

MANOR  
INDEPENDENT SCHOOL DISTRICT

*ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED JUNE 30, 2013*

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Manor Independent School District  
Annual Financial Report  
For The Year Ended June 30, 2013

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*Introductory Section*

CERTIFICATE OF BOARD

Manor Independent School District  
Name of School District

Travis  
County

227-907  
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one)  approved  disapproved for the year ended June 30, 2013, at a meeting of the board of trustees of such school district on the 16 day of December, 2013.

  
\_\_\_\_\_  
Signature of Board Secretary

  
\_\_\_\_\_  
Signature of Board President

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

*Financial Section*

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

**Independent Auditors' Report**

To the Board of Trustees  
Manor Independent School District  
Manor, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manor Independent School District ("the District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

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

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Manor Independent School District as of June 30, 2013, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note A to the financial statements, in 2013, Manor Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

As described in Note A to the financial statements, in 2013, Manor Independent School District adopted new accounting guidance, Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

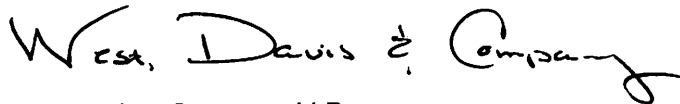
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manor Independent School District's basic financial statements. The introductory section and individual nonmajor fund financial statements are presented for purposes of additional analysis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

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

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

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

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

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

West, Davis & Company, LLP  
Austin, TX  
December 10, 2013



# Manor Independent School District

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

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

In this section of the Annual Financial and Compliance Report, the management of Manor Independent School District (the District), discusses and analyzes the District's performance for the year ending June 30, 2013. Please read it in conjunction with the independent auditors' report on page 2, and the District's Basic Financial Statements, which begin on page 11.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 11 and 12). 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, beginning on page 13, report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. For proprietary activities, internal service fund financial statements tell how goods or services of the District were sold to departments within the District and how the revenues covered the expenses of the goods or services. Examples include Cafeteria Plan and Workers Compensation Insurance. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District. Examples include Student Activities and Scholarships.

The notes to the financial statements, beginning on page 20 provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Required Supplementary Information provides a budgetary comparison schedule of the District's General Fund. This schedule includes financial information and disclosures required by the Governmental Accounting Standards Board but are not considered as part of the basic financial statements.

In addition to the required supplementary information, the Other Supplementary Information Section contains data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of the grants.

### **Reporting the District as a Whole**

#### ***The Statement of Net Position and the Statement of Activities***

The analysis of the District's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the District is improving or not improving as a result of the period's activities. The Statement of Net Position includes all the District's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

These two statements report the District's net position and changes in the position. 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, non-financial factors should be considered as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District reports one governmental activity:

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

## **Reporting the District's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements begin on page 13 and provide detailed information about the most significant funds—not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the No Child Left Behind Act from the U.S. Department of Education. The District's administration establishes many other funds to control and manage money for particular purposes (like campus activities). The District's three kinds of funds—governmental, proprietary, and fiduciary—use different accounting approaches.

- Governmental funds—Most of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules follow each of the fund financial statements.
- Proprietary funds—The District reports the activities for which it charges users (whether outside customers or other units of the District) in proprietary funds using the same accounting methods employed in the Statement of Net Position and the Statement of Activities. The internal service funds report activities that provide supplies and services for the District's other programs and activities—such as the District's workers' compensation program.
- 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 the Statement of Fiduciary Net Position-Fiduciary Funds on page 19. These resources are excluded 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

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

Net position of the District's governmental activities increased from \$29.5 million to \$38.2 million. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – were \$9.8 million at June 30, 2013.

**Table I**  
**Manor Independent School District**

	NET POSITION	
	in thousands	
	Governmental Activities	
	2013	2012
Current and other assets	80,062	70,372
Capital assets	178,185	177,852
Total assets	<u>258,247</u>	<u>248,224</u>
Long-term liabilities outstanding	200,525	206,506
Other liabilities	19,479	12,219
Total liabilities	<u>220,004</u>	<u>218,725</u>
Net position:		
Invested in capital assets, net of related debt	-21,524	-2,526
Restricted	49,974	23,278
Unrestricted	9,793	7,278
Total net position	<u>38,243</u>	<u>28,030</u>

**Table II**  
**Manor Independent School District**

**CHANGES IN NET POSITION**  
in thousands

	Governmental Activities	
	2013	2012
Revenues:		
Program revenues:		
Charges for services	1,012	943
Operating grants and contributions	13,294	13,110
General revenues:		
Maintenance and operations taxes	23,986	24,295
Debt service taxes	24,419	17,745
Grants and Contributions not restricted to specific functions	30,411	26,995
Investment Earnings	99	115
Miscellaneous	3,436	1,565
Total Revenues	<u>96,657</u>	<u>84,768</u>
Expenses:		
Instruction, curriculum and media services	43,968	41,889
Instructional and school leadership	6,705	5,328
Student support services	7,657	6,904
Child nutrition	4,897	4,635
Extracurricular activities	2,251	2,229
General administration	2,318	2,020
Plant maintenance, security & data processing	8,408	8,140
Community services	759	595
Debt services	9,246	12,851
Payments to juvenile justice AEP	5	0
Other Intergovernmental charges	230	212
Total Expenses	<u>86,444</u>	<u>84,803</u>
Increase in net position before transfers and special items	10,213	-35
Beginning net position	<u>28,030</u>	<u>29,534</u>
Prior Period Adjustment		<u>-1,469</u>
Beginning net position as Restated	<u>28,030</u>	<u>28,065</u>
Ending net position	<u>38,243</u>	<u>28,030</u>

The District's total revenues overall increased by \$11.9 million due to additional tax revenue and state revenue. The total costs increased \$1.6 million as a result of an increase in instructional expenditures.

