

ROCKDALE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

ROCKDALE INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

	<u>PAGE</u>	<u>EXHIBIT</u>
Certificate of Board	1	
Independent Auditors' Report	3	
Management Discussion and Analysis	7	
 <u>Basic Financial Statements</u>		
Government-Wide Financial Statements		
Statement of Net Position	15	A-1
Statement of Activities	16	B-1
Governmental Funds Financial Statements		
Balance Sheet	18	C-1
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19	C-2
Statement of Revenues, Expenditures, and Changes in Fund Balance	20	C-3
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	21	C-4
Fiduciary Funds Financial Statements		
Statement of Fiduciary Net Position	22	E-1
Statement of Changes in Fiduciary Funds Net Position	23	E-2
Notes to the Financial Statements	25	
 <u>Required Supplementary Information</u>		
Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual - General Fund	45	G-1
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher Retirement System of Texas	46	G-6
Schedule of District Contributions - Teacher Retirement System of Texas	47	G-7
 <u>Other Supplementary Information</u>		
<i>Combining and Other Statements</i>		
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds:		
Combining Balance Sheet	50	H-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	54	H-2
Agency Funds:		
Combining Statement of Changes in Assets and Liabilities	58	H-9
Private Purpose Trust Funds:		
Combining Statement of Net Position	59	H-10
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	60	H-11

TABLE OF CONTENTS (CONTINUED)

	<u>PAGE</u>	<u>EXHIBIT</u>
<u>TEA Required Schedules</u>		
Schedule of Delinquent Taxes Receivable	62	J-1
Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual		
Child Nutrition Program	64	J-4
Debt Service Fund	65	J-5
<u>Reports on Internal Controls, Compliance, and Federal Awards</u>		
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	67	
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	69	
Schedule of Findings and Questioned Costs	71	
Schedule of Expenditures of Federal Awards	73	K-1
Notes to Schedule of Expenditures of Federal Awards	74	
Schools First Questionnaire	75	L-1

CERTIFICATE OF BOARD

Rockdale Independent School District
Name of School District

Milam
County

166904
Co-Dist Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and approved for the year ended June 30, 2015 at a meeting of the Board of Trustees of such school district on the 16th of November, 2015.


Signature of Board Secretary


Signature of Board President

THIS PAGE WAS INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Rockdale Independent School District
520 Davilla
Rockdale, Texas 76567

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 Rockdale Independent School District (the District) as of and for the year ended June 30, 2015, 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 of 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 auditors' 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 auditors consider 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 the Rockdale Independent School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 to 13 and Budgetary Comparison Information on pages 45, 64, and 65 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 Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Statements of Nonmajor Governmental Funds, Agency Funds, and Private Purpose Trust Funds, the Schedule of Delinquent Taxes Receivable, and the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 statements and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

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

Atchley & Associates, LLP

Austin, Texas
November 16, 2015

THIS PAGE WAS INTENTIONALLY LEFT BLANK

Management's Discussion and Analysis
Rockdale Independent School District
For the Year Ended June 30, 2015

In this section of the Annual Financial and Compliance Report, we, the managers of Rockdale Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2015. Please read it in conjunction with the Independent Auditors' Report on pages 3 through 5 and the District's Basic Financial Statements which begin on page 15.

FINANCIAL HIGHLIGHTS

The District's net position decreased \$3,486,133 from \$8,369,708 to \$4,883,575, a decrease of 42%. Seventy-seven percent of the decrease is attributed to a prior period adjustment of \$2,702,105. This adjustment is related to GASB Statement 68 which requires school districts to report their portion of the unfunded (liability) or overfunded (asset) pension of the Teacher Retirement System of Texas pension plan. This is the first year the Texas Education Agency has required this reporting information.

Net position investments in capital assets decreased \$581,645 from \$1,371,575 to \$789,930. Unrestricted net assets decreased 90% from \$3,537,490 to \$365,957.

Revenues increased \$648,015, from \$17,890,296 to \$18,538,311, an increase of 4%. The increase stems primarily from increases in grants and contributions received not restricted to specific purposes, investment earnings and miscellaneous income. Expenditure decreases totaled \$568,602, or 3%. The majority of the decrease is attributed to interest on debt services. The District refinanced a portion of the U/L Tax Refunding Bonds, Series 2007.

The General Fund ended the year with a fund balance of \$4,133,286, a decrease of \$444,375 from the prior year balance of \$4,577,661. Of this total, \$11,937 is held in inventories and is non-spendable and \$1,238,502 is committed, leaving an unassigned total of \$2,882,847.

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. 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 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 others, such as students.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for non-major funds contain even more information about the District's individual funds. These are not required to be presented, but are included for informational purposes. The sections labeled Required TEA 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.

Management's Discussion and Analysis
Rockdale Independent School District
For the Year Ended June 30, 2015

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 is shown in the Statement of Net Position and Statement of Activities. The primary purpose of these statements 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 tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Activities report the District's net position and changes in them. 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 are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider 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, all of the activities of Rockdale Independent School District are classified as governmental activities. Governmental activities cover the District's basic services, such as 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 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).

- 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.

Management's Discussion and Analysis
Rockdale Independent School District
For the Year Ended June 30, 2015

- Fiduciary funds - The District is the trustee, or fiduciary, for money raised by student activities and alumnae scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Funds Net Position. 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.

Total net position of the District's governmental activities decreased from \$8,369,708 to \$4,883,575. Unrestricted net position – the part of net position that can be used to finance day-to-day operations – decreased from \$3,537,490 at June 30, 2014 to \$365,957 at June 30, 2015, a total of \$3,171,533. This is a result of decreases in cash and cash equivalents, increase in due from other governments, deferred outflow related to TRS and TRS net pension liability (district's share).

Long-term investments consist of a U.S. Government Agency security held in a sinking fund, which will be used to pay debt in the year 2021. The District makes annual sinking fund payments of \$126,118. The percent increase is high in the early years, but declines over time as the amount invested grows.

Management's Discussion and Analysis
 Rockdale Independent School District
 For the Year Ended June 30, 2015

Table I
Rockdale Independent School District's Net Position

	Government Activities		% Change
	2015	2014	2014 to 2015
Assets			
Current and other assets	\$ 8,418,569	\$ 8,962,305	-6%
Capital assets	29,517,165	31,075,641	-5%
Long-term investments	1,305,559	1,114,368	17%
Total Assets	39,241,293	41,152,314	-5%
Deferred Outflows of Resources			
Deferred outflow related to TRS	534,123	-	100%
Liabilities			
Long-term liabilities	32,373,338	30,745,646	5%
Other liabilities	1,927,171	2,036,960	-5%
Total Liabilities	34,300,509	32,782,606	5%
Deferred Inflows of Resources			
Deferred inflow related to TRS	591,332	-	100%
Net Position			
Investments in capital assets, net of related debt	789,930	1,371,575	-42%
Restricted for federal and state programs	762,111	705,397	8%
Restricted for debt service	2,752,376	2,542,106	8%
Restricted for capital projects	213,201	213,140	0%
Unrestricted	365,957	3,537,490	-90%
	\$ 4,883,575	\$ 8,369,708	-42%

Management's Discussion and Analysis
Rockdale Independent School District
For the Year Ended June 30, 2015

Table II
Rockdale Independent School District's Changes in Net Position

	Government Activities		% Change
	2015	2014	2014 to 2015
Revenues			
Program Revenues			
Charges for services	\$ 959,058	\$ 976,018	-2%
Operating grants & contributions	4,086,172	3,951,546	3%
General Revenues			
Property taxes levied for general purposes	8,981,246	9,629,886	-7%
Property taxes levied for debt services	1,912,380	1,975,964	-3%
Grants & contributions not restricted to specific purposes	2,376,635	1,235,602	92%
Investment earnings	111,534	60,886	83%
Miscellaneous	111,286	60,394	84%
Transfers in (out)	-	-	0%
Total Revenues	18,538,311	17,890,296	4%
Expenses			
Instruction, curriculum & library services	10,573,386	10,810,596	-2%
Instructional & school leadership	1,245,183	1,197,405	4%
Counseling, health & social services	1,114,654	1,054,630	6%
Transportation & food services	1,601,483	1,531,960	5%
Extracurricular activities	856,629	852,797	0%
General administration	1,150,386	1,300,183	-12%
Maintenance, security & data processing	1,568,224	1,595,004	-2%
Community services	52,067	50,144	4%
Interest on debt services	1,006,924	1,336,490	-25%
Bond insurance costs/fees	153,403	161,424	-5%
Contracted instructional services between schools	-	308	-100%
Total Expenses	19,322,339	19,890,941	-3%
Increase in net assets	(784,028)	(2,000,645)	-61%
Net position - beginning of year	8,369,708	10,664,544	-22%
Prior period adjustment	(2,702,105)	(294,191)	818%
Net position - end of year	\$ 4,883,575	\$ 8,369,708	-42%

The District's total revenues increased \$648,015 from \$17,890,296 to \$18,538,311, an increase of 4% from the prior year. The greatest part of this is increase due to grants and contributions received not restricted to specific purposes, investment earnings and miscellaneous income. This increase is a combination of decreased property tax revenues with increases in state revenue.

Management's Discussion and Analysis
Rockdale Independent School District
For the Year Ended June 30, 2015

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds as presented in the balance sheet on page 18 reported a combined fund balance of \$7,934,699, which is a decrease of \$176,702 from last year's total of \$8,111,401. The balance for the District's Other Funds increased \$57,403. The District's combined fund balance in the General Fund decreased from \$4,577,661 to \$4,133,286 due to expenditures exceeding revenues.

