

MARBLE FALLS
INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2014

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Marble Falls Independent School District
Annual Financial Report
For The Year Ended August 31, 2014

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Introductory Section

CERTIFICATE OF BOARD

Marble Falls Independent School District
Name of School District

Burnet
County

027-904
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2014, at a meeting of the board of trustees of such school district on the 19 day of January, 2015.


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)

Financial Section

WEST, DAVIS & COMPANY, LLP

11824 Jollyville Road, Suite 100

Austin, Texas 78759

Independent Auditors' Report

To the Board of Trustees
Marble Falls Independent School District
Marble Falls, Texas

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 Marble Falls Independent School District ("the District") as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

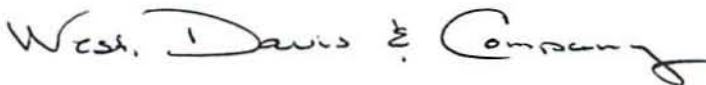
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marble Falls Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts 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 accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2015 on our consideration of Marble Falls Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marble Falls Independent School District's internal control over financial reporting and compliance.



West, Davis & Company, LLP
Austin, TX
January 16, 2015

Marble Falls Independent School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

In this section of the Annual Financial and Compliance Report, we, the managers of Marble Falls Independent School District (the District), discuss and analyze the District's financial performance for the fiscal year ended August 31, 2014. Please read it in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements, which begin on page 9. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 10). 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 11) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The 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 17) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

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

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

In the Statement of Net Position and the Statement of Activities, we classify the District's activities as Governmental activities:

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 11 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. The internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's self-insurance programs. The District, at present, maintains no proprietary funds.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and 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 15 and 16. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the District's governmental activities increased from \$30.3 million to \$34.8 million. 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 – were \$6.3 million at August 31, 2014. This increase in governmental net position was the result of the District's decreased expense of contracted instructional services between schools and an increase in investments in capital assets resulting from roof replacements funded by insurance proceeds.

Table I
Marble Falls Independent School District

	NET POSITION	
	in thousands	
	Governmental Activities	
	2014	2013
Current and other assets	23,773	19,475
Capital assets	93,500	91,870
Total assets	117,273	111,345
Long-term liabilities	80,321	76,606
Other liabilities	2,182	4,487
Total liabilities	82,503	81,093
Net position:		
Invested in capital assets, net of related debt	19,526	15,830
Restricted	8,962	3,083
Unrestricted	6,282	11,339
Total net position	34,770	30,252

Table II
Marble Falls Independent School District

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2014	2013
Revenues:		
Program revenues:		
Charges for services	800	847
Operating grants and contributions	8,204	6,244
General revenues:		
Maintenance and operations taxes	31,366	30,892
Debt service taxes	6,798	6,687
State aid - formula grants	4,205	4,423
Investment Earnings	116	128
Miscellaneous	3,336	353
Total Revenues	<u>54,825</u>	<u>49,574</u>
Expenses:		
Instruction, curriculum and media services	24,279	22,456
Instructional and school leadership	3,241	3,025
Student support services	3,663	3,346
Child nutrition	2,290	2,067
Extracurricular activities	1,581	1,489
General administration	1,370	1,238
Plant maintenance, security and data processing	5,847	5,120
Community services	98	97
Debt services	3,702	3,596
Contracted Inst. Services between School	2,863	4,416
Payments related to SSA	727	0
Other Intergovernmental charges	646	650
Total Expenses	<u>50,307</u>	<u>47,500</u>
Increase in net position	4,518	2,074
Net position at Beginning	30,252	28,178
Net position at Ending	<u>34,770</u>	<u>30,252</u>

THE DISTRICT'S FUNDS

As the District completed this annual period, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$19.9 million, which is \$6.6 million more than last year's total of \$13.3 million. Included in this year's total change in fund balance is an increase of \$914 thousand in the District's General Fund, \$289 thousand in the Debt Service Fund and \$5.4 million in Other Governmental Funds (primarily Capital Projects Funds).

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 and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances (versus the amounts we estimated in August 2013). 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 2014, the District had \$93.5 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance.

The District added some \$4.8 million in capital assets during the year. More detailed information about the District's capital assets is presented in Note D to the financial statements.

Debt

At year-end, the District had \$71.3 million in bonds outstanding versus \$68 million last year. More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

During the 2014-15 budget cycle, the District is in a revenue-neutral financial position and does not anticipate additional funding from the State. As a result, the District is maintaining the current staffing ratio and operating budget structure. The District continues to explore methods to decrease cost and increase revenues in such a way that the impact on education is minimal.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Marble Falls Independent School District, 1800 Colt Circle, Marble Falls, Texas 78654.

Basic Financial Statements

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF NET POSITION

AUGUST 31, 2014

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	Cash and Cash Equivalents	\$ 19,219,234
1120	Current Investments	119,838
1225	Property Taxes Receivable (Net)	1,810,002
1240	Due from Other Governments	2,389,911
1300	Inventories	124,332
1410	Unrealized Expenses	110,223
Capital Assets:		
1510	Land	3,356,465
1520	Buildings and Improvements, Net	86,458,164
1530	Furniture and Equipment, Net	3,274,022
1580	Construction in Progress	411,266
1000	Total Assets	<u>117,273,457</u>
LIABILITIES:		
2110	Accounts Payable	591,396
2140	Interest Payable	124,186
2165	Accrued Liabilities	1,268,312
2180	Due to Other Governments	172,488
2300	Unearned Revenue	25,555
Noncurrent Liabilities:		
2501	Due Within One Year	3,321,853
2502	Due in More Than One Year	76,999,630
2000	Total Liabilities	<u>82,503,420</u>
NET POSITION:		
3200	Net Investment in Capital Assets	19,526,145
Restricted For:		
3820	Federal and State Programs	651,578
3850	Debt Service	2,680,941
3860	Capital Projects	5,424,904
3870	Campus Activities	188,411
3890	Other Purposes	16,608
3900	Unrestricted	6,281,450
3000	Total Net Position	<u>\$ 34,770,037</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 22,917,067	\$ 42,242	\$ 3,223,247	\$ (19,651,578)	
12	Instructional Resources and Media Services	512,110	--	--	(512,110)	
13	Curriculum and Staff Development	849,427	--	501,159	(348,268)	
21	Instructional Leadership	908,537	--	385,795	(522,742)	
23	School Leadership	2,332,254	--	26,149	(2,306,105)	
31	Guidance, Counseling, & Evaluation Services	1,296,675	--	70,147	(1,226,528)	
32	Social Work Services	49,797	--	--	(49,797)	
33	Health Services	412,959	--	--	(412,959)	
34	Student Transportation	1,903,920	--	93,918	(1,810,002)	
35	Food Service	2,289,971	627,010	1,547,683	(115,278)	
36	Cocurricular/Extracurricular Activities	1,580,474	130,268	14,434	(1,435,772)	
41	General Administration	1,370,344	--	42,595	(1,327,749)	
51	Facilities Maintenance and Operations	4,522,460	--	12,000	(4,510,460)	
52	Security and Monitoring Services	109,183	--	--	(109,183)	
53	Data Processing Services	1,215,787	--	--	(1,215,787)	
61	Community Services	98,429	--	1,560,110	1,461,681	
72	Interest on Long-term Debt	3,527,451	--	--	(3,527,451)	
73	Bond Issuance Costs and Fees	174,080	--	--	(174,080)	
91	Contracted Instructional Services between Schools	2,863,178	--	--	(2,863,178)	
93	Payments Related to Shared Services Arrangements	726,594	--	726,594	--	
99	Other Intergovernmental Charges	645,982	--	--	(645,982)	
TG	Total Governmental Activities	<u>50,306,679</u>	<u>799,520</u>	<u>8,203,831</u>	<u>(41,303,328)</u>	
TP	Total Primary Government	<u>\$ 50,306,679</u>	<u>\$ 799,520</u>	<u>\$ 8,203,831</u>	<u>(41,303,328)</u>	
	General Revenues:					
MT	Property Taxes, Levied for General Purposes				31,365,838	
DT	Property Taxes, Levied for Debt Service				6,797,875	
IE	Investment Earnings				116,353	
GC	Grants and Contributions Not Restricted to Specific Programs				4,205,345	
MI	Miscellaneous				3,335,989	
TR	Total General Revenues				<u>45,821,400</u>	
CN	Change in Net Position				<u>4,518,072</u>	
NB	Net Position - Beginning				30,251,965	
NE	Net Position - Ending				<u>\$ 34,770,037</u>	