The cost of all governmental activities this year was \$86.4 million. However, as shown in the Statement of Activities on page 12, the amount that local taxpayers ultimately financed for these activities through District taxes was approximately \$48.4 million.

## **THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds (as presented in the balance sheet on pages 13) reported a combined fund balance of \$67.2 million, which is \$9.7 million more than last year.

Over the course of the year, the Board of Trustees revised the District's budget several times. These budget amendments fall into two categories. The first category includes amendments and supplemental appropriations that were approved shortly after the beginning of the year and reflect the actual beginning balances. The second category involved amendments moving funds from programs that did not need all the resources originally appropriated to them to programs with resource needs.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2013, the District had \$173.9 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance. This amount represents a decrease from last year.

During the year the District spent some \$6.3 million of resources from all funds on capital outlay. More detailed information is contained in Note D to the financial statements.

### **Debt**

At year-end, the District had \$194.7 million in bonds and other obligations outstanding, a decrease of \$7.5 million from the previous year.

Other obligations include accrued compensated absences. More detailed information about the District's long-term liabilities is presented in Note F to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's Board of Trustees and Superintendent considered many factors when adopting and setting the 2013-14 budget and tax rates. These included the following:

- Local Property Values
- State Aid
- Average Daily Attendance
- Federal Aid and Discretionary Grants

The District elected to keep the same tax rate of \$1.04 for the general fund budget.

State program revenues resulted in an overall increase of \$4.6 million to the revenue portion of the 2012-13 general fund. State program aid, grant funding and other local budget factors resulted in an overall increase of \$7.4 million to the revenue portion of the 2012-13 general fund. The District used its revenues to continue and enhance District current academic programs and implement new programs as needed to achieve the District academic vision and goals.

Budgeted expenditures in the general fund increased by \$6.4 million for 2012-2013 when compared to 2011-12 actual expenditures. All functional categories of the District budget increased over this period.

The debt service fund tax rate of \$0.475 per \$100 of value was adopted for the 2010-11 and 2011-12 and 2012-13 and 2013-14 school years.

Capacity in current District instructional facilities averages 98% in District elementary campuses, 99% in District middle grade campuses, and 96% at the high school. The District has limited capacity to absorb projected enrollment growth over the next several years.

The District's chief taxpayer, Samsung, has committed to a major investment in new technologies in their wafer manufacturing facility in the near future. Samsung is projected to invest in excess of three billion dollars at the existing facility, which is within District boundaries. Samsung and the District completed a second Tax Code, Chapter 313 agreement for the proposed new investment. While a major increase in the District's property values would not directly benefit the District's operating budget under the current state funding formula, the District's ability to fund bonded debt obligations would be greatly improved.

District enrollment increased 5%, between the 2011-12 and 2012-13 fiscal years. Student enrollment in the District, as reported by the Texas Education Agency, was 8,039 in the 2012-13 period. After a brief slow down, student enrollment has increased back to projected levels for the 2012-13 fiscal year. A demographic update, completed in December 2012, forecast a "moderate" or "most likely" growth scenario of 2,206 added students between 2013 and 2017 and 4,442 additional added students between 2017 and 2022.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report or additional financial information may be obtained by contacting the District's Business Services Department, at Manor Independent School District.

*Basic Financial Statements*

**MANOR INDEPENDENT SCHOOL DISTRICT**

## STATEMENT OF NET POSITION

JUNE 30, 2013

Data Control Codes	1	Governmental Activities
<b>ASSETS:</b>		
1110	<i>Cash and Cash Equivalents</i>	\$ 62,888,518
1120	<i>Current Investments</i>	6,102,449
1225	<i>Property Taxes Receivable (Net)</i>	1,291,501
1240	<i>Due from Other Governments</i>	9,748,769
1250	<i>Accrued Interest</i>	357
1260	<i>Internal Balances</i>	--
1410	<i>Unrealized Expenses</i>	30,752
Capital Assets:		
1510	<i>Land</i>	17,679,597
1520	<i>Buildings and Improvements, Net</i>	151,182,820
1530	<i>Furniture and Equipment, Net</i>	4,812,690
1580	<i>Construction in Progress</i>	204,682
1910	<i>Long-Term Investments</i>	4,305,458
1000	Total Assets	<u>258,247,593</u>
<b>LIABILITIES:</b>		
2110	<i>Accounts Payable</i>	679,034
2140	<i>Interest Payable</i>	4,381,820
2165	<i>Accrued Liabilities</i>	5,906,174
2300	<i>Unearned Revenue</i>	8,511,981
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	5,850,000
2502	<i>Due in More Than One Year</i>	194,675,452
2000	Total Liabilities	<u>220,004,461</u>
<b>NET POSITION</b>		
3200	Net Investment in Capital Assets	(21,524,281)
Restricted For:		
3820	Federal and State Programs	1,188,598
3850	Debt Service	27,703,999
3860	Capital Projects	21,046,954
3870	Campus Activities	34,900
3900	Unrestricted	9,792,962
3000	Total Net Position	<u>\$ 38,243,132</u>

The accompanying notes are an integral part of this statement.