The fund balance in the Debt Service Fund is \$2,752,376, which will be used for debt payments that come due in August (immediately after the June 30th year-end) and future years. Other fund balances include the Food Service Fund (national breakfast and lunch programs), Campus Activity Funds, Capital Project Funds, and other small funds, which are planned for use in the future years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the District had \$29,517,165 (net of depreciation) invested in a broad range of capital assets, including land, facilities and equipment for instruction, transportation, athletics, administration and maintenance.

Debt

The District's debt structure had changed from the prior year, due to the refinance of a portion of the 2007 School Building Bonds. Payments on the 2007 Bond Issue, the 2013 Refinancing Bond Issue, the 2014 Refinancing Bond Issue and the 2015 Refinancing Bond Issue are due in August and February of each fiscal year. The bus lease payment is due in August of each fiscal year.

At year end the District had \$29,879,793 in outstanding bond debt versus \$30,589,640 for the previous year. The refunding of bonds in 2015 was undertaken to reduce the total debt services payments over the next 22 years by \$4,186,032 resulting in an economic gain of \$2,145,253. Outstanding capital lease obligation was \$154,719. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal year 2015-16 budget and tax rates. Those factors included property values, changes in enrollment, the economy, projections of future budget years, and legislative mandates imposed during the most recent session. The loss of tax revenue expected with the homestead exemption increase from \$15,000 to \$25,000, which was on the ballot in the November election, the expected property appraisal protest and/or lawsuit from the District's largest tax paying entity and the average daily attendance were deciding factors in the budget and tax rate adoption. The District worked aggressively to reduce the budget by \$880,000 to offset the expected reductions in revenue. Enrollment has remained steady for several years with an increase in the percent of economically disadvantaged students. For the 2015-16 budget year the District adopted a maintenance and operations tax rate of \$1.04 and a debt service tax rate of \$.32 in order to fund required debt payments in the coming year. The combined tax rate of the District for the 2015-16 budget year is \$1.36 per hundred of taxable value.

Management's Discussion and Analysis
Rockdale Independent School District
For the Year Ended June 30, 2015

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The 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 Rockdale Independent School District, 520 W. Davilla, PO Box 632, Rockdale, Texas 76567 or by calling 512-430-6000.

THIS PAGE WAS INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS

ROCKDALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

EXHIBIT A-1

Data Control Codes	Primary Government
	Governmental Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 5,502,056
1220 Property Taxes Receivable (Delinquent)	332,889
1230 Allowance for Uncollectible Taxes	(58,182)
1240 Due from Other Governments	2,531,334
1290 Other Receivables, net	50,506
1300 Inventories	25,460
1410 Prepayments	33,747
1490 Other Current Assets	759
Capital Assets:	
1510 Land	1,086,528
1520 Buildings, Net	27,344,305
1530 Furniture and Equipment, Net	749,241
1550 Leased Property Under Capital Leases, Net	337,091
1990 Other Assets	1,305,559
1000 Total Assets	39,241,293
DEFERRED OUTFLOWS OF RESOURCES	
1705 Deferred Outflow Related to TRS	534,123
1700 Total Deferred Outflows of Resources	534,123
LIABILITIES	
2110 Accounts Payable	40,355
2120 Short Term Debt Payable	75,794
2140 Interest Payable	336,656
2150 Payroll Deductions & Withholdings	105,419
2160 Accrued Wages Payable	1,315,613
2180 Due to Other Governments	1,793
2300 Unearned Revenue	51,541
Noncurrent Liabilities	
2501 Due Within One Year	935,000
2502 Due in More Than One Year	29,022,000
2540 Net Pension Liability (District's Share)	2,416,338
2000 Total Liabilities	34,300,509
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS	591,332
2600 Total Deferred Inflows of Resources	591,332
NET POSITION	
3200 Net Investment in Capital Assets	789,930
3820 Restricted for Federal and State Programs	762,111
3850 Restricted for Debt Service	2,752,376
3860 Restricted for Capital Projects	213,201
3900 Unrestricted	365,957
3000 Total Net Position	\$ 4,883,575

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 9,830,365	\$ 67,838	\$ 2,369,286	\$ (7,393,241)
12 Instructional Resources and Media Services	122,395	-	(2,068)	(124,463)
13 Curriculum and Staff Development	87,601	-	66,028	(21,573)
21 Instructional Leadership	202,974	-	17,359	(185,615)
23 School Leadership	1,042,209	-	55,812	(986,397)
31 Guidance, Counseling and Evaluation Services	948,729	-	567,551	(381,178)
32 Social Work Services	11,133	-	-	(11,133)
33 Health Services	154,792	-	7,524	(147,268)
34 Student (Pupil) Transportation	519,263	-	23,311	(495,952)
35 Food Services	1,082,220	232,501	744,387	(105,332)
36 Extracurricular Activities	856,629	94,979	11,681	(749,969)
41 General Administration	897,828	43,925	140,013	(713,890)
51 Facilities Maintenance and Operations	1,286,341	29,832	39,944	(1,216,565)
52 Security and Monitoring Services	59,085	-	-	(59,085)
53 Data Processing Services	222,798	-	12,665	(210,133)
61 Community Services	52,067	-	32,679	(19,388)
72 Debt Service - Interest on Long Term Debt	1,006,924	-	-	(1,006,924)
73 Debt Service - Bond Issuance Cost and Fees	153,403	-	-	(153,403)
91 Contracted Instructional Services Between Schools	-	5,000	-	5,000
93 Payments related to Shared Services Arrangements	533,025	484,983	-	(48,042)
99 Other Intergovernmental Charges	252,558	-	-	(252,558)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 19,322,339	\$ 959,058	\$ 4,086,172	(14,277,109)

Data Control Codes	General Revenues:	
MT	Property Taxes, Levied for General Purposes	8,981,246
DT	Property Taxes, Levied for Debt Service	1,912,380
GC	Grants and Contributions not Restricted	2,376,635
IE	Investment Earnings	111,534
MI	Miscellaneous Local and Intermediate Revenue	111,286
TR	Total General Revenues	13,493,081
CN	Change in Net Position	(784,028)
NB	Net Position - Beginning	8,369,708
PA	Prior Period Adjustment	(2,702,105)
NE	Net Position--Ending	\$ 4,883,575

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

**GOVERNMENTAL FUNDS
FINANCIAL STATEMENTS**

ROCKDALE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
ASSETS				
1110 Cash and Cash Equivalents	\$ 2,952,344	\$ 1,446,817	\$ 1,102,895	\$ 5,502,056
1220 Property Taxes - Delinquent	279,932	52,957	-	332,889
1230 Allowance for Uncollectible Taxes (Credit)	(51,415)	(6,767)	-	(58,182)
1240 Receivables from Other Governments	1,928,515	-	602,819	2,531,334
1260 Due from Other Funds	287,492	-	-	287,492
1290 Other Receivables	48,494	-	2,012	50,506
1300 Inventories	11,937	-	13,523	25,460
1410 Prepayments	33,747	-	-	33,747
1490 Other Current Assets	759	-	-	759
1900 Other Assets	-	1,305,559	-	1,305,559
1000 Total Assets	<u>\$ 5,491,805</u>	<u>\$ 2,798,566</u>	<u>\$ 1,721,249</u>	<u>\$ 10,011,620</u>
LIABILITIES				
2110 Accounts Payable	\$ 15,990	\$ -	\$ 24,365	\$ 40,355
2150 Payroll Deductions and Withholdings Payable	81,940	-	23,479	105,419
2160 Accrued Wages Payable	979,011	-	336,602	1,315,613
2170 Due to Other Funds	-	-	287,492	287,492
2180 Due to Other Governments	1,793	-	-	1,793
2300 Unearned Revenues	279,785	46,190	274	326,249
2000 Total Liabilities	<u>1,358,519</u>	<u>46,190</u>	<u>672,212</u>	<u>2,076,921</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410 Inventories	11,937	-	13,523	25,460
Restricted Fund Balance:				
3450 Federal or State Funds Grant Restriction	-	-	762,111	762,111
3470 Capital Acquisition and Contractual Obligation	-	-	213,201	213,201
3480 Retirement of Long-Term Debt	-	2,752,376	-	2,752,376
Committed Fund Balance:				
3510 Construction	920,200	-	-	920,200
3525 Retirement of Loans or Notes Payable	208,302	-	-	208,302
3540 Self Insurance	110,000	-	-	110,000
3545 Other Committed Fund Balance	-	-	60,202	60,202
3600 Unassigned Fund Balance	2,882,847	-	-	2,882,847
3000 Total Fund Balances	<u>4,133,286</u>	<u>2,752,376</u>	<u>1,049,037</u>	<u>7,934,699</u>
4000 Total Liabilities and Fund Balances	<u>\$ 5,491,805</u>	<u>\$ 2,798,566</u>	<u>\$ 1,721,249</u>	<u>\$ 10,011,620</u>

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2015

Total Fund Balances - Governmental Funds	\$	7,934,699
1 Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$47,543,235 and the accumulated depreciation was \$16,467,594. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position.		(153,430)
2 Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2015 capital outlays and debt principal payments is to increase (decrease) net position.		1,033,026
3 The 2015 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,646,877)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68 in the amount of \$2,416,338, a Deferred Resource Inflow related to TRS in the amount of \$591,332, and a Deferred Resource Outflow related to TRS in the amount of \$534,123. This amounted to a decrease in Net Position in the amount of \$2,473,547.		(2,473,547)
5 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		189,704
19 Net Position of Governmental Activities	\$	4,883,575