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

AUGUST 31, 2014

Data Control Codes		10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
ASSETS:					
1110	Cash and Cash Equivalents	\$ 10,605,460	\$ 2,657,198	\$ 5,956,576	\$ 19,219,234
1120	Current Investments	94,112	25,726	--	119,838
1225	Taxes Receivable, Net	1,508,111	301,891	--	1,810,002
1240	Due from Other Governments	1,795,794	10,467	583,650	2,389,911
1260	Due from Other Funds	100,407	--	72,354	172,761
1300	Inventories	62,938	--	61,394	124,332
1410	Unrealized Expenditures	110,223	--	--	110,223
1000	Total Assets	14,277,045	2,995,282	6,673,974	23,946,301
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 564,196	\$ --	\$ 27,200	\$ 591,396
2150	Payroll Deductions & Withholdings	--	--	170	170
2160	Accrued Wages Payable	1,176,655	--	91,487	1,268,142
2170	Due to Other Funds	17,095	--	155,666	172,761
2180	Due to Other Governments	115,957	--	56,531	172,488
2300	Unearned Revenue	1,533,643	301,890	24	1,835,557
2000	Total Liabilities	3,407,546	301,890	331,078	4,040,514
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	62,939	--	61,395	124,334
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	651,578	651,578
3470	Capital Acquisitions & Contractual Obligations	--	--	5,424,904	5,424,904
3480	Retirement of Long-Term Debt	--	2,693,392	--	2,693,392
3490	Other Restrictions of Fund Balance	--	--	16,608	16,608
Committed Fund Balances:					
3510	Construction	828,136	--	--	828,136
3545	Other Committed Fund Balance	--	--	188,411	188,411
3600	Unassigned	9,978,424	--	--	9,978,424
3000	Total Fund Balances	10,869,499	2,693,392	6,342,896	19,905,787
4000	Total Liabilities and Fund Balances	\$ 14,277,045	\$ 2,995,282	\$ 6,673,974	\$ 23,946,301

The accompanying notes are an integral part of this statement.

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

Total fund balances - governmental funds balance sheet	\$ 19,905,787
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	93,499,917
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,810,002
Payables for bond principal which are not due in the current period are not reported in the funds.	(71,261,595)
The accumulated accretion on capital appreciation bonds reported in the SNA but not in the funds.	(8,137,081)
Payables for bond interest which are not due in the current period are not reported in the funds.	(124,186)
Bond premiums are amortized in the SNA but not in the funds.	(1,195,666)
The loss on refunding of bonds is amortized in the SNA but in the funds.	<u>272,859</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 34,770,037</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:				
5700 Local and Intermediate Sources	\$ 34,800,957	\$ 6,853,528	\$ 803,074	\$ 42,457,559
5800 State Program Revenues	4,446,085	--	534,030	4,980,115
5900 Federal Program Revenues	748,951	--	6,680,110	7,429,061
5020 Total Revenues	<u>39,995,993</u>	<u>6,853,528</u>	<u>8,017,214</u>	<u>54,866,735</u>
EXPENDITURES:				
Current:				
0011 Instruction	17,634,655	--	4,153,115	21,787,770
0012 Instructional Resources and Media Services	425,857	--	49,488	475,345
0013 Curriculum and Staff Development	335,655	--	501,885	837,540
0021 Instructional Leadership	471,157	--	385,795	856,952
0023 School Leadership	2,126,369	--	48,966	2,175,335
0031 Guidance, Counseling, & Evaluation Services	1,107,434	--	82,967	1,190,401
0032 Social Work Services	49,797	--	--	49,797
0033 Health Services	363,142	--	16,768	379,910
0034 Student Transportation	1,575,994	--	93,918	1,669,912
0035 Food Service	--	--	2,180,761	2,180,761
0036 Cocurricular/Extracurricular Activities	1,456,098	--	42,588	1,498,686
0041 General Administration	1,203,202	--	42,822	1,246,024
0051 Facilities Maintenance and Operations	4,229,186	--	12,000	4,241,186
0052 Security and Monitoring Services	126,361	--	--	126,361
0053 Data Processing Services	1,831,506	--	477,000	2,308,506
0061 Community Services	56,905	--	16,210	73,115
0071 Principal on Long-term Debt	--	3,070,462	--	3,070,462
0072 Interest on Long-term Debt	--	3,490,874	--	3,490,874
0073 Bond Issuance Costs and Fees	--	2,750	171,330	174,080
0081 Capital Outlay	2,589,550	--	312,129	2,901,679
0091 Contracted Instructional Services				
0091 Between Public Schools	2,863,178	--	--	2,863,178
0093 Payments to Shared Service Arrangements	--	--	726,594	726,594
0099 Other Intergovernmental Charges	645,982	--	--	645,982
6030 Total Expenditures	<u>39,092,028</u>	<u>6,564,086</u>	<u>9,314,336</u>	<u>54,970,450</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	<u>903,965</u>	<u>289,442</u>	<u>(1,297,122)</u>	<u>(103,715)</u>
Other Financing Sources and (Uses):				
7901 Refunding Bonds Issued	--	2,740,000	--	2,740,000
7911 Capital-Related Debt Issued (Regular Bonds)	--	--	6,550,000	6,550,000
7912 Sale of Real or Personal Property	10,235	--	--	10,235
7915 Transfers In	5,000	--	--	5,000
7916 Premium or Discount on Issuance of Bonds	--	532,859	171,330	704,189
8911 Transfers Out	(5,000)	--	--	(5,000)
8940 Payment to Bond Refunding Escrow Agent	--	(3,272,859)	--	(3,272,859)
7080 Total Other Financing Sources and (Uses)	<u>10,235</u>	<u>--</u>	<u>6,721,330</u>	<u>6,731,565</u>
1200 Net Change in Fund Balances	<u>914,200</u>	<u>289,442</u>	<u>5,424,208</u>	<u>6,627,850</u>
0100 Fund Balances - Beginning	9,955,299	2,403,950	918,688	13,277,937
3000 Fund Balances - Ending	<u>\$ 10,869,499</u>	<u>\$ 2,693,392</u>	<u>\$ 6,342,896</u>	<u>\$ 19,905,787</u>

The accompanying notes are an integral part of this statement.

