,865,868

FY 2014 Debt Service

During the current year, the Anthony Independent School District's total debt decreased by \$5,868 (0.1%). This was the result of a principal payment made toward the 2006 bond. The District's general obligation bonds are guaranteed by the Permanent School Fund (PSF) of Texas whose credit rating is AAA. Additional information on the Anthony Independent School District's long-term debt can be found in notes **IV D and E** of this report.

Financial Analysis of the Government's Funds

The focus of the Anthony Independent School District's governmental funds is to provide information on near-terms, 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 government's net resources available for spending at the end of the fiscal year. At the end of the fiscal year, the combined ending fund balances for all funds for the Anthony Independent School District stood at \$5,449,501. This is a decrease of \$269,333 from the prior year. This decrease is due to planned reductions in the food service fund balance totaling \$114,457 and the capital projects fund totaling \$210,799 as well as an increase in revenue over actual expenditures. Almost 36.81% of the combined ending fund balances are *unassigned*, signifying that they are available for use at the discretion of the District.

The general fund is the chief operating fund of the District. At the end of the fiscal year, the unassigned fund balance of the general fund was \$2,005,784, while the total fund balance in the general fund was \$2,590,595. One measure of the general fund's liquidity is to compare the unassigned fund balance, as well as the total fund balance to the general fund's total expenditures. Calculation of this measure indicates that the District's unassigned general fund balance is 24.2%, while the total general fund balance is 31.25% of total general fund expenditures.

The Anthony Independent School District's general fund balance decreased \$108,534 during the fiscal year primarily due to a planned reduction in the food service fund balance to bring the fund balance below three months' average food service operations expenditures as required by the Financial Accountability System Resource Guide.

The District's Restricted for Retirement of Long Term Debt fund balance increased by \$17,349 during the current year. It now stands at \$17,527. The debt service requirement for next year (fiscal year 2014-2015) is expected to be \$160,000 in principal payments and \$219,628 for interest payments.

Economic Factors and Next Year's Budgets and Rates

The Board of Trustees and administration considered many factors during the 2014 – 2015 budget and tax rate development and approval process. Three factors that weighed heavily were changes in assessed taxable property values (according to the Comptroller's Property Tax Division), the impact of HB 1, and AISD's average daily attendance. The first two factors impact local and state revenues while the latter affects state revenues only.

The District's assessed taxable property values increased by approximately \$15.7 million or 9.92% for the 14-15 year. The District is also estimating a modest increase in ADA of approximately 3% in fiscal year 2014-2015. AISD is estimating a potential growth of approximately 5% cumulative over the next three years, starting with fiscal year 2015. Property values are expected to increase due to two new housing developments planned in the District.

For fiscal year 2014-2015, the District adopted an operating budget of \$8,230,270, a capital projects fund budget of \$2,966,050 and a debt service budget of \$379,628. Decreases in the operating budget from the prior year were due primarily to district wide budget cuts that the District implemented due to a projected decline in ADA. The District has since received the results of a student population projection survey and is now moving forward with data suggesting 3% growth for the 2014-2015 school year.

The capital projects budget is for planned building improvements for accessibility and other building improvements. A building assessment was performed on all District buildings in 2014 to assist in determining bond projects and a contract has been awarded to a local construction company for \$1,741,000. Work is expected to begin in the spring of 2015.

To support the budget for fiscal year 2014-2015, the Board of Trustees adopted a total tax rate of \$1.214194 per \$100 of assessed property valuation, an increase of approximately 1.5994 cents (\$0.015994)

from the prior year. Of this amount, \$1.0400 is for maintenance and operations (the state maximum without voter approval) and the remaining \$0.174194 is for debt service.

The State of Texas has incorporated a financial accountability rating system for school districts entitled the Financial Integrity Rating System of Texas (FIRST). The purpose of the rating system is to achieve quality performance in the financial management of school districts. The rating system has twenty (20) performance indicators. The actual rating is based on two factors, the districts score and “Yes” on performance indicators 1-6. For example, for a school district to receive a “Superior Achievement” award, it must have a “Yes” on performance indicators 1-4 and either 5 and 6 and a Weighted Score of 64-70. For a school district to receive an “Above Standard” award, a “Yes” on performance indicators 1-4 and a Weighted Score of 58-63 and a Yes to indicator 5 or 6. For a “Standard Achievement” award, a school district must have a “Yes” on performance indicators 1-4 and a Weighted Score of 52-57. Finally, a Weighted Score of < 52 or a No to one default indicator will result in a “Substandard Achievement” for a school district. The first 6 indicators are default indicators that must be met. If any of the first four indicators are not met, the school district automatically fails. If the fifth and sixth indicators are both not achieved, then the school district again fails. Due to time lags in receiving and analyzing the required data, the FIRST rating is always a year behind. For the 2012-2013 fiscal year, the Anthony Independent School District received a “Superior Achievement” rating with a District Score of 70.

During the 2015 fiscal year, the Superintendent and Leadership Team developed and implemented a District Plan that provides the AISD with a vision supported through four key goals aimed at improving operational efficiency and effectiveness in the instructional and support services area. The Superintendent and Leadership Team will utilize the 2014-2015 District Plan as the foundation for the development and implementation of long term strategic plans.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the funds it receives. The District’s administration believes that AISD has the right “tone at the top,” strong internal control system, and sound financial practices. Administration realizes that we face financial challenges, which include but are not limited to: balancing federal, state and local revenue with District priorities and improving teacher pay. We also believe that the District has engaged actions to improve operational efficiency and effectiveness in the classroom and support service departments. We are headed in the right direction.

If you have questions about this report or need additional information, contact the District’s Finance Office at the Anthony Independent School District, 840 Sixth Street, Anthony, TX 79821.

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BASIC FINANCIAL STATEMENTS

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

Data Control Codes	Primary Government Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 5,714,783
1220 Property Taxes Receivable (Delinquent)	134,734
1230 Allowance for Uncollectible Taxes	(26,946)
1240 Due from Other Governments	820,803
1267 Due from Fiduciary Funds	439
1290 Other Receivables, net	6,924
1300 Inventories	37,850
1410 Prepayments	818
Capital Assets:	
1510 Land	159,302
1520 Buildings, Net	8,331,431
1530 Furniture and Equipment, Net	278,054
1540 Other Capital Assets, Net	240,931
1580 Construction in Progress	289,834
1800 Restricted Assets	1,000
1000 Total Assets	15,989,957
LIABILITIES	
2110 Accounts Payable	499,970
2140 Interest Payable	9,679
2150 Payroll Deductions & Withholdings	81,775
2160 Accrued Wages Payable	224,798
2177 Due to Fiduciary Funds	1,871
2180 Due to Other Governments	4,249
2200 Accrued Expenses	95,502
2300 Unearned Revenue	224,176
2400 Payable from Restricted Assets	1,000
Noncurrent Liabilities	
2501 Due Within One Year	173,247
2502 Due in More Than One Year	5,892,610
2000 Total Liabilities	7,208,877
NET POSITION	
3200 Net Investment in Capital Assets	6,024,278
3820 Restricted for Federal and State Programs	321,636
3850 Restricted for Debt Service	21,517
3870 Restricted for Campus Activities	13,971
3900 Unrestricted	2,399,678
3000 Total Net Position	\$ 8,781,080