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT C-3

Data Control Codes	10 General Fund	50 Debt Service Fund	Other Funds	Total Governmental Funds
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 9,468,388	\$ 2,019,300	\$ 722,496	\$ 12,210,184
5800 State Program Revenues	2,916,615	-	223,850	3,140,465
5900 Federal Program Revenues	23,272	-	3,301,419	3,324,691
5020 Total Revenues	<u>12,408,275</u>	<u>2,019,300</u>	<u>4,247,765</u>	<u>18,675,340</u>
EXPENDITURES:				
Current:				
0011 Instruction	6,888,988	-	2,090,255	8,979,243
0012 Instructional Resources and Media Services	119,981	-	(8,139)	111,842
0013 Curriculum and Instructional Staff Development	15,001	-	72,619	87,620
0021 Instructional Leadership	185,271	-	8,644	193,915
0023 School Leadership	936,963	-	4,548	941,511
0031 Guidance, Counseling and Evaluation Services	294,461	-	621,470	915,931
0032 Social Work Services	11,133	-	-	11,133
0033 Health Services	145,004	-	-	145,004
0034 Student (Pupil) Transportation	430,778	-	3,790	434,568
0035 Food Services	-	-	965,182	965,182
0036 Extracurricular Activities	772,170	-	(6,513)	765,657
0041 General Administration	547,005	-	349,040	896,045
0051 Facilities Maintenance and Operations	1,241,561	-	50,805	1,292,366
0052 Security and Monitoring Services	18,908	-	75	18,983
0053 Data Processing Services	241,034	-	5,907	246,941
0061 Community Services	7,891	-	32,679	40,570
Debt Service:				
0071 Principal on Long Term Debt	75,795	930,000	16,752	1,022,547
0072 Interest on Long Term Debt	6,390	1,006,565	-	1,012,955
0073 Bond Issuance Cost and Fees	-	1,198	152,205	153,403
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	533,025	-	-	533,025
0099 Other Intergovernmental Charges	252,558	-	-	252,558
6030 Total Expenditures	<u>12,723,917</u>	<u>1,937,763</u>	<u>4,359,319</u>	<u>19,020,999</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(315,642)</u>	<u>81,537</u>	<u>(111,554)</u>	<u>(345,659)</u>
OTHER FINANCING SOURCES (USES):				
7901 Refunding Bonds Issued	-	-	7,595,000	7,595,000
7915 Transfers In	-	128,733	-	128,733
7916 Premium or Discount on Issuance of Bonds	-	-	454,503	454,503
7917 Prepaid Interest	-	-	15,832	15,832
8911 Transfers Out (Use)	(128,733)	-	-	(128,733)
8940 Payment to Bond Refunding Escrow Agent (Use)	-	-	(7,896,378)	(7,896,378)
7080 Total Other Financing Sources (Uses)	<u>(128,733)</u>	<u>128,733</u>	<u>168,957</u>	<u>168,957</u>
1200 Net Change in Fund Balances	(444,375)	210,270	57,403	(176,702)
0100 Fund Balance - July 1 (Beginning)	<u>4,577,661</u>	<u>2,542,106</u>	<u>991,634</u>	<u>8,111,401</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 4,133,286</u>	<u>\$ 2,752,376</u>	<u>\$ 1,049,037</u>	<u>\$ 7,934,699</u>

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds	\$	(176,702)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2015 capital outlays and debt principal payments is to increase (decrease) net position.		1,033,026
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(1,646,877)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position.		274,708
The implementation of GASB 68 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of June 30, 2014 caused the change in the ending net position to increase in the amount of \$372,095. Contributions made before the measurement but during the 2015 fiscal year were also de-expended and recorded as a reduction in the net pension liability for the District. This also caused a decrease in the change in net position in the amount of \$494,263. The District recorded their proportionate share of the pension expense during the measurement period as part of the net pension liability. The amounts expensed for fiscal year 2015 were \$375,358 for pension expense columns 6 - 12 from TRS data and the amounts de-expended for the net deferred resource inflow recognized by TRS in the measurement period were \$229,343. This caused a net decrease in the change in net position of \$146,015. The impact of all of these is to decrease the change in net position by \$268,183.		(268,183)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(784,028)</u>

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 3,698	\$ 60,583
Restricted Assets	58,687	-
Total Assets	62,385	\$ 60,583
LIABILITIES		
Payroll Deductions and Withholdings Payable	-	\$ 5,280
Due to Other Funds	-	1,032
Due to Student Groups	-	54,271
Total Liabilities	-	\$ 60,583
NET POSITION		
Restricted for Other Purposes	39,855	
Unrestricted Net Position	22,530	
Total Net Position	\$ 62,385	

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Private Purpose Trust Fund
ADDITIONS:	
Local and Intermediate Sources	\$ 3,016
Total Additions	<u>3,016</u>
Change in Net Position	3,016
Total Net Position July 1 (Beginning)	<u>59,369</u>
Total Net Position June 30 (Ending)	<u><u>\$ 62,385</u></u>

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

THIS PAGE WAS INTENTIONALLY LEFT BLANK

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's nonfiduciary activities with most of the interfund activities removed. Governmental activities include programs supported primarily by taxes, grants and other intergovernmental revenues. Business-type activities include operations that rely to a significant extent on fees and charges for support.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues result from providing goods and services in connection with a proprietary fund's principal ongoing operations; they usually come from exchange or exchange-like transactions. All other revenues are nonoperating. Operating expenses can be tied specifically to the production of the goods and services, such as materials and labor and direct overhead. Other expenses are nonoperating.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collectible within 60 days after year end.

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

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

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

The District has implemented GASB Statement No. 62 (GASB 62) *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1986 FASB and AICPA Pronouncements*, which incorporated certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements issued prior to December 1, 1989, into the GASB Codification as long as they do not conflict or contradict GASB literature.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING

The District reports the following major governmental funds:

1. **The General Fund** - The General Fund is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
2. **Debt Service Funds** - The District accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds in a debt service fund.

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

Governmental Funds:

1. **Special Revenue Funds** – The District accounts for resources restricted to, or designated for, specific purposes by the District or a grantor in a special revenue fund. Most Federal and some State financial assistance is accounted for in a Special Revenue Fund, and sometimes unused balances must be returned to the grantor at the close of specified project periods.
2. **Capital Projects Funds** - The proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions are accounted for in a capital projects fund.

Fiduciary Funds:

1. **Private Purpose Trust Funds** - The District accounts for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Funds represent scholarship funds being held in trust for student scholarships.
2. **Agency Funds** - The District accounts for resources held for others in a custodial capacity in agency funds. The District's Agency Funds are: the Elementary School Activities Fund, the Intermediate School Activities Fund, the Junior High School Activities Fund, and the High School Activities Fund.

E. OTHER ACCOUNTING POLICIES

1. Inventories of custodial supplies are reflected on the balance sheet at cost on a first-in, first-out basis. The District records purchases of other supplies as expenditures. Supplies are used for almost all functions of activity, while food commodities received from the Texas Department of Human Services are used only in the food service program. Although commodities are received at no cost, their fair market value is supplied by the Texas Department of Human Services and recorded as expenditures and revenues when received.
2. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES (Continued)

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

3. The District has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27, effective for the District beginning fiscal year 2015. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. (See Note R - *Prior Period Adjustment* for financial statement impact of implementing GASB 68).

4. It is the District's policy to permit some employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

5. Capital Assets - Capital assets, which include land, buildings, furniture and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Buildings, furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30-40
Building Improvements	20
Portable Buildings	20
Buses	15
Other Vehicles	10
Office Equipment	5-7
Computer Equipment	5
Other Equipment	5-12

6. 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 the fiscal year, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. OTHER ACCOUNTING POLICIES (Continued)

7. The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The District classifies governmental fund balances in the governmental fund financial statements as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Trustees.

Unassigned - includes positive fund balances within the General Fund which have not been classified within the above mentioned categories and negative fund balances in other governmental funds.

At June 30, 2015, the District does not have any assigned fund balances.

8. 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 the fiscal year, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

9. When the District incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first whenever they will have to be returned if they are not used.

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

11. Management of the District has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION (Continued)

<u>Capital Assets at the Beginning of the Year</u>	<u>Historic Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value at the Beginning of the Year</u>	<u>Change in Net Position</u>
Land	\$ 1,086,528	\$ -	\$ 1,086,528	
Buildings	41,867,040	13,258,264	28,608,776	
Furniture & Equipment	4,027,873	3,022,077	1,005,796	
Capital Leases	561,794	187,253	374,541	
Change in Net Assets				\$ 31,075,641
<u>Liabilities at the Beginning of the Year</u>			<u>Payable at the Beginning of the Year</u>	
Bonds Payable			\$ 25,347,973	
Premium			2,741,667	
Loans Payable			2,500,000	
Capital Leases Payable			228,794	
Interest Payable			410,637	
Change in Net Assets				<u>(31,229,071)</u>
Net Adjustment to Net Assets				<u>\$ (153,430)</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

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

<u>Amount</u>	<u>Adjustments to Changes in Fund Balance to Net Position</u>	<u>Adjustments from Fund Balance to Net Position</u>
<u>Current Year Capital Outlay</u>		
Land	\$ -	
Building & Improvements	-	
Furniture & Equipment	88,401	
Construction in Progress	-	
Total Capital Outlay	<u>88,401</u>	<u>\$ 88,401</u>

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (Continued)

	Amount	Adjustments to Changes in Fund Balance to Net Position	Adjustments from Fund Balance to Net Position
<u>Debt Related Items</u>			
Bond Principal Payments	\$ 930,000		
Capital Lease Payments	75,795		
Bond Interest Appreciation	(18,067)		
Bond Premium	(302,127)		
Loss on Refunding	185,043		
Interest Payable Adjustment	73,981		
Total Debt Items	944,625	944,625	944,625
Total Adjustment to Net Position		\$ 1,033,026	\$ 1,033,026

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	Amount	Adjustments to Changes in Fund Balance to Net Position	Adjustments from Fund Balance to Net Position
<u>Adjustments to Revenue and Deferred Revenue</u>			
Uncollected taxes (assumed collectible) from Current Year Levy	\$ 192,303	\$ 192,303	\$ 192,303
Uncollected taxes (assumed collectible) from Prior Year Levy	(2,599)	(2,599)	82,405
Total		\$ 189,704	\$ 274,708

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY DATA

The Board of Trustees adopts an "appropriated budget" for the General Fund, Debt Service Fund and the Food Service Fund (which is included in the Special Revenue Funds). The District is required to present the adopted and final amended budgeted revenues and expenditures for each of these funds. The District compares the final amended budget to actual revenues and expenditures. The Statement of Revenues, Expenditures, and Changes in Fund Balance, Budget and Actual - General Fund report appears in Exhibit G-1 and the other two reports are in Exhibit J-4 and J-5.