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

Net change in fund balances - total governmental funds	\$ 6,627,850
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	4,818,153
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,188,267)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(52,219)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	3,070,462
The accretion of interest on capital appreciation bonds is not reported in the funds.	(139,453)
(Increase) decrease in accrued interest from beginning of period to end of period.	28,421
Bond premiums are reported in the funds but amortized in the SOA.	(704,189)
Bonded debt issued is recorded in the funds but not in the SOA.	(9,290,000)
Amounts deposited with bond refunding agent are recorded in the funds but not in the SOA.	3,272,859
Bond premiums are reported in the funds but not in the SOA.	<u>74,455</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 4,518,072</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

AUGUST 31, 2014

Data Control Codes		Private-purpose Trust Funds	Agency Funds
			Student Activity
ASSETS:			
1110	Cash and Cash Equivalents	\$ 27,177	\$ 151,261
1800	Restricted Assets	18,343	--
1000	Total Assets	<u>45,520</u>	<u>151,261</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ 2,212
2190	Due to Student Groups	--	149,049
2000	Total Liabilities	<u>--</u>	<u>151,261</u>
NET POSITION:			
3800	Held in Trust	45,520	--
3000	Total Net Position	<u>\$ 45,520</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

FOR THE YEAR ENDED AUGUST 31, 2014

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 175
Contributions	--
Total Additions	<u>175</u>
Deductions:	
Scholarship Awards	1,000
Other Expenses	--
Total Deductions	<u>1,000</u>
Change in Net Position	(825)
Net Position-Beginning of the Year	46,345
Net Position-End of the Year	<u>\$ 45,520</u>

The accompanying notes are an integral part of this statement.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

A. Summary of Significant Accounting Policies

The basic financial statements of Marble Falls Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB in its Statement No. 14, "The Financial Reporting Entity" and there are no component units included within the reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: This fund accounts for debt service property taxes and the payment of bond principal and interest as it comes due.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. **Measurement Focus, Basis of Accounting**

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. **Financial Statement Amounts**

a. **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 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 1 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 when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon 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.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2014

b. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet 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 and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

f. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

g. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

h. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to insure accuracy in building a statewide database for policy development and funding plans.

i. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

j. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

k. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
Debt Service Fund #0073 Bond Issuance Costs and Fees	\$ 750
	Closely monitor costs

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None	\$ --	Not Applicable

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2014, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$19,219,234 and the bank balance was \$20,494,041. The District's cash deposits at August 31, 2014 and during the period ended August 31, 2014, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, 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, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirements of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

The District's investments at August 31, 2014 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Fair Value</u>	<u>Percentage</u>
Lone Star Investment Pool	24 days average	AAA	\$ <u>119,838</u>	100%

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District's investments were rated as noted above.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District investments representing more than 5% of total investments are disclosed above.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

D. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,222,680	\$ 133,785	\$ --	\$ 3,356,465
Construction in progress	--	411,266	--	411,266
Total capital assets not being depreciated	<u>3,222,680</u>	<u>545,051</u>	<u>--</u>	<u>3,767,731</u>
Capital assets being depreciated:				
Buildings and improvements	113,314,399	2,391,898	--	115,706,297
Furniture and Equipment	5,620,965	1,881,204	--	7,502,169
Total capital assets being depreciated	<u>118,935,364</u>	<u>4,273,102</u>	<u>--</u>	<u>123,208,466</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,711,229)	(2,536,905)	--	(29,248,134)
Furniture and Equipment	(3,576,786)	(651,362)	--	(4,228,148)
Total accumulated depreciation	<u>(30,288,015)</u>	<u>(3,188,267)</u>	<u>--</u>	<u>(33,476,282)</u>
Total capital assets being depreciated, net	88,647,349	1,084,835	--	89,732,184
Governmental activities capital assets, net	<u>\$ 91,870,029</u>	<u>\$ 1,629,886</u>	<u>\$ --</u>	<u>\$ 93,499,915</u>

Depreciation was charged to functions as follows:

Instruction	\$ 1,780,867
Instructional Resources and Media Services	36,765
Curriculum and Staff Development	11,887
Instructional Leadership	58,361
School Leadership	156,919
Guidance, Counseling, & Evaluation Services	106,274
Health Services	33,049
Student Transportation	266,933
Food Services	167,250
Extracurricular Activities	87,788
General Administration	124,320
Plant Maintenance and Operations	286,743
Security and Monitoring Services	1,422
Data Processing Services	44,375
Community Services	25,314
	<u>\$ 3,188,267</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2014, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 100,407	Short-term loans
Other Governmental Funds	Other Governmental Funds	72,354	For payroll clearing
	Total	<u>\$ 172,761</u>	

All amounts due are scheduled to be repaid within one year.

Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2014, consisted of the following:

Transfers From	Transfers To	Amount	Reason
None	None	\$ --	Not Applicable
	Total	<u>\$ --</u>	

F. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2014, are as follows:

Series	Original Issue (millions)	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:							
2002	12.325	3.0-4.5%	\$ 608,219	\$ --	\$ 608,219	\$ --	--
2002A	8.940	2.5-5.0%	3,650,000	--	1,155,000	2,495,000	1,220,000
2006	6.967	4.2-4.61%	6,966,778	--	55,000	6,911,778	637,349
2007A	25.000	3.67-4.51%	22,950,000	--	3,575,000	19,375,000	600,000
2008	28.000	3.0-5.0%	25,320,443	--	625,000	24,695,443	650,000
2009A	0.570	2.0%	8,546,617	--	52,243	8,494,374	39,504
20014	9.290	2.0-4.0%	--	9,290,000	--	9,290,000	175,000
			<u>68,042,057</u>	<u>9,290,000</u>	<u>6,070,462</u>	<u>71,261,595</u>	<u>3,321,853</u>
Premium on Bonds			565,932	704,189	74,455	1,195,666	--
Loss on Refunding			--	(272,859)	--	(272,859)	--
Accumulated Accretion on CAB's			7,997,628	873,991	734,538	8,137,081	--
Total governmental activities			<u>\$ 76,605,617</u>	<u>\$ 10,595,321</u>	<u>\$ 6,879,455</u>	<u>\$ 80,321,483</u>	<u>\$ 3,321,853</u>
Due Within One Year						\$ 3,321,853	
Due in More Than One Year						76,999,630	
						<u>\$ 80,321,483</u>	

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED AUGUST 31, 2014

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2014, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 3,321,853	\$ 3,584,762	\$ 6,906,615
2016	2,898,390	4,012,846	6,911,236
2017	2,939,620	3,968,767	6,908,387
2018	2,926,789	3,981,272	6,908,061
2019	2,924,370	3,984,191	6,908,561
2020-2024	17,140,573	15,992,583	33,133,156
2025-2029	11,285,000	8,528,783	19,813,783
2029-2033	14,480,000	5,332,419	19,812,419
2035-2039	13,345,000	1,608,781	14,953,781
Totals	<u>\$ 71,261,595</u>	<u>\$ 50,994,404</u>	<u>\$ 122,255,999</u>

3. Advance Refunding of Debt

In July 2014, the District issued \$2.74 million in Unlimited Tax Refunding Bonds to refund a portion of the District's Series 2007 bonds. The proceeds of the refunding bonds net of the related debt service costs amounted to \$3.3 million and were deposited with an escrow agent to purchase direct obligations of the United States. As a result of the refunding, the District decreased its aggregate debt service payment to maturity by \$0.38 million and realized an economic gain (difference between the present value of debt service payments on the old debt and the new debt) of \$0.3 million.

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of August 31, 2014, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
Series 1996	\$ 300,000
Series 2002	7,034,744
Series 2007A	3,000,000
Total	<u>\$ 10,334,744</u>

G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2014, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

H. Pension Plan

1. Plan Description

The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of 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 Publications 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.

2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. In certain instances the reporting district is required to make all or a portion of the state's contribution. The District paid additional state contributions on the portion of the employee's salaries that exceeded the statutory minimum and contributions from federal and private grants.

Contributions to TRS for the past three fiscal years are exhibited in the table below.