## MANOR INDEPENDENT SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 40,039,656	\$ --		\$ 7,933,435	\$ (32,106,221)
12	Instructional Resources and Media Services	779,572	--		--	(779,572)
13	Curriculum and Staff Development	3,148,883	--		106,734	(3,042,149)
21	Instructional Leadership	2,764,581	--		128,869	(2,635,712)
23	School Leadership	3,940,813	--		--	(3,940,813)
31	Guidance, Counseling, & Evaluation Services	2,439,669	--		54,532	(2,385,137)
32	Social Work Services	804,838	--		42,132	(762,706)
33	Health Services	697,831	--		--	(697,831)
34	Student Transportation	3,714,260	--		--	(3,714,260)
35	Food Service	4,897,055	802,776		3,741,930	(352,349)
36	Cocurricular/Extracurricular Activities	2,251,227	86,257		12,954	(2,152,016)
41	General Administration	2,318,295	--		--	(2,318,295)
51	Facilities Maintenance and Operations	6,042,536	122,760		--	(5,919,776)
52	Security and Monitoring Services	512,255	--		--	(512,255)
53	Data Processing Services	1,852,879	--		34,893	(1,817,986)
61	Community Services	758,671	--		1,239,109	480,438
72	Interest on Long-term Debt	9,264,612	--		--	(9,264,612)
73	Bond Issuance Costs and Fees	(19,001)	--		--	19,001
95	Payments to Juvenile Justice Alternative Ed. Programs	5,451	--		--	(5,451)
99	Other Intergovernmental Charges	230,000	--		--	(230,000)
TG	Total Governmental Activities	86,444,083	1,011,793		13,294,588	(72,137,702)
TP	Total Primary Government	<u>\$ 86,444,083</u>	<u>\$ 1,011,793</u>		<u>\$ 13,294,588</u>	<u>(72,137,702)</u>
	General Revenues:					
MT	Property Taxes, Levied for General Purposes					23,986,012
DT	Property Taxes, Levied for Debt Service					24,418,915
IE	Investment Earnings					99,035
GC	Grants and Contributions Not Restricted to Specific Programs					30,410,551
MI	Miscellaneous					3,436,131
	Other Resources (Reclassify to revenue)					--
TR	Total General Revenues					<u>82,350,644</u>
CN	Change in Net Position					<u>10,212,942</u>
NB	Net Position - Beginning					29,499,122
PA	Prior Period Adjustment					(1,468,932)
	Net Position - Beginning, as Restated					<u>28,030,190</u>
NE	Net Position - Ending					<u>\$ 38,243,132</u>

The accompanying notes are an integral part of this statement.

# MANOR INDEPENDENT SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	
<b>ASSETS:</b>			
1110	Cash and Cash Equivalents	\$ 45,203,354	\$ 856,516
1120	Current Investments	5,805,662	260,551
1225	Taxes Receivable, Net	873,218	418,283
1240	Due from Other Governments	8,025,342	--
1250	Accrued Interest	--	--
1260	Due from Other Funds	14,384,945	26,965,901
1410	Unrealized Expenditures	30,752	--
1000	<b>Total Assets</b>	<b>74,323,273</b>	<b>28,501,251</b>
1000A	<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 74,323,273</b>	<b>\$ 28,501,251</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
2110	Accounts Payable	\$ 535,935	\$ --
2140	Interest Payable	815,416	--
2150	Payroll Deductions & Withholdings	379,380	--
2160	Accrued Wages Payable	5,034,301	--
2170	Due to Other Funds	41,472,052	11,800
2300	Unearned Revenue	9,144,165	627,560
2000	<b>Total Liabilities</b>	<b>57,381,249</b>	<b>639,360</b>
<b>FUND BALANCES:</b>			
Restricted Fund Balances:			
3450	Federal/State Funds Grant Restrictions	--	--
3470	Capital Acquisitions & Contractual Obligations	--	--
3480	Retirement of Long-Term Debt	--	27,861,891
3490	Other Restrictions of Fund Balance	--	--
Assigned Fund Balances:			
3590	Other Assigned Fund Balance	191,658	--
3600	Unassigned	16,750,366	--
3000	<b>Total Fund Balances</b>	<b>16,942,024</b>	<b>27,861,891</b>
4000	<b>Total Liabilities and Fund Balances</b>	<b>\$ 74,323,273</b>	<b>\$ 28,501,251</b>

The accompanying notes are an integral part of this statement.