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

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

A. BUDGETARY DATA (Continued)

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must be approved by the Board of Trustees. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year end. Several amendments were recommended to the Board and adopted during the year.
4. Unexpended appropriations lapse at year-end. Deficit fund balances are prohibited by state law.

B. DEFICIT FUND EQUITY

The District had no funds with deficit equity at year end.

IV. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

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

In compliance with the Public Funds Investment Act, the District has adopted a deposit and investment policy. That policy addresses the following risks:

Credit Risk - To limit the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In order to reduce its exposure to credit risk, the District limits investments to: (1) accounts with its depository contract which are fully collateralized; (2) investment pools with the highest ratings; and (3) U. S. Government agencies.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2015

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

A. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk for Investments - To limit the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in possession of an outside party, the District requires counterparties to register the securities in the name of the District and hand them over to the District or its designated agent. This includes securities in securities lending transactions. All of the securities are in the District's name and held by the District or its agent.

Concentration of Credit Risk - To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the District limits investments to less than 5% of its total investments.

Interest Rate Risk - To limit the risk that changes in interest rates will adversely affect the fair value of investments, the District invests in short-term maturities of less than a year.

Foreign Currency Risk for Investments - The District limits the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit by limiting deposits in a foreign currency. The District is not currently exposed to foreign currency risk.

At June 30, 2015, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$5,502,056, and the bank balance was \$5,536,173. The District's cash deposits at June 30, 2015 and during the year ended June 30, 2015 were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

In addition, the following is disclosed regarding coverage of combined balances on the date of highest deposit:

1. Depository: Citizens National Bank
2. The market value of securities pledged as of the date of the highest combined balance on deposit was \$14,659,598.
3. The highest combined balances of cash, savings, and time deposit accounts amounted to \$11,993,360 on February 18, 2015.
4. Total amount of FDIC coverage at the time of the highest combined balance was \$250,000.

Investments held at year end consisted of the following:

Type	Book Value	Fair Value	Weighted Avg Maturity(days)	Standard & Poor's Rating
Investment Pools				
TexPool	\$ 10,252	\$ 10,252	46	AAAm
Lone Star	121,918	121,918	50	AAAm
U.S. Governmental Agencies	1,405,227	1,405,227	181	AA+
Total	<u>\$ 1,537,397</u>	<u>\$ 1,537,397</u>		

TexPool and Lone Star investments are included in cash and cash equivalents and U.S. Governmental Agencies investments are included in other assets in the accompanying financial statements.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

B. PROPERTY TAXES

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

C. DELINQUENT TAXES RECEIVABLE

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

D. INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2015, consisted of the following amounts:

Due to General Fund from:

Non-major Governmental Funds	\$ 287,492
Total Due to General Fund From Other Funds	\$ 287,492

Interfund transfers for the year ended June 30, 2015, consisted of the following amounts:

Transfers to Debt Service Fund from:

General Fund	\$ 128,733
Total Transferred to Debt Service Fund	\$ 128,733

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables at June 30, 2015, were as follows:

	Property Taxes	Other Governments	Due From Other Funds	Other	Total Receivables
Governmental Activities:					
General Fund	\$ 279,932	\$ 1,928,515	\$ 287,492	\$ 48,494	\$ 2,544,433
Debt Service Fund	52,957	-	-	-	52,957
Non-major Governmental Funds	-	602,819	-	2,012	604,831
Total - Gov. Activities	\$ 332,889	\$ 2,531,334	\$ 287,492	\$ 50,506	\$ 3,202,221

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

E. DISAGGREGATION OF RECEIVABLES AND PAYABLES (Continued)

Payables at June 30, 2015, were as follows:

	Accounts Payable	Salaries and Benefits	Due To Other Funds	Due To Other Governments	Total Payables
Governmental Activities:					
General Fund	\$ 15,990	\$ 1,060,951	\$ -	\$ 1,793	\$ 1,078,734
Non-major Gov. Act.	24,365	360,081	287,492	-	671,938
Total Gov. Act.	<u>\$ 40,355</u>	<u>\$ 1,421,032</u>	<u>\$ 287,492</u>	<u>\$ 1,793</u>	<u>\$ 1,750,672</u>

F. CAPITAL ASSET ACTIVITY

Capital asset activity for the District for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reclass/ Adjustments	Retirements	Ending Balance
Governmental Activities:					
Land	\$ 1,086,528	\$ -	\$ -	\$ -	\$ 1,086,528
Buildings and Improvements	41,867,040	-	-	-	41,867,040
Furniture and Equipment	4,027,873	88,401	-	(8,835)	4,107,439
Capital Leases	561,794	-	-	-	561,794
Totals at Historic Cost	<u>47,543,235</u>	<u>88,401</u>	<u>-</u>	<u>(8,835)</u>	<u>47,622,801</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	(13,258,264)	(1,264,471)	-	-	(14,522,735)
Furniture and Equipment	(3,022,077)	(344,956)	-	8,835	(3,358,198)
Capital Leases	(187,253)	(37,450)	-	-	(224,703)
Total Accumulated Depreciation	<u>(16,467,594)</u>	<u>(1,646,877)</u>	<u>-</u>	<u>8,835</u>	<u>(18,105,636)</u>
Governmental Activities, Capital Assets, Net	<u>\$ 31,075,641</u>	<u>\$ (1,558,476)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,517,165</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,013,420
Instructional Resources and Media Services	12,278
Instructional Leadership	12,278
School Leadership	117,300
Guidance, Counseling and Evaluation Services	49,113
Health Services	12,278
Student (Pupil) Transportation	90,640
Food Services	122,078
Co-curricular/Extracurricular Activities	139,604
General Administration	13,591
Plant Maintenance and Operations	5,121
Security and Monitoring Service	40,102
Data Processing Services	6,796
Community Services	12,278
Total Depreciation Expense	<u>\$ 1,646,877</u>

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

G. BONDS AND LONG-TERM NOTES PAYABLE

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

A summary of changes in general long-term debt for the year ended June 30, 2015, is as follows:

DESCRIPTION	Interest Rate Payable	Amounts Original Issue	Interest Current Year	Beginning Balances Outstanding	Issued	Retired	Ending Balances Outstanding
Maintenance Tax Notes							
Taxable Series 2005		\$ 2,500,000	\$ -	\$ 2,500,000	\$ -	\$ -	\$ 2,500,000
Unlimited Tax School Building							
Series 2007	4.10-6.00%	28,800,000	927,068	8,860,000	-	8,220,000	640,000
Unlimited Tax Refunding Bonds							
Series 2013	2.00-3.50%	8,465,000	231,532	8,280,000	-	100,000	8,180,000
Series 2014	2.75-4.00%	8,215,000	-	8,215,000	-	120,000	8,095,000
Series 2015	2.00-4.00%	7,595,000	-	-	7,595,000	-	7,595,000
Premium							
Series 2007		630,000	-	183,920	-	166,077	17,843
Series 2013		1,554,968	-	1,471,368	-	66,880	1,404,488
Series 2014		1,112,123	-	1,086,379	-	61,785	1,024,594
Series 2015		608,395	-	-	608,395	11,525	596,870
Loss on Issuance							
Series 2013		1,199,664	-	(1,135,163)	-	51,598	(1,083,565)
Series 2014		797,634	-	(779,170)	-	44,313	(734,857)
Series 2015		268,378	-	-	(286,378)	5,424	(280,954)
Capital Appreciation Bonds (CAB)							
Series 2013		134,998	-	134,998	-	-	134,998
Series 2014		789,998	-	789,998	-	-	789,998
Accreted Interest							
Series 2013, CAB Bonds			-	752,106	11,390	-	763,496
Series 2014, CAB Bonds			-	230,204	6,678	-	236,882
				<u>\$ 1,158,600</u>	<u>\$ 30,589,640</u>	<u>\$ 7,935,085</u>	<u>\$ 8,847,602</u>
							<u>\$ 29,879,793</u>

Maintenance Tax Notes

The District issued \$2,500,000 of Rockdale Independent School District Maintenance Tax Notes, Taxable Series 2005, (the Notes) as authorized by Chapter 45 of the Texas Education Code. The proceeds were used for construction and renovation of several buildings and for equipment related to the renovation. The Notes were issued as "Qualified Zone Academy Bonds" and qualified holders receive an income tax credit from the Federal government intended to offset interest costs. The interest rate to the District is 0.0%. The District is required to deposit \$126,118 annually to a Sinking Fund Deposit Account. The total of the deposits plus interest earnings at 2.77% will be used to pay the principal of the Notes at maturity. The Sinking Fund Deposit Account is held in trust and can only be used to pay the Notes. The value of the Sinking Fund Deposit Account was \$1,405,227 as of June 30, 2015. The required sinking fund deposits to maturity are as follows:

Year Ending June 30	Deposit Amount
2016	\$ 126,118
2017	126,118
2018	126,118
2019	126,118
2020 - 2021	252,236
Total	<u>\$ 756,708</u>

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

H. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES

Series 2013 Refunding Bonds

On April 1, 2013, the District issued \$8,465,000 in Unlimited Tax Refunding Bonds and \$134,998 in Capital Appreciation Bonds, Series 2013. The bonds carry an interest rate of 2.00% - 3.50% with the final maturity date of February 15, 2036. The bonds were issued to refund a portion of the Unlimited Tax School Building Bonds, Series 2007. This advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$1,203,454 and resulted in an economic gain of \$1,470,713.

