

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED

AUGUST 31, 2013

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JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2013

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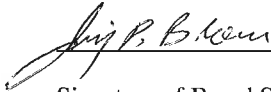
CERTIFICATE OF BOARD

Jacksonville Independent School District
Name of School District


Cherokee
County

037904
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2013, at a meeting of the Board of Trustees of such school district on the 18th day of November, 2013.



Signature of Board Secretary



Signature of Board President

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Jacksonville Independent School District
Jacksonville, Texas 75766

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 Jacksonville Independent School District (the District) as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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 the 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 Jacksonville Independent School District as of August 31, 2013, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information on pages 9 through 16 and 29 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual non-major 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 non-major 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 Texas Education Agency requires school districts to include certain information in the Annual Financial and Compliance Report in conformity with laws and regulations of the State of Texas. This information is in Exhibits identified in the Table of Contents as J-1 through J-5. Except for Exhibit J-3 (Cash Flow and the Optimum Fund Balance Calculation Schedule) which is marked **UNAUDITED** and on which we express no opinion, these schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Robinson & Payne

Robinson & Payne, PLLC
Carthage, Texas
October 10, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Jacksonville Independent School District, discuss and analyze the District's financial performance for the fiscal year ended August 31, 2013. Please read it in conjunction with the independent auditor's report on page 6, and the District's Basic Financial Statements which begin on page 19.

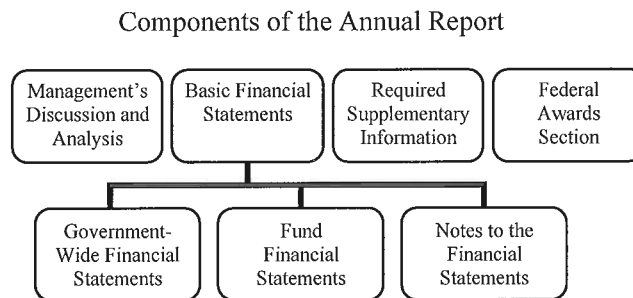
FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent period by \$31,295,855 (net position). Of this amount, \$6,987,663 (unrestricted net position) may be used to meet the District's ongoing obligations.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$12,697,266. Approximately 47 percent of this total amount, \$5,919,188, represents unassigned fund balance in the general fund, which is available for spending at the District's discretion or 17 percent of the total general fund expenditures.
- At the end of the current fiscal year, fund balance for the Capital Projects Fund was \$1,129,594.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's annual report presented includes four sections, consisting of the following:

- 1) Management's Discussion and Analysis
- 2) Basic Financial Statements
- 3) Required Supplementary Information
- 4) Federal Awards Section



The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 19 and 21). These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 23) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, fund financial statements tell how goods or services of the District were sold to departments within the District or to external customers and how the sales revenues covered the expenses of the goods or services. The

remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the district.

The notes to the financial statements (starting on page 35) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 19. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, liabilities and deferred inflows/outflows or resources at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in net position. The District's net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 23 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds—governmental and proprietary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. In fact, the District's internal service funds (one category of proprietary funds) report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs and warehouse.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 33 and 34. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District has presented net position measurements as required by generally accepted accounting principles. Our analysis of comparative balances and changes therein for the current year's operations presents both current and prior year data and discusses significant changes in accounts. Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$31,181,746 to \$31,295,855. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$6,987,663 at August 31, 2013. This increase in governmental net position was the result of the District's revenues exceeding expenditures by about \$114 thousand as shown in Table II on page 13.

Table I
Jacksonville Independent School District

NET POSITION

	2013	2012
Current and other assets	\$ 18,486,955	\$ 26,208,822
Capital assets	74,676,706	67,989,641
Total assets	93,163,661	94,198,463
Long-term liabilities	57,267,481	58,170,702
Other liabilities	4,600,325	4,846,015
Total liabilities	61,867,806	63,016,717
Net Position:		
Invested in capital assets net of related debt	17,530,114	9,945,513
Restricted	6,778,078	14,518,388
Unrestricted	6,987,663	6,717,845
Total net position	\$ 31,295,855	\$ 31,181,746

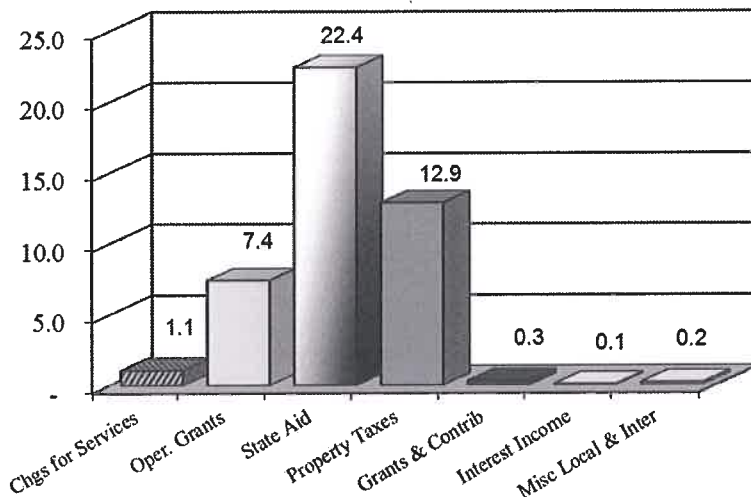
Table II
Jacksonville Independent School District

CHANGES IN NET POSITION

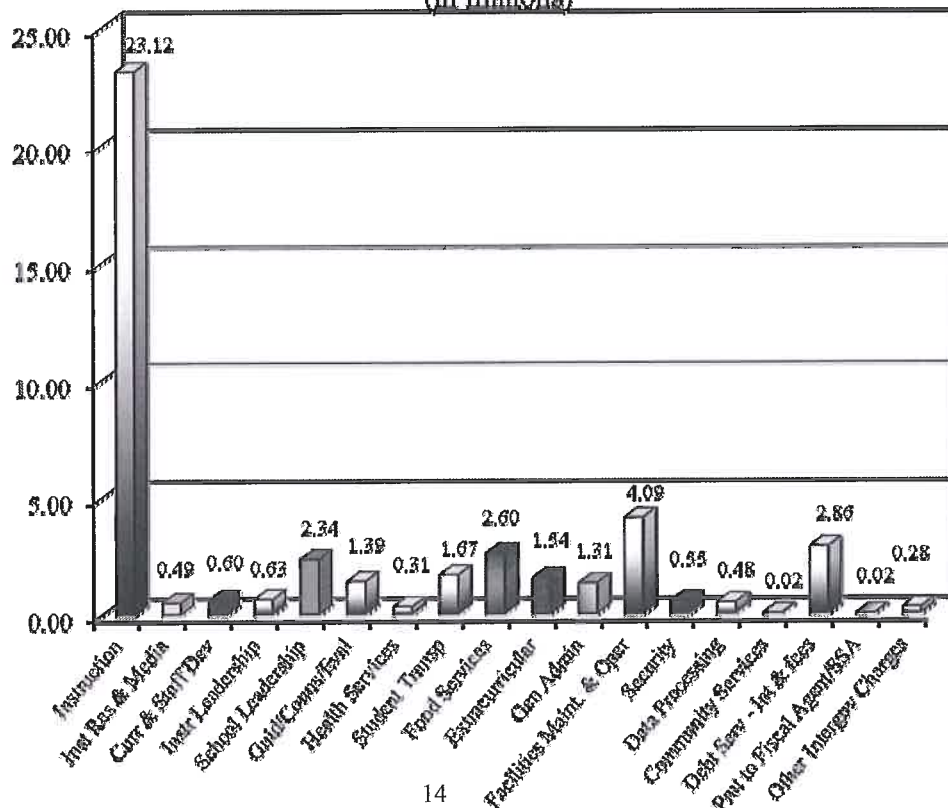
	Governmental Activities	
	2013	2012
Revenues:		
Program Revenues:		
Charges for services	\$ 1,083,496	\$ 931,919
Operating grants and contributions	7,416,093	8,884,649
General Revenues:		
Maintenance and operations taxes	10,160,689	9,992,447
Debt service taxes	2,723,127	2,670,625
State aid - formula grants	22,444,017	21,941,769
Grants & contributions not restricted	318,023	393,424
Investment earnings	78,488	148,647
Miscellaneous	195,462	(609,034)
Total Revenue	44,419,395	44,354,446
Expenses:		
Instruction	23,124,543	24,195,478
Instructional resources & media sources	485,644	472,969
Curriculum & staff development	597,645	499,537
Instructional leadership	634,214	680,932
School leadership	2,338,922	2,235,757
Guidance, counseling & evaluation services	1,393,251	1,353,913
Health services	311,313	278,485
Student (pupil) transportation	1,665,609	1,711,756
Food services	2,599,649	2,649,466
Extracurricular activities	1,536,288	1,466,689
General administration	1,306,033	1,184,947
Facilities maintenance & operations	4,094,796	3,716,163
Security and monitoring services	552,666	302,818
Data processing services	483,426	507,730
Community services	19,498	23,777
Debt service – Interest on long term debt	2,771,290	2,710,855
Debt service – Bond Issuance costs & fees	92,229	1,966
Payments related to Shared Service Arrangements	15,602	14,812
Other Intergovernmental charges	282,668	257,510
Total Expenses	44,305,286	44,265,560
Increase in net position	114,109	88,886
Net position - Beginning	31,181,746	31,092,860
Net position - Ending	\$ 31,295,855	\$ 31,181,746

The cost of all governmental activities this year was \$44.3 million. However, as shown in the Statement of Activities on page 21, the amount that our taxpayers ultimately financed for these activities through District taxes was only \$12.9 million because some of the costs were paid by those who directly benefited from the programs (\$1.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7.4 million) or by State equalization funding (\$22.4 million).

Revenue By Source
(in millions)



Program Expenses - Government Wide
(in millions)



THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on page 23) reported a combined fund balance of \$12.7 million, which is a decrease of \$7.6 million from last year's total of \$20.3 million. Included in this year's total change in fund balance are a decrease of \$551 thousand in the District's General Fund, a decrease of \$4.3 million in the District's 2011 Bond Proceeds capital projects fund, and a decrease of \$2.0 million in the District's Capital Projects Fund.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments to reflect capital outlay items. The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2013, the District had \$100.2 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a net increase of just over \$8.9 million, or 10 percent, over last year.