EXHIBIT C-1

60 School Facilities Assistance	Other Governmental Funds	98 Total Governmental Funds
\$ 16,795,878	\$ 32,770	\$ 62,888,518
4,341,694	--	10,407,907
--	--	1,291,501
--	1,723,427	9,748,769
357	--	357
134,167	1,748,747	43,233,760
--	--	30,752
<u>21,272,096</u>	<u>3,504,944</u>	<u>127,601,564</u>
<u>\$ 21,272,096</u>	<u>\$ 3,504,944</u>	<u>\$ 127,601,564</u>
\$ 137,295	\$ 5,804	\$ 679,034
--	--	815,416
--	58,788	438,168
--	433,705	5,468,006
93,373	1,656,535	43,233,760
--	31,758	9,803,483
<u>230,668</u>	<u>2,186,590</u>	<u>60,437,867</u>
--	1,283,454	1,283,454
21,041,428	--	21,041,428
--	--	27,861,891
--	34,900	34,900
--	--	191,658
--	--	16,750,366
<u>21,041,428</u>	<u>1,318,354</u>	<u>67,163,697</u>
<u>\$ 21,272,096</u>	<u>\$ 3,504,944</u>	<u>\$ 127,601,564</u>

**MANOR INDEPENDENT SCHOOL DISTRICT**

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013*

Total fund balances - governmental funds balance sheet	\$ 67,163,697
<p>Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:</p>	
Capital assets used in governmental activities are not reported in the funds.	173,879,790
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	1,291,502
Payables for bond principal which are not due in the current period are not reported in the funds.	(194,664,999)
The accumulated accretion of interest on capital appreciation bonds is not reported in the funds.	(610,097)
Payables for bond interest which are not due in the current period are not reported in the funds.	(3,566,404)
The loss on refunding of outstanding debt is reflected in the SNA but not the funds.	5,741,585
Bond premiums are amortized over the life of the bonds in the SNA but not in the funds.	(10,234,993)
Special termination benefits are reported as the amount earned in the SNA but not in the funds.	(756,947)
Rounding difference	<u>(2)</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 38,243,132</u>

The accompanying notes are an integral part of this statement.

**MANOR INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Data Control Codes	10 General Fund	50 Debt Service Fund
<b>REVENUES:</b>		
5700 <i>Local and Intermediate Sources</i>	\$ 28,070,150	\$ 24,579,140
5800 <i>State Program Revenues</i>	31,330,853	--
5900 <i>Federal Program Revenues</i>	224,365	--
5020 <b>Total Revenues</b>	<u>59,625,368</u>	<u>24,579,140</u>
<b>EXPENDITURES:</b>		
Current:		
0011 <i>Instruction</i>	32,038,052	--
0012 <i>Instructional Resources and Media Services</i>	609,581	--
0013 <i>Curriculum and Staff Development</i>	1,644,608	--
0021 <i>Instructional Leadership</i>	1,489,315	--
0023 <i>School Leadership</i>	3,736,768	--
0031 <i>Guidance, Counseling, &amp; Evaluation Services</i>	1,616,554	--
0032 <i>Social Work Services</i>	379,805	--
0033 <i>Health Services</i>	680,842	--
0034 <i>Student Transportation</i>	3,268,748	--
0035 <i>Food Service</i>	--	--
0036 <i>Cocurricular/Extracurricular Activities</i>	1,207,846	--
0041 <i>General Administration</i>	2,060,762	--
0051 <i>Facilities Maintenance and Operations</i>	5,847,019	--
0052 <i>Security and Monitoring Services</i>	509,940	--
0053 <i>Data Processing Services</i>	1,519,334	--
0061 <i>Community Services</i>	483,536	--
0071 <i>Principal on Long-term Debt</i>	--	5,375,000
0072 <i>Interest on Long-term Debt</i>	--	9,348,386
0073 <i>Bond Issuance Costs and Fees</i>	--	545,895
0081 <i>Capital Outlay</i>	1,200,000	--
0095 <i>Payments to Juvenile Justice Alternative Education Programs</i>	5,451	--
0099 <i>Other Intergovernmental Charges</i>	230,000	--
6030 <b>Total Expenditures</b>	<u>58,528,161</u>	<u>15,269,281</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>1,097,207</u>	<u>9,309,859</u>
Other Financing Sources and (Uses):		
7901 <i>Refunding Bonds Issued</i>	--	48,240,000
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	7,712,982
8940 <i>Payment to Bond Refunding Escrow Agent</i>	--	(55,412,923)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>540,059</u>
1200 <b>Net Change in Fund Balances</b>	<u>1,097,207</u>	<u>9,849,918</u>
0100 <b>Fund Balances - Beginning</b>	<u>15,844,817</u>	<u>18,011,973</u>
3000 <b>Fund Balances - Ending</b>	<u>\$ 16,942,024</u>	<u>\$ 27,861,891</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C-2