Year	State		Member		School District	
	Rate	Amount	Rate	Amount	Rate	Amount
2014	6.80%	\$ 1,721,763	6.40%	\$ 1,620,483	6.80%	\$ 232,209
2013	6.40%	1,601,144	6.40%	1,601,144	6.40%	247,616
2012	6.00%	1,611,875	6.40%	1,719,333	6.00%	278,611

I. Health Care Coverage

During the period ended August 31, 2014, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$175 per month per employee to the Plan with the State providing an additional \$75. Employees at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Blue Cross and Blue Shield of Texas, and Scott and White HMO for the medical plan while Medco Health was assigned the prescription drug plan.

The District's participation is renewable annually.

The latest financial information on the state-wide plan is available from TRS (see note H1).

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

J. Retiree Health Plan

1. TRS-Care

a) Plan Description

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

b) Funding Policy

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

Contribution rates and amounts are shown in the table below.

Year	Rate	Active Member		State		School District			
		Rate	Amount	Rate	Amount	Rate	Amount		
2014	0.65%	\$	149,492	1.00%	\$	229,988	0.55%	\$	126,494
2013	0.65%		144,823	0.50%		111,403	0.55%		122,543
2012	0.65%		147,681	1.00%		227,202	0.55%		124,961

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended 2014, 2013, and 2012, the subsidy payments received by TRS-Care on behalf of the District were \$70,272, \$68,584, and \$68,106, respectively.

K. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable 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 basic financial statements for such contingencies.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2014

2. Litigation

No reportable litigation was pending against the District at August 31,2014.

L. Shared Services Arrangements

Shared Services Arrangement - Fiscal Agent

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides services to the member districts listed below. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in a special revenue fund and will be accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

<u>Member Districts</u>	<u>Expenditures</u>
Burnet CISD	\$ 703,157

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT G-1

Page 1 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts			
		Original	Final	Actual	
REVENUES:					
5700	Local and Intermediate Sources	\$ 31,647,212	\$ 34,697,975	\$ 34,800,957	\$ 102,982
5800	State Program Revenues	4,401,258	4,403,508	4,446,085	42,577
5900	Federal Program Revenues	490,000	716,919	748,951	32,032
5020	Total Revenues	<u>36,538,470</u>	<u>39,818,402</u>	<u>39,995,993</u>	<u>177,591</u>
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	17,842,868	17,769,982	17,634,655	135,327
0012	Instructional Resources and Media Services	425,989	429,733	425,857	3,876
0013	Curriculum and Staff Development	297,834	343,833	335,655	8,178
	Total Instruction & Instr. Related Services	<u>18,566,690</u>	<u>18,543,548</u>	<u>18,396,167</u>	<u>147,381</u>
Instructional and School Leadership:					
0021	Instructional Leadership	706,060	540,184	471,157	69,027
0023	School Leadership	2,071,923	2,138,180	2,126,369	11,811
	Total Instructional & School Leadership	<u>2,777,983</u>	<u>2,678,364</u>	<u>2,597,526</u>	<u>80,838</u>
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,073,812	1,110,321	1,107,434	2,887
0032	Social Work Services	45,351	50,351	49,797	554
0033	Health Services	371,793	380,006	363,142	16,864
0034	Student (Pupil) Transportation	1,587,620	1,598,620	1,575,994	22,626
0036	Cocurricular/Extracurricular Activities	1,486,399	1,505,287	1,456,098	49,189
	Total Support Services - Student (Pupil)	<u>4,564,975</u>	<u>4,644,585</u>	<u>4,552,465</u>	<u>92,120</u>
Administrative Support Services:					
0041	General Administration	1,204,672	1,229,172	1,203,202	25,970
	Total Administrative Support Services	<u>1,204,672</u>	<u>1,229,172</u>	<u>1,203,202</u>	<u>25,970</u>
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	3,933,737	4,265,419	4,229,186	36,233
0052	Security and Monitoring Services	105,353	126,853	126,361	492
0053	Data Processing Services	1,076,534	2,034,835	1,831,506	203,329
	Total Support Services - Nonstudent Based	<u>5,115,623</u>	<u>6,427,107</u>	<u>6,187,053</u>	<u>240,054</u>
Ancillary Services:					
0061	Community Services	74,783	74,783	56,905	17,878
	Total Ancillary Services	<u>74,783</u>	<u>74,783</u>	<u>56,905</u>	<u>17,878</u>
Capital Outlay:					
0081	Capital Outlay	--	3,318,084	2,589,550	728,534
	Total Capital Outlay	<u>--</u>	<u>3,318,084</u>	<u>2,589,550</u>	<u>728,534</u>
Intergovernmental Charges:					
0091	Contracted Instr. Services Between Public Schools	3,576,539	2,889,539	2,863,178	26,361
0099	Other Intergovernmental Charges	657,204	657,204	645,982	11,222
	Total Intergovernmental Charges	<u>4,233,743</u>	<u>3,546,743</u>	<u>3,509,160</u>	<u>37,583</u>
6030	Total Expenditures	<u>36,538,470</u>	<u>40,462,386</u>	<u>39,092,028</u>	<u>1,370,358</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2014

EXHIBIT G-1
 Page 2 of 2

Data Control Codes	1	2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	(643,984)	903,965	1,547,949
Other Financing Sources (Uses):				
7912 Sale of Real or Personal Property	--	--	10,235	10,235
7915 Transfers In	--	--	5,000	5,000
8911 Transfers Out	--	--	(5,000)	(5,000)
7080 Total Other Financing Sources and (Uses)	--	--	10,235	10,235
1200 Net Change in Fund Balance	--	(643,984)	914,200	1,558,184
0100 Fund Balance - Beginning	9,955,299	9,955,299	9,955,299	--
3000 Fund Balance - Ending	\$ 9,955,299	\$ 9,311,315	\$ 10,869,499	\$ 1,558,184

Combining Statements and Budget Comparisons as Supplementary Information

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AUGUST 31, 2014

Data Control Codes		Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-1)
ASSETS:				
1110	Cash and Cash Equivalents	\$ 517,842	\$ 5,438,734	\$ 5,956,576
1240	Due from Other Governments	583,650	--	583,650
1260	Due from Other Funds	72,354	--	72,354
1300	Inventories	61,394	--	61,394
1000	Total Assets	<u>1,235,240</u>	<u>5,438,734</u>	<u>6,673,974</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 13,370	\$ 13,830	\$ 27,200
2150	Payroll Deductions & Withholdings	170	--	170
2160	Accrued Wages Payable	91,487	--	91,487
2170	Due to Other Funds	155,666	--	155,666
2180	Due to Other Governments	56,531	--	56,531
2300	Unearned Revenue	24	--	24
2000	Total Liabilities	<u>317,248</u>	<u>13,830</u>	<u>331,078</u>
FUND BALANCES:				
Nonspendable Fund Balances:				
3410	Inventories	61,395	--	61,395
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	651,578	--	651,578
3470	Capital Acquisitions & Contractual Obligations	--	5,424,904	5,424,904
3490	Other Restrictions of Fund Balance	16,608	--	16,608
Committed Fund Balances:				
3545	Other Committed Fund Balance	188,411	--	188,411
3000	Total Fund Balances	<u>917,992</u>	<u>5,424,904</u>	<u>6,342,896</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,235,240</u>	<u>\$ 5,438,734</u>	<u>\$ 6,673,974</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