This year's major additions included:

Fred Douglass & High School Renovations	\$ 7,078,133
Gymnasium	802,763
Land	137,500
Administration Building	786,448
Playground equipment	56,740
Vehicles	32,204
Other equipment	221,268
	<hr/>
Totaling	\$9,115,056

More detailed information about the District's capital assets is presented in Note E to the financial statements.

Debt

At year-end, the District had \$57.0 million in bonds and notes outstanding versus \$57.9 million last year. Other obligations include accrued sick leave. More detailed information about the District's long-term liabilities is presented in Note Q to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2014 budget and tax rates. These factors included, but were not limited to, the state foundation school program formula, property values, student growth trends, staff ratio analysis, and anticipated needs.

These factors were taken into account when adopting a balanced 2014 General Fund budget of \$35.5 million, an increase of 2 percent from the final 2013 budget. Payroll costs account for 85 percent of the 2014 General Fund budget, which dictates careful analysis and planning of staffing and payroll costs.

If these estimates are realized, the District's budgetary General Fund balance will remain unchanged by the close of 2014. More importantly, this will have been accomplished in spite of unfunded state and federal mandates. As always, the District plans to monitor enrollment figures and tax collections and will implement spending cuts if significant decreases occur in either.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Jacksonville Independent School District, P.O. Box 631, Jacksonville, Texas, 75766.

BASIC FINANCIAL STATEMENTS

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JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2013

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 17,347,503
1220 Property Taxes Receivable (Delinquent)	1,108,109
1230 Allowance for Uncollectible Taxes	(319,603)
1240 Due from Other Governments	210,641
1290 Other Receivables, net	21,801
1300 Inventories	117,171
1410 Prepayments	1,333
Capital Assets:	
1510 Land	5,742,781
1520 Buildings, Net	66,078,608
1530 Furniture and Equipment, Net	2,855,317
1000 Total Assets	93,163,661
LIABILITIES	
2110 Accounts Payable	1,661,818
2150 Payroll Deductions & Withholdings	321,517
2160 Accrued Wages Payable	1,258,990
2180 Due to Other Governments	872,029
2200 Accrued Expenses	456,500
2300 Unearned Revenue	29,471
Noncurrent Liabilities	
2501 Due Within One Year	1,106,645
2502 Due in More Than One Year	56,160,836
2000 Total Liabilities	61,867,806
NET POSITION	
3200 Net Investment in Capital Assets	17,530,114
3820 Restricted for Federal and State Programs	883,719
3850 Restricted for Debt Service	910,321
3860 Restricted for Capital Projects	2,629,594
3870 Restricted for Campus Activities	289,708
3890 Restricted for Other Purposes	2,064,736
3900 Unrestricted	6,987,663
3000 Total Net Position	\$ 31,295,855

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

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JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	1	Program Revenues		6
		3	4	
	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	\$ 23,124,543	\$ 531,476	\$ 3,750,493	\$ (18,842,574)
12 Instructional Resources and Media Services	485,644	-	18,335	(467,309)
13 Curriculum and Staff Development	597,645	-	239,812	(357,833)
21 Instructional Leadership	634,214	-	33,539	(600,675)
23 School Leadership	2,338,922	-	98,936	(2,239,986)
31 Guidance, Counseling and Evaluation Services	1,393,251	-	295,647	(1,097,604)
33 Health Services	311,313	-	24,380	(286,933)
34 Student (Pupil) Transportation	1,665,609	-	55,216	(1,610,393)
35 Food Services	2,599,649	367,515	2,363,215	131,081
36 Extracurricular Activities	1,536,288	138,210	28,593	(1,369,485)
41 General Administration	1,306,033	6,093	48,139	(1,251,801)
51 Facilities Maintenance and Operations	4,094,796	40,202	116,584	(3,938,010)
52 Security and Monitoring Services	552,666	-	12,813	(539,853)
53 Data Processing Services	483,426	-	15,885	(467,541)
61 Community Services	19,498	-	11,487	(8,011)
72 Debt Service - Interest on Long Term Debt	2,771,290	-	303,019	(2,468,271)
73 Debt Service - Bond Issuance Cost and Fees	92,229	-	-	(92,229)
93 Payments related to Shared Services Arrangements	15,602	-	-	(15,602)
99 Other Intergovernmental Charges	282,668	-	-	(282,668)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 44,305,286	\$ 1,083,496	\$ 7,416,093	(35,805,697)

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	10,160,689
DT	Property Taxes, Levied for Debt Service	2,723,127
SF	State Aid - Formula Grants	22,444,017
GC	Grants and Contributions not Restricted	318,023
IE	Investment Earnings	78,488
MI	Miscellaneous Local and Intermediate Revenue	195,462
TR	Total General Revenues	35,919,806
CN	Change in Net Position	114,109
NB	Net Position - Beginning, as restated	31,181,746
NE	Net Position--Ending	\$ 31,295,855

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

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JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AUGUST 31, 2013

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 11,617,427	\$ 2,702,333	\$ 2,189,600	\$ 16,509,360
1220 Property Taxes - Delinquent	928,277	-	179,832	1,108,109
1230 Allowance for Uncollectible Taxes (Credit)	(274,766)	-	(44,837)	(319,603)
1240 Receivables from Other Governments	25,547	-	185,094	210,641
1260 Due from Other Funds	101,704	-	-	101,704
1290 Other Receivables	15,430	-	6,371	21,801
1300 Inventories	-	-	8,912	8,912
1410 Prepayments	1,333	-	-	1,333
1000 Total Assets	<u>\$ 12,414,952</u>	<u>\$ 2,702,333</u>	<u>\$ 2,524,972</u>	<u>\$ 17,642,257</u>
LIABILITIES				
2110 Accounts Payable	\$ 82,400	\$ 1,572,739	\$ 6,679	\$ 1,661,818
2150 Payroll Deductions and Withholdings Payable	321,517	-	-	321,517
2160 Accrued Wages Payable	1,099,578	-	159,412	1,258,990
2170 Due to Other Funds	-	-	12,661	12,661
2180 Due to Other Governments	774,023	-	98,006	872,029
2300 Unearned Revenues	-	-	29,471	29,471
2000 Total Liabilities	<u>2,277,518</u>	<u>1,572,739</u>	<u>306,229</u>	<u>4,156,486</u>
DEFERRED INFLOWS OF RESOURCES				
2601 Deferred Revenue - Property Taxes	653,510	-	134,995	788,505
2600 Total Deferred Inflows of Resources	<u>653,510</u>	<u>-</u>	<u>134,995</u>	<u>788,505</u>
FUND BALANCES				
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	883,719	883,719
3480 Retirement of Long-Term Debt	-	-	910,321	910,321
Committed Fund Balance:				
3545 Other Committed Fund Balance	-	-	289,708	289,708
Assigned Fund Balance:				
3550 Construction	1,500,000	1,129,594	-	2,629,594
3570 Capital Expenditures for Equipment	1,994,736	-	-	1,994,736
3590 Other Assigned Fund Balance	70,000	-	-	70,000
3600 Unassigned Fund Balance	5,919,188	-	-	5,919,188
3000 Total Fund Balances	<u>9,483,924</u>	<u>1,129,594</u>	<u>2,083,748</u>	<u>12,697,266</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 12,414,952</u>	<u>\$ 2,702,333</u>	<u>\$ 2,524,972</u>	<u>\$ 17,642,257</u>

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

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JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AUGUST 31, 2013

Total Fund Balances - Governmental Funds	\$ 12,697,266
1 The District uses internal service funds to charge the costs of certain activities, such as self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.	504,595
2 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 \$91,348,386 and the accumulated depreciation was \$23,358,745. 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.	9,711,838
3 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 2013 capital outlays and debt principal payments is to increase net position.	10,300,437
4 The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(2,333,372)
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.	479,214
6 The premiums and discounts on bonds payable are amortized in the government-wide financial statements. Accretion of interest on capital appreciation bonds is also recorded. The net effect of these bonds payable related transactions is to decrease net position.	(64,123)
19 Net Position of Governmental Activities	\$ 31,295,855

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

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JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBIT C-3

Data Control Codes	10 General Fund	60 Capital Projects	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 10,803,639	\$ 44,369	\$ 3,460,627	\$ 14,308,635
5800 State Program Revenues	23,386,531	-	758,267	24,144,798
5900 Federal Program Revenues	318,023	-	5,714,240	6,032,263
5020 Total Revenues	<u>34,508,193</u>	<u>44,369</u>	<u>9,933,134</u>	<u>44,485,696</u>
EXPENDITURES:				
Current:				
0011 Instruction	18,726,471	-	2,882,024	21,608,495
0012 Instructional Resources and Media Services	439,676	-	33,663	473,339
0013 Curriculum and Instructional Staff Development	352,819	-	233,944	586,763
0021 Instructional Leadership	607,032	-	6,998	614,030
0023 School Leadership	2,238,119	-	7,436	2,245,555
0031 Guidance, Counseling and Evaluation Services	1,110,524	-	247,428	1,357,952
0033 Health Services	312,444	-	8,710	321,154
0034 Student (Pupil) Transportation	1,412,166	-	2,921	1,415,087
0035 Food Services	5,271	-	2,464,757	2,470,028
0036 Extracurricular Activities	1,185,960	-	265,567	1,451,527
0041 General Administration	1,266,374	-	-	1,266,374
0051 Facilities Maintenance and Operations	3,920,575	-	13,955	3,934,530
0052 Security and Monitoring Services	539,036	-	224	539,260
0053 Data Processing Services	465,829	-	-	465,829
0061 Community Services	8,134	-	11,387	19,521
Debt Service:				
0071 Principal on Long Term Debt	-	-	1,280,000	1,280,000
0072 Interest on Long Term Debt	-	-	2,492,285	2,492,285
0073 Bond Issuance Cost and Fees	-	-	92,229	92,229
Capital Outlay:				
0081 Facilities Acquisition and Construction	2,170,176	2,091,293	4,986,840	9,248,309
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	15,602	-	-	15,602
0099 Other Intergovernmental Charges	282,668	-	-	282,668
6030 Total Expenditures	<u>35,058,876</u>	<u>2,091,293</u>	<u>15,030,368</u>	<u>52,180,537</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(550,683)</u>	<u>(2,046,924)</u>	<u>(5,097,234)</u>	<u>(7,694,841)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	3,895,000	3,895,000
7915 Transfers In	-	-	633,828	633,828
7916 Premium or Discount on Issuance of Bonds	-	-	274,784	274,784
8911 Transfers Out (Use)	-	-	(633,828)	(633,828)
8949 Other (Uses)	-	-	(4,066,325)	(4,066,325)
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>103,459</u>	<u>103,459</u>
1200 Net Change in Fund Balances	(550,683)	(2,046,924)	(4,993,775)	(7,591,382)
0100 Fund Balance - September 1 (Beginning)	10,034,607	3,176,518	7,077,523	20,288,648
3000 Fund Balance - August 31 (Ending)	<u>\$ 9,483,924</u>	<u>\$ 1,129,594</u>	<u>\$ 2,083,748</u>	<u>\$ 12,697,266</u>