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

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

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 4,612,171	\$ 1,235	\$ 693,494	\$ (3,917,442)
12 Instructional Resources and Media Services	233,721	1,482	8,075	(224,164)
13 Curriculum and Staff Development	244,188	1,482	44,137	(198,569)
21 Instructional Leadership	95,844	-	5,281	(90,563)
23 School Leadership	495,745	6,420	29,090	(460,235)
31 Guidance, Counseling and Evaluation Services	320,507	-	108,218	(212,289)
33 Health Services	123,022	-	146,334	23,312
34 Student (Pupil) Transportation	174,786	-	10,474	(164,312)
35 Food Services	1,104,248	41,050	1,057,632	(5,566)
36 Extracurricular Activities	529,848	8,857	7,290	(513,701)
41 General Administration	614,712	10,618	41,412	(562,682)
51 Facilities Maintenance and Operations	937,197	3,458	56,376	(877,363)
52 Security and Monitoring Services	58,645	-	-	(58,645)
53 Data Processing Services	262,938	-	8,447	(254,491)
61 Community Services	39,700	-	39,407	(293)
72 Debt Service - Interest on Long Term Debt	197,630	-	107,169	(90,461)
81 Capital Outlay	7,574	-	-	(7,574)
93 Payments related to Shared Services Arrangements	6,962	-	6,962	-
99 Other Intergovernmental Charges	26,117	-	-	(26,117)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 10,085,555	\$ 74,602	\$ 2,369,798	(7,641,155)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			1,799,551
DT	Property Taxes, Levied for Debt Service			273,808
SF	State Aid - Formula Grants			5,163,684
IE	Investment Earnings			5,171
MI	Miscellaneous Local and Intermediate Revenue			25,228
TR	Total General Revenues			7,267,442
CN	Change in Net Position			(373,713)
NB	Net Position - Beginning			9,359,061
PA	Prior Period Adjustment			(204,268)
NE	Net Position - Ending			\$ 8,781,080

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

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

Data Control Codes	General Fund	Capital Projects	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 2,642,064	\$ 3,004,164	\$ 68,555	\$ 5,714,783
1220 Property Taxes - Delinquent	117,612	-	17,122	134,734
1230 Allowance for Uncollectible Taxes (Credit)	(23,522)	-	(3,424)	(26,946)
1240 Receivables from Other Governments	262,685	-	558,118	820,803
1260 Due from Other Funds	377,383	1,364	-	378,747
1290 Other Receivables	6,924	-	-	6,924
1300 Inventories	37,850	-	-	37,850
1410 Prepayments	818	-	-	818
1800 Restricted Assets	1,000	-	-	1,000
1000 Total Assets	<u>\$ 3,422,814</u>	<u>\$ 3,005,528</u>	<u>\$ 640,371</u>	<u>\$ 7,068,713</u>
LIABILITIES				
2110 Accounts Payable	\$ 239,265	\$ 177,995	\$ 82,710	\$ 499,970
2150 Payroll Deductions and Withholdings Payable	81,775	-	-	81,775
2160 Accrued Wages Payable	205,012	-	19,786	224,798
2170 Due to Other Funds	3,235	36,950	339,994	380,179
2180 Due to Other Governments	-	-	4,249	4,249
2200 Accrued Expenditures	12,567	-	82,935	95,502
2300 Unearned Revenues	195,471	-	28,705	224,176
2400 Payable from Restricted Assets	1,000	-	-	1,000
2000 Total Liabilities	<u>738,325</u>	<u>214,945</u>	<u>558,379</u>	<u>1,511,649</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Unavailable Revenue - Property Taxes	93,894	-	13,669	107,563
2600 Total Deferred Inflows of Resources	<u>93,894</u>	<u>-</u>	<u>13,669</u>	<u>107,563</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	32,161	-	-	32,161
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	252,650	-	36,825	289,475
3470 Capital Acquisition and Contractual Obligation	-	2,790,583	-	2,790,583
3480 Retirement of Long-Term Debt	-	-	17,527	17,527
3490 Other Restricted Fund Balance	-	-	13,971	13,971
Committed Fund Balance:				
3545 Other Committed Fund Balance	300,000	-	-	300,000
3600 Unassigned Fund Balance	2,005,784	-	-	2,005,784
3000 Total Fund Balances	<u>2,590,595</u>	<u>2,790,583</u>	<u>68,323</u>	<u>5,449,501</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,422,814</u>	<u>\$ 3,005,528</u>	<u>\$ 640,371</u>	<u>\$ 7,068,713</u>

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

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

Total Fund Balances - Governmental Funds	\$	5,449,501
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$17,591,157 and the accumulated depreciation was \$8,030,758. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		3,536,054
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2014 capital outlays and debt principal payments is to increase net position.		509,740
3 GASB 65 requires that we write off unamortized debt issuance costs from prior periods. The net effect is to decrease net position.		(204,268)
4 The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(617,510)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		107,563
19 Net Position of Governmental Activities	\$	8,781,080

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

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

Data Control Codes	General Fund	Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,905,141	\$ 4,146	\$ 287,094	\$ 2,196,381
5800 State Program Revenues	5,489,144	-	245,979	5,735,123
5900 Federal Program Revenues	786,028	-	1,012,331	1,798,359
5020 Total Revenues	<u>8,180,313</u>	<u>4,146</u>	<u>1,545,404</u>	<u>9,729,863</u>
EXPENDITURES:				
Current:				
0011 Instruction	3,792,849	-	505,718	4,298,567
0012 Instructional Resources and Media Services	211,859	-	-	211,859
0013 Curriculum and Instructional Staff Development	205,734	-	37,388	243,122
0021 Instructional Leadership	94,591	-	1,253	95,844
0023 School Leadership	452,113	-	9,445	461,558
0031 Guidance, Counseling and Evaluation Services	224,548	-	95,959	320,507
0033 Health Services	117,230	-	-	117,230
0034 Student (Pupil) Transportation	137,395	-	-	137,395
0035 Food Services	749,324	-	397,039	1,146,363
0036 Extracurricular Activities	438,916	-	705	439,621
0041 General Administration	614,205	-	-	614,205
0051 Facilities Maintenance and Operations	902,091	-	33,016	935,107
0052 Security and Monitoring Services	58,645	-	-	58,645
0053 Data Processing Services	262,938	-	-	262,938
0061 Community Services	292	-	39,408	39,700
Debt Service:				
0071 Principal on Long Term Debt	-	-	5,868	5,868
0072 Interest on Long Term Debt	-	-	362,643	362,643
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	214,945	-	214,945
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	6,962	6,962
0099 Other Intergovernmental Charges	26,117	-	-	26,117
6030 Total Expenditures	<u>8,288,847</u>	<u>214,945</u>	<u>1,495,404</u>	<u>9,999,196</u>
1200 Net Change in Fund Balances	(108,534)	(210,799)	50,000	(269,333)
0100 Fund Balance - September 1 (Beginning)	<u>2,699,129</u>	<u>3,001,382</u>	<u>18,323</u>	<u>5,718,834</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 2,590,595</u>	<u>\$ 2,790,583</u>	<u>\$ 68,323</u>	<u>\$ 5,449,501</u>

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

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

Total Net Change in Fund Balances - Governmental Funds	\$	(269,333)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2014 capital outlays and debt principal payments is to increase net position.		527,544
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(617,510)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to (decrease) net position.		(14,414)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(373,713)</u>

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

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FIDUCIARY FUND FINANCIAL STATEMENTS

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

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 15,788	\$ 31,476
Due from Other Funds	1,871	-
Total Assets	<u>17,659</u>	<u>\$ 31,476</u>
LIABILITIES		
Accounts Payable	-	\$ 870
Due to Other Funds	-	439
Due to Student Groups	-	30,167
Total Liabilities	<u>-</u>	<u>\$ 31,476</u>
NET POSITION		
Restricted for Scholarships	<u>17,659</u>	
Total Net Position	<u>\$ 17,659</u>	

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

ANTHONY INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

	Private Purpose Trust Fund
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 804
Total Additions	<u>804</u>
DEDUCTIONS:	
Professional and Contracted Services	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Position	304
Total Net Position - September 1 (Beginning)	<u>17,355</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 17,659</u></u>

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

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ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Anthony Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board and it complies with the requirements of the appropriate version of Texas Education Agency's *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

Because the Board of Trustees (the "Board") is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board ("GASB").