Series 2014 Refunding Bonds

On February 1, 2014, the District issued \$8,215,000 in Unlimited Tax Refunding Bonds and \$789,998 in Capital Appreciation Bonds, Series 2014. The bonds carry an interest rate of 2.75% - 4.00% with the final maturity date of February 15, 2032. The bonds were issued to refund a portion of the Unlimited Tax School Building Bonds, Series 2007. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$2,138,029 and resulted in an economic gain of \$1,001,904.

Series 2015 Refunding Bonds

On February 1, 2015, the District issued \$8,215,000 in Unlimited Tax Refunding Bonds, Series 2015. The bonds carry an interest rate of 2.00% - 4.00% with the final maturity date of February 15, 2037. The bonds were issued to refund a portion of the Unlimited Tax School Building Bonds, Series 2007. This advance refunding was undertaken to reduce total debt service payments over the next 22 years by \$4,186,032 and resulted in an economic gain of \$2,145,253.

The required general obligation bond payments to maturity are as follows:

Year Ended June 30,	General Obligations		Total Requirements
	Principal	Interest	
2016	\$ 935,000	\$ 830,540	\$ 1,765,540
2017	595,511	1,151,552	1,747,063
2018	555,899	1,198,663	1,754,562
2019	703,586	1,068,376	1,771,962
2020-2024	5,460,000	3,402,113	8,862,113
2025-2029	6,395,000	2,489,349	8,884,349
2030-2034	6,870,000	1,401,863	8,271,863
2035-2037	3,920,000	249,175	4,169,175
Total	\$ 25,434,996	\$ 11,791,631	\$ 37,226,627

Capital Lease Obligations

A summary of changes in capitalized lease obligations for the year ended June 30, 2015 is as follows:

DESCRIPTION	Interest Rate	Amounts Original Issue	Beginning Balances Outstanding	Issued	Retired	Ending Balances Outstanding
Classic Bank of Purchase of Buses	4.13%	\$ 570,324	\$ 228,794	\$ -	\$ 74,075	\$ 154,719
		\$ 570,324	\$ 228,794	\$ -	\$ 74,075	\$ 154,719

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

H. DEBT SERVICE REQUIREMENTS - BONDS AND CAPITAL LEASES (Continued)

The required capital lease payments are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2016	\$ 75,795	\$ 6,390	\$ 82,185
2017	78,924	3,260	82,184
Total Capital Lease Payments	<u>\$ 154,719</u>	<u>\$ 9,650</u>	<u>\$ 164,369</u>

I. DEFINED BENEFIT PENSION PLAN

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

Funding Policy - State law provides for a member contribution rate of 6.40% for fiscal years 2013 and 2014, and 6.80% after September 1 of fiscal year 2015 and a state contribution rate of 6.40% for 2013 and 6.80% for 2014 and 2015. In certain instances the reporting district is required to make all or a portion of the state's 6.80% contribution. Contribution requirements are not actuarially determined but are legally established each biennium pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.00% of the member's annual compensation and a state contribution rate of not less than 6.00% and not more than 10.00% of the aggregate annual compensation of all members of the system during that fiscal year; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS's unfunded actuarial liabilities would be increased to a period that exceeds 30 years, or, if the amortization period already exceeds 30 years, the period would be increased by such action.

Contributions

Contributions - Employees of the District are required to pay 6.40% for fiscal years 2013 and 2014, and 6.80% after September 1 of fiscal year 2015, of their eligible gross earnings to the TRS pension plan. The State of Texas contributed 6.40% in 2013 and 6.80% in 2014 and 2015 of all employees' eligible gross earnings, except for those employees subject to statutory minimum requirements and those employees being paid from and participating in federally funded programs. State statutes establish these rates. The statutory minimum requirements are based on the State of Texas teacher schedule adjusted based on local tax rates. For employees funded by federal programs, the federal programs are required to contribute. Non-OASDI members are required to contribute 1.5% of their salaries beginning after September 1, 2014.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

Contributions (Continued)

For the Year Ended June 30	State TRS Contributions Made on Behalf of the District	District Required Contributions to TRS	District Employee Contributions to TRS	Covered Payroll
2013	\$ 389,962	\$ 210,155	\$ 632,924	\$ 9,889,431
2014	444,474	227,441	647,894	10,123,342
2015	467,939	336,055	687,870	10,343,037

District and employee actual contributions were equal to the required contributions for each year. The contributions made by the State on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

J. RETIREE HEALTH PLAN

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

Funding Policy - Contribution requirements are not actuarially determined but are legally established each biennium by the Texas legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. The State of Texas and active public school employee contribution rates were 1.0% and .65% of public school payroll, respectively, with school districts contributing a percentage of payrolls set at .55% for fiscal years 2015, 2014, and 2013. *Per Texas Insurance Code, Chapter 1575*, the public school contribution may not be less than .25% or greater than .75% of the salary of each active employee of the public school. For employees funded by federal programs, the federal programs are required to contribute 1.0%.

For the Year Ended June 30	State TRS Contributions Made on Behalf of the District	District Required Contributions to TRS	District Employee Contributions to TRS	Covered Payroll
2013	\$ 40,100	\$ 64,364	\$ 64,281	\$ 9,889,431
2014	97,626	73,016	65,803	10,123,342
2015	102,789	75,645	67,229	10,343,037

District and employee actual contributions were equal to the required contributions for each year. The contributions made by the State on behalf of the District have been recorded in the governmental funds financial statements of the District as both state revenues and expenditures. These contributions are the legal responsibility of the State.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2015

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

K. HEALTH CARE COVERAGE

During the period ended June 30, 2015, employees of the District were covered by TRS-ActiveCare. TRS-ActiveCare is a statewide health care benefits program for employees of school districts, charter schools, regional education service centers, and other educational districts. Participation in TRS-ActiveCare was mandatory for the District beginning on September 1, 2002.

The District paid premiums of \$225 per month per participating employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents.

The District contributed \$30 per month per employee that could be used by employees towards the cost of TRS-ActiveCare or sheltered through the Section 125 Cafeteria Plan.

Medicare Part D. – The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, 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 Employees 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 June 30, 2013, 2014, 2015, the subsidy payments received by TRS-Care on behalf of the District were \$26,669, \$28,052, and \$44,394, respectively. This information was provided by the Teacher Retirement System. These payments are recorded as equal revenues and expenditures in the governmental funds financial statements of the District.

L. UNEARNED REVENUE

Unearned revenue at year end consisted of the following:

	General Fund	Debt Service Fund	Special Revenue Funds	Total
Delinquent Property Taxes Receivable	\$ 228,517	\$ 46,190	\$ -	\$ 274,707
Lease Revenues	46,668	-	-	46,668
Other Revenues	4,600	-	274	4,874
Total Unearned Revenue	<u>\$ 279,785</u>	<u>\$ 46,190</u>	<u>\$ 274</u>	<u>\$ 326,249</u>

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

M. REVENUE FROM LOCAL AND INTERMEDIATE SOURCES

During the year ended June 30, 2015, revenues from local and intermediate sources consisted of the following:

	General Fund	Debt Service Fund	Special Revenue Funds	Total
Property Taxes	\$ 9,098,077	\$ 1,932,578	\$ -	\$ 11,030,655
Property Tax Payment Penalties	43,271	11,104	-	54,375
Interest Income	35,855	75,618	5,012	116,485
Donation & Local Grants	2,150	-	-	2,150
Food Sales	-	-	232,502	232,502
Shared Services Arrangement	5,000	-	484,982	489,982
Co-Curricular Student Activities	94,979	-	-	94,979
E-rate Revenues	47,462	-	-	47,462
Rental Fees	30,308	-	-	30,308
Other	111,286	-	-	111,286
Total	<u>\$ 9,468,388</u>	<u>\$ 2,019,300</u>	<u>\$ 722,496</u>	<u>\$ 12,210,184</u>

N. LITIGATION

The District was not involved in any litigation at year-end that the District's attorney feels would result in a negative outcome or present any material liability to the District.

O. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS

The District participates in the Burleson-Milam Special Services Cooperative, a shared services arrangement for special education resource services under IDEA, Part B (Formula and Preschool). This shared service arrangement includes nine participating independent school districts. The District is acting as fiscal agent and is also a member district. Funding is provided through state and local funds from member districts and through federal funds received by the Burleson-Milam Special Service Cooperative. The District has a joint ownership interest in fixed assets purchased and the net equity of the Burleson-Milam Special Services Cooperative; however, as the fiscal agent, the District is not accumulating significant resources or obligations that would give rise to a future additional benefit or burden to the District. Member districts reimburse the fiscal agent for expenditures which exceed state and federal funding sources. The District received \$484,982 from state and local funding sources related to this shared services arrangement during the year ended June 30, 2015. Member districts reimburse the fiscal agent for expenditures which exceed state and federal funding sources; the District's share of reimbursements for the year ended June 30, 2015, was \$133,598.