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

JACKSONVILLE 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, 2013

Total Net Change in Fund Balances - Governmental Funds	\$	(7,591,382)
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other funds. The net income (loss) of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.		83,522
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 2013 capital outlays and debt principal payments is to increase net position.		10,300,437
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.		(2,333,372)
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.		(280,973)
The premiums and discounts on bonds payable are amortized in the government-wide financial statements. Accretion of interest on capital appreciation bonds is also recorded. The net effect of these bonds payable related transactions is to decrease net position.		(64,123)
Change in Net Position of Governmental Activities	\$	114,109

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

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 10,395,781	\$ 10,689,442	\$ 10,803,639	\$ 114,197
5800 State Program Revenues	24,010,772	24,049,825	23,386,531	(663,294)
5900 Federal Program Revenues	215,000	290,000	318,023	28,023
5020 Total Revenues	<u>34,621,553</u>	<u>35,029,267</u>	<u>34,508,193</u>	<u>(521,074)</u>
EXPENDITURES:				
Current:				
0011 Instruction	19,984,766	19,748,056	18,726,471	1,021,585
0012 Instructional Resources and Media Services	480,708	488,894	439,676	49,218
0013 Curriculum and Instructional Staff Development	270,389	354,166	352,819	1,347
0021 Instructional Leadership	613,649	614,378	607,032	7,346
0023 School Leadership	2,276,944	2,294,012	2,238,119	55,893
0031 Guidance, Counseling and Evaluation Services	1,193,018	1,189,839	1,110,524	79,315
0032 Social Work Services	5,118	4,993	-	4,993
0033 Health Services	336,565	336,419	312,444	23,975
0034 Student (Pupil) Transportation	1,730,028	1,626,097	1,412,166	213,931
0035 Food Services	5,198	7,098	5,271	1,827
0036 Extracurricular Activities	1,149,725	1,281,590	1,185,960	95,630
0041 General Administration	1,317,052	1,318,945	1,266,374	52,571
0051 Facilities Maintenance and Operations	4,148,584	4,076,186	3,920,575	155,611
0052 Security and Monitoring Services	344,579	579,173	539,036	40,137
0053 Data Processing Services	437,392	495,100	465,829	29,271
0061 Community Services	8,713	9,770	8,134	1,636
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	2,171,131	2,170,176	955
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of	24,125	24,125	15,602	8,523
0099 Other Intergovernmental Charges	295,000	295,000	282,668	12,332
6030 Total Expenditures	<u>34,621,553</u>	<u>36,914,972</u>	<u>35,058,876</u>	<u>1,856,096</u>
1200 Net Change in Fund Balances	-	(1,885,705)	(550,683)	1,335,022
0100 Fund Balance - September 1 (Beginning)	<u>10,034,607</u>	<u>10,034,607</u>	<u>10,034,607</u>	-
3000 Fund Balance - August 31 (Ending)	<u>\$ 10,034,607</u>	<u>\$ 8,148,902</u>	<u>\$ 9,483,924</u>	<u>\$ 1,335,022</u>

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

JACKSONVILLEINDEPENDENTSCHOOLDISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AUGUST 31, 2013

	Governmental Activities -
	Total Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 838,143
Inventories	108,259
Total Assets	<u>946,402</u>
LIABILITIES	
Current Liabilities:	
Due to Other Funds	89,043
Accrued Expenses	352,764
Total Liabilities	<u>441,807</u>
NET POSITION	
Unrestricted Net Assets	<u>504,595</u>
Total Net Position	<u>\$ 504,595</u>

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

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Governmental Activities -
	Total Internal Service Funds
<hr/>	
OPERATING REVENUES:	
Local and Intermediate Sources	\$ 518,442
Total Operating Revenues	<u>518,442</u>
OPERATING EXPENSES:	
Payroll Costs	265,480
Other Operating Costs	169,440
Total Operating Expenses	<u>434,920</u>
Operating Income	83,522
Total Net Position - September 1 (Beginning)	<u>421,073</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 504,595</u></u>

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

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

	Governmental Activities -
	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>	
Cash Received from User Charges	\$ 518,442
Cash Payments for Insurance Claims	(203,965)
Cash Payments for Suppliers	(176,163)
Net Cash Provided by Operating Activities	<u>138,314</u>
Net Increase in Cash and Cash Equivalents	138,314
Cash and Cash Equivalents at Beginning of Year	<u>699,829</u>
Cash and Cash Equivalents at End of Year	<u>\$ 838,143</u>
<u>Reconciliation of Operating Income to Net Cash</u>	
<u>Provided by Operating Activities:</u>	\$ 83,522
Operating Income:	
Effect of Increases and Decreases in Current Assets and Liabilities:	
Decrease (increase) in Inventories	(4,178)
Increase (decrease) in Due To Other Funds	(2,545)
Increase (decrease) in Accrued Expenses	61,515
Net Cash Provided by Operating Activities	<u>\$ 138,314</u>

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

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2013

EXHIBITE-1

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 4,606	\$ 45,778
Long Term Investments	-	175,124
Total Assets	4,606	\$ 220,902
LIABILITIES		
Accounts Payable	-	\$ 82
Due to Student Groups	-	45,696
Payable from Restricted Assets	-	175,124
Total Liabilities	-	\$ 220,902
NET POSITION		
Restricted for Scholarships	4,606	
Total Net Position	\$ 4,606	

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

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2013

EXHIBITE-2

	Private Purpose Trust Fund
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 6
Total Additions	<u>6</u>
DEDUCTIONS:	
Professional and Contracted Services	<u>800</u>
Total Deductions	<u>800</u>
Change in Net Position	(794)
Total Net Position - September 1 (Beginning)	<u>5,400</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 4,606</u></u>

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

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED AUGUST 31, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the Jacksonville Independent School District non-fiduciary activities with most of the inter-fund activities removed. *Governmental activities* include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

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.

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

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

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, deferred inflows/outflows 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 un-matured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

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

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

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

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** – The general fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Capital Projects Fund** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

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

Governmental Funds:

3. **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 Special Revenue Funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
4. **Debt Service Fund** – 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.
5. **2011 Bond Proceeds Capital Projects Fund** – This fund is used to account for proceeds from the 2011 bond issuance and revenues and expenditures related to the construction of two new elementary schools and renovations and additions to existing school buildings.
6. **Permanent Funds** – The District accounts for donations for which the donor has stipulated that the principal may not be expended and where the income may only be used for purposes that support the District's programs. The District has no permanent funds.

Proprietary Funds:

7. **Enterprise Funds** – The District's activities for which outside users are charged a fee roughly equal to the cost of providing the goods or services of those activities are accounted for in an enterprise fund. The District has no non-major enterprise funds.
8. **Internal Service Funds** – Revenues and expenses related to services provided to organizations inside the District on a cost reimbursement basis are accounted for in an internal service fund. The District's Internal Service Funds are the Self-funded Workers' Compensation Fund and the Warehouse Fund.

Fiduciary Funds:

9. **Private Purpose Trust Funds** – The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds are the Future Homemakers of America Scholarship Fund and the Steven Joseph Memorial Fund.
10. **Pension (and Other Employee Benefit) Trust Funds** – These funds are used to account for local pension and other employee benefit funds that are provided by the District in lieu of or in addition to the Teacher Retirement System of Texas. The District has no Pension Trust Funds.

11. **Investment Trust Fund** - This fund is one in which the District holds assets in trust for other entities participating in an investment program managed by the district. The District has no Investment Trust Funds.
12. **Agency Funds** – The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are the Student Activity funds.

E. OTHER ACCOUNTING POLICIES

1. For purposes of the statement of cash flows for proprietary and similar fund-types, the District considers highly liquid investments to be cash equivalents if they have a maturity of three months or less when purchased.
2. 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 revenue when received.
3. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

4. Upon retirement or death of certain employees, the District pays any accrued state sick leave in a lump cash payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments.
5. Capital assets, which include land, buildings, furniture and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	45
Parking lots	20
Vehicles	6
Equipment	7-10

6. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. Deferred revenue is reported in the governmental fund Balance Sheet. Net delinquent taxes receivable as of August 31, 2013 are recorded as deferred revenue.

7. In the fund financial statements, governmental funds report fund balances in the following classifications:
 - a. *Nonspendable fund balance* – amounts that are not in spendable form, such as fund balances associated with inventories, prepaids, and long-term loans and notes receivable.
 - b. *Restricted fund balance* – amounts that can be spent only for the specific purposes stipulated by their providers, such as grantors, bondholders, and higher levels of government, through constitutional provisions, or by enabling legislation.
 - c. *Committed fund balance* – amounts that can only be used for the specific purposes determined by a formal action of the District’s Board of Trustees (the District’s highest level of decision-making authority). These amounts cannot be used for any other purpose unless the District’s Board of Trustees takes the same level of action to remove or change the constraint.
 - d. *Assigned fund balance* – amounts intended to be used by the government for specific purposes but to not meet the criteria to be classified as restricted or committed. Intent can be expressed by the District’s Board of Trustees or by the Superintendent or Chief Financial Officer, to whom the Board of Trustees has delegated the authority to assign fund balances.
 - e. *Unassigned fund balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.
8. In the government-wide financial statements, net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position invested in capital assets, net of any related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets, and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.
9. When the District incurs an expense for which it may use net position available in more than one classification, the District uses restricted net position first, followed by committed, assigned and finally unassigned, unless unassigned net position will have to be returned because it was not used.
10. 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.