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

Data Control Codes		Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:				
5700	Local and Intermediate Sources	\$ 802,464	\$ 610	\$ 803,074
5800	State Program Revenues	534,030	--	534,030
5900	Federal Program Revenues	6,680,110	--	6,680,110
5020	Total Revenues	<u>8,016,604</u>	<u>610</u>	<u>8,017,214</u>
EXPENDITURES:				
Current:				
0011	Instruction	3,816,538	336,577	4,153,115
0012	Instructional Resources and Media Services	49,488	--	49,488
0013	Curriculum and Staff Development	501,885	--	501,885
0021	Instructional Leadership	385,795	--	385,795
0023	School Leadership	48,966	--	48,966
0031	Guidance, Counseling, & Evaluation Services	82,967	--	82,967
0033	Health Services	16,768	--	16,768
0034	Student Transportation	93,918	--	93,918
0035	Food Service	2,180,761	--	2,180,761
0036	Cocurricular/Extracurricular Activities	42,588	--	42,588
0041	General Administration	42,822	--	42,822
0051	Facilities Maintenance and Operations	12,000	--	12,000
0053	Data Processing Services	--	477,000	477,000
0061	Community Services	16,210	--	16,210
0073	Bond Issuance Costs and Fees	--	171,330	171,330
0081	Capital Outlay	--	312,129	312,129
0093	Payments to Shared Service Arrangements	726,594	--	726,594
6030	Total Expenditures	<u>8,017,300</u>	<u>1,297,036</u>	<u>9,314,336</u>
1100	Excess (Deficiency) of Revenues Over (Under)			
1100	Expenditures	<u>(696)</u>	<u>(1,296,426)</u>	<u>(1,297,122)</u>
Other Financing Sources and (Uses):				
7911	Capital-Related Debt Issued (Regular Bonds)	--	6,550,000	6,550,000
7916	Premium or Discount on Issuance of Bonds	--	171,330	171,330
7080	Total Other Financing Sources and (Uses)	<u>--</u>	<u>6,721,330</u>	<u>6,721,330</u>
1200	Net Change in Fund Balances	<u>(696)</u>	<u>5,424,904</u>	<u>5,424,208</u>
0100	Fund Balances - Beginning	918,688	--	918,688
3000	Fund Balances - Ending	<u>\$ 917,992</u>	<u>\$ 5,424,904</u>	<u>\$ 6,342,896</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2014

Data Control Codes		206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
ASSETS:					
1110	Cash and Cash Equivalents	\$ 1,000	\$ (3,848)	\$ (47,805)	\$ (7,155)
1240	Due from Other Governments	--	49,131	59,995	1,090
1260	Due from Other Funds	--	--	21,398	8,574
1300	Inventories	--	--	--	--
1000	Total Assets	<u>1,000</u>	<u>45,283</u>	<u>33,588</u>	<u>2,509</u>
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ 1,000	\$ --	\$ 69	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	34,927	29,951	1,091
2170	Due to Other Funds	--	10,356	3,568	1,418
2180	Due to Other Governments	--	--	--	--
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	<u>1,000</u>	<u>45,283</u>	<u>33,588</u>	<u>2,509</u>
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,000</u>	<u>\$ 45,283</u>	<u>\$ 33,588</u>	<u>\$ 2,509</u>

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	263 English Lang Acquisition and Enhancement
\$ 568,933	\$ 40,017	\$ 503	\$ (8,539)	\$ (2,792)
36,504	--	--	17,919	14,097
39,894	--	49	--	893
61,394	--	--	--	--
<u>706,725</u>	<u>40,017</u>	<u>552</u>	<u>9,380</u>	<u>12,198</u>
\$ 5,376	\$ 123	\$ --	\$ --	\$ --
--	--	--	--	--
3,570	--	--	9,837	8,040
46	39,894	552	(457)	4,212
--	--	--	--	--
--	--	--	--	--
<u>8,992</u>	<u>40,017</u>	<u>552</u>	<u>9,380</u>	<u>12,252</u>
61,395	--	--	--	--
636,338	--	--	--	(54)
--	--	--	--	--
--	--	--	--	--
<u>697,733</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(54)</u>
<u>\$ 706,725</u>	<u>\$ 40,017</u>	<u>\$ 552</u>	<u>\$ 9,380</u>	<u>\$ 12,198</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 AUGUST 31, 2014

Data Control Codes	270 ESEA, Title VI Part B, Subpart 2 Rural School	272 MAC Program	276 Title I SIP Academy Grant	287 Education Jobs Fund	
ASSETS:					
1110	Cash and Cash Equivalents	\$ 22,836	\$ 19,878	\$ (108,977)	\$ 33,171
1240	Due from Other Governments	1,352	--	159,088	--
1260	Due from Other Funds	--	--	--	--
1300	Inventories	--	--	--	--
1000	Total Assets	24,188	19,878	50,111	33,171
LIABILITIES:					
Current Liabilities:					
2110	Accounts Payable	\$ --	\$ --	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	--	--	--
2160	Accrued Wages Payable	--	--	--	--
2170	Due to Other Funds	24,188	19,878	50,111	77
2180	Due to Other Governments	--	--	--	33,094
2300	Unearned Revenue	--	--	--	--
2000	Total Liabilities	24,188	19,878	50,111	33,171
FUND BALANCES:					
Nonspendable Fund Balances:					
3410	Inventories	--	--	--	--
Restricted Fund Balances:					
3450	Federal/State Funds Grant Restrictions	--	--	--	--
3490	Other Restrictions of Fund Balance	--	--	--	--
Committed Fund Balances:					
3545	Other Committed Fund Balance	--	--	--	--
3000	Total Fund Balances	--	--	--	--
4000	Total Liabilities and Fund Balances	\$ 24,188	\$ 19,878	\$ 50,111	\$ 33,171

289 Summer School LEP	352 21st Century Community Learning Centers	394 Life Skills Program	397 Advanced Placement Incentives	404 Student Success Initiative
\$ 5,642	\$ (211,206)	\$ --	\$ 6,527	\$ (2,172)
--	244,474	--	--	--
--	--	--	--	2,172
--	--	--	--	--
<u>5,642</u>	<u>33,268</u>	<u>--</u>	<u>6,527</u>	<u>--</u>
\$ --	\$ 5,590	\$ --	\$ --	\$ --
--	170	--	--	--
--	4,071	--	--	--
--	--	--	--	--
--	23,437	--	--	--
--	--	--	--	--
<u>--</u>	<u>33,268</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	--	--	--	--
5,642	--	--	6,527	--
--	--	--	--	--
--	--	--	--	--
<u>5,642</u>	<u>--</u>	<u>--</u>	<u>6,527</u>	<u>--</u>
<u>\$ 5,642</u>	<u>\$ 33,268</u>	<u>\$ --</u>	<u>\$ 6,527</u>	<u>\$ --</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET

NONMAJOR SPECIAL REVENUE FUNDS

AUGUST 31, 2014

Data Control Codes		410 State Textbook Fund	429 State Funded Special Revenue Fund
ASSETS:			
1110	Cash and Cash Equivalents	\$ 14,361	\$ 24
1240	Due from Other Governments	--	--
1260	Due from Other Funds	--	--
1300	Inventories	--	--
1000	Total Assets	<u>14,361</u>	<u>24</u>
LIABILITIES:			
Current Liabilities:			
2110	Accounts Payable	\$ --	\$ --
2150	Payroll Deductions & Withholdings	--	--
2160	Accrued Wages Payable	--	--
2170	Due to Other Funds	--	--
2180	Due to Other Governments	--	--
2300	Unearned Revenue	--	24
2000	Total Liabilities	<u>--</u>	<u>24</u>
FUND BALANCES:			
Nonspendable Fund Balances:			
3410	Inventories	--	--
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3490	Other Restrictions of Fund Balance	14,361	--
Committed Fund Balances:			
3545	Other Committed Fund Balance	--	--
3000	Total Fund Balances	<u>14,361</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ 14,361</u>	<u>\$ 24</u>