The District participates in the Brazos Valley Regional Day School, a shared services arrangement for deaf education services. This shared service arrangement includes numerous participating independent school districts. Bryan ISD is acting as fiscal agent and is also a member district. Funding is provided through state and local funds from member districts and through federal funds received by the Brazos Valley Regional Day School. The District has no material joint ownership interest in fixed assets purchased or the net equity of the Brazos Valley Regional Day School. Member districts reimburse the fiscal agent for expenditures which exceed state and federal funding sources; the District's share of reimbursements for the year ended June 30, 2015, was \$5,521.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2015

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

O. JOINT VENTURE-SHARED SERVICE ARRANGEMENTS (Continued)

The District participates in shared service arrangements to provide education funding from federal grant funds. The District does not have a joint ownership interest in any assets of net equity interest in these shared service arrangements as they exist only to administer federal grant funds. Funding received through these shared service arrangements included \$535,946 for Title IV, Part B – 21st Century Learning Centers and \$874 for Title III, Bilingual/ESI. The fiscal agents for these shared service arrangements are the Education Service Center, Region XIII.

The District operated its own District Alternative Education Program (DAEP) services for 2014-15 and offered these services to Milano ISD and Buckholts ISD on a contractual basis. The agreement did not operate as a shared services arrangement and the District was solely responsible for decisions regarding the operation of the DAEP. The services were offered in a cooperative effort to assist area districts and to offset some of the costs of the operation of the DAEP. The participating districts each paid a set annual fee with additional fees payable if net enrollment exceeded a specified number. Neither participating district had a joint ownership interest in any assets or net equity interest of the DAEP. Buckholts ISD chose to participate and paid \$5,000 for the year ended June 30, 2015.

The District participates in a shared service arrangement with other districts in the state to purchase electricity from electrical providers. Deer Park ISD is the fiscal agent and a member district. The District does not have a joint ownership interest in any assets of net equity interests of the shared service arrangement. The District recognized \$393,906 for the year ended June 30, 2015, as its share of costs.

P. RISK MANAGEMENT

During the year ended June 30, 2015, the District participated in the TASB Risk Management Fund's Property Casualty Program (the Fund), with coverage in auto liability and physical damage, property, general liability, crime and liability for misconduct. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The TASB Risk Management Fund purchases stop-loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The TASB Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended June 30, 2015, the TASB Fund anticipates the District has no additional liability.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is approved by the Fund's Board of Trustees in February the following year. The Fund's audited financial statements as of August 31, 2014, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

During the year ended June 30, 2015, the District met its statutory workers' compensation obligations through participation with other school districts in the Texas Educational Insurance Association (the "Association"), operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Association's workers compensation program is authorized by Chapter 504, Texas Labor Code. All districts participating in the Association execute Interlocal Agreements that define the responsibilities of the parties. The Association provides statutory workers' compensation benefits to its members and their injured employees.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2015

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

P. RISK MANAGEMENT (Continued)

The District pays for each year a fixed cost and is contingently liable for claims up to a maximum loss amount calculated by the Association's actuaries. For the period ended June 30, 2015, the District paid fixed costs of \$19,093, and was contingently liable up to \$53,664 for actual claim losses. Claims from any one employee or occurrence up to \$500,000 are paid with funds assessed to member districts up to the calculated maximum loss amount. Claims over \$500,000 are covered by stop-loss insurance obtained by the Association. Claims paid during the year ended June 30, 2015 totaled \$75,484. At June 30, 2015, estimated unpaid claims totaled \$39,321, including incurred but not reported claims of \$62,423.

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

Q. ARBITRAGE

In accordance with the provisions of Section 148(1) of the Internal Revenue Code of 1986, as amended, bonds must satisfy certain arbitrage rebate requirements. Positive arbitrage is the excess of (1) the amount earned on investments purchased with bond proceeds over (2) the amount that such investments would have earned had such investments been invested at a rate equal to the yield on the bond issue. In order to comply with the arbitrage rebate requirements, positive arbitrage must be paid to the U.S. Treasury at the end of each five year anniversary date of the bond issue. The District does not have a liability for arbitrage as of June 30, 2015.

R. PRIOR PERIOD ADJUSTMENT

At June 30, 2015, prior period adjustments consisted of the following:

This adjustment was the result of the District implementing GASB 68 in which the District's net pension liability will be recorded and shown on the government-wide statement of net position. This change in accounting policy requires a retrospective change and as such a prior period adjustment is necessary.

Government-Wide Financial Statements

	Governmental Activities
Recognition of Net Pension Liability	<u>\$ (2,702,105)</u>

Other statement of activities effects of prior period adjustments related to the correction:

Prior year ending net assets as reported	\$ 8,369,708
Capitalized bond and other debt issuance costs	<u>(2,702,105)</u>
Prior year ending net assets as adjusted	<u>\$ 5,667,603</u>

THIS PAGE WAS INTENTIONALLY LEFT BLANK

**REQUIRED SUPPLEMENTARY
INFORMATION**

ROCKDALE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 9,494,196	\$ 9,494,196	\$ 9,468,388	\$ (25,808)
5800	State Program Revenues	3,049,449	3,049,449	2,916,615	(132,834)
5900	Federal Program Revenues	15,000	15,000	23,272	8,272
5020	Total Revenues	12,558,645	12,558,645	12,408,275	(150,370)
EXPENDITURES:					
Current:					
0011	Instruction	7,279,283	7,216,238	6,888,988	327,250
0012	Instructional Resources and Media Services	132,184	132,184	119,981	12,203
0013	Curriculum and Instructional Staff Development	29,430	37,430	15,001	22,429
0021	Instructional Leadership	169,121	188,121	185,271	2,850
0023	School Leadership	933,533	940,333	936,963	3,370
0031	Guidance, Counseling and Evaluation Services	318,095	318,095	294,461	23,634
0032	Social Work Services	37,000	30,200	11,133	19,067
0033	Health Services	147,607	153,107	145,004	8,103
0034	Student (Pupil) Transportation	465,722	475,667	430,778	44,889
0036	Extracurricular Activities	757,363	793,963	772,170	21,793
0041	General Administration	594,559	594,559	547,005	47,554
0051	Facilities Maintenance and Operations	1,377,714	1,377,714	1,241,561	136,153
0052	Security and Monitoring Services	20,565	20,565	18,908	1,657
0053	Data Processing Services	290,278	274,278	241,034	33,244
0061	Community Services	18,298	18,298	7,891	10,407
Debt Service:					
0071	Principal on Long Term Debt	75,795	75,795	75,795	-
0072	Interest on Long Term Debt	6,707	6,707	6,390	317
Intergovernmental:					
0093	Payments to Fiscal Agent/Member Districts of	558,650	558,650	533,025	25,625
0099	Other Intergovernmental Charges	270,000	270,000	252,558	17,442
6030	Total Expenditures	13,481,904	13,481,904	12,723,917	757,987
1100	Excess (Deficiency) of Revenues Over Expenditures	(923,259)	(923,259)	(315,642)	607,617
OTHER FINANCING SOURCES (USES):					
8911	Transfers Out (Use)	(127,618)	(127,618)	(128,733)	(1,115)
1200	Net Change in Fund Balances	(1,050,877)	(1,050,877)	(444,375)	606,502
0100	Fund Balance - July (Beginning)	4,577,661	4,577,661	4,577,661	-
3000	Fund Balance - June 30 (Ending)	\$ 3,526,784	\$ 3,526,784	\$ 4,133,286	\$ 606,502

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT G-6

	2015
District's Proportion of the Net Pension Liability (Asset)	0.000090461%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 2,416,338
State's Proportionate Share of the Net Pension Liability (Asset) associated with the District	5,053,974
Total	\$ 7,470,312
District's Covered-Employee Payroll	\$ 10,343,037
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its covered-Employee Payroll	23.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.25%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of August 31, 2014 - the period from September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 TEACHER RETIREMENT SYSTEM OF TEXAS
 FOR FISCAL YEAR 2015

EXHIBIT G-7

		2015
Contractually Required Contribution	\$	336,055
Contribution in Relation to the Contractually Required Contribution		(336,055)
		-
Contribution Deficiency (Excess)	\$	-0-
District's Covered-Employee Payroll	\$	10,343,037
Contributions as a Percentage of Covered-Employee Payroll		3.25%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's current fiscal year as opposed to the time period covered by the measurement date of September 1, 2013 - August 31, 2014.

Note: Only one year of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

THIS PAGE WAS INTENTIONALLY LEFT BLANK

COMBINING AND OTHER STATEMENTS

**COMBINING STATEMENT OF
REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS**

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	
ASSETS					
1110	Cash and Cash Equivalents	\$ -	\$ 90,180	\$ -	\$ -
1240	Receivables from Other Governments	98,637	9,184	4,595	16,278
1290	Other Receivables	-	-	-	-
1300	Inventories	-	13,523	-	-
1000	Total Assets	<u>\$ 98,637</u>	<u>\$ 112,887</u>	<u>\$ 4,595</u>	<u>\$ 16,278</u>
LIABILITIES					
2110	Accounts Payable	\$ 7,435	\$ 18,275	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	3,779	6,065	-	704
2160	Accrued Wages Payable	47,973	38,888	-	8,458
2170	Due to Other Funds	39,450	-	4,595	7,116
2300	Unearned Revenues	-	274	-	-
2000	Total Liabilities	<u>98,637</u>	<u>63,502</u>	<u>4,595</u>	<u>16,278</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	13,523	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	35,862	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>49,385</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 98,637</u>	<u>\$ 112,887</u>	<u>\$ 4,595</u>	<u>\$ 16,278</u>