The decisions to include or exclude a potential component unit in the reporting entity were made by applying standards contained in GAAP. The most primary standard for including or excluding a potential component unit is whether it is financially dependent on the reporting entity. The fiscal dependency criterion also requires that a financial benefit or burden relationship be present in order for a potential component unit to be included in the financial reporting entity. Other manifestations of the ability to exercise oversight responsibility include, but certainly are not limited to, the selection of the governing authority, the designation of management, the ability to materially influence operations and accountability for fiscal matters. The second standard used to evaluate potential component units is the scope of public services. Application of this standard entails considering whether the activity benefits the District, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. The third standard involved in evaluating whether potential component units are included or excluded from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities.

The above standards were applied to the Anthony Independent School District Public Facilities Corporation (Corporation) and the District determined that it is a component unit of the District.

Anthony Independent School District Public Facilities Corporation (PFC)

In 1999, the Board of Trustees adopted a resolution approving the creation of the Anthony Independent School District Public Facilities Corporation for the purpose of constructing school facilities and leasing those facilities to the District. The balances included in these financial statements related to the PFC are as of August 31, 2014, and are presented in the appropriate capital asset and long-term liability accounts.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. *Governmental activities* include programs supported primarily by taxes, state foundation funds, grants and other intergovernmental revenues.

In addition to assets, the statement of net financial position may report a separate section of deferred outflows of resources. This separate financial statement category 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 that time. In addition to liabilities, the statement of net financial position may report a separate section of deferred inflows of resources. This separate financial statement category represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

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

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other sources and other uses on the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Activities.

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

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the "susceptible -to- accrual" concept, that is, when they are both measurable and available. The District considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Unavailable revenue from property taxes arises only under modified accrual basis of accounting. The governmental funds report this unavailable revenue as deferred inflow of resources, which is recognized revenue in the period that amounts become available.

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

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is shown as restricted net position.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The District reports the following major governmental funds:

1. The General Fund - The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. The Capital Projects Fund - The proceeds from long-term debt financing will be used to construct, renovate, acquire and equip school buildings in the District and pay any associated costs.

Additionally, the District reports the following fund types:

GOVERNMENTAL FUNDS:

1. Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. Debt Service Funds - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.
3. Permanent Funds - The District has no Permanent funds.

PROPRIETARY FUNDS:

4. Enterprise Funds - The District has no Enterprise funds.
5. Internal Service Funds - The District has no Internal Service funds.

FIDUCIARY FUNDS:

6. Private Purpose Trust Funds - The District accounts donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit of District graduates. The District's Private Purpose Trust Funds are the Jim O'Toole Scholarship Fund and Tommy Sanchez Scholarship Fund.
7. Pension (and Other Employee Benefit) Trust Funds - The District has no Pension Trust Funds.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Investment Trust Fund - The District has no Investment Trust Funds.
9. Agency Funds - The District accounts for resources held for others in a custodial capacity in agency funds. Assets equal liabilities, and this fund does not include measurements or results of operations. The District's Agency Fund is the Student Activity Account.

F. Other Accounting Policies

1. The District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. All investments with an original maturity greater than one year from date of purchase are stated at fair value based on quoted market prices as of year end. Investments with an original maturity of less than one year are reported at amortized cost. If applicable, premiums and discounts on investments are amortized or accreted using the straight-line method, which approximates the interest method, over the terms of the related securities.
3. The funds of the District must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the District's agent bank 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.
4. The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

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

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Credit Risk:

Deposits - The District is not exposed to credit risk.

Temporary Investments - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations, the District limits investments in public funds investment pools to those that have received top ratings issued by nationally recognized statistical rating organizations (NRSROs). As of August 31, 2014, the District's investments in the LoneStar Investment Pool was rated AAAM by Standard & Poor's.

Custodial Credit Risk :

Deposits - State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. When the District complies with this law, it has minimal custodial credit risk for deposits. However, see auditor's finding 14-001.

Temporary Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. Investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book-entry form.

Concentration of Credit Risk :

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District's policy states that the portfolio must be diversified. In addition, the District limits investments in a single issuer, to less than 5% of its total investments with the exception of certificates of deposit. Concentration of Credit Risk is not applicable to investment pools since the purpose of these pools is to diversify the District's investment portfolio.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest Rate Risk:

Deposits - This is not applicable to the District.

Temporary Investments - To limit the risk that changes in interest rates will adversely affect the fair value of the investments, the District requires its investment portfolio to have maturities of less than one year on a weighted average maturity (WAM) basis. All of the District's investment pools qualify as a 2a7-like pools and are excluded from the interest rate risk disclosure requirement.

Foreign Currency Risk:

Deposits - The District attempts to limit the risk that changes in exchange rates will adversely affect a deposit by avoiding deposits denominated in a foreign currency.

Temporary and Long-term Investments - The District attempts to limit the risk that changes in exchange rates will adversely affect the fair value of an investment by avoiding investment pools or securities which are denominated in a foreign currency.

6. The District reports inventories of supplies at weighted average cost including consumable maintenance, instructional, office, athletic, and transportation items. Supplies are recorded as expenditures when they are consumed. Inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as inventory and unearned revenue when received. When requisitioned, inventory and unearned revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount.
7. The District does not pay for accrued sick leave or accrued vacation leave upon retirement.
8. Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible tax receivables within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.
10. Capital assets, which include land, buildings, furniture, vehicles and equipment and are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 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.

Capital assets of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	15
Buildings and Improvements	20-35
Vehicles	7-10
Equipment	3-10

11. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. When applicable, bond premiums and discounts are presented as a component of liabilities while deferred losses on refundings are presented as deferred outflows of resources. Both items are deferred and amortized over the life of the related debt using the straight line method. Long-term debt is reported net of the applicable 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.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

12. Net Position on the Statement of Net Position includes the following:

Net investment in capital assets - this component of net position consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will be included in this component of net position.

Restricted for federal and state programs - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets, which are restricted by federal and state granting agencies.

Restricted for Debt Service - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenants for the purpose of future debt service payments.

Restricted for Capital Projects - this component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The assets arise from bond issuances which have constraints placed on them by the bond covenant(s) for the purpose of capital acquisition.

Unrestricted net position - this component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

13. The District reports the following fund balance categories which describe the nature and relative strength of the spending constraints:

- **Nonspendable fund balance** - represents amounts that are not in spendable form (such as inventory) or are required to be maintained intact legally or contractually.
- **Restricted fund balance** - represents amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed fund balance** - represents amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Assigned fund balance** - represents amounts the District intends to use for a specific purpose, but are neither restricted nor committed. The governing body has delegated authority to the Superintendent or his/her designee to assign funds. Assignments may occur subsequent to fiscal year-end.
- **Unassigned fund balance** - represents amounts that are available for an appropriate purpose. Positive amounts are reported only in the general fund.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is established by the Superintendent or his/her designee for a specific purpose. 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, as needed, unless the Board of Trustees has provided otherwise in their commitment or assignment actions.

In fiscal year 2012, the Board of Trustees adopted a minimum fund balance goal in the General Fund. The District shall strive to maintain a total fund balance in the general operating fund of at least 25% of the total operating expenditures and a balance of at least 20% of the total operating expenditures in the Unassigned Fund Balance.