e	461 Campus Activity Funds	472 Central Office Activity Fund	482 City of Marble Falls Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
	\$ 192,072	\$ 2,247	\$ 3,125	\$ 517,842
	--	--	--	583,650
	(626)	--	--	72,354
	--	--	--	61,394
	<u>191,446</u>	<u>2,247</u>	<u>3,125</u>	<u>1,235,240</u>
	\$ 1,212	\$ --	\$ --	\$ 13,370
	--	--	--	170
	--	--	--	91,487
	1,823	--	--	155,666
	--	--	--	56,531
	--	--	--	24
	<u>3,035</u>	<u>--</u>	<u>--</u>	<u>317,248</u>
	--	--	--	61,395
	--	--	3,125	651,578
	--	2,247	--	16,608
	188,411	--	--	188,411
	<u>188,411</u>	<u>2,247</u>	<u>3,125</u>	<u>917,992</u>
	<u>\$ 191,446</u>	<u>\$ 2,247</u>	<u>\$ 3,125</u>	<u>\$ 1,235,240</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	206 ESEA Title X Part C Homeless	211 ESEA Title I Improving Basic Programs	224 IDEA-B Formula	225 IDEA-B Preschool Grant
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	1,000	787,435	736,585	14,639
5020 Total Revenues	<u>1,000</u>	<u>787,435</u>	<u>736,585</u>	<u>14,639</u>
EXPENDITURES:				
Current:				
0011 Instruction	1,000	758,101	677,734	14,639
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	--	11,450	7,200	--
0021 Instructional Leadership	--	3,681	23,508	--
0023 School Leadership	--	--	--	--
0031 Guidance, Counseling, & Evaluation Services	--	--	950	--
0033 Health Services	--	--	--	--
0034 Student Transportation	--	--	--	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	14,141	--
0041 General Administration	--	14,203	13,052	--
0051 Facilities Maintenance and Operations	--	--	--	--
0061 Community Services	--	--	--	--
0093 Payments to Shared Service Arrangements	--	--	--	--
6030 Total Expenditures	<u>1,000</u>	<u>787,435</u>	<u>736,585</u>	<u>14,639</u>
1100 Excess (Deficiency) of Revenues Over (Under)	--	--	--	--
1100 Expenditures	--	--	--	--
1200 Net Change in Fund Balances	--	--	--	--
0100 Fund Balances - Beginning	--	--	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	242 Summer Feeding Program	244 Vo Ed Basic Grant	255 ESEA Title II Training & Recruiting	263 English Lang Acquisition and Enhancement
\$ 629,219	\$ --	\$ --	\$ --	\$ --
11,765	--	--	--	--
1,530,167	17,516	42,193	128,903	72,903
<u>2,171,151</u>	<u>17,516</u>	<u>42,193</u>	<u>128,903</u>	<u>72,903</u>
--	--	41,202	38,151	72,554
--	--	--	--	--
--	--	--	4,338	349
--	--	--	79,948	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
2,163,245	17,516	--	--	--
--	--	293	--	--
--	--	789	6,466	--
--	--	--	--	--
--	--	--	--	--
<u>2,163,245</u>	<u>17,516</u>	<u>42,284</u>	<u>128,903</u>	<u>72,903</u>
7,906	--	(91)	--	--
<u>7,906</u>	<u>--</u>	<u>(91)</u>	<u>--</u>	<u>--</u>
689,827	--	91	--	(54)
<u>\$ 697,733</u>	<u>\$ --</u>	<u>\$ 91</u>	<u>\$ --</u>	<u>\$ (54)</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	270 ESEA, Title VI Part B, Subpart 2 Rural School	272 MAC Program	276 Title I SIP Academy Grant	289 Summer School LEP
REVENUES:				
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --	\$ --
5800 State Program Revenues	--	--	--	--
5900 Federal Program Revenues	73,713	16,403	1,536,902	2,226
5020 Total Revenues	<u>73,713</u>	<u>16,403</u>	<u>1,536,902</u>	<u>2,226</u>
EXPENDITURES:				
Current:				
0011 Instruction	71,636	--	1,042,233	--
0012 Instructional Resources and Media Services	--	--	--	--
0013 Curriculum and Staff Development	--	--	286,558	--
0021 Instructional Leadership	--	--	104,976	--
0023 School Leadership	--	--	17,205	--
0031 Guidance, Counseling, & Evaluation Services	--	--	69,197	--
0033 Health Services	--	16,403	--	--
0034 Student Transportation	--	--	10,605	--
0035 Food Service	--	--	--	--
0036 Cocurricular/Extracurricular Activities	--	--	--	--
0041 General Administration	2,077	--	6,008	--
0051 Facilities Maintenance and Operations	--	--	--	--
0061 Community Services	--	--	120	--
0093 Payments to Shared Service Arrangements	--	--	--	--
6030 Total Expenditures	<u>73,713</u>	<u>16,403</u>	<u>1,536,902</u>	<u>--</u>
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	--	--	--	2,226
1200 Net Change in Fund Balances	--	--	--	2,226
0100 Fund Balances - Beginning	--	--	--	3,416
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,642</u>

352 21st Century Community Learning Centers	394 Life Skills Program	397 Advanced Placement Incentives	410 State Textbook Fund	461 Campus Activity Funds
\$ --	\$ --	\$ --	\$ --	\$ 171,936
--	--	--	522,265	--
1,719,525	--	--	--	--
<u>1,719,525</u>	<u>--</u>	<u>--</u>	<u>522,265</u>	<u>171,936</u>
508,874	79	163	507,904	82,268
--	--	--	--	49,488
190,477	--	1,501	--	12
173,682	--	--	--	--
8,944	--	--	--	22,817
--	--	--	--	12,820
--	--	--	--	365
83,313	--	--	--	--
--	--	--	--	--
--	--	--	--	28,154
--	--	--	--	--
12,000	--	--	--	--
15,641	--	--	--	449
726,594	--	--	--	--
<u>1,719,525</u>	<u>79</u>	<u>1,664</u>	<u>507,904</u>	<u>196,373</u>
--	(79)	(1,664)	14,361	(24,437)
--	(79)	(1,664)	14,361	(24,437)
--	79	8,191	--	212,848
<u>\$ --</u>	<u>\$ 79</u>	<u>\$ 8,191</u>	<u>\$ 14,361</u>	<u>\$ 212,848</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,527</u>	<u>\$ 14,361</u>	<u>\$ 188,411</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	472 Central Office Activity Fund	482 City of Marble Falls Grant	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
REVENUES:			
5700 Local and Intermediate Sources	\$ 1,309	\$ --	\$ 802,464
5800 State Program Revenues	--	--	534,030
5900 Federal Program Revenues	--	--	6,680,110
5020 Total Revenues	<u>1,309</u>	<u>--</u>	<u>8,016,604</u>
EXPENDITURES:			
Current:			
0011 Instruction	--	--	3,816,538
0012 Instructional Resources and Media Services	--	--	49,488
0013 Curriculum and Staff Development	--	--	501,885
0021 Instructional Leadership	--	--	385,795
0023 School Leadership	--	--	48,966
0031 Guidance, Counseling, & Evaluation Services	--	--	82,967
0033 Health Services	--	--	16,768
0034 Student Transportation	--	--	93,918
0035 Food Service	--	--	2,180,761
0036 Cocurricular/Extracurricular Activities	--	--	42,588
0041 General Administration	227	--	42,822
0051 Facilities Maintenance and Operations	--	--	12,000
0061 Community Services	--	--	16,210
0093 Payments to Shared Service Arrangements	--	--	726,594
6030 Total Expenditures	<u>227</u>	<u>--</u>	<u>8,017,300</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	1,082	--	(696)
1200 Net Change in Fund Balances	<u>1,082</u>	<u>--</u>	<u>(696)</u>
0100 Fund Balances - Beginning	1,165	3,125	918,688
3000 Fund Balances - Ending	<u>\$ 2,247</u>	<u>\$ 3,125</u>	<u>\$ 917,992</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 AUGUST 31, 2014