263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	385 Visually Impaired SSVI	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ 2,220	\$ -	\$ -	\$ -	\$ -
-	166,240	6,202	-	300,162	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 166,240</u>	<u>\$ 6,202</u>	<u>\$ 2,220</u>	<u>\$ 300,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 1,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	1,873	57	-	10,007	-	-	-
-	61,856	3,044	-	158,281	-	-	-
-	101,356	3,101	-	131,874	-	-	-
-	-	-	-	-	-	-	-
-	166,240	6,202	-	300,162	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,220	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 166,240</u>	<u>\$ 6,202</u>	<u>\$ 2,220</u>	<u>\$ 300,162</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2015

Data Control Codes	410 State Textbook Fund	429 Other State Special Revenue Funds	437 SSA Special Education	461 Campus Activity Funds	
ASSETS					
1110	Cash and Cash Equivalents	\$ 295	\$ 110	\$ 740,165	\$ 40,399
1240	Receivables from Other Governments	1,521	-	-	-
1290	Other Receivables	-	-	-	1,512
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 1,816</u>	<u>\$ 110</u>	<u>\$ 740,165</u>	<u>\$ 41,911</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	-	-	973	21
2160	Accrued Wages Payable	-	-	17,089	1,013
2170	Due to Other Funds	-	-	-	-
2300	Unearned Revenues	-	-	-	-
2000	Total Liabilities	<u>-</u>	<u>-</u>	<u>18,062</u>	<u>1,034</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	1,816	110	722,103	-
3470	Capital Acquisition and Contractual Obligation	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	40,877
3000	Total Fund Balances	<u>1,816</u>	<u>110</u>	<u>722,103</u>	<u>40,877</u>
4000	Total Liabilities and Fund Balances	<u>\$ 1,816</u>	<u>\$ 110</u>	<u>\$ 740,165</u>	<u>\$ 41,911</u>

499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	698 Capital Project Fund	699 Capital Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ 18,825	\$ 892,194	\$ 146,113	\$ 64,588	\$ 210,701	\$ 1,102,895
-	602,819	-	-	-	602,819
500	2,012	-	-	-	2,012
-	13,523	-	-	-	13,523
<u>\$ 19,325</u>	<u>\$ 1,510,548</u>	<u>\$ 146,113</u>	<u>\$ 64,588</u>	<u>\$ 210,701</u>	<u>\$ 1,721,249</u>
\$ -	\$ 26,865	\$ -	\$ (2,500)	\$ (2,500)	\$ 24,365
-	23,479	-	-	-	23,479
-	336,602	-	-	-	336,602
-	287,492	-	-	-	287,492
-	274	-	-	-	274
<u>-</u>	<u>674,712</u>	<u>-</u>	<u>(2,500)</u>	<u>(2,500)</u>	<u>672,212</u>
-	13,523	-	-	-	13,523
-	762,111	-	-	-	762,111
-	-	146,113	67,088	213,201	213,201
<u>19,325</u>	<u>60,202</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,202</u>
<u>19,325</u>	<u>835,836</u>	<u>146,113</u>	<u>67,088</u>	<u>213,201</u>	<u>1,049,037</u>
<u>\$ 19,325</u>	<u>\$ 1,510,548</u>	<u>\$ 146,113</u>	<u>\$ 64,588</u>	<u>\$ 210,701</u>	<u>\$ 1,721,249</u>

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	211 ESEA I, A Improving Basic Program	240 National Breakfast and Lunch Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	
REVENUES:					
570	Total Local and Intermediate Sources	\$ -	\$ 232,780	\$ -	\$ -
580	State Program Revenues	-	8,315	-	-
590	Federal Program Revenues	447,303	735,793	22,649	76,264
5020	Total Revenues	<u>447,303</u>	<u>976,888</u>	<u>22,649</u>	<u>76,264</u>
EXPENDITURES:					
Current:					
001	Instruction	397,252	-	11,935	63,237
001	Instructional Resources and Media Services	-	-	-	-
001	Curriculum and Instructional Staff Development	44,092	-	6,487	4,963
002	Instructional Leadership	4,533	-	-	4,111
002	School Leadership	-	-	-	3,953
003	Guidance, Counseling and Evaluation Services	-	-	920	-
003	Student (Pupil) Transportation	-	-	-	-
003	Food Services	-	965,182	-	-
003	Extracurricular Activities	-	-	3,307	-
004	General Administration	-	-	-	-
005	Facilities Maintenance and Operations	-	-	-	-
005	Security and Monitoring Services	-	-	-	-
005	Data Processing Services	-	-	-	-
006	Community Services	1,426	-	-	-
Debt Service:					
007	Principal on Long Term Debt	-	-	-	-
007	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	<u>447,303</u>	<u>965,182</u>	<u>22,649</u>	<u>76,264</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>11,706</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):					
790	Refunding Bonds Issued	-	-	-	-
791	Premium or Discount on Issuance of Bonds	-	-	-	-
791	Prepaid Interest	-	-	-	-
894	Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	11,706	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>37,679</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ 49,385</u>	<u>\$ -</u>	<u>\$ -</u>

263 Title III, A English Lang. Acquisition	265 Title IV, B Community Learning	270 ESEA VI, Pt B Rural & Low Income	289 Other Federal Special Revenue Funds	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	385 Visually Impaired SSVI	397 Advanced Placement Incentives
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	3,150	-
874	535,946	31,473	1,107	1,428,387	21,623	-	-
874	535,946	31,473	1,107	1,428,387	21,623	3,150	-
874	530,773	-	-	765,529	21,623	3,150	-
-	-	-	-	-	-	-	-
-	5,173	-	-	7,229	-	-	1,084
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	548,744	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	106,885	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	31,473	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
874	535,946	31,473	-	1,428,387	21,623	3,150	1,084
-	-	-	1,107	-	-	-	(1,084)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,107	-	-	-	(1,084)
-	-	-	1,113	-	-	-	1,084
\$ -	\$ -	\$ -	\$ 2,220	\$ -	\$ -	\$ -	\$ -

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	410 State Textbook Fund	429 Other State Special Revenue Funds	437 SSA Special Education	461 Campus Activity Funds	
REVENUES:					
570	Total Local and Intermediate Sources	\$ -	\$ -	\$ 489,655	\$ -
580	State Program Revenues	198,594	-	13,791	-
590	Federal Program Revenues	-	-	-	-
5020	Total Revenues	<u>198,594</u>	<u>-</u>	<u>503,446</u>	<u>-</u>
EXPENDITURES:					
Current:					
001	Instruction	198,594	-	91,878	(95)
001	Instructional Resources and Media Services	-	-	-	(4,041)
001	Curriculum and Instructional Staff Development	-	-	3,591	-
002	Instructional Leadership	-	-	-	-
002	School Leadership	-	-	-	-
003	Guidance, Counseling and Evaluation Services	-	-	71,806	-
003	Student (Pupil) Transportation	-	-	-	-
003	Food Services	-	-	-	-
003	Extracurricular Activities	-	-	-	(9,096)
004	General Administration	-	-	242,155	-
005	Facilities Maintenance and Operations	-	-	50,805	-
005	Security and Monitoring Services	-	-	75	-
005	Data Processing Services	-	-	5,907	-
006	Community Services	-	-	-	-
Debt Service:					
007	Principal on Long Term Debt	-	-	-	-
007	Bond Issuance Cost and Fees	-	-	-	-
6030	Total Expenditures	<u>198,594</u>	<u>-</u>	<u>466,217</u>	<u>(13,232)</u>
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>37,229</u>	<u>13,232</u>
OTHER FINANCING SOURCES (USES):					
790	Refunding Bonds Issued	-	-	-	-
791	Premium or Discount on Issuance of Bonds	-	-	-	-
791	Prepaid Interest	-	-	-	-
894	Payment to Bond Refunding Escrow Agent (Use)	-	-	-	-
7080	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1200	Net Change in Fund Balance	-	-	37,229	13,232
0100	Fund Balance - July 1 (Beginning)	<u>1,816</u>	<u>110</u>	<u>684,874</u>	<u>27,645</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ 1,816</u>	<u>\$ 110</u>	<u>\$ 722,103</u>	<u>\$ 40,877</u>

499 Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	698 Capital Project Fund	699 Capital Project Fund	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
\$ -	\$ 722,435	\$ -	\$ 61	\$ 61	\$ 722,496
-	223,850	-	-	-	223,850
-	3,301,419	-	-	-	3,301,419
-	4,247,704	-	61	61	4,247,765
5,505	2,090,255	-	-	-	2,090,255
(4,098)	(8,139)	-	-	-	(8,139)
-	72,619	-	-	-	72,619
-	8,644	-	-	-	8,644
595	4,548	-	-	-	4,548
-	621,470	-	-	-	621,470
3,790	3,790	-	-	-	3,790
-	965,182	-	-	-	965,182
(724)	(6,513)	-	-	-	(6,513)
-	349,040	-	-	-	349,040
-	50,805	-	-	-	50,805
-	75	-	-	-	75
-	5,907	-	-	-	5,907
(220)	32,679	-	-	-	32,679
-	-	-	16,752	16,752	16,752
-	-	-	152,205	152,205	152,205
4,848	4,190,362	-	168,957	168,957	4,359,319
(4,848)	57,342	-	(168,896)	(168,896)	(111,554)
-	-	-	7,595,000	7,595,000	7,595,000
-	-	-	454,503	454,503	454,503
-	-	-	15,832	15,832	15,832
-	-	-	(7,896,378)	(7,896,378)	(7,896,378)
-	-	-	168,957	168,957	168,957
(4,848)	57,342	-	61	61	57,403
24,173	778,494	146,113	67,027	213,140	991,634
\$ 19,325	\$ 835,836	\$ 146,113	\$ 67,088	\$ 213,201	\$ 1,049,037