14. In the fund financial statements, certain governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Since the entire fund balance is restricted for these funds, all assets are in essence restricted for their specified purpose.
15. The Data Control Codes refer to the account code structure prescribed by TEA in the *Financial Accountability System Resource Guide*. Texas Education Agency requires school districts to display these codes in the financial statements filed with the Agency in order to insure accuracy in building a Statewide data base for policy development and funding plans.
16. The District receives substantial amounts of funding from special revenue sources. The majority of this money is cost reimbursement to the District by the federal government or Texas Education Agency. The portion of revenue allowable for indirect cost is credited as revenue to the General Fund and as a reduction to revenue in the Special Revenue Fund, as appropriate. These indirect costs are then fully allocated to function 41.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. In accordance with the Resource Guide, the District has adopted and installed an accounting system which meets at least the minimum requirements prescribed by the Texas State Board of Education and approved by the State Auditor. Specifically, the District's accounting system uses codes and the code structure presented in the Resource Guide. Mandatory codes are recorded in the order provided in the Resource Guide.
18. GASB Statement No. 65, Items Previously Reported as Assets and Liabilities ("GASB 65"), established accounting and financial reporting standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The District's financial statements are presented in accordance with the guidance provided in this Statement. See Note W, Prior Period Adjustments, for more information regarding implementation of this new pronouncement.
19. Preparation of these financial statements in conformity with generally accepted accounting principles requires the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net position for governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities are not due and payable in the current period and are not reported as liabilities in the funds.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Exhibit C-4 provides a reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net position.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of reclassifying other resources, other uses and various other items.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Data

The Board adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund, which is included in the general fund. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit G-1 and the other two reports are in Exhibit J-2 and J-3. The Board does not adopt a budget for special revenue funds since the budgets are designated by the grantor. As such, a budget to actual comparison is not presented in required supplementary information for the major special revenue fund.

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

1. Prior to August 20th the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. On August 22, 2013, the budget was legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.
5. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. The District had no outstanding encumbrances at the end of the year.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At August 31, 2014 the carrying amount of the District’s general fund, major and nonmajor governmental funds, trust fund, and agency funds deposits (cash, certificates of deposit, restricted assets and interest-bearing savings accounts) was \$2,615,955, of which \$1,000 is restricted, \$68,555, \$15,788 and \$31,476 and the total bank balance was \$2,709,452. Due to turnover in the Finance Department, the District’s cash deposits at August 31, 2014 and during the year ended August 31, 2014 were only covered by federal depository insurance in the amount of \$250,000. See auditor’s finding 14-001. Due to the lack of a depository contract the bank was unable to provide us the highest balance information.

Due to the immediate availability of these funds, the following temporary investments are included in cash and cash equivalents. The District's temporary investments at August 31, 2014, are shown below:

<u>Temporary Investments</u>	<u>Amortized Cost</u>	<u>Fair Value</u>	<u>WAM (in days)</u>	<u>Rating</u>
Lone Star Investment Pool	\$ 3,031,273	\$ 3,031,273	49	AAAm
Total	<u>\$ 3,031,273</u>	<u>\$ 3,031,273</u>		
Allocated To:				
General Fund	\$ 27,109			
Capital Projects Fund	<u>3,004,164</u>			
Total	<u>\$ 3,031,273</u>			

The Lone Star Investment Pool is a member owned, member-governed public funds investment pool. It is managed by an eleven member Board of Trustees and the Board is authorized to adopt and maintain bylaws. There is also an Advisory Board composed of participants that gathers and exchanges information from participants relating to the operation of the Pool. Although Lone Star is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act.

B. Interfund Balances

The interfund balances are a result of normal operations and are cleared out periodically. Management intends to pay out these balances within one year.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		
Capital Projects Fund	\$ 36,950	\$ 1,364
Non Major Governmental Funds	339,994	-
Trust/Agency	439	1,871
Total General Fund	<u>377,383</u>	<u>3,235</u>
Capital Projects Fund		
General Fund	<u>1,364</u>	<u>36,950</u>
Non Major Governmental Funds		
General Fund	<u>-</u>	<u>339,994</u>
Trust/Agency		
General Fund	<u>1,871</u>	<u>439</u>
Total	<u>\$ 380,618</u>	<u>\$ 380,618</u>

C. Capital Asset Activity

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

	<u>Primary Governments</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions, Reclassifications and Adjustments</u>	<u>Ending Balance</u>
<u>Governmental activities:</u>				
Land	\$ 159,302	\$ -	\$ -	\$ 159,302
Buildings and improvements	15,936,461	-	-	15,936,461
Furniture and equipment	646,301	51,681	(4,509)	693,473
Vehicles	849,093	18,755	(23,488)	844,360
Construction in Process	-	289,834	-	289,834
Totals at historic cost	<u>17,591,157</u>	<u>360,270</u>	<u>(27,997)</u>	<u>17,923,430</u>
Less accumulated depreciation for:				
Buildings and improvements	7,111,048	493,982	-	7,605,030
Furniture and equipment	344,450	71,871	(902)	415,419
Vehicles	<u>575,260</u>	<u>51,657</u>	<u>(23,488)</u>	<u>603,429</u>
Total accumulated depreciation	<u>8,030,758</u>	<u>617,510</u>	<u>(24,390)</u>	<u>8,623,878</u>
Governmental activities capital assets, net	<u>\$ 9,560,399</u>	<u>\$ (257,240)</u>	<u>\$ (3,607)</u>	<u>\$ 9,299,552</u>

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 313,604
Instructional resources and media services	21,862
Curriculum and instructional staff development	1,066
School leadership	34,187
Health Services	5,792
Student (pupil) transportation	37,391
Food services	47,500
Extracurricular activities	127,183
General administration	507
Facilities Maintenance and Operations	20,845
Data Processing Services	<u>7,573</u>
Total depreciation expense	<u><u>\$ 617,510</u></u>

D. Changes in Long-Term Liabilities

Long-term activity for the year ended August 31, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
<u>Bonds Payable:</u>					
Unlimited Tax Refunding Bonds - Series 2006	\$ 2,890,868	\$ -	\$ 5,868	\$ 2,885,000	\$ 160,000
Unlimited Building Bond Series 2013	<u>2,975,000</u>	-	-	<u>2,975,000</u>	-
Total Bonds Payable	5,865,868	-	5,868	5,860,000	160,000
Accretion Payable	144,132	-	144,132	-	-
Unamortized premium on bonds	<u>218,613</u>	-	12,756	<u>205,857</u>	<u>13,247</u>
Total Governmental Long-term Liabilities	<u><u>\$ 6,228,613</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 162,756</u></u>	<u><u>\$ 6,065,857</u></u>	<u><u>\$ 173,247</u></u>

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. A summary of changes in the bonds payable for the year ended August 31, 2014 is as follows:

	Interest Rate	Amounts Original Issue	Interest Current Period	Payable Amount Outstanding 9/01/13	Issued	Retired	Outstanding 08/31/14	Due within One year
Unlimited Tax Refunding Bonds - Series 2006	3.50% - 4.25%							
Current Interest Bonds		\$3,515,000	\$ 116,778	\$ 2,885,000	\$ -	\$ -	\$ 2,885,000	\$ 160,000
Capital Appreciation Bonds		14,999	144,132	5,868	-	5,868	-	-
Unlimited Building Bonds Series 2013	2.0% - 4.125%	2,975,000	101,733	2,975,000	-	-	2,975,000	-
Total			<u>\$ 362,643</u>	<u>\$ 5,865,868</u>	<u>\$ -</u>	<u>\$ 5,868</u>	<u>\$ 5,860,000</u>	<u>\$ 160,000</u>

Accretion Payable for the year ended August 31, 2014, is as follows:

Description	Accretion Outstanding 09/01/13	Amount Accreted	Accretion Retired	Accretion Outstanding 8/31/14	Due Within one Year
Bond Series 2006	\$ 144,132	\$ -	\$ 144,132	\$ -	\$ -
	<u>\$ 144,132</u>	<u>\$ -</u>	<u>\$ 144,132</u>	<u>\$ -</u>	<u>\$ -</u>

Debt service requirements related to bonds payable are as follows:

GENERAL OBLIGATIONS			
Year Ended August 31,	Principal	Interest	Total Requirements
2015	\$ 160,000	\$ 219,628	\$ 379,628
2016	290,000	212,284	502,284
2017	290,000	202,346	492,346
2018	310,000	190,553	500,553
2019	320,000	179,303	499,303
2020-2024	1,765,000	729,244	2,494,244
2025-2029	1,880,000	349,758	2,229,758
2030-2034	845,000	70,956	915,956
Total	<u>\$ 5,860,000</u>	<u>\$ 2,154,072</u>	<u>\$ 8,014,072</u>

There are a number of limitations and restrictions contained in the general obligation bond indenture. Management has indicated that the District is in compliance with all significant limitations and restrictions at August 31, 2014.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. Commitments Under Leases

Operating Leases - Commitments under operating (noncapitalized) lease agreements for equipment provide for minimum future rental payments as of August 31, 2014, as follows:

<u>Year Ending August 31,</u>	
2015	\$ 16,286
2016	19,530
2017	19,530
2018	19,530
2019	<u>4,883</u>
Total potential minimum rentals	<u>\$ 79,759</u>
Rental expenditures in fiscal year 2014	<u>\$ 32,022</u>

G. Defined Benefit Pension Plan

Plan Description: Anthony Independent School District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8 Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by downloading the report from the TRS Internet website, www.trs.state.tx.us, under the TRS Publication heading, by calling the TRS Communications Department at 1-800-223-8778, or by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701.