60 School Facilities Assistance	Other Governmental Funds	98 Total Governmental Funds
\$ 2,488	\$ 1,174,426	\$ 53,826,204
--	313,315	31,644,168
--	11,836,606	12,060,971
<u>2,488</u>	<u>13,324,347</u>	<u>97,531,343</u>
359,230	4,461,487	36,858,769
--	175	609,756
--	1,393,959	3,038,567
--	1,266,848	2,756,163
456	109,478	3,846,702
456	778,394	2,395,404
--	412,433	792,238
--	2,895	683,737
100,710	507	3,369,965
--	4,499,134	4,499,134
5,786	7,515	1,221,147
4,535	739	2,066,036
82,023	2,102	5,931,144
--	--	509,940
537,871	16,371	2,073,576
432	273,050	757,018
--	--	5,375,000
--	--	9,348,386
--	--	545,895
268,035	--	1,468,035
--	--	5,451
--	--	230,000
<u>1,359,534</u>	<u>13,225,087</u>	<u>88,382,063</u>
<u>(1,357,046)</u>	<u>99,260</u>	<u>9,149,280</u>
--	--	48,240,000
--	--	7,712,982
--	--	(55,412,923)
--	--	540,059
<u>(1,357,046)</u>	<u>99,260</u>	<u>9,689,339</u>
22,398,474	1,219,094	57,474,358
<u>\$ 21,041,428</u>	<u>\$ 1,318,354</u>	<u>\$ 67,163,697</u>

**MANOR INDEPENDENT SCHOOL DISTRICT**

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013*

Net change in fund balances - total governmental funds	\$ 9,689,339
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,291,723
The depreciation of capital assets used in governmental activities is not reported in the funds.	(6,263,468)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(874,318)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	5,375,000
The loss on refunding of outstanding debt is reflected in the SOA but not the funds.	(263,800)
The accretion of interest on capital appreciation bonds is not reported in the funds.	(18,787)
(Increase) decrease in accrued interest from beginning of period to end of period.	366,361
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(113,945)
The issuance of refunding bonds is reflected as an other resource in the funds but not in the SOA.	(48,240,000)
Proceeds of bonds do not provide revenue in the SOA, but are reported as current resources in the funds.	55,412,923
Bond premiums are reported in the funds but not in the SOA.	<u>(7,148,086)</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 10,212,942</u>

The accompanying notes are an integral part of this statement.

**MANOR INDEPENDENT SCHOOL DISTRICT**

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2013

Data Control Codes		Agency Fund
		Student Activity
<b>ASSETS:</b>		
1110	Cash and Cash Equivalents	\$ 130,768
1000	Total Assets	<u>130,768</u>
<b>LIABILITIES:</b>		
Current Liabilities:		
2190	Due to Student Groups	\$ 130,768
2000	Total Liabilities	<u>130,768</u>
<b>NET POSITION:</b>		
3000	Total Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.



# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

### A. Summary of Significant Accounting Policies

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

#### 1. Reporting Entity

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

#### 2. Basis of Presentation, Basis of Accounting

##### a. Basis of Presentation

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

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

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

The District reports the following major governmental funds:

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

**Debt Service Fund:** This fund accounts for tax levies to fund debt service payments as they become due.

**School Facilities Assistance Fund:** This capital projects fund accounts for the proceeds from the issuance of school building bonds and related expenditure of capital outlays to build and renovate school facilities.

# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

In addition, the District reports the following fund types:

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

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

b. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

3. Financial Statement Amounts

a. Property Taxes

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

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

b. Inventories and Prepaid Items

Inventories of supplies on the balance sheet are stated at weighted average cost, while inventories of food commodities are recorded at market values supplied by the Texas Department of Human Services. Inventory items are recorded as expenditures when they are consumed. Supplies are used for almost all functions of activity, while food commodities 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 inventory and deferred revenue when received. When requisitioned, inventory and deferred revenue are relieved, expenditures are charged, and revenue is recognized for an equal amount. Inventories also include plant maintenance and operation supplies as well as instructional supplies.

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

c. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	40
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

e. Receivable and Payable Balances

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

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

## MANOR INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

f. Compensated Absences

On retirement or death of certain employees, the District pays any accrued sick leave and vacation leave in a lump cash payment (in accordance with District policy) to such employee or his/her estate.

g. Interfund Activity

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

h. Use of Estimates

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

i. Data Control Codes

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

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

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

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

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

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

**Unassigned Fund Balance** - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental

# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

k. Net Position Flow Assumption

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

l. Fund Balance Flow Assumptions

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

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

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

<u>Violation</u>			<u>Action Taken</u>
General Fund			
#13	Curriculum and Staff Development	\$ 233,994	Closely monitor costs.
#21	Instructional Leadership	151,416	Closely monitor costs.
#31	Guidance, Counseling and Evaluation Services	95,835	Closely monitor costs.
#34	Student (Pupil) Transportation	439,774	Closely monitor costs.
#41	General Administration	135,663	Closely monitor costs.
#61	Community Services	98,403	Closely monitor costs.
#81	Capital Outlay	1,200,000	Donated land that was not recorded by the District

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

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

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

### C. Deposits and Investments

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

#### 1. Cash Deposits:

At June 30, 2013, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$62,888,518 and the bank balance was \$63,672,485. The District's cash deposits at June 30, 2013 and during the year ended June 30, 2013, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

#### 2. Investments:

The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

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

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

The District's investments at June 30, 2013 are shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Percentage</u>
TexPool Investment Pool	28 days average	AAA	\$ 6,076,578	58%
Lone Star Investment Pool	24 days average	AAA	25,871	0%
Bank Certificates of Deposits	> 1 year	N/A	1,492,284	14%
Municipal Bonds	> 1 year	AAA	785,370	8%
Municipal Bonds	> 1 year	Aa2	1,483,064	14%
Municipal Bonds	> 1 year	Aa3	544,740	5%
Total Investments			<u>\$ 10,407,907</u>	<u>100%</u>
Per Statement of Net Position				
Current Investments			\$ 6,102,449	
Long-Term Investments			4,305,458	
			<u>\$ 10,407,907</u>	

## MANOR INDEPENDENT SCHOOL DISTRICT

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

#### 3. Analysis of Specific Deposit and Investment Risks

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

##### a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At June 30, 2013, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

##### b. Custodial Credit Risk

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

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

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

##### c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

##### d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

##### e. Foreign Currency Risk

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

#### Investment Accounting Policy

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

#### Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and

# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares.