Data Control Codes		622 Capital Projects Fund - CATE	634 Capital Projects Fund-Transportation	636 Capital Projects Fund - Band
ASSETS:				
1110	Cash and Cash Equivalents	\$ 1,999,924	\$ 500,000	\$ 515,200
1000	Total Assets	<u>1,999,924</u>	<u>500,000</u>	<u>515,200</u>
LIABILITIES:				
Current Liabilities:				
2110	Accounts Payable	\$ 13,830	\$ --	\$ --
2000	Total Liabilities	<u>13,830</u>	<u>--</u>	<u>--</u>
FUND BALANCES:				
Restricted Fund Balances:				
3470	Capital Acquisitions & Contractual Obligations	1,986,094	500,000	515,200
3000	Total Fund Balances	<u>1,986,094</u>	<u>500,000</u>	<u>515,200</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,999,924</u>	<u>\$ 500,000</u>	<u>\$ 515,200</u>

651 Capital Projects Fund - Maintenance	653 Capital Projects Fund - Technology	699 Capital Projects Fund	Total Nonmajor Capital Projects Funds (See Exhibit H-1)
\$ 1,500,000	\$ 923,000	\$ 610	\$ 5,438,734
1,500,000	923,000	610	5,438,734
\$ --	\$ --	\$ --	\$ 13,830
--	--	--	13,830
<u>1,500,000</u>	<u>923,000</u>	<u>610</u>	<u>5,424,904</u>
<u>1,500,000</u>	<u>923,000</u>	<u>610</u>	<u>5,424,904</u>
<u>1,500,000</u>	<u>923,000</u>	<u>610</u>	<u>5,438,734</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	622 Capital Projects Fund - CATE	634 Capital Projects Fund-Transportation	636 Capital Projects Fund - Band
REVENUES:			
5700 Local and Intermediate Sources	\$ --	\$ --	\$ --
5020 Total Revenues	<u>--</u>	<u>--</u>	<u>--</u>
EXPENDITURES:			
Current:			
0011 Instruction	101,777	--	234,800
0053 Data Processing Services	--	--	--
0073 Bond Issuance Costs and Fees	171,330	--	--
0081 Capital Outlay	312,129	--	--
6030 Total Expenditures	<u>585,236</u>	<u>--</u>	<u>234,800</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(585,236)</u>	<u>--</u>	<u>(234,800)</u>
Other Financing Sources and (Uses):			
7911 Capital-Related Debt Issued (Regular Bonds)	2,400,000	500,000	750,000
7916 Premium or Discount on Issuance of Bonds	171,330	--	--
7080 Total Other Financing Sources and (Uses)	<u>2,571,330</u>	<u>500,000</u>	<u>750,000</u>
1200 Net Change in Fund Balances	1,986,094	500,000	515,200
0100 Fund Balances - Beginning	--	--	--
3000 Fund Balances - Ending	<u>\$ 1,986,094</u>	<u>\$ 500,000</u>	<u>\$ 515,200</u>

651 Capital Projects Fund - Maintenance	653 Capital Projects Fund - Technology	699 Capital Projects Fund	Total Nonmajor Capital Projects Funds (See Exhibit H-2)
\$ --	\$ --	\$ 610	\$ 610
--	--	610	610
--	--	--	336,577
--	477,000	--	477,000
--	--	--	171,330
--	--	--	312,129
--	477,000	--	1,297,036
--	(477,000)	610	(1,296,426)
1,500,000	1,400,000	--	6,550,000
--	--	--	171,330
1,500,000	1,400,000	--	6,721,330
1,500,000	923,000	610	5,424,904
--	--	--	--
\$ 1,500,000	\$ 923,000	\$ 610	\$ 5,424,904

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET POSITION

PRIVATE-PURPOSE TRUST FUNDS

AUGUST 31, 2014

Data Control Codes	806 Harold Horne Scholarship	821 Designated Gifts & Bequests
ASSETS:		
1110 Cash and Cash Equivalents	\$ --	\$ 26,509
1800 Restricted Assets	18,343	--
1000 Total Assets	<u>18,343</u>	<u>26,509</u>
LIABILITIES:		
2000 Total Liabilities	<u>--</u>	<u>--</u>
NET POSITION:		
3800 Held in Trust	\$ 18,343	\$ 26,509
3000 Total Net Position	<u>\$ 18,343</u>	<u>\$ 26,509</u>

824 DEIC	825 Technology Gifts	876 Ebbie Neptune Memorial	Total Private- Purpose Trust Funds (See Exhibit E-1)
\$ 293	\$ 150	\$ 225	\$ 27,177
--	--	--	18,343
<u>293</u>	<u>150</u>	<u>225</u>	<u>45,520</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
\$ 293	\$ 150	\$ 225	\$ 45,520
\$ 293	\$ 150	\$ 225	\$ 45,520

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 ALL PRIVATE-PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED AUGUST 31, 2014

	806 Harold Horne Scholarship	821 Designated Gifts & Bequests	824 DEIC
Additions:			
Investment Income	\$ 175	\$ --	\$ --
Net (Decrease) in Fair Value of Investments	--	--	--
Contributions	--	--	--
Plan Member Contributions	--	--	--
Total Additions	<u>175</u>	<u>--</u>	<u>--</u>
Deductions:			
Scholarship Awards	1,000	--	--
Benefits	--	--	--
Refunds of Contributions	--	--	--
Administrative Expenses	--	--	--
Total Deductions	<u>1,000</u>	<u>--</u>	<u>--</u>
Change in Net Position	(825)	--	--
Net Position-Beginning of the Year	19,168	26,509	293
Net Position-End of the Year	<u>\$ 18,343</u>	<u>\$ 26,509</u>	<u>\$ 293</u>

EXHIBIT H-8

825 Technology Gifts	876 Ebbie Neptune Memorial	Total Private-Purpose Trust Funds (See Exhibit E-2)
\$ --	\$ --	\$ 175
--	--	--
--	--	--
--	--	--
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
--	--	175
--	--	1,000
--	--	--
--	--	--
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
--	--	1,000
--	--	(825)
150	225	46,345
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
\$ 150	\$ 225	\$ 45,520

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF DELINQUENT TAXES RECEIVABLE
 FOR THE YEAR ENDED AUGUST 31, 2014

Year Ended August 31	1 Tax Rates		2	3 Assessed/Appraised Value For School Tax Purposes	
	Maintenance	Debt Service			
2005 and Prior Years	\$ Various	\$ Various		\$	Various
2006	1.49	.15			1,782,184,878
2007	1.341	.1306			2,010,430,891
2008	1.04	.195			2,215,553,847
2009	1.04	.215			2,643,333,785
2010	1.04	.245			2,865,855,749
2011	1.04	.25			2,855,639,845
2012	1.04	.25			2,857,119,070
2013	1.0533	.2267			2,940,462,613
2014 (School Year Under Audit)	1.0533	.2267			2,945,172,530