Funding Policy: Contribution requirements are not actuarially determined but are legally 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 during the fiscal year; (2) state statute prohibits benefit improvements if, as a result of a the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

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

Contribution Rates and Contribution Amounts

Period/ Year Ended	Member		State		Federal, Statutory Minimum and Surcharge Amount
	Rate	Amount	Rate	Amount	Amount
2014	6.4%	\$ 354,496	6.800%	\$ 246,203	\$ 130,449
2013	6.4%	\$ 331,980	6.400%	\$ 216,824	\$ 123,131
2012	6.4%	\$ 318,937	6.000%	\$ 193,166	\$ 110,786

H. Retiree Health Plan

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

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

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Contribution Rates									
Period/ Year Ended	Member		State		School District		Federal		
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	
2014	0.65%	\$ 36,005	1.0%	\$ 49,159	0.55%	\$ 30,464	1.0%	\$ 6,231	
2013	0.65%	\$ 33,717	0.5%	\$ 21,959	0.55%	\$ 41,327	0.5%	\$ 3,977	
2012	0.65%	\$ 32,392	1.0%	\$ 43,227	0.55%	\$ 39,865	1.0%	\$ 6,607	

The contributions made by the State on behalf of the District have been recorded in the governmental fund 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, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Medicare Part D contributions made on behalf of the District’s employees for the year ended August 31, 2014, 2013 and 2012 were \$14,812, \$13,814, and \$12,711, respectively. These amounts are recorded as equal revenues and expenditures in the governmental fund financial statements of the District.

I. Health Care Coverage

During the year ended August 31, 2014, Anthony Independent School District participated in the TRS Active Care Health Insurance Program. During the year ended August 31, 2014, employees of the District were covered by the District’s insurance Plan (the “Plan”). The District contributed approximately \$233 per month per employee to the Plan. The Plan was authorized by Section 21.922, Texas Education Code and was documented by contractual agreement. There were no other liabilities associated with the Plan.

J. Worker’s Compensation Program

As required by law, the District has acquired adequate workers’ compensation insurance coverage contracted through Claims Administrative Services, Inc. since 2004. The District has chosen to participate in a political subdivision risk pool, which means that the District shares its exposure with other school districts and public entities with similar employee populations. Currently, the District employs more than 128 full-time and part-time employees, and pays about \$33,267 in workers’ compensation premiums annually. This premium is considered sufficient by Claims Administrative Services, Inc. and no contingent liability is required to be reported. This total amount paid for workers’ compensation cost is less than .56% of annual payroll, which illustrates that the District is managing and operating its workers’ compensation program with comfortable success.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

K. Unemployment Compensation Pool

During the year ended August 31, 2014, Anthony ISD provided unemployment compensation coverage to its employees through participation in the TASB Risk Management Fund (the Fund). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

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

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2012, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

L. Receivables from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. A majority of the federal grants are passed through the TEA. Management has deemed that no allowance for doubtful accounts is necessary for fair presentation as there is usually no risk of uncollectibility. Amounts due from federal and state governments as of August 31, 2014, are summarized below.

<u>Fund</u>	<u>General Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total</u>
Federal Grants	\$ 112,987	\$ 477,890	\$ 590,877
State Grants	-	80,222	80,222
State Entitlement	145,964	6	145,970
Other Governments	<u>3,734</u>	<u>-</u>	<u>3,734</u>
Total	<u>\$ 262,685</u>	<u>\$ 558,118</u>	<u>\$ 820,803</u>

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

M. Unearned Revenue

Unearned revenue at year end consisted of the following:

	General Fund	Non Major Governmental Funds	Total
State Entitlement	\$ 189,783	\$ 21,554	\$ 211,337
USDA Commodities	5,688	-	5,688
Early Childhood LEP	-	1,420	1,420
Advanced Placement Initiatives	-	900	900
State Textbook Fund	-	3,210	3,210
Campus Activity Fund	-	1,500	1,500
Other Local Grants	-	121	121
Total Unearned Revenue	\$ 195,471	\$ 28,705	\$ 224,176

N. Revenue from Local and Intermediate Sources

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

	General Fund	Capital Projects Fund	Non Major Governmental Funds	Total Government Funds	Trust Fund
Property Taxes	\$ 1,812,680	\$ -	\$ 275,091	\$ 2,087,771	\$ -
Penalties, Interest and Other Tax-related Income	25,237	-	3,600	28,837	-
Investment Income	1,025	4,146	-	5,171	4
Food Sales	40,030	-	1,020	41,050	-
Co-curricular Student Activities	8,857	-	-	8,857	-
Other	17,312	-	7,383	24,695	800
Total	\$ 1,905,141	\$ 4,146	\$ 287,094	\$ 2,196,381	\$ 804

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

O. Fund Balance

As of August 31, 2014, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventories	\$ 32,161	\$ -	\$ -	\$ 32,161
Restricted:				
Federal or State Funds Grant Restriction	252,650	-	36,825	289,475
Capital Acquisitions and Contractual Obligation	-	2,790,583	-	2,790,583
Retirement of Long-Term Debt	-	-	17,527	17,527
Other Restricted	-	-	13,971	13,971
Total Restricted	252,650	2,790,583	68,323	3,111,556
Committed:				
Technology Upgrades	300,000	-	-	300,000
Total Committed Fund Balance	300,000	-	-	300,000
Unassigned:				
Unassigned Fund Balance	2,005,784	-	-	2,005,784
Total	\$ 2,590,595	\$ 2,790,583	\$ 68,323	\$ 5,449,501

P. Litigation

During the normal course of business the District is subject to various legal claims. As of August 31, 2014, management was not aware of any litigation that would have a material adverse effect on these financial statements.

Q. Other Significant Commitments and Contingencies

Federal and State Funding - Anthony Independent School District participates in numerous programs that are subject to audit by the Texas Education Agency and various Federal and/or State audit agencies. These programs have complex compliance requirements, and should State or Federal auditors discover areas of material noncompliance, those District funds may be subject to refund if so determined by administrative audit review. In the opinion of the administration, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

Construction Commitments

The District has active construction projects as of August 31, 2014 including renovations and site improvements. As of August 31, 2014, the estimated commitments with contractors on the projects are estimated at \$ 1,526,055.

R. Encumbrances

The District had no open encumbrances at August 31, 2014.

S. School Health and Related Services (SHARS)

SHARS is a Medicaid financing program and allows local school districts to obtain Medicaid reimbursement for certain health-related services provided to students in special education. As SHARS settle-up amounts are usually calculated and received in more than one year and the District does not have adequate information to make an estimate of the receivable on the government wide financial statements, the receivable and related revenues are recorded in the fiscal year settle-up amounts are received, unless the prior fiscal year's audit has not been issued. SHARS receivable and revenue recorded in the current period related to prior years' settle-up amounts is \$95,458.

T. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board maintains insurance policies acquired from independent insurance carriers covering all structural property, automobiles, dishonesty, errors and omissions, boiler and machinery, personal property, and general liability. There have been no significant reductions insurance coverage from prior years and settlements have not exceeded insurance coverage.