The District's investments in Pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

### D. Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 16,479,598	\$ 1,200,000	\$ --	\$ 17,679,598
Construction in progress	--	204,682	--	204,682
Total capital assets not being depreciated	<u>16,479,598</u>	<u>1,404,682</u>	<u>--</u>	<u>17,884,280</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	195,521,040	--	--	195,521,040
Equipment	11,698,171	887,042	--	12,585,213
Total capital assets being depreciated	<u>207,219,211</u>	<u>887,042</u>	<u>--</u>	<u>208,106,253</u>
Less accumulated depreciation for:				
Buildings and improvements	(39,488,810)	(4,849,411)	--	(44,338,221)
Equipment	(6,358,465)	(1,414,057)	--	(7,772,522)
Total accumulated depreciation	<u>(45,847,275)</u>	<u>(6,263,468)</u>	<u>--</u>	<u>(52,110,743)</u>
Total capital assets being depreciated, net	<u>161,371,936</u>	<u>(5,376,426)</u>	<u>--</u>	<u>155,995,510</u>
Governmental activities capital assets, net	<u>\$ 177,851,534</u>	<u>\$ (3,971,744)</u>	<u>\$ --</u>	<u>\$ 173,879,790</u>

Depreciation was charged to functions as follows:

Instruction	\$ 3,322,120
Instructional Resources and Media Services	169,816
Curriculum and Staff Development	110,316
Instructional Leadership	5,000
School Leadership	88,870
Guidance, Counseling, & Evaluation Services	42,442
Social Work Services	12,600
Health Services	14,094
Student Transportation	440,447
Food Services	411,128
Extracurricular Activities	1,032,080
General Administration	254,515
Plant Maintenance and Operations	124,904
Security and Monitoring Services	2,315
Data Processing Services	231,168
Community Services	1,653
	<u>\$ 6,263,468</u>



# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

### E. Interfund Balances and Activities

#### 1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2013, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
Debt Service Fund	General Fund	\$ 26,965,901	Short-term loans
School Facilities Asst. Fund	General Fund	134,167	Short-term loans
Other Governmental Funds	Other Governmental Funds	1,748,746	Short-term loans
General Fund	General Fund Sub Funds	14,384,945	Short-term loans
	Total	<u>\$ 43,233,759</u>	

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

### F. Long-Term Obligations

#### 1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2013, are as follows:

Series	Interest Rate	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities:</b>						
2004	3.50-5.00%	\$ 22,025,000	\$ --	\$ 16,045,000	\$ 5,980,000	\$ 225,000
2005	3.25-5.00%	11,115,000	--	1,100,000	10,015,000	1,145,000
2006	0.875-4.85%	11,140,000	--	--	11,140,000	--
2006A	4.00-5.00%	35,455,000	--	34,655,000	800,000	100,000
2007	4.00-5.25%	67,450,000	--	245,000	67,205,000	255,000
2008	3.00-5.00%	24,070,000	--	505,000	23,565,000	520,000
2009	2.74-3.00%	4,685,000	--	1,515,000	3,170,000	1,560,000
2011	2.00-5.00%	17,465,000	--	1,550,000	15,915,000	1,550,000
2012	2.00-3.50%	8,779,999	--	145,000	8,634,999	50,000
2013	1.50-5.00%	--	48,240,000	--	48,240,000	445,000
Total Bonded Debt		202,184,999	48,240,000	55,760,000	194,664,999	5,850,000
Premium on Bonds Issued		3,086,907	7,712,982	564,896	10,234,993	--
Accumulated accretion CABs		591,310	18,787	--	610,097	--
Loss on Refunding		(977,462)	(5,027,923)	(263,800)	(5,741,585)	--
Compensated absences *		643,003	113,945	--	756,948	--
Total governmental activities		<u>\$ 205,528,757</u>	<u>\$ 51,057,791</u>	<u>\$ 56,061,096</u>	<u>\$ 200,525,452</u>	<u>\$ 5,850,000</u>

Per Statement of Net Position

Due Within One Year	\$ 5,850,000
Due in More Than One Year	194,675,452
	<u>\$ 200,525,452</u>

# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

Series	Original Issue	Interest Rate
2004 U/L Tax Sch Bldg & Ref Bonds	34,324,998	3.50-5.00%
2005 U/L Tax Ref Bonds	14,560,000	3.25-5.00%
2006 U/L Tax Sch Bldg Bonds	18,550,000	0.875-4.85%
2006A U/L Tax Sch Bldg Bonds	35,555,000	4.00-5.00%
2007 U/L Tax Sch Bldg Bonds	68,125,000	4.00-5.25%
2008 U/L Tax Sch Bldg Bonds	24,999,992	3.00-5.00%
2009 U/L Tax Ref Bonds	7,594,998	2.74-3.00%
2011 U/L Tax Sch Bldg Bonds	17,465,000	2.00-5.00%
2012 U/L Tax Ref Bonds	8,779,999	2.00-3.50%
2013 U/L Tax Ref Bonds	48,240,000	1.50-5.00%