F. GASB STATEMENT NUMBERS 63 AND 65 AND RESTATEMENT OF PRIOR YEAR NET POSITION

Jacksonville Independent School District implemented two statements of the Governmental Accounting Standards Board (GASB) this year – Number 63 (Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position) and Number 65 – (Items Previously Reported as Assets and Liabilities). These two statements:

1. Classified items that are a consumption of net position applicable to a future reporting period as deferred resource outflows.
2. Classified items that are an acquisition of net position applicable to a future reporting period as deferred resource inflows.
3. Renamed all “Statements of Net Assets” to “Statements of Net Position.”
4. Required all bond issuance costs to be recorded as expenses in the year the bonds were issued.
5. Reclassified the effect of accounting changes adopted to conform to the provisions of Statement Number 63 retroactively in statements of net position and balance sheets, if practical, for all prior periods presented. In the period Statement Number 63 is first applied, the financial statements should disclose the nature of any reclassification and its effect.
6. Required reasons for not reclassifying statements of net position and balance sheet information for prior periods presented to be explained.

Reclassifying bond issuance costs from previous years as expenses in the years the bonds were issued and recording the effect on beginning net position is shown below:

Beginning net position	\$ 31,778,574
Less reclassification of bond issuance costs per GASB #65	<u>(596,828)</u>
Beginning net position, restated	<u>\$ 31,181,746</u>

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, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> at the Beginning of the year	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beg of the Year</u>	<u>Change in Net Position</u>
Land and improvements	\$ 5,605,281	\$ -	\$ 5,605,281	
Buildings	60,319,228	15,753,331	44,565,897	
Furniture & Equipment	10,911,199	7,605,414	3,305,785	
Construction in Progress	<u>14,512,678</u>	<u>-</u>	<u>14,512,678</u>	
Change in Net Position				\$67,989,641
 <u>Long-term Liabilities</u> at the Beginning of the year			<u>Payable at the Beg of the Year</u>	
Bonds Payable			\$ 57,937,027	
Accrued interest payable on bonds			107,101	
Compensated Absences			<u>233,675</u>	
Change in Net Position				<u>(58,277,803)</u>
Net Adjustment to Net Position				<u>\$(9,711,838)</u>

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 position balance and the changes in net position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Land	\$ 137,500		
Buildings and improvements	8,667,345		
Furniture and equipment	<u>310,211</u>		
Total Capital Outlay	<u>9,115,056</u>	<u>\$ 9,115,056</u>	<u>\$ 9,115,056</u>
<u>Debt Principal Payments</u>			
Bond Principal	<u>1,280,000</u>		
Total Principal Payments	<u>1,280,000</u>	<u>1,280,000</u>	<u>1,280,000</u>
Current year asset dispositions	<u>(94,619)</u>	<u>(94,619)</u>	<u>(94,619)</u>
Total Adjustment to Net Position		<u>\$10,300,437</u>	<u>\$10,300,437</u>

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 several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	\$ 293,203	\$ (293,203)	
Uncollected taxes(assumed collectible) from Current Year Levy	345,836	345,836	\$ 345,836
Uncollected Taxes (assumed collectible) from Prior Year Levy	442,669	(24,315)	442,669
<u>Reclassify transactions related to Debt Refunding</u>			
Proceeds from issuance of bonds	3,895,000	(3,895,000)	(3,895,000)
Premium on bonds issued	274,784	(274,784)	(274,784)
Principal amount of bonds refunded	(4,000,000)	4,000,000	4,000,000
Loss on previously refunded bonds	151,922	(151,922)	(151,922)
<u>Reclassify liabilities incurred but not liquidated this year</u>			
Unused sick leave	(9,050)	9,050	9,050
Accrued interest payable on bonds	<u>(3,365)</u>	<u>3,365</u>	<u>3,365</u>
Total		<u>\$ (280,973)</u>	<u>\$ 479,214</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund which is included in the Special Revenue Funds. The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The General Fund Budget report appears in Exhibit C-5 and the other two reports are in Exhibit J-4 and J-5.

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

1. Prior to August 20 the District prepares a budget for the next succeeding fiscal year beginning September 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to September 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year. (However, none of these were significant.)
4. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end. A reconciliation of fund balances for both appropriated budget and non-appropriated budget special revenue funds is as follows:

	Fund Balance
	<u>August 31, 2013</u>
Appropriated Budget Funds - Food Service Special Revenue Fund	\$ 777,404
Non-appropriated Budget Funds	<u>396,023</u>
All Special Revenue Funds	<u>\$ 1,173,427</u>

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. 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. The district is in substantial compliance with the requirements of the Act and with local policies.

A. DEPOSITS AND INVESTMENTS (cont.)

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit and investment policy. Specific policies applicable to deposits and investments of the District and the risks of such are described below.

- a. **Custodial Credit Risk-Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The District’s policy regarding types of deposits allowed is that such deposits be covered by depository insurance or fully collateralized by pledged securities held by the pledging institution’s agent in the name of the District. The District was not exposed to custodial credit risk during the year as its deposits were covered as described above.
- b. **Custodial Credit Risk- Investments:** For an investment, this is the risk that, in the event of a failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s temporary investments in external investment pools (described below) are not included in this type of custodial credit risk. During the year, the District was not exposed to custodial credit risk for investments.
- c. **Concentration Risk:** This risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District does not have a specific policy regarding concentration of credit risk, as it does not contemplate the investment of funds in such instruments. During the year, the District was not exposed to concentration of credit risk.
- d. **Interest Rate Risk:** Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The District does not have a specific policy regarding concerning interest rate risk, as it does not contemplate the investment of funds in such instruments. During the year, the District was not exposed to interest rate risk.

The District’s temporary investments in external investment pools at August 31, 2013, are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>
LOGIC	\$ 1,707,594	\$ 1,707,594
Texas CLASS	2,574,164	2,574,164
Texas Local Government Investment Pool	1,311,280	1,311,280
Lone Star Investment Pool	1,090	1,090
Total	<u>\$ 5,594,128</u>	<u>\$ 5,594,128</u>

The above investment pools, which are regulated by the Securities and Exchange Commission, have as one of their objectives the maintenance of a stable net asset value of \$1.00.

The District’s temporary investments consist of balances in the following external investment pools: LOGIC, Texas CLASS, Texas Local Government Investment Pool (TexPool), and Lonestar Investment Pool. The investment pools are public funds investment pools created to provide a safe environment for the placement of local government funds in short-term investments. LOGIC is administered by 1st Southwest Asset Management Inc. of Dallas, Texas and is rated AAAM by Standard & Poors. The Texas CLASS account is administered by Cutwater Investor Services Corporation of Armonk, New York and is rated AAAM by Standard & Poors. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Tex Pool operates in a manner consistent with the Securities and Exchange Commission’s Rule 2a7 of the Investment Company Act of 1940. The Lonestar Investment Pool is administered by FirstPublic, LLC, in Austin, Texas and is rated AAA by Standard & Poors.

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

Inter-fund balances at August 31, 2013 consisted of the following individual fund balances:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Special Revenue Funds	\$ 12,661	\$ -
Internal Service Funds	<u>89,043</u>	
Total General Fund	<u>101,704</u>	<u>-</u>
Special Revenue Funds:		
General Fund	<u>-</u>	<u>12,661</u>
Total Special Revenue Funds	<u>-</u>	<u>12,661</u>
Internal Service Funds:		
General Fund	<u>-</u>	<u>89,043</u>
Total Internal Service Funds	<u>-</u>	<u>89,043</u>
TOTAL	<u>\$ 101,704</u>	<u>\$ 101,704</u>

Inter-fund transfers for the year ended August 31, 2013, consisted of the following individual amounts:

	<u>Transfers In From:</u>	<u>Transfers Out To:</u>
Special Revenue Funds:		
Capital Projects Funds	<u>\$ -</u>	<u>\$ 633,828</u>
Total Special Revenue Funds	<u>-</u>	<u>633,828</u>
Capital Projects Funds:		
Special Revenue Fund	<u>633,828</u>	<u>-</u>
Total Capital Projects Funds	<u>633,828</u>	<u>-</u>
TOTAL	<u>\$ 633,828</u>	<u>\$ 633,828</u>

E. CAPITAL ASSET ACTIVITY

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

	Primary Government				Ending
	<u>Beginning</u>			<u>Reclass</u>	<u>Balance</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>		
Governmental Activities:					
Land	\$ 5,605,281	\$ 137,500	\$ -	\$ -	\$ 5,742,781
Buildings and improvements	60,319,228	8,667,345	(188,100)	14,512,678	83,311,151
Furniture and Equipment	10,911,199	310,211	(60,607)	-	11,160,803
Construction in Progress	<u>14,512,678</u>	<u>-</u>	<u>-</u>	<u>(14,512,678)</u>	<u>-</u>
Totals at Historic Cost	<u>91,348,386</u>	<u>9,115,056</u>	<u>(248,707)</u>	<u>-</u>	<u>100,214,735</u>
Less Accumulated Depreciation for:					
Buildings and improvements	(15,753,331)	(1,583,982)	104,770	-	(17,232,543)
Furniture and Equipment	<u>(7,605,414)</u>	<u>(749,390)</u>	<u>49,318</u>	<u>-</u>	<u>(8,305,486)</u>
Total Accumulated Depreciation	<u>(23,358,745)</u>	<u>(2,333,372)</u>	<u>154,088</u>	<u>-</u>	<u>(25,538,029)</u>
Governmental Activities Capital Assets, Net	<u>\$ 67,989,641</u>	<u>\$40,574,034</u>	<u>(\$ 94,619)</u>	<u>\$ -</u>	<u>\$ 74,676,706</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$1,180,613
Instructional Resources and Media Services	12,925
Curriculum and Instructional Staff Development	11,214
Instructional Leadership	21,003
School Leadership	96,422
Guidance, Counseling and Evaluation Services	37,159
Health Services	24,234
Student (Pupil) Transportation	252,760
Food Services	133,412
Extracurricular Activities	142,035
General Administration	41,015
Plant Maintenance and Operations	297,700
Security and Monitoring Service	32,085
Data Processing Services	<u>50,795</u>
Total Depreciation Expense	<u>\$2,333,372</u>

F. BONDS PAYABLE

Bonded indebtedness of the District is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. A summary of changes in general long-term debt for the year ended August 31, 2013 is as follows:

<u>DESCRIPTION</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding 9/1/12</u>	<u>Issued/ Additions</u>	<u>Retired</u>	<u>Outstanding 8/31/13</u>
Current Interest Serial Bonds- Series 1998	4.75 – 5.4%	8,955,000	\$ 605,000	\$ -	\$ 605,000	\$ -
Capital Appreciation Bonds- Series 1998	N/A	1,436,750	663,566	-	235,685	427,881
Accretion of Interest			678,122	86,702	284,315	480,509
Current Interest Serial Bonds- Series 2005	3.0 – 4.0%	5,850,000	3,995,000	-	3,995,000	-
Loss on Refunding			(151,923)	-	(151,923)	-
Current Interest Serial Bonds- Series 2011	3.0 – 5.0%	24,440,000	24,440,000	-	-	24,440,000
Amortization of Premium			728,640	-	41,601	687,039
Current Interest Term Bonds- Series 2011	5.0%	17,785,000	17,785,000	-	-	17,785,000
Accretion of Discount			(111,229)	-	(4,940)	(106,289)
Capital Appreciation Bonds- Series 2011	N/A	440,000	440,000	-	-	440,000
Accretion of Interest			340,544	370,421	-	710,965
Amortization of Premium			1,324,307	-	317,843	1,006,464
Qualified School Construction Bonds- Series 2011	4.4%	7,200,000	7,200,000	-	-	7,200,000
Current Interest Serial Bonds- Series 2012			-	3,895,000	160,000	3,735,000
Amortization of Premium			-	274,784	38,496	236,288
TOTAL			<u>\$57,937,027</u>	<u>\$ 4,626,907</u>	<u>\$ 5,521,077</u>	<u>\$57,042,857</u>
Principal Portion of Outstanding Balances			\$55,128,566	\$ 3,895,000	\$4,995,685	\$54,027,881
Accretion of Interest			1,018,666	457,123	284,315	1,191,474
Accretion of Discount			(111,229)	-	(4,940)	(106,289)
Amortization of Premium			2,052,947	274,784	397,940	1,929,791
Loss on Refunding			(151,923)	-	(151,923)	-
			<u>\$57,937,027</u>	<u>\$4,626,907</u>	<u>\$ 5,521,077</u>	<u>\$57,042,857</u>

Debt service requirements are as follows:

<u>Year Ended August 31,</u>	<u>General Obligations</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2014	\$ 1,106,645	\$ 3,170,911	\$ 4,277,556
2015	1,056,236	3,218,344	4,274,580
2016	1,345,000	2,932,531	4,277,531
2017	1,345,000	2,929,881	4,274,881
2018	1,885,000	2,387,931	4,272,931
2019 – 2023	10,720,000	10,973,656	21,693,656
2024 – 2028	12,810,000	8,084,566	20,894,566
2029 – 2033	16,110,000	3,990,381	20,100,381
2034 – 2036	7,650,000	387,250	8,037,250
Total	<u>\$54,027,881</u>	<u>\$ 38,075,451</u>	<u>\$ 92,103,332</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, 2013.

F. BONDS PAYABLE (cont.)

Advance Refunding

In November 2012, the District defeased two series of current interest serial bonds dated 1998 and 2005 by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. As of August 31, 2013, \$3,910,000 of the bonds considered defeased are still outstanding. The refunding was undertaken to reduce total debt service payments over the next five years. The economic gain accomplished by this refunding amounted to approximately \$445,000.

G. ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Upon retirement or death of certain employees, the District pays any accrued state sick leave in a lump cash payment to such employee or his/her estate. Individuals employed after October 1, 1985 are not eligible to receive the lump sum payments. A summary of changes in the accumulated sick leave liability follows:

	<u>Sick Leave</u>
Balance September 1, 2012	\$ 233,675
Net additions and deductions	<u>(9,050)</u>
Balance August 31, 2013	<u>\$ 224,625</u>

H. DEFINED BENEFIT PENSION PLAN

Plan Description. Jacksonville 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 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 10.0% of the aggregate annual compensation of all members of the system during the fiscal year; (2) A state statute prohibits benefit improvements, if as a result of a the particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

H. DEFINED BENEFIT PENSION PLAN (cont.)

Contribution rates and contributions for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the reporting district is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum.

Contribution Rates and Contribution Amounts

<u>Year</u>	<u>Member</u>		<u>State</u>		<u>Statutory Minimum</u>
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Amount</u>
2013	6.4%	\$1,654,967	6.400%	\$1,437,948	\$176,539
2012	6.4%	\$1,642,417	6.000%	\$1,453,271	\$171,063
2011	6.4%	\$1,687,555	6.644%	\$1,601,251	\$210,185

I. HEALTH CARE COVERAGE

During the year ended August 31, 2013, employees of Jacksonville Independent School District were covered by the state TRS-ActiveCare health plan. This plan is administered by the Teacher Retirement System of Texas. The District contributed \$245.00 per month per employee to the Plan and employees, at their option, authorized payroll holdings to pay contributions or premiums for dependents. All premiums were paid on a monthly basis to the Teacher Retirement System. Terms of coverage and premium costs are renewable at September 1, 2013.

J. RETIREE HEALTH PLAN

Plan Description. Jacksonville Independent School District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The Teacher Retirement System of Texas issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us 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 on 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 at the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2013-2011.

Contribution Rates and Contribution Amounts

<u>Year</u>	<u>Active Member</u>		<u>State</u>		<u>School District</u>	
	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>	<u>Rate</u>	<u>Amount</u>
2013	0.65%	\$168,064	0.5%	\$10,641	0.55%	\$142,225
2012	0.65%	\$166,808	1.0%	\$21,608	0.55%	\$141,148
2011	0.65%	\$171,394	1.0%	\$23,449	0.55%	\$145,026

K. MEDICARE PART D – ON BEHALF PAYMENTS

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 drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. Payments made on behalf of Jacksonville Independent School District for fiscal years 2013, 2012, and 2011 were \$68,977, \$66,887 and \$62,787, respectively.

L. SELF-FUNDED WORKER'S COMPENSATION PLAN

Jacksonville Independent School District has entered into a pooled, self-funded worker's compensation plan as a participant of the East Texas Educational Insurance Association. Several school districts are participants and the plan is administered by Claims Administrative Services, Inc. A stop-loss amount is determined for each plan year based on the school district's payroll in relation to total payrolls of all plan members. Each plan year (coinciding with the school year) a new stop-loss limit will be determined. The loss fund maximum for the year under audit was \$330,457. Costs for the administration of claims, loss control, re-insurance and record keeping were \$102,993.

The accrued liability for Workers' Compensation self-insurance of \$352,764 includes incurred but not reported claims. This liability reported in the fund at August 31, 2013, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements, and the amount of loss can be reasonably estimated. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing the liability does not result necessarily in an exact amount.

Changes in the Workers' Compensation claims liability amounts in fiscal year ended August 31, 2013 are represented below:

Balance September 1, <u>2012</u>	Current Year Claims and Changes in <u>Estimates</u>	Claim <u>Payments</u>	Balance at August 31, <u>2013</u>
<u>\$291,249</u>	<u>\$162,482</u>	<u>\$100,967</u>	<u>\$352,764</u>

M. UNEMPLOYMENT COMPENSATION POOL

During the year ended August 31, 2013, Jacksonville 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 obligation to the Texas Workforce Commission. Expenses are accrued monthly 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.

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 accepted 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 on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

N. PROPERTY PROGRAM

During the year ended August 31, 2013, Jacksonville ISD participated in the TASB Risk Management Fund's Property Program with coverage in Crime, Equipment Breakdown, and Property. The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year ended August 31, 2013, the Fund anticipates Jacksonville ISD has no additional liability beyond the contractual obligations for payment of contributions.

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

O. LIABILITY PROGRAM

During the year ended August 31, 2013, Jacksonville ISD participated in the TASB Risk Management Fund's Liability Program with coverage in General Liability, Manuscript Special, Sexual Misconduct Endorsement and SP Legal Liability. The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Liability Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year ended August 31, 2013, the Fund anticipates Jacksonville ISD has no additional liability beyond the contractual obligations for payment of contributions.

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

P. AUTO PROGRAM

During the year ended August 31, 2013, Jacksonville ISD participated in the TASB Risk Management Fund's Auto Program with coverage in Auto Liability and Auto Physical Damage. The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Auto Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. For the year ended August 31, 2013, the Fund anticipates Jacksonville ISD has no additional liability beyond the contractual obligations for payment of contributions.

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

Q. CHANGES IN LONG-TERM LIABILITIES

Long-term activity for the year ended August 31, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
General Obligation Bonds	\$ 55,128,566	\$ 3,895,000	\$(4,995,685)	\$ 54,027,881	\$ 1,106,645
Accretion of Interest on Bonds	1,018,666	457,123	(284,315)	1,191,474	-
Accretion of Discount on Bonds	(111,229)	-	4,940	(106,289)	-
Amortization of Premium on Bonds	2,052,947	274,784	(397,940)	1,929,791	-
Loss on Refunding Bonds	(151,923)	-	151,923	-	-
Total Bonds and Notes Payable	<u>57,937,027</u>	<u>4,626,907</u>	<u>(5,521,077)</u>	<u>57,042,857</u>	<u>1,106,645</u>
Other Liabilities:					
Compensated Absences	233,675	-	(9,050)	224,625	-
Total Other Liabilities	<u>233,675</u>	<u>-</u>	<u>(9,050)</u>	<u>224,625</u>	<u>-</u>
Total Governmental Activities Long-term Liabilities	<u>\$ 58,170,702</u>	<u>\$ 4,626,907</u>	<u>\$ (5,530,127)</u>	<u>\$ 57,267,482</u>	<u>\$ 1,106,645</u>

R. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources related to property taxes at year-end consisted of the following:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Net Tax Revenue	\$ 653,510	\$ 134,995	\$ 788,505
Total Deferred Revenue – Property Taxes	<u>\$ 653,510</u>	<u>\$ 134,995</u>	<u>\$ 788,505</u>

S. 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. Amounts due from federal and state governments as of August 31, 2013 are summarized below. All federal grants shown below are passed through the TEA and are reported on the combined financial statements as Due from Other Governments.