For the year ended August 31, 2014, Anthony Independent School District carried insurance for building and contents in the amount of \$34,816,918 with a deductible of \$2,500 per occurrence. Automobile physical damage has a deductible per collision of \$1,000 and \$1,000 for other than collision. Automobile liability is limited to \$100,000 per person, \$300,000 per accident, and \$100,000 for property damage. General liability is limited to \$1,000,000 per occurrence.

U. Related Party Transactions

From time to time, the District may enter into transactions with related parties through the normal course of business. If a Board member has a conflict of interest, proper documentation is completed and he/she is required to abstain from any discussion or voting regarding the matter. Management is not aware of any material related party transactions that occurred during the 2013-2014 fiscal year.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2014

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)

V. Shared Service Arrangement

The District is the fiscal agent for a Shared Service Arrangement (“SSA”) with Fort Hancock ISD for Career and Technical programs. The Districts collaborate to enhance the programs offered to the students of the districts. The fiscal agent's expenditures for the current fiscal year were \$1,660 with the other member district's total expenditures of \$6,962. According to guidance provided in TEA’s Resource Guide, the District has accounted for the receipt of the money and related disbursement activity in fund 331 Shared Service Arrangement - Career and Technical Basic grant.

W. Top Ten Taxpayers

The following businesses and individuals are the top ten taxpayers:

<u>Name of Taxpayer</u>	<u>Net Taxable Value</u>
W Silver Recycling Inc.	\$ 9,679,592
Anthony Key Real Estate LTD	4,912,465
Love’s Travel Stop	4,777,521
PTCAA Texas LP	3,864,684
C F J Properties	3,793,482
Foxworth-Galbraith Lumber Company	2,760,703
JBP Family Limited Partnership	2,414,160
Ameripax Development LTD	2,336,937
La Feria Park N Shop LTD	1,986,439
Cole of Phoenix Az LLC	1,874,000
Total	<u>\$ 38,399,983</u>

X. Prior Period Adjustments

The District implemented GASB Statement No. 65, Items Previously Reported as Assets and Liabilities during the fiscal year ended August 31, 2014. In accordance with GASB 65, debt issuance costs should be recognized as expenses in the period incurred. Previously, these costs were required to be recorded as assets and amortized over the life of the debt. The implementation of GASB 65 resulted in a decrease in beginning Net Position in the amount of \$204,268.

Y. New Accounting Pronouncements

The District has not completed the process of evaluating the impact on its financial position that will result from adopting Governmental Accounting Standards Board Statements No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statements No. 27*, effective for fiscal years beginning after June 15, 2014, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, to be applied simultaneously with GASB Statement No. 68. The Statements require that the net present value of pension liabilities are reported in the financial statements and that any contributions between the measurement date of the reported net pension liability and the end of the reporting period be recognized as a deferred outflow of resources.

REQUIRED SUPPLEMENTARY INFORMATION

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 1,795,353	\$ 1,795,353	\$ 1,905,141	\$ 109,788
5800 State Program Revenues	5,686,225	5,686,225	5,489,144	(197,081)
5900 Federal Program Revenues	791,025	791,025	786,028	(4,997)
5020 Total Revenues	8,272,603	8,272,603	8,180,313	(92,290)
EXPENDITURES:				
Current:				
0011 Instruction	3,782,429	3,702,629	3,792,849	(90,220)
0012 Instructional Resources and Media Services	218,369	220,680	211,859	8,821
0013 Curriculum and Instructional Staff Development	190,285	206,237	205,734	503
0021 Instructional Leadership	88,204	88,204	94,591	(6,387)
0023 School Leadership	419,589	454,907	452,113	2,794
0031 Guidance, Counseling and Evaluation Services	233,849	234,705	224,548	10,157
0033 Health Services	123,049	123,049	117,230	5,819
0034 Student (Pupil) Transportation	217,700	187,700	137,395	50,305
0035 Food Services	780,106	780,106	749,324	30,782
0036 Extracurricular Activities	425,005	455,005	438,916	16,089
0041 General Administration	631,913	663,144	614,205	48,939
0051 Facilities Maintenance and Operations	902,200	947,250	902,091	45,159
0052 Security and Monitoring Services	65,533	65,533	58,645	6,888
0053 Data Processing Services	304,325	297,045	262,938	34,107
0061 Community Services	26,914	26,276	292	25,984
Intergovernmental:				
0099 Other Intergovernmental Charges	28,400	28,400	26,117	2,283
6030 Total Expenditures	8,437,870	8,480,870	8,288,847	192,023
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	(165,267)	(208,267)	(108,534)	99,733
OTHER FINANCING SOURCES (USES):				
7915 Transfers In	123,135	123,135	-	(123,135)
8911 Transfers Out (Use)	(123,135)	(123,135)	-	123,135
7080 Total Other Financing Sources (Uses)	-	-	-	-
1200 Net Change in Fund Balances	(165,267)	(208,267)	(108,534)	99,733
0100 Fund Balance - September 1 (Beginning)	2,699,129	2,699,129	2,699,129	-
3000 Fund Balance - August 31 (Ending)	\$ 2,533,862	\$ 2,490,862	\$ 2,590,595	\$ 99,733

OTHER SUPPLEMENTARY INFORMATION

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	242 Summer Feeding Program
ASSETS				
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-
1240	Receivables from Other Governments	62,961	30,923	1,811
1000	Total Assets	<u>\$ 62,961</u>	<u>\$ 30,923</u>	<u>\$ 1,811</u>
LIABILITIES				
2110	Accounts Payable	\$ -	\$ -	\$ 72,857
2160	Accrued Wages Payable	11,439	6,933	-
2170	Due to Other Funds	50,401	20,625	1,811
2180	Due to Other Governments	-	2,764	-
2200	Accrued Expenditures	1,121	601	-
2300	Unearned Revenues	-	-	-
2000	Total Liabilities	<u>62,961</u>	<u>30,923</u>	<u>1,811</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3480	Retirement of Long-Term Debt	-	-	-
3490	Other Restricted Fund Balance	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 62,961</u>	<u>\$ 30,923</u>	<u>\$ 1,811</u>

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	271 Workforce Investment Act	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	390 (LEP) Early Childhood Summer Prog.	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,358	\$ 1,420	\$ 900
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,627	-	14,919	1,451	2,213	891	-	-
<u>\$ 4,627</u>	<u>\$ -</u>	<u>\$ 14,919</u>	<u>\$ 1,451</u>	<u>\$ 2,213</u>	<u>\$ 7,249</u>	<u>\$ 1,420</u>	<u>\$ 900</u>
\$ 2,171	\$ -	\$ -	\$ -	\$ -	\$ 6,962	\$ -	\$ -
-	-	-	-	-	-	-	-
2,456	-	13,615	1,270	2,213	287	-	-
-	-	1,304	181	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,420	900
<u>4,627</u>	<u>-</u>	<u>14,919</u>	<u>1,451</u>	<u>2,213</u>	<u>7,249</u>	<u>1,420</u>	<u>900</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,627</u>	<u>\$ -</u>	<u>\$ 14,919</u>	<u>\$ 1,451</u>	<u>\$ 2,213</u>	<u>\$ 7,249</u>	<u>\$ 1,420</u>	<u>\$ 900</u>

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

Data Control Codes	404 Student Success Initiative	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 3,932	\$ 51	\$ 16,191
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	318	79,904	-	-
1000	Total Assets	<u>\$ 318</u>	<u>\$ 83,836</u>	<u>\$ 51</u>	<u>\$ 16,191</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ 720
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	318	-	-	-
2180	Due to Other Governments	-	-	-	-
2200	Accrued Expenditures	-	80,626	-	-
2300	Unearned Revenues	-	3,210	51	1,500
2000	Total Liabilities	<u>318</u>	<u>83,836</u>	<u>51</u>	<u>2,220</u>
DEFERRED INFLOWS OF RESOURCES					
2601	Unavailable Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	13,971
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,971</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 318</u>	<u>\$ 83,836</u>	<u>\$ 51</u>	<u>\$ 16,191</u>