### 2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2013, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 5,850,000	\$ 8,650,818	\$ 14,500,818
2015	5,910,000	8,552,613	14,462,613
2016	6,170,000	8,334,269	14,504,269
2017	6,410,000	8,074,363	14,484,363
2018	7,180,000	7,776,292	14,956,292
2019-2023	38,965,000	33,743,712	72,708,712
2024-2028	34,439,999	26,298,588	60,738,587
2029-2033	42,310,000	16,572,288	58,882,288
2034-2038	45,915,000	5,833,125	51,748,125
2036-2038	1,515,000	37,875	1,552,875
Totals	\$ 194,664,999	\$ 123,873,943	\$ 318,538,942

### 3. Advance Refunding of Debt

GASB Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2013, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows.

Bond Issue	Amount
Series 2004	\$ 24,610,000
Series 2006A	34,555,000
Total	\$ 59,165,000

In March 2013 the District issued \$48.2 million in Unlimited Tax Refunding Bonds Series 2013 to partially refund outstanding Building Bonds Series 2004 and 2006A. The proceeds of the refunding net of debt service costs of \$540 amounted to \$55.4 million and was deposited with an escrow agent to purchase direct obligations of the United States. As a result of the refunding, the District decreased its aggregate debt service payment to maturity by \$10.9 million and realized an economic gain (difference between the present value of debt service payments on the old debt and new debt) of \$6.9 million.

# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

### G. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2013, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

### H. Pension Plan

#### 1. Plan Description

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

#### 2. Funding Policy

Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system. (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.4% for fiscal years 2013, 2012, and 2011, and a state contribution rate of 6.4% for fiscal year 2013, 6.0% for fiscal year 2012, and 6.644% for fiscal years 2011. In certain instances the reporting district is required to make all or a portion of the state's contribution. State contributions to TRS made on behalf of the District's employees for the years ending June 30, 2013, 2012 and 2011 were \$2,763,716, \$2,607,859, and \$2,715,212, respectively. The District paid additional state contributions for the years ending June 30, 2013, 2012, and 2011 in the amount of \$787,998, \$667,771, and \$817,081, respectively, on portion of the employees' salaries that exceeded the statutory minimum.

### I. Retiree Health Care Plan

#### 1. TRS-Care

##### a) Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependants) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues

# MANOR INDEPENDENT SCHOOL DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2013

a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS Web site at [www.trs.state.tx.us](http://www.trs.state.tx.us) under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

### b) Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas and active public school employee contribution rates were 0.5% and 0.65% of the public school payroll, respectively, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2013, 2012, and 2011. For the fiscal years ended 2013, 2012, and 2011, the State's contributions to TRS-Care were \$190,000, \$345,795, and \$269,946, respectively, the active member contributions were \$246,999, \$224,767, and \$175,465, respectively, and the District's contributions were \$208,999, \$190,187, and \$148,470, respectively, which equaled the required contributions each year.

### 2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended 2013, 2012, and 2011, the subsidy payments received by TRS-Care on behalf of the District were \$118,841, \$108,724, and \$104,407, respectively.

### J. Employee Health Care Coverage

During the period ended June 30, 2013, employees of the District were covered by a state-wide plan, TRS Active Care. The District paid premiums of \$354 per month per employee to the Plan. Employees, at their option may authorize payroll withholdings to pay premiums for dependent coverage. The Teacher Retirement System of Texas (TRS) manages TRS Active Care. The Plan is administered by Blue Cross and Blue Shield of Texas while Medco Health was assigned the prescription drug plan.

The latest financial information on the state-wide plan is available from TRS (see note I1).

### K. Commitments and Contingencies

#### 1. Contingencies

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

#### 2. Litigation

No reportable litigation was pending against the District at June 30, 2013.

**MANOR INDEPENDENT SCHOOL DISTRICT**

*NOTES TO THE FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED JUNE 30, 2013*

L. Change in Accounting Principle

GASB Statement No. 65, Items Previously Reported as Assets and Liabilities

This resulted in an adjustment to the beginning net position in the amount of \$1,468,932 to remove deferred charges no longer required to be capitalized in accordance with GASB 65.

With the exception of prepaid insurance costs, costs related to the issuance of debt will be recorded as an expense in the period incurred. These include, but are not limited to, legal costs, costs of printing, insurance costs and various fees such as rating agency fees, trustee fees and administrative fees.