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 JUNE 30, 2015

	BALANCE JULY 1 2014	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30 2015
STUDENT ACTIVITY ACCOUNT				
Assets:				
Cash and Temporary Investments	\$ 62,289	\$ 135,371	\$ 137,077	\$ 60,583
Liabilities:				
Payroll Deductions & Withholdings	\$ 5,348	\$ 5,280	\$ 5,348	\$ 5,280
Due to Other Funds	-	1,032	-	1,032
Due to Student Groups	56,941	89,981	92,651	54,271
Total Liabilities	\$ 62,289	\$ 96,293	\$ 97,999	\$ 60,583
TOTAL AGENCY FUNDS				
Assets:				
Cash and Temporary Investments	\$ 62,289	\$ 135,371	\$ 137,077	\$ 60,583
Liabilities:				
Payroll Deductions & Withholdings	\$ 5,348	\$ 5,280	\$ 5,348	\$ 5,280
Due to Other Funds	-	1,032	-	1,032
Due to Student Groups	56,941	89,981	92,651	54,271
Total Liabilities	\$ 62,289	\$ 96,293	\$ 97,999	\$ 60,583

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2015

	829	836	Total Private Purpose Trust Fund
	Blue Gold Scholarship	New Salem Scholarship	
ASSETS			
Cash and Cash Equivalents	\$ 3,698	\$ -	\$ 3,698
Restricted Assets	-	58,687	58,687
Total Assets	<u>3,698</u>	<u>58,687</u>	<u>62,385</u>
NET POSITION			
Restricted for Other Purposes	-	39,855	39,855
Unrestricted Net Position	3,698	18,832	22,530
Total Net Position	<u>\$ 3,698</u>	<u>\$ 58,687</u>	<u>\$ 62,385</u>

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	829	836	Total Private Purpose Trust Fund
	Blue Gold Scholarship	New Salem Scholarship	
ADDITIONS:			
Local and Intermediate Sources	\$ 2,589	\$ 427	\$ 3,016
Total Additions	<u>2,589</u>	<u>427</u>	<u>3,016</u>
Change in Net Position	2,589	427	3,016
Total Net Position - July 1 (Beginning)	<u>1,109</u>	<u>58,260</u>	<u>59,369</u>
Total Net Position - June 30 (Ending)	<u>\$ 3,698</u>	<u>\$ 58,687</u>	<u>\$ 62,385</u>

T.E.A. REQUIRED SCHEDULES

ROCKDALE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2015

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2006	Various	Various	\$ Various
2007	1.370000	0.00000	628,047,909
2008	1.040000	0.18750	704,920,278
2009	1.040000	0.18750	830,995,917
2010	1.040000	0.17350	927,425,997
2011	1.040000	0.17350	1,149,037,826
2012	1.040000	0.18500	1,592,251,667
2013	1.040000	0.19840	1,576,624,661
2014	1.040000	0.21340	886,908,094
2015 (School year under audit)	1.040000	0.22145	830,754,510
100	TOTALS		

(10) Beginning Balance 7/1/2014	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2015
\$ 23,890	\$ -	\$ 2,090	\$ -	\$ (3,722)	\$ 18,078
7,550	-	2,816	-	(817)	3,917
9,073	-	4,263	769	(414)	3,627
10,996	-	4,421	797	(384)	5,394
13,584	-	8,573	1,430	3,282	6,863
13,453	-	7,779	1,298	3,341	7,717
26,616	-	6,655	1,184	4,374	23,151
32,457	-	15,423	2,942	(3,650)	10,442
353,995	-	263,878	54,146	4,060	40,031
-	10,850,102	8,782,178	1,870,013	15,758	213,669
<u>\$ 491,614</u>	<u>\$ 10,850,102</u>	<u>\$ 9,098,076</u>	<u>\$ 1,932,579</u>	<u>\$ 21,828</u>	<u>\$ 332,889</u>

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
 FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 248,301	\$ 242,167	\$ 232,780	\$ (9,387)
5800	State Program Revenues	4,900	4,900	8,315	3,415
5900	Federal Program Revenues	687,981	755,343	735,793	(19,550)
5020	Total Revenues	941,182	1,002,410	976,888	(25,522)
EXPENDITURES:					
0035	Food Services	943,248	998,748	965,182	33,566
6030	Total Expenditures	943,248	998,748	965,182	33,566
1200	Net Change in Fund Balances	(2,066)	3,662	11,706	8,044
0100	Fund Balance - July (Beginning)	37,679	37,679	37,679	-
3000	Fund Balance - June 30 (Ending)	\$ 35,613	\$ 41,341	\$ 49,385	\$ 8,044

ROCKDALE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2015

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
REVENUES:					
5700	Total Local and Intermediate Sources	\$ 1,884,287	\$ 1,884,287	\$ 2,019,300	\$ 135,013
5020	Total Revenues	1,884,287	1,884,287	2,019,300	135,013
EXPENDITURES:					
Debt Service:					
0071	Principal on Long Term Debt	956,618	956,618	930,000	26,618
0072	Interest on Long Term Debt	1,024,316	1,024,316	1,006,565	17,751
0073	Bond Issuance Cost and Fees	-	-	1,198	(1,198)
6030	Total Expenditures	1,980,934	1,980,934	1,937,763	43,171
1100	Excess (Deficiency) of Revenues Over Expenditures	(96,647)	(96,647)	81,537	178,184
OTHER FINANCING SOURCES (USES):					
7915	Transfers In	127,618	127,618	128,733	1,115
1200	Net Change in Fund Balances	30,971	30,971	210,270	179,299
0100	Fund Balance - July (Beginning)	2,542,106	2,542,106	2,542,106	-
3000	Fund Balance - June 30 (Ending)	\$ 2,573,077	\$ 2,573,077	\$ 2,752,376	\$ 179,299

THIS PAGE WAS INTENTIONALLY LEFT BLANK

REPORTS ON
INTERNAL CONTROLS, COMPLIANCE
AND
FEDERAL AWARDS



**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
Rockdale Independent School District
520 Davilla
Rockdale, Texas 76567

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 Rockdale Independent School District (the District) which collectively comprise the District's basic financial statements as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result 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.

Atchley & Associates, LLP

Austin, Texas

November 16, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Rockdale Independent School District
520 Davilla
Rockdale, Texas 76567

Report on Compliance for Each Major Federal Program

We have audited Rockdale Independent School District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

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

Atchley & Associates, LLP

Austin, Texas
November 16, 2015

ROCKDALE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

I. Summary of Auditors' Results

1. The type of report issued on the financial statements of the Rockdale Independent School District was an unmodified opinion.
2. Internal control over financial reporting:
 - There were no material weaknesses identified.
 - There were no significant deficiencies reported that are not considered to be material weaknesses.
3. The audit disclosed no noncompliance which is material to the financial statements.
4. Internal control over major programs:
 - There were no material weaknesses identified.
 - There were no significant deficiencies reported that are not considered to be material weaknesses.
5. The type of report issued on compliance for major programs was an unmodified opinion.
6. The audit did not disclose any audit findings which the auditor is required to report under Section 510(a).
7. The major programs were:
 - Special Education Cluster
 - CFDA 84.027 SSA - IDEA - Part B, Formula
 - CFDA 84.173 SSA - IDEA - Part B, Preschool
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. The auditee qualified as a low-risk auditee.

II. Findings Relating to Financial Statements Required to be Reported in Accordance with *Generally Accepted Government Auditing Standards*:

None

III. Findings and Questioned Costs for Federal Awards Including Audit Findings:

None

THIS PAGE WAS INTENTIONALLY LEFT BLANK

ROCKDALE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	14610101166904	\$ 5,195
ESEA, Title I, Part A - Improving Basic Programs	84.010A	15610101166904	442,107
Total CFDA Number 84.010A			447,302
*SSA - IDEA - Part B, Formula	84.027	146600011669046600	16,610
*SSA - IDEA - Part B, Formula	84.027	156600011669046600	1,411,776
Total CFDA Number 84.027			1,428,386
*SSA - IDEA - Part B, Preschool	84.173	156610011669046610	21,623
Total Special Education Cluster (IDEA)			1,450,009
Career and Technical - Basic Grant	84.048	15420006166904	22,649
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	146950167110016	17,004
Title IV, Pt B-21st Cent. Community Learning Cent.	84.287	156950167110016	518,942
Total CFDA Number 84.287			535,946
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	14696001166904	77
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	15696001166904	31,396
Total CFDA Number 84.358B			31,473
Title III, Part A - English Language Acquisition	84.365A	15691001327950	874
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	14694501166904	645
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	15694501166904	75,619
Total CFDA Number 84.367A			76,264
Total Passed Through State Department of Education			\$ 2,564,517
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 2,564,517
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	166904	\$ 187,133
*National School Lunch Program - Cash Assistance	10.555	166904	499,586
*National School Lunch Prog. - Non-Cash Assistance	10.555	166904	49,074
Total CFDA Number 10.555			548,660
Total Child Nutrition Cluster			735,793
Total Passed Through the State Department of Agriculture			\$ 735,793
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 735,793
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,300,310

*Clustered Programs

ROCKDALE INDEPENDENT SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

- For all Federal programs, the District uses the fund types specified in Texas Education Agency's *Financial Accountability System Resource Guide*. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
- The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resource measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type.

With this measurement focus, only current assets and current liabilities and the fund balances are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes the revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenues until earned.

- The period of availability of federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

ROCKDALE INDEPENDENT SCHOOL DISTRICT
 Schedule L-1 – Required Responses to Selected School First Indicators
 June 30, 2015

SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF8	Did the school district not receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	No
SF10	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end.	\$ 1,000,378
SF11	Net Pension Assets (1920) at fiscal year-end.	\$ -
SF12	Net Pension Liabilities (2540) at fiscal year-end.	\$ 2,416,338
SF13	Pension Expense (6147) at fiscal year-end.	\$ 228,558