484 Valley Comm Library Association	489 Family Target Grant	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ 43	\$ 27	\$ 28,922	\$ 39,633	\$ 68,555
-	-	-	17,122	17,122
-	-	-	(3,424)	(3,424)
-	-	558,112	6	558,118
<u>\$ 43</u>	<u>\$ 27</u>	<u>\$ 587,034</u>	<u>\$ 53,337</u>	<u>\$ 640,371</u>
\$ -	\$ -	\$ 82,710	\$ -	\$ 82,710
-	-	19,786	-	19,786
-	-	339,994	-	339,994
-	-	4,249	-	4,249
-	-	82,348	587	82,935
43	27	7,151	21,554	28,705
<u>43</u>	<u>27</u>	<u>536,238</u>	<u>22,141</u>	<u>558,379</u>
-	-	-	13,669	13,669
-	-	-	13,669	13,669
-	-	36,825	-	36,825
-	-	-	17,527	17,527
-	-	13,971	-	13,971
-	-	50,796	17,527	68,323
<u>\$ 43</u>	<u>\$ 27</u>	<u>\$ 587,034</u>	<u>\$ 53,337</u>	<u>\$ 640,371</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	242 Summer Feeding Program
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 1,020
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	306,899	128,669	1,743	457,343
5020 Total Revenues	<u>306,899</u>	<u>128,669</u>	<u>1,743</u>	<u>458,363</u>
EXPENDITURES:				
Current:				
0011 Instruction	262,650	32,710	1,743	-
0013 Curriculum and Instructional Staff Development	2,330	-	-	-
0021 Instructional Leadership	1,253	-	-	-
0023 School Leadership	1,258	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	95,959	-	-
0035 Food Services	-	-	-	397,039
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	33,016
0061 Community Services	39,408	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>306,899</u>	<u>128,669</u>	<u>1,743</u>	<u>430,055</u>
1200 Net Change in Fund Balance	-	-	-	28,308
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,517</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,825</u>

255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	271 Workforce Investment Act	289 Other Federal Special Revenue Funds	331 SSA - Career & Technical - Basic Grant	390 (LEP) Early Childhood Summer Prog.	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
47,863	16,825	14,790	27,365	2,213	8,621	-	-
<u>47,863</u>	<u>16,825</u>	<u>14,790</u>	<u>27,365</u>	<u>2,213</u>	<u>8,621</u>	<u>-</u>	<u>-</u>
7,720	16,825	14,790	27,365	2,213	-	-	-
33,399	-	-	-	-	1,659	-	-
-	-	-	-	-	-	-	-
6,744	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	6,962	-	-
<u>47,863</u>	<u>16,825</u>	<u>14,790</u>	<u>27,365</u>	<u>2,213</u>	<u>8,621</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Data Control Codes	404 Student Success Initiative	410 State Textbook Fund	429 Other State Special Revenue Funds	461 Campus Activity Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ 7,383
5800 State Program Revenues	-	138,810	-	-
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>-</u>	<u>138,810</u>	<u>-</u>	<u>7,383</u>
EXPENDITURES:				
Current:				
0011 Instruction	-	138,810	-	892
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	1,443
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	705
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	<u>-</u>	<u>138,810</u>	<u>-</u>	<u>3,040</u>
1200 Net Change in Fund Balance	-	-	-	4,343
0100 Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,628</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,971</u>

484 Valley Comm Library Association	489 Family Target Grant	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 8,403	\$ 278,691	\$ 287,094
-	-	138,810	107,169	245,979
-	-	1,012,331	-	1,012,331
-	-	1,159,544	385,860	1,545,404
-	-	505,718	-	505,718
-	-	37,388	-	37,388
-	-	1,253	-	1,253
-	-	9,445	-	9,445
-	-	95,959	-	95,959
-	-	397,039	-	397,039
-	-	705	-	705
-	-	33,016	-	33,016
-	-	39,408	-	39,408
-	-	-	5,868	5,868
-	-	-	362,643	362,643
-	-	6,962	-	6,962
-	-	1,126,893	368,511	1,495,404
-	-	32,651	17,349	50,000
-	-	18,145	178	18,323
\$ -	\$ -	\$ 50,796	\$ 17,527	\$ 68,323

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

	BALANCE SEPTEMBER 1 2013	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2014
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 34,726	\$ 88,200	\$ 91,450	\$ 31,476
Liabilities:				
Accounts Payable	\$ 180	\$ 44,576	\$ 43,886	\$ 870
Due to Other Funds	439	46,096	46,096	439
Due to Student Groups	34,107	34,287	38,227	30,167
Total Liabilities	\$ 34,726	\$ 124,959	\$ 128,209	\$ 31,476
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 34,726	\$ 88,200	\$ 91,450	\$ 31,476
Liabilities:				
Accounts Payable	\$ 180	\$ 44,576	\$ 43,886	\$ 870
Due to Other Funds	439	46,096	46,096	439
Due to Student Groups	34,107	34,287	38,227	30,167
Total Liabilities	\$ 34,726	\$ 124,959	\$ 128,209	\$ 31,476

REQUIRED TEA SCHEDULES

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

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2005 and prior years	Various	Various	\$ Various
2006	1.500000	0.200000	86,787,674
2007	1.370050	0.175000	101,378,859
2008	1.040000	0.141800	118,376,416
2009	1.040000	0.129100	135,556,658
2010	1.040000	0.160000	143,259,714
2011	1.040000	0.162000	152,163,369
2012	1.040000	0.147500	157,607,499
2013	1.040000	0.130000	159,052,910
2014 (School year under audit)	1.040000	0.158200	174,145,653
1000 TOTALS			

(10) Beginning Balance 9/1/2013	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2014
\$ 32,589	\$ -	\$ 249	\$ 31	\$ (1,927)	\$ 30,382
4,709	-	-	-	-	4,709
5,216	-	100	13	-	5,104
4,690	-	179	24	-	4,486
5,599	-	1,110	138	(46)	4,306
7,567	-	1,020	157	(15)	6,375
13,507	-	3,492	544	(2)	9,470
28,051	-	14,467	2,052	(170)	11,362
50,543	-	21,926	2,741	(9,134)	16,743
-	2,086,613	1,774,835	269,980	-	41,798
<u>\$ 152,471</u>	<u>\$ 2,086,613</u>	<u>\$ 1,817,377</u>	<u>\$ 275,679</u>	<u>\$ (11,294)</u>	<u>\$ 134,734</u>

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 33,775	\$ 33,775	\$ 40,791	\$ 7,016
5800 State Program Revenues	-	-	3,464	3,464
5900 Federal Program Revenues	621,025	621,025	629,841	8,816
5020 Total Revenues	654,800	654,800	674,096	19,296
EXPENDITURES:				
Current:				
0035 Food Services	780,106	780,106	749,324	30,782
0051 Facilities Maintenance and Operations	38,881	38,881	39,019	(138)
0052 Security and Monitoring Services	1,080	1,080	-	1,080
6030 Total Expenditures	820,067	820,067	788,343	31,724
1200 Net Change in Fund Balances	(165,267)	(165,267)	(114,247)	51,020
0100 Fund Balance - September 1 (Beginning)	399,058	399,058	399,058	-
3000 Fund Balance - August 31 (Ending)	\$ 233,791	\$ 233,791	\$ 284,811	\$ 51,020

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

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 252,576	\$ 252,576	\$ 278,691	\$ 26,115
5800 State Program Revenues	161,476	161,476	107,169	(54,307)
5020 Total Revenues	414,052	414,052	385,860	(28,192)
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	370,249	5,868	5,868	-
0072 Interest on Long Term Debt	-	364,381	362,643	1,738
6030 Total Expenditures	370,249	370,249	368,511	1,738
1200 Net Change in Fund Balances	43,803	43,803	17,349	(26,454)
0100 Fund Balance - September 1 (Beginning)	178	178	178	-
3000 Fund Balance - August 31 (Ending)	\$ 43,981	\$ 43,981	\$ 17,527	\$ (26,454)

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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
Anthony Independent School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anthony Independent School District, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the Anthony Independent School District's basic financial statements and have issued our report thereon dated January 15, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anthony Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 14-001.