<u>FUND</u>	<u>STATE ENTITLEMENTS</u>	<u>FEDERAL GRANTS</u>	<u>OTHER</u>	<u>TOTAL</u>
General	\$ -	\$ -	\$ 25,547	\$ 25,547
Debt Service	-	-	3,692	3,692
Special Revenue	1,974	178,885	543	181,402
Total	<u>\$ 1,974</u>	<u>\$ 178,885</u>	<u>\$ 29,782</u>	<u>\$ 210,641</u>

T. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

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

	General Fund	2011 Bond Proceeds CPF	Capital Projects Fund	Special Revenue Funds	Debt Service Fund	Total
Property Taxes	\$ 9,974,337	\$ -	\$ -	\$ -	\$ 2,664,082	\$12,638,419
Penalties, Interest and Other						
Tax-related Income	180,837	-	-	-	36,243	217,080
Investment Income	55,704	3,843	4,015	1,072	14,926	79,560
Food Service Related	-	-	-	371,387	-	371,387
Co-curricular Student Activities	138,210	-	-	-	-	138,210
Campus Activity	-	-	-	357,553	-	357,553
Head Start	156,688	-	-	-	-	156,688
Foundations, Gifts & Bequests	99,346	-	-	11,521	-	110,867
Other	198,517	-	40,354	-	-	238,871
Total	\$ 10,803,639	\$ 3,843	\$ 44,369	\$ 741,533	\$ 2,715,251	\$14,308,635

U. LITIGATION

The District’s management and counsel are unaware of any pending or threatened litigation at the present time.

V. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The District participates in numerous state and federal grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at August 31, 2013, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Additions and renovations at the High School campus and Fred Douglass Elementary, which began in fiscal year 2012, were completed in January 2013. No construction projects were in process at August 31, 2013. Additional information on future projects currently being planned can be found on the District’s website at www.jisd.org.

SUPPLEMENTARY INFORMATION

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
1220	Property Taxes - Delinquent	-	-	-	-
1230	Allowance for Uncollectible Taxes (Credit)	-	-	-	-
1240	Receivables from Other Governments	69,121	32,399	1,795	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	\$ 69,121	\$ 32,399	\$ 1,795	\$ -
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2160	Accrued Wages Payable	69,121	30,112	1,795	-
2170	Due to Other Funds	-	2,287	-	-
2180	Due to Other Governments	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	69,121	32,399	1,795	-
DEFERRED INFLOWS OF RESOURCES					
2601	Deferred Revenue - Property Taxes	-	-	-	-
2600	Total Deferred Inflows of Resources	-	-	-	-
FUNDBALANCES					
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3480	Retirement of Long-Term Debt	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	-	-	-	-
4000	Total Liabilities, Deferred Inflows & Fund Balances	\$ 69,121	\$ 32,399	\$ 1,795	\$ -

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	272 Medicaid Admin. Claim MAC	289 Title VI, A Summer School LEP	385 Visually Impaired SSVI
\$ 779,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
61,827	-	14,286	-	-	-	-	-
3,450	-	-	-	-	-	-	-
8,912	-	-	-	-	-	-	-
<u>\$ 853,803</u>	<u>\$ -</u>	<u>\$ 14,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 93	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
46,835	-	8,807	-	-	-	-	-
-	-	5,479	-	-	-	-	-
-	-	-	-	-	-	-	-
29,471	-	-	-	-	-	-	-
<u>76,399</u>	<u>-</u>	<u>14,286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
777,404	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>777,404</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 853,803</u>	<u>\$ -</u>	<u>\$ 14,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2013

Data Control Codes	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund	415 Kindergarten and Pre-K Grants
ASSETS				
1110	\$ -	\$ -	\$ 10,393	\$ 96,980
1220	-	-	-	-
1230	-	-	-	-
1240	-	1,974	-	-
1290	-	-	-	-
1300	-	-	-	-
1000	<u>\$ -</u>	<u>\$ 1,974</u>	<u>\$ 10,393</u>	<u>\$ 96,980</u>
LIABILITIES				
2110	\$ -	\$ -	\$ -	\$ -
2160	-	-	-	2,742
2170	-	1,974	-	-
2180	-	-	-	-
2300	-	-	-	-
2000	<u>-</u>	<u>1,974</u>	<u>-</u>	<u>2,742</u>
DEFERRED INFLOWS OF RESOURCES				
2601	-	-	-	-
2600	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUNDBALANCES				
Restricted Fund Balance:				
3450	-	-	10,393	94,238
3480	-	-	-	-
Committed Fund Balance:				
3545	-	-	-	-
3000	<u>-</u>	<u>-</u>	<u>10,393</u>	<u>94,238</u>
4000	<u>\$ -</u>	<u>\$ 1,974</u>	<u>\$ 10,393</u>	<u>\$ 96,980</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	480 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	698 2011 Bond Proceeds CPF	Total Nonmajor Governmental Funds
\$ 1,684	\$ 296,294	\$ -	\$ 1,184,965	\$ 1,004,635	\$ -	\$ 2,189,600
-	-	-	-	179,832	-	179,832
-	-	-	-	(44,837)	-	(44,837)
-	-	-	181,402	3,692	-	185,094
-	-	2,921	6,371	-	-	6,371
-	-	-	8,912	-	-	8,912
<u>\$ 1,684</u>	<u>\$ 296,294</u>	<u>\$ 2,921</u>	<u>\$ 1,381,650</u>	<u>\$ 1,143,322</u>	<u>\$ -</u>	<u>\$ 2,524,972</u>
\$ -	\$ 6,586	\$ -	\$ 6,679	\$ -	\$ -	\$ 6,679
-	-	-	159,412	-	-	159,412
-	-	2,921	12,661	-	-	12,661
-	-	-	-	98,006	-	98,006
-	-	-	29,471	-	-	29,471
-	<u>6,586</u>	<u>2,921</u>	<u>208,223</u>	<u>98,006</u>	<u>-</u>	<u>306,229</u>
-	-	-	-	134,995	-	134,995
-	-	-	-	134,995	-	134,995
1,684	-	-	883,719	-	-	883,719
-	-	-	-	910,321	-	910,321
-	289,708	-	289,708	-	-	289,708
<u>1,684</u>	<u>289,708</u>	<u>-</u>	<u>1,173,427</u>	<u>910,321</u>	<u>-</u>	<u>2,083,748</u>
<u>\$ 1,684</u>	<u>\$ 296,294</u>	<u>\$ 2,921</u>	<u>\$ 1,381,650</u>	<u>\$ 1,143,322</u>	<u>\$ -</u>	<u>\$ 2,524,972</u>

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

Data Control Codes	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	226 IDEA - Part B Discretionary	
REVENUES:					
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-	-
5900	Federal Program Revenues	1,392,685	953,494	61,282	200,087
5020	Total Revenues	<u>1,392,685</u>	<u>953,494</u>	<u>61,282</u>	<u>200,087</u>
EXPENDITURES:					
Current:					
0011	Instruction	1,253,235	719,467	61,282	176,087
0012	Instructional Resources and Media Services	-	-	-	-
0013	Curriculum and Instructional Staff Development	127,258	3,982	-	-
0021	Instructional Leadership	425	6,423	-	-
0023	School Leadership	6,738	135	-	-
0031	Guidance, Counseling and Evaluation Services	-	223,428	-	24,000
0033	Health Services	-	-	-	-
0034	Student (Pupil) Transportation	-	-	-	-
0035	Food Services	-	-	-	-
0036	Extracurricular Activities	-	-	-	-
0051	Facilities Maintenance and Operations	-	-	-	-
0052	Security and Monitoring Services	-	-	-	-
0061	Community Services	5,029	59	-	-
Debt Service:					
0071	Principal on Long Term Debt	-	-	-	-
0072	Interest on Long Term Debt	-	-	-	-
0073	Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:					
0081	Facilities Acquisition and Construction	-	-	-	-
6030	Total Expenditures	<u>1,392,685</u>	<u>953,494</u>	<u>61,282</u>	<u>200,087</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
7911	Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915	Transfers In	-	-	-	-
7916	Premium or Discount on Issuance of Bonds	-	-	-	-
8911	Transfers Out (Use)	-	-	-	-
8949	Other (Uses)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	-	-
0100	Fund Balance - September 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II, A Training and Recruiting	263 Title III, A English Lang. Acquisition	270 ESEA VI, Pt B Rural & Low Income	272 Medicaid Admin. Claim MAC	289 Title VI, A Summer School LEP	385 Visually Impaired SSVI
\$ 372,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
80,277	-	-	-	-	-	-	7,000
2,235,745	85,786	248,245	122,109	99,732	8,710	3,346	-
<u>2,688,481</u>	<u>85,786</u>	<u>248,245</u>	<u>122,109</u>	<u>99,732</u>	<u>8,710</u>	<u>3,346</u>	<u>7,000</u>
-	83,679	173,939	88,806	99,732	-	3,346	7,000
-	-	-	-	-	-	-	-
-	2,107	73,743	26,854	-	-	-	-
-	-	-	150	-	-	-	-
-	-	563	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	8,710	-	-
-	-	-	-	-	-	-	-
2,464,757	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,955	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	6,299	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,478,712</u>	<u>85,786</u>	<u>248,245</u>	<u>122,109</u>	<u>99,732</u>	<u>8,710</u>	<u>3,346</u>	<u>7,000</u>
<u>209,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(633,828)	-	-	-	-	-	-	-
<u>(633,828)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(424,059)	-	-	-	-	-	-	-
<u>1,201,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 777,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NON MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	397 Advanced Placement Incentives	404 Student Success Initiative	410 State Textbook Fund	415 Kindergarten and Pre-K Grants
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	19,736	119,527	2,975
5900 Federal Program Revenues	-	-	-	-
5020 Total Revenues	<u>-</u>	<u>19,736</u>	<u>119,527</u>	<u>2,975</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,513	19,736	109,134	60,823
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	-	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0052 Security and Monitoring Services	-	-	-	-
0061 Community Services	-	-	-	-
Debt Service:				
0071 Principal on Long Term Debt	-	-	-	-
0072 Interest on Long Term Debt	-	-	-	-
0073 Bond Issuance Cost and Fees	-	-	-	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	-	-	-	-
6030 Total Expenditures	<u>1,513</u>	<u>19,736</u>	<u>109,134</u>	<u>60,823</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,513)</u>	<u>-</u>	<u>10,393</u>	<u>(57,848)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	-	-	-
7915 Transfers In	-	-	-	-
7916 Premium or Discount on Issuance of Bonds	-	-	-	-
8911 Transfers Out (Use)	-	-	-	-
8949 Other (Uses)	-	-	-	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balance	(1,513)	-	10,393	(57,848)
0100 Fund Balance - September 1 (Beginning)	<u>1,513</u>	<u>-</u>	<u>-</u>	<u>152,086</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,393</u>	<u>\$ 94,238</u>