1000 Totals

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

	10 Beginning Balance 9/1/13	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/14
\$	251,881	\$ --	\$ 6,739	\$ 1,084	\$ (3,682)	\$ 240,376
	47,665	--	2,410	243	(480)	44,532
	55,473	--	3,860	375	(370)	50,868
	73,279	--	10,252	1,903	(378)	60,746
	137,321	--	25,107	5,160	2,167	109,221
	182,582	--	25,552	6,012	(670)	150,348
	263,300	--	54,180	12,990	1,123	197,253
	385,267	--	100,465	24,124	1,786	262,464
	695,614	--	267,223	56,620	(2,951)	368,820
	--	37,698,208	30,474,028	6,559,084	(116,014)	549,082
\$	<u>2,092,382</u>	<u>\$ 37,698,208</u>	<u>\$ 30,969,816</u>	<u>\$ 6,667,595</u>	<u>\$ (119,469)</u>	<u>\$ 2,033,710</u>
\$	--	\$ --	\$ --	\$ --	\$ --	\$ --

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-2

NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 606,629	\$ 629,219	\$ 22,590
5800 State Program Revenues	12,110	11,765	(345)
5900 Federal Program Revenues	1,763,583	1,530,167	(233,416)
5020 Total Revenues	<u>2,382,322</u>	<u>2,171,151</u>	<u>(211,171)</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 Food Services	2,243,322	2,163,245	80,077
Total Support Services - Student (Pupil)	<u>2,243,322</u>	<u>2,163,245</u>	<u>80,077</u>
6030 Total Expenditures	<u>2,243,322</u>	<u>2,163,245</u>	<u>80,077</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	139,000	7,906	(131,094)
1200 Net Change in Fund Balance	139,000	7,906	(131,094)
0100 Fund Balance - Beginning	689,827	689,827	--
3000 Fund Balance - Ending	<u>\$ 828,827</u>	<u>\$ 697,733</u>	<u>\$ (131,094)</u>

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

EXHIBIT J-3

DEBT SERVICE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED AUGUST 31, 2014

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 Local and Intermediate Sources	\$ 6,898,072	\$ 6,853,528	\$ (44,544)
5020 Total Revenues	<u>6,898,072</u>	<u>6,853,528</u>	<u>(44,544)</u>
EXPENDITURES:			
Debt Service:			
0071 Principal on Long-Term Debt	3,070,462	3,070,462	--
0072 Interest on Long-Term Debt	3,490,875	3,490,874	1
0073 Bond Issuance Costs and Fees	2,000	2,750	(750)
Total Debt Service	<u>6,563,337</u>	<u>6,564,086</u>	<u>(749)</u>
6030 Total Expenditures	<u>6,563,337</u>	<u>6,564,086</u>	<u>(749)</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>334,735</u>	<u>289,442</u>	<u>(45,293)</u>
Other Financing Sources (Uses):			
7901 Refunding Bonds Issued	--	2,740,000	2,740,000
7916 Premium or Discount on Issuance of Bonds	--	532,859	532,859
8940 Payment to Bond Refunding Escrow Agent	--	(3,272,859)	(3,272,859)
1200 Net Change in Fund Balance	<u>334,735</u>	<u>289,442</u>	<u>(45,293)</u>
0100 Fund Balance - Beginning	2,403,950	2,403,950	--
3000 Fund Balance - Ending	<u>\$ 2,738,685</u>	<u>\$ 2,693,392</u>	<u>\$ (45,293)</u>

WEST, DAVIS & COMPANY, LLP

11824 Jollyville Road, Suite 100

Austin, Texas 78759

Independent Auditors' Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
Marble Falls Independent School District
Marble Falls, Texas

Members of the Board of Trustees:

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 Marble Falls Independent School District, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise Marble Falls Independent School District's basic financial statements, and have issued our report thereon dated January 16, 2015.

Internal Control Over Financial Reporting

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

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

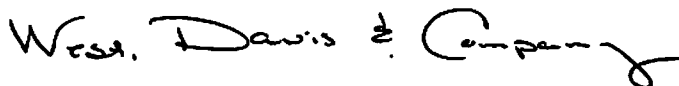
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Marble Falls Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "West, Davis & Company". The signature is written in a cursive, flowing style.

West, Davis & Company, LLP
Austin, TX
January 16, 2015

WEST, DAVIS & COMPANY, LLP
11824 Jollyville Road, Suite 100
Austin, Texas 78759

Independent Auditors' Report on Compliance for Each Major Program and
on Internal Control Over Compliance Required by OMB Circular A-133

Board of Trustees
Marble Falls Independent School District
Marble Falls, Texas

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

We have audited Marble Falls 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 Marble Falls Independent School District's major federal programs for the year ended August 31, 2014. Marble Falls Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Marble Falls 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 identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended August 31, 2014.

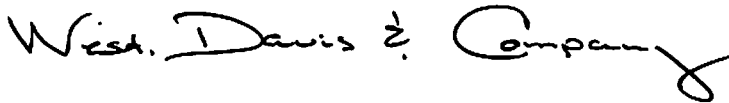
Report on Internal Control Over Compliance

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

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

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



West, Davis & Company, LLP
Austin, TX
January 16, 2015

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

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A	IDEA-B Formula
84.173A	IDEA-B Preschool
84.287C	SSA Title IV Part B 21st Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

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

EXHIBIT K-1
Page 1 of 2

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Medicaid Administrative Claiming Program - MAC *	93.778	027-904	\$ 16,403
Total U. S. Department of Health and Human Services			<u>16,403</u>
U. S. DEPARTMENT OF EDUCATION			
Direct Programs:			
ESEA Title X Part C - Education for Homeless Children and Youth	84.196	027-904	1,000
Total Direct Programs			<u>1,000</u>
Passed Through State Department of Education:			
ESEA Title I Part A - Improving Basic Programs *	84.010A	14610101027904	766,710
ESEA Title I Part A - Improving Basic Programs *	84.010A	15610101027904	34,928
Total CFDA Number 84.010A			<u>801,638</u>
IDEA-B Formula *	84.027A	146600010279046600	719,686
IDEA-B Formula *	84.027A	156600010279046600	29,951
Total CFDA Number 84.027A			<u>749,637</u>
Career and Technical - Basic Grant	84.048A	14420006027904	43,073
IDEA-B Preschool *	84.173A	146610010279046610	13,549
IDEA-B Preschool *	84.173A	156610010279046610	1,090
Total CFDA Number 84.173A			<u>14,639</u>
SSA Title IV Part B 21st Century Community Learning Centers	84.287C	146950197110013	1,653,038
SSA Title IV Part B 21st Century Community Learning Centers	84.287C	156950197110013	66,487
Total CFDA Number 84.287C			<u>1,719,525</u>
ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School	84.358B	14696001027904	75,065
Title III Part A English Language Acquisition and Language Enhancement	84.365A	1471001027904	58,806
Title III Part A English Language Acquisition and Language Enhancement	84.365A	1571001027904	14,097
Total CFDA Number 84.365A			<u>72,903</u>
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	14694501027904	115,065
ESEA Title II Part A - Teacher & Principal Training & Recruiting	84.367A	15694501027904	15,879
Total CFDA Number 84.367A			<u>130,944</u>
Title I SIP Academy Grant *	84.377A	126107047110028	2,450
Title I SIP Academy Grant *	84.377A	126107047110020	10,303
Title I SIP Academy Grant *	84.377A	136107047110020	1,530,157
Total CFDA Number 84.377A			<u>1,542,910</u>
Total Passed Through State Department of Education			<u>5,150,333</u>
Total U. S. Department of Education			<u>5,151,333</u>

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

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401401	340,658
National School Lunch Program *	10.555	71301401	1,058,489
Food Distribution (Non-cash) *	10.555	027-904	131,020
Total CFDA Number 10.555			<u>1,189,510</u>
Total Passed Through State Department of Education			<u>1,530,168</u>
Total U. S. Department of Agriculture			<u>1,530,168</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 6,697,904</u></u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2014

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Marble Falls Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

MARBLE FALLS INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2014

<u>Data Control Codes</u>		<u>Responses</u>
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4	Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9	Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10	What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$ 8,137,081