Anthony Independent School District's Response to Findings

Anthony Independent School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Anthony Independent School 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.

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.

Gibson, Ruddock, Patterson LLC
El Paso, Texas
January 15, 2015

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
Anthony Independent School District

Report on Compliance for Each Major Federal Program

We have audited Anthony Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Anthony Independent School District's major federal programs for the year ended August 31, 2014. The Anthony Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Anthony Independent School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

Report on Internal Control over Compliance

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

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

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

Gibson, Ruddock, Patterson LLC
El Paso, Texas
January 15, 2015

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

Schedule Reference Number	PROGRAM	DESCRIPTION
<u>SUMMARY OF AUDITOR'S RESULTS</u>		
<u>Financial Statements</u>		
	Type of Auditor's Report issued:	Unmodified
	Internal control over financial reporting:	
	Material weaknesses identified?	None
	Significant deficiencies identified that are not considered to be material weaknesses?	None reported.
	Noncompliance material to the financial statements:	Yes, see Finding 14-001
<u>Federal Awards</u>		
	Internal control over major programs:	
	Material weaknesses identified?	None
	Significant deficiencies identified that are not considered to be material weaknesses?	None reported.
	Type of auditor's report issued on compliance for major programs:	Unmodified
	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
	Major Federal Programs:	<u>Child Nutrition Cluster -</u> 10.553 School Breakfast Program, 10.555 National School Lunch Program, 10.559 Summer Food Service Program
	Dollar threshold used to distinguish between type A and type B programs:	\$300,000
	Auditee qualified as low-risk auditee?	Yes

(Continued)

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

Schedule Reference Number	PROGRAM	DESCRIPTION
	<u>FINANCIAL STATEMENT FINDINGS</u>	
14-001	State Compliance	Collateralizing Public Funds Deposits
	Criteria:	The Public Funds Collateral Act, Texas Government Code, Section 2257.022 requires that deposits of public funds be collateralized at an amount no less than the amount of the deposit that is uninsured.
	Condition Found:	A portion of the District's deposits were neither insured or collateralized.
	Questioned Costs/Basis:	\$2,696,117 as of August 31, 2014.
	Instances/Universe:	Not applicable.
	Effect:	The District was exposed to a potential loss of public funds in the amount of the uninsured, uncollateralized bank balance.
	Cause:	The District negotiated a new depository contract prior to the beginning of the 2013-2014 fiscal year. However, it appears that due to turnover in the District's finance department the signed depository contract was not returned to the bank.
	Recommendation:	The District should implement monitoring procedures to ensure adequate coverage of all its deposits. In addition, it may be appropriate to implement additional oversight of significant contracts whenever there is a vacancy in an upper level position.
	Management Response:	See Corrective Action Plan.

(Continued)

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

Schedule Reference Number	PROGRAM	DESCRIPTION
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FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no current year findings.

ANTHONY INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF STATUS OF PRIOR FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2014

Schedule Reference Number	PRIOR YEAR FINDING/ NONCOMPLIANCE	STATUS OF PRIOR YEAR'S FINDINGS/NONCOMPLIANCE
--	--	--

FINANCIAL STATEMENT FINDINGS

13-01

State Program Compliance - Mandated
Program Expenditures

The District did not satisfy the 52% spending requirement for the State Compensatory Education Program and the 55% for the Gifted and Talented Program.

The District had a similar situation in 2013-2014 for the Gifted and Talented Program. However, the amounts are immaterial to these financial statements.

FEDERAL AWARD FINDING AND QUESTIONED COSTS

There were no prior year findings.

ANTHONY INDEPENDENT SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED AUGUST 31, 2014

Schedule Reference Number	PROGRAM	CORRECTIVE ACTION PLAN
14-001	State Compliance	Collateralizing Public Funds Deposits
	Corrective Action Plan:	New administration team will ensure the adequate coverage of all its deposits by reviewing collateralized deposit reports on a monthly basis.
	Responsible Party:	Emily Levario, Finance Director and Steven Saldivar, Superintendent
	Anticipated Completion Date:	January 2015

ANTHONY INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101071906	\$ 318,425
*IDEA - Part B, Formula	84.027A	146600010719066600	131,262
*IDEA - Part B, Preschool	84.173A	146610010719066610	1,811
Total Special Education Cluster (IDEA)			133,073
SSA - Career and Technical - Basic Grant	84.048	14420006071906	8,908
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	14696001071906	14,919
Title III, Part A - English Language Acquisition	84.365A	14671001071906	17,005
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501071906	3,196
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501071906	46,376
Total CFDA Number 84.367A			49,572
Summer School LEP	84.369A	69551402	2,213
Total Passed Through State Department of Education			\$ 544,114
TOTAL DEPARTMENT OF EDUCATION			\$ 544,114
U.S. DEPARTMENT OF LABOR			
<u>Passed Through Upper Rio Grande Workforce</u>			
Workforce Investment Act Youth Activities	17.259	PY11-297-100-B-2-01	\$ 27,365
Total Passed Through Upper Rio Grande Workforce			\$ 27,365
TOTAL DEPARTMENT OF LABOR			\$ 27,365
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
**School Breakfast Program	10.553	71401401	\$ 219,115
**National School Lunch Program - Cash Assistance	10.555	71301401	369,265
**National School Lunch Prog.- Non-Cash Assistance	10.555		41,461
Total CFDA Number 10.555			410,726
**Summer Feeding Program - Cash Assistance	10.559		457,343
Total Child Nutrition Cluster			1,087,184
Total Passed Through the State Department of Agriculture			\$ 1,087,184
TOTAL DEPARTMENT OF AGRICULTURE			\$ 1,087,184
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,658,663

*, ** Clustered Programs as required by the OMB A-133 Compliance Supplement March 2014

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2014

1. For all Federal programs, the District uses the fund types specified in the Texas Education Agency's *Financial Accountability System Resource Guide*. Special Revenue Funds are used to account for resources restricted to specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally, if balances have not been expended by the end of the project period, grantor may required the District to refund all or part of the unused amount.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for either in the General Fund or in a Special Revenue Fund, which is a Governmental Fund Type. 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 the Governmental Fund Types. 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 fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences, 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.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 90 days beyond the federal project period ending date, in accordance with provisions in Section H. Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement - March 2014.
4. Commodity assistance is reported by the CFDA numbers of the programs under which USDA donated the commodities.

(Continued)

ANTHONY INDEPENDENT SCHOOL DISTRICT

NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS

YEAR ENDED AUGUST 31, 2014

5. Of the federal expenditures presented in the Exhibit K-1, the District accounted for certain funds in the General Fund as follows:

Program Title	Federal CFDA Number	Amount
National School Breakfast Program	10.553	\$ 219,115
National School Lunch Program-Cash Assistance	10.555	369,265
National School Lunch Program-Non-Cash Assistance	10.555	41,461
		629,841
Indirect Cost - Other	84.XXX	16,491
SHARS (not included on K-1)		139,696
Total General Fund Federal Revenue per C-3		\$ 786,028

6. The total revenue presented on this Exhibit K-1 can be reconciled to Exhibit C-3 as follows:

Expenditures of Federal awards per Exhibit K-1	\$ 1,658,663
School Health and Related Services (SHARS) reimbursements	139,696
Total Federal revenue per Exhibit C-3	\$ 1,798,359

SCHOOLS FIRST QUESTIONNAIRE

Anthony Independent School District

Fiscal Year 2014

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	Yes
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	0