429 Other State Special Revenue Funds	461 Campus Activity Funds	480 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	599 Debt Service Fund	698 2011 Bond Proceeds CPF	Total Nonmajor Governmental Funds
\$ -	\$ 366,153	\$ 2,921	\$ 741,533	\$ 2,715,251	\$ 3,843	\$ 3,460,627
-	-	-	229,515	528,752	-	758,267
-	-	-	5,411,221	303,019	-	5,714,240
-	366,153	2,921	6,382,269	3,547,022	3,843	9,933,134
-	24,245	-	2,882,024	-	-	2,882,024
-	33,663	-	33,663	-	-	33,663
-	-	-	233,944	-	-	233,944
-	-	-	6,998	-	-	6,998
-	-	-	7,436	-	-	7,436
-	-	-	247,428	-	-	247,428
-	-	-	8,710	-	-	8,710
-	-	2,921	2,921	-	-	2,921
-	-	-	2,464,757	-	-	2,464,757
-	265,567	-	265,567	-	-	265,567
-	-	-	13,955	-	-	13,955
224	-	-	224	-	-	224
-	-	-	11,387	-	-	11,387
-	-	-	-	1,280,000	-	1,280,000
-	-	-	-	2,492,285	-	2,492,285
-	-	-	-	92,229	-	92,229
-	-	-	-	-	4,986,840	4,986,840
224	323,475	2,921	6,179,014	3,864,514	4,986,840	15,030,368
(224)	42,678	-	203,255	(317,492)	(4,982,997)	(5,097,234)
-	-	-	-	3,895,000	-	3,895,000
-	-	-	-	-	633,828	633,828
-	-	-	-	274,784	-	274,784
-	-	-	(633,828)	-	-	(633,828)
-	-	-	-	(4,066,325)	-	(4,066,325)
-	-	-	(633,828)	103,459	633,828	103,459
(224)	42,678	-	(430,573)	(214,033)	(4,349,169)	(4,993,775)
1,908	247,030	-	1,604,000	1,124,354	4,349,169	7,077,523
\$ 1,684	\$ 289,708	\$ -	\$ 1,173,427	\$ 910,321	\$ -	\$ 2,083,748

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 AUGUST 31, 2013

	755 Public Entity Risk Pool	771 Warehouse	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 838,143	\$ -	\$ 838,143
Inventories	-	108,259	108,259
Total Assets	<u>838,143</u>	<u>108,259</u>	<u>946,402</u>
LIABILITIES			
Current Liabilities:			
Due to Other Funds	-	89,043	89,043
Accrued Expenses	352,764	-	352,764
Total Liabilities	<u>352,764</u>	<u>89,043</u>	<u>441,807</u>
NET POSITION			
Unrestricted Net Assets	<u>485,379</u>	<u>19,216</u>	<u>504,595</u>
Total Net Position	<u>\$ 485,379</u>	<u>\$ 19,216</u>	<u>\$ 504,595</u>

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	755 Public Entity Risk Pool	771 Warehouse	Total Internal Service Funds
OPERATING REVENUES:			
Local and Intermediate Sources	\$ 342,279	\$ 176,163	\$ 518,442
Total Operating Revenues	<u>342,279</u>	<u>176,163</u>	<u>518,442</u>
OPERATING EXPENSES:			
Payroll Costs	265,480	-	265,480
Other Operating Costs	-	169,440	169,440
Total Operating Expenses	<u>265,480</u>	<u>169,440</u>	<u>434,920</u>
Operating Income	76,799	6,723	83,522
Total Net Position - September 1 (Beginning)	<u>408,580</u>	<u>12,493</u>	<u>421,073</u>
Total Net Position August 31 (Ending)	<u><u>\$ 485,379</u></u>	<u><u>\$ 19,216</u></u>	<u><u>\$ 504,595</u></u>

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	755 Public Entity Risk Pool	771 Warehouse	Total Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from User Charges	\$ 342,279	\$ 176,163	\$ 518,442
Cash Payments for Insurance Claims	(203,965)	-	(203,965)
Cash Payments for Suppliers	-	(176,163)	(176,163)
Net Cash Provided by Operating Activities	<u>138,314</u>	<u>-</u>	<u>138,314</u>
Net Increase in Cash and Cash Equivalents	138,314	-	138,314
Cash and Cash Equivalents at Beginning of Year	<u>699,829</u>	<u>-</u>	<u>699,829</u>
Cash and Cash Equivalents at End of Year	<u>\$ 838,143</u>	<u>\$ -</u>	<u>\$ 838,143</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income:	\$ 76,799	\$ 6,723	\$ 83,522
Effect of Increases and Decreases in Current Assets and Liabilities:			
Decrease (increase) in Inventories	-	(4,178)	(4,178)
Increase (decrease) in Due To Other Funds	-	(2,545)	(2,545)
Increase (decrease) in Accrued Expenses	61,515	-	61,515
Net Cash Provided by Operating Activities	<u>\$ 138,314</u>	<u>\$ -</u>	<u>\$ 138,314</u>

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	BALANCE SEPTEMBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE AUGUST 31 2013
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 103,319	\$ 215,330	\$ 272,871	\$ 45,778
Other Receivables	5	-	5	-
Total Assets	<u>\$ 103,324</u>	<u>\$ 215,330</u>	<u>\$ 272,876</u>	<u>\$ 45,778</u>
Liabilities:				
Accounts Payable	\$ 85	\$ 234,141	\$ 234,144	\$ 82
Due to Student Groups	103,239	215,946	273,489	45,696
Total Liabilities	<u>\$ 103,324</u>	<u>\$ 450,087</u>	<u>\$ 507,633</u>	<u>\$ 45,778</u>
457 PLAN				
Assets:				
Long Term Investments	\$ 171,310	\$ 21,291	\$ 17,477	\$ 175,124
Liabilities:				
Payroll Deductions & Withholdings	\$ 171,310	\$ 21,291	\$ 17,477	\$ 175,124
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 103,319	\$ 215,330	\$ 272,871	\$ 45,778
Other Receivables	5	-	5	-
Other Current Assets	171,310	21,291	17,477	175,124
Total Assets	<u>\$ 274,634</u>	<u>\$ 236,621</u>	<u>\$ 290,353</u>	<u>\$ 220,902</u>
Liabilities:				
Accounts Payable	\$ 85	\$ 234,141	\$ 234,144	\$ 82
Payroll Deductions & Withholdings	171,310	21,291	17,477	175,124
Due to Student Groups	103,239	215,946	273,489	45,696
Total Liabilities	<u>\$ 274,634</u>	<u>\$ 471,378</u>	<u>\$ 525,110</u>	<u>\$ 220,902</u>

JACKSONVILLEINDEPENDENTSCHOOLDISTRICT
 COMBININGSTATEMENTOFNETPOSITION
 PRIVATEPURPOSETRUSTFUNDS
 AUGUST31,2013

	807 Future Homemakers of America	836 Steven Joseph Memorial Fund	Total Private Purpose Trust Fund
ASSETS			
Cash and Cash Equivalents	\$ 4,100	\$ 506	\$ 4,606
Total Assets	<u>4,100</u>	<u>506</u>	<u>4,606</u>
NET POSITION			
Restricted for Scholarships	4,100	506	4,606
Total Net Position	<u>\$ 4,100</u>	<u>\$ 506</u>	<u>\$ 4,606</u>

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2013

	807 Future Homemakers of America	836 Steven Joseph Memorial Fund	Total Private Purpose Trust Fund
ADDITIONS:			
Local and Intermediate Sources	\$ 3	\$ 3	\$ 6
Total Additions	<u>3</u>	<u>3</u>	<u>6</u>
DEDUCTIONS:			
Professional and Contracted Services	<u>300</u>	<u>500</u>	<u>800</u>
Total Deductions	<u>300</u>	<u>500</u>	<u>800</u>
Change in Net Position	(297)	(497)	(794)
Total Net Position - September 1 (Beginning)	<u>4,397</u>	<u>1,003</u>	<u>5,400</u>
Total Net Position - August 31 (Ending)	<u><u>\$ 4,100</u></u>	<u><u>\$ 506</u></u>	<u><u>\$ 4,606</u></u>

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TEA REQUIRED SCHEDULES

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED AUGUST 31, 2013

Last 10 Years Ended August 31	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.445000	0.100000	673,717,500
2006	1.455000	0.090000	718,487,727
2007	1.330000	0.080000	759,816,130
2008	1.040000	0.077900	830,439,333
2009	1.040000	0.077900	890,076,319
2010	1.040000	0.090000	877,047,327
2011	1.040000	0.090000	942,376,005
2012	1.040000	0.280000	947,096,909
2013 (School year under audit)	1.040000	0.280000	964,770,214
1000 TOTALS			

	(10) Beginning Balance 9/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 8/31/2013
\$	141,221	\$ -	\$ 4,247	\$ 343	\$ (7,848)	\$ 128,783
	27,375	-	1,948	121	(964)	24,342
	41,284	-	3,601	210	(1,096)	36,377
	54,946	-	8,618	518	(1,101)	44,709
	50,517	-	8,507	637	(761)	40,612
	88,035	-	20,035	1,501	(386)	66,113
	111,224	-	26,583	2,300	(1,428)	80,913
	148,832	-	39,126	3,386	(1,441)	104,879
	396,581	-	135,139	36,384	(7,715)	217,343
	-	12,734,967	9,726,536	2,618,683	(25,710)	364,038
\$	<u>1,060,015</u>	<u>\$ 12,734,967</u>	<u>\$ 9,974,340</u>	<u>\$ 2,664,083</u>	<u>\$ (48,450)</u>	<u>\$ 1,108,109</u>

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015
 GENERAL AND SPECIAL REVENUE FUNDS
 AUGUST 31, 2013

FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST

Account Number	Account Name	1	2	3	4	5	6	7
		(702) School Board	(703) Tax Collections	(701) Supt's Office	(750) Indirect Cost	(720) Direct Cost	(other) Miscellaneous	Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 253,332	\$ 714,191	\$ -	\$ -	\$ 967,523
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	30,046	-	30,025	-	-	-	60,071
6212	Audit Services	-	-	-	21,000	-	-	21,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	343,155	-	-	-	-	343,155
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	5,125	-	-	-	5,125
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	600	8,839	-	-	9,439
6240	Contr. Maint. and Repair	-	-	-	-	7,706	-	7,706
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	5,348	-	-	5,348
6290	Miscellaneous Contr.	-	-	4,125	7,013	-	-	11,138
6320	Textbooks and Reading	-	-	401	391	-	-	792
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	1,941	-	11,995	27,037	-	-	40,973
6410	Travel, Subsistence, Stipends	5,164	-	3,804	9,842	-	-	18,810
6420	Ins. and Bonding Costs	-	-	-	-	16,697	-	16,697
6430	Election Costs	-	-	-	-	-	-	-
6490	Miscellaneous Operating	-	-	16,453	24,812	-	-	41,265
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	-	-
6000	TOTAL	\$ 37,151	\$ 343,155	\$ 325,860	\$ 818,473	\$ 24,403	\$ -	\$ 1,549,042

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 41,237,888

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$	2,036,923
Total Debt & Lease(6500)	(11)	-
Plant Maintenance (Function 51, 6100-6400)	(12)	3,800,261
Food (Function 35, 6341 and 6499)	(13)	1,020,973
Stipends (6413)	(14)	-
Column 4 (above) - Total Indirect Cost		818,473

SubTotal:

7,676,630

Net Allowed Direct Cost

\$ 33,561,258

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$	83,311,150
Historical Cost of Building over 50 years old	(16) \$	1,401,463
Amount of Federal Money in Building Cost (Net of #16)	(17) \$	-
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$	11,160,804
Historical Cost of Furniture & Equipment over 16 years old	(19) \$	485,656
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$	-

(8) NOTE A: No Function 53 expenditures are included in this report on administrative costs.
 \$282,668 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
 FUND BALANCE AND CASH FLOW CALCULATION WORKSHEET
 GENERAL FUND AS OF AUGUST 31, 2013

EXHIBIT J-3

UNAUDITED

1	Total General Fund Balance as of 8/31/13 (Exhibit C-1 object 3000 for the General Fund Only)		\$ 9,483,924
2	Total Non-Spendable Fund Balance (from Exhibit C-1 - for the General Fund Only)	\$ -	
3	Total Restricted Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
4	Total Committed Fund Balance (from Exhibit C-1 - for the General Fund Only)	-	
5	Total Assigned Fund Balance (from Exhibit C-1 - for the General Fund Only)	3,564,736	
6	Estimated amount needed to cover fall cash flow deficits in the General Fund (Net of borrowed funds and funds representing deferred revenues.)	-	
7	Estimate of two month's average cash disbursements during the fiscal year.	5,919,188	
8	Estimate of delayed payments from state sources (58xx).	-	
9	Estimate of underpayment from state sources equal to variance between Legislative Payment Estimate (LPE) and District Planning Estimate (DPE) or District's calculated earned state aid amount.	-	
10	Estimate of delayed payments from federal sources (59xx)	-	
11	Estimate of expenditures to be reimbursed to General Fund from Capital Projects Fund (uses of General Fund cash after bond referendum and prior to issuance of bonds)	-	
12	Optimum Fund Balance and Cash Flow (Lines 2+3+4+5+6+7+8+9+10+11)		<u>9,483,924</u>
13	Excess (Deficit) Unassigned Fund Balance (Line 1 minus Line 12)		<u><u>\$ -</u></u>

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED AUGUST 31, 2013

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	\$ 472,650	\$ 472,650	\$ 372,459	\$ (100,191)
5800 State Program Revenues	84,250	84,250	80,277	(3,973)
5900 Federal Program Revenues	2,388,000	2,388,000	2,235,745	(152,255)
5020 Total Revenues	2,944,900	2,944,900	2,688,481	(256,419)
EXPENDITURES:				
0035 Food Services	2,922,550	2,922,535	2,464,757	457,778
0051 Facilities Maintenance and Operations	22,350	22,365	13,955	8,410
6030 Total Expenditures	2,944,900	2,944,900	2,478,712	466,188
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	209,769	209,769
OTHER FINANCING SOURCES (USES):				
7961 Transfers Out (Use)	-	(633,828)	(633,828)	-
7080 Total Other Financing Sources (Uses)	-	(633,828)	(633,828)	-
1200 Net Change in Fund Balances	-	(633,828)	(424,059)	209,769
0100 Fund Balance - September 1 (Beginning)	1,201,463	1,201,463	1,201,463	-
3000 Fund Balance - August 31 (Ending)	\$ 1,201,463	\$ 567,635	\$ 777,404	\$ 209,769

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED AUGUST 31, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,703,360	\$ 2,713,875	\$ 2,715,251	\$ 1,376
5800 State Program Revenues	614,174	614,174	528,752	(85,422)
5900 Federal Program Revenues	316,800	316,800	303,019	(13,781)
5020 Total Revenues	<u>3,634,334</u>	<u>3,644,849</u>	<u>3,547,022</u>	<u>(97,827)</u>
EXPENDITURES:				
Debt Service:				
0071 Principal on Long Term Debt	925,685	1,280,000	1,280,000	-
0072 Interest on Long Term Debt	2,841,930	2,496,168	2,492,285	3,883
0073 Bond Issuance Cost and Fees	3,000	93,654	92,229	1,425
6030 Total Expenditures	<u>3,770,615</u>	<u>3,869,822</u>	<u>3,864,514</u>	<u>5,308</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(136,281)</u>	<u>(224,973)</u>	<u>(317,492)</u>	<u>(92,519)</u>
OTHER FINANCING SOURCES (USES):				
7911 Capital Related Debt Issued (Regular Bonds)	-	3,895,000	3,895,000	-
7916 Premium or Discount on Issuance of Bonds	-	274,784	274,784	-
8949 Other (Uses)	-	(4,066,325)	(4,066,325)	-
7080 Total Other Financing Sources (Uses)	<u>-</u>	<u>103,459</u>	<u>103,459</u>	<u>-</u>
1200 Net Change in Fund Balances	(136,281)	(121,514)	(214,033)	(92,519)
0100 Fund Balance - September 1 (Beginning)	<u>1,124,354</u>	<u>1,124,354</u>	<u>1,124,354</u>	<u>-</u>
3000 Fund Balance - August 31 (Ending)	<u>\$ 988,073</u>	<u>\$ 1,002,840</u>	<u>\$ 910,321</u>	<u>\$ (92,519)</u>

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FEDERAL AWARDS SECTION

**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
GOVERNMENTAL AUDITING STANDARDS**

To the Board of Trustees
Jacksonville Independent School District
Jacksonville, Texas 75766

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 Jacksonville Independent School District as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 10, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson & Payne

Robinson & Payne, PLLC
Carthage, Texas
October 10, 2013

**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
Jacksonville Independent School District
Jacksonville, Texas 75766

Report on Compliance for Each Major Federal Program

We have audited Jacksonville 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 Jacksonville Independent School District's major federal programs for the year ended August 31, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Jacksonville 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, 2013.

Report on Internal Control Over Compliance

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

Robinson & Payne

Robinson & Payne, PLLC
Carthage, Texas
October 10, 2013

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

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Jacksonville Independent School District.
2. There were no significant deficiencies disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the Jacksonville Independent School District were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Jacksonville Independent School District expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings which were required to be reported under Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs were:
 - a. IDEA – Part B, Formula, Discretionary & Preschool (Federal CFDA Numbers 84.027 & 84.173)
 - b. ESEA, Title II, Part A, Teacher/Principal Training (Federal CFDA Number 84.367A)
8. The threshold for distinguishing Type A and Type B programs was \$300,000.
9. Jacksonville Independent School District was determined to be a low-risk auditee.

FINDINGS – FINANCIAL STATEMENT AUDIT

1. NONE

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. NONE

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

(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	13610101037904	\$ 1,350,222
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101037904	69,121
Total CFDA Number 84.010A			1,419,343
Total Title I, Part A Cluster			1,419,343
*IDEA - Part B, Formula	84.027	136600010379046600	892,583
*IDEA - Part B, Formula	84.027	146600010379046600	60,911
*IDEA - Part B, Discretionary	84.027	136600060379046680	200,087
Total CFDA Number 84.027			1,153,581
*IDEA - Part B, Preschool	84.173	136610010379046610	59,487
*IDEA - Part B, Preschool	84.173	146610010379046610	1,795
Total CFDA Number 84.173			61,282
Total Special Education Cluster (IDEA)			1,214,863
Career and Technical - Basic Grant	84.048	13420006037904	85,786
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	13696001037904	99,732
Title III, Part A - English Language Acquisition	84.365A	13671001037904	122,109
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501037904	233,958
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501037904	14,286
Total CFDA Number 84.367A			248,244
Title VI, A - Summer School LEP	84.369A	69551202	3,346
Total Passed Through State Department of Education			\$ 3,193,423
TOTAL DEPARTMENT OF EDUCATION			\$ 3,193,423
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Texas Dept of Human Services</u>			
Medicaid Administrative Claiming Program - MAC	93.778		\$ 8,710
Total Passed Through Texas Dept of Human Services			\$ 8,710
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 8,710
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553		\$ 488,577
*National School Lunch Program - Cash Assistance	10.555		1,663,952
*National School Lunch Prog. - Non-Cash Assistance	10.555		83,216
Total CFDA Number 10.555			1,747,168
Total Child Nutrition Cluster			2,235,745
Total Passed Through the State Department of Agriculture			\$ 2,235,745
TOTAL DEPARTMENT OF AGRICULTURE			\$ 2,235,745
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,437,878

*Clustered Programs

JACKSONVILLE INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2013

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund. Generally unused balances are returned to the grantor at the close of specified grant periods.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Funds are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The Schedule of Expenditures of Federal Awards was prepared on the modified accrual basis of accounting. The modified accrual basis of accounting is used for the Governmental Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred 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 30 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 Statement - Provisional 6/97.
4. The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refund of any money received may be required and the collectability of any related receivable at August 31, 2013 may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.
5. Funds were received by the District for School and Health Related Services (SHARS) reimbursements in the amount of \$291,365. In addition, the District received federal interest rate subsidy payments for qualified school construction bonds in the amount of \$303,019.

SCHOOLS FIRST QUESTIONNAIRE

Jacksonville Independent School District

Fiscal Year 2013

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unqualified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	Total accumulated accretion on capital appreciation bonds included in government-wide financial statements at fiscal year end.	\$1,191,474

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