## *Required Supplementary Information*

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

**MANOR INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2013

**EXHIBIT G-1**

Page 1 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	1	2	3		
	Original	Final	Actual		
<b>REVENUES:</b>					
5700	Local and Intermediate Sources	\$ 24,929,062	\$ 25,162,712	\$ 28,070,150	\$ 2,907,438
5800	State Program Revenues	28,872,894	28,961,489	31,330,853	2,369,364
5900	Federal Program Revenues	195,000	224,365	224,365	--
5020	Total Revenues	53,996,956	54,348,566	59,625,368	5,276,802
<b>EXPENDITURES:</b>					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	31,317,812	32,108,302	32,038,052	70,250
0012	Instructional Resources and Media Services	689,302	658,346	609,581	48,765
0013	Curriculum and Staff Development	1,134,877	1,410,614	1,644,608	(233,994)
	Total Instruction & Instr. Related Services	33,141,991	34,177,262	34,292,241	(114,979)
Instructional and School Leadership:					
0021	Instructional Leadership	1,242,662	1,337,899	1,489,315	(151,416)
0023	School Leadership	3,826,110	3,794,576	3,736,768	57,808
	Total Instructional & School Leadership	5,068,772	5,132,475	5,226,083	(93,608)
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	1,490,419	1,520,719	1,616,554	(95,835)
0032	Social Work Services	372,618	388,765	379,805	8,960
0033	Health Services	654,333	703,576	680,842	22,734
0034	Student (Pupil) Transportation	2,662,553	2,828,974	3,268,748	(439,774)
0036	Cocurricular/Extracurricular Activities	1,300,956	1,254,943	1,207,846	47,097
	Total Support Services - Student (Pupil)	6,480,879	6,696,977	7,153,795	(456,818)
Administrative Support Services:					
0041	General Administration	1,847,113	1,925,099	2,060,762	(135,663)
	Total Administrative Support Services	1,847,113	1,925,099	2,060,762	(135,663)
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	6,149,095	6,061,035	5,847,019	214,016
0052	Security and Monitoring Services	700,999	538,971	509,940	29,031
0053	Data Processing Services	1,362,738	1,525,496	1,519,334	6,162
	Total Support Services - Nonstudent Based	8,212,832	8,125,502	7,876,293	249,209
Ancillary Services:					
0061	Community Services	411,949	385,126	483,536	(98,410)
	Total Ancillary Services	411,949	385,126	483,536	(98,410)
Capital Outlay:					
0081	Capital Outlay	--	--	1,200,000	(1,200,000)
	Total Capital Outlay	--	--	1,200,000	(1,200,000)
Intergovernmental Charges:					
0095	Payments to Juvenile Justice Alternative				
0095	Education Programs	35,000	35,000	5,451	29,549
0099	Other Intergovernmental Charges	230,000	230,000	230,000	--
	Total Intergovernmental Charges	265,000	265,000	235,451	29,549
6030	Total Expenditures	55,428,536	56,707,442	58,528,161	(1,820,719)

**MANOR INDEPENDENT SCHOOL DISTRICT**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2013

**EXHIBIT G-1**

Page 2 of 2

Data Control Codes	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	1	2	3	
	Original	Final	Actual	
1100 Excess (Deficiency) of Revenues Over (Under)				
1100 Expenditures	(1,431,580)	(2,358,876)	1,097,207	3,456,083
1200 Net Change in Fund Balance	(1,431,580)	(2,358,876)	1,097,207	3,456,083
0100 Fund Balance - Beginning	15,844,817	15,844,817	15,844,817	--
3000 Fund Balance - Ending	\$ 14,413,237	\$ 13,485,941	\$ 16,942,024	\$ 3,456,083



## *Other Supplementary Information*

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

**MANOR INDEPENDENT SCHOOL DISTRICT**

SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
 FOR THE YEAR ENDED JUNE 30, 2013

Year Ended June 30	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2004 and Prior Years	\$ Various	\$ Various	\$ Various
2005	1.50	.3262	1,484,343,784
2006	1.47	.33	1,566,113,131
2007	1.343	.425	2,068,109,162
2008	1.02	.495	2,393,916,190
2009	1.04	.495	3,148,096,352
2010	1.04	.475	3,532,856,720
2011	1.04	.475	3,143,297,300
2012	1.04	.475	3,200,551,815
2013 (School Year Under Audit)	1.04	.475	* 3,250,287,925

1000 Totals

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

\* The District is affected by an ECO exemption which applies only to the Maintenance and Operations rate per Tax Code Section 313.027:

Maintenance and Operations Net Taxable	\$	2,293,821,135
Debt Service Net Taxable	\$	5,090,290,126

10 Beginning Balance 7/1/12	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 6/30/13
\$ 745,277	\$ --	\$ 4,761	\$ 727	\$ (4,239)	\$ 735,550
103,960	--	3,387	737	(538)	99,298
116,165	--	2,436	547	(423)	112,759
67,080	--	3,370	1,066	(385)	62,259
77,719	--	10,817	5,249	4,247	65,900
109,874	--	22,022	10,482	21,903	99,273
176,785	--	49,788	22,740	23,428	127,685
232,520	--	61,841	28,244	29,022	171,457
1,035,654	--	507,208	231,658	26,957	323,745
--	49,241,862	24,018,796	24,254,230	(239,372)	729,464
<u>\$ 2,665,034</u>	<u>\$ 49,241,862</u>	<u>\$ 24,684,426</u>	<u>\$ 24,555,680</u>	<u>\$ (139,400)</u>	<u>\$ 2,527,390</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

**MANOR INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF EXPENDITURES FOR COMPUTATION OF INDIRECT COST FOR 2014-2015  
GENERAL AND SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013*

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

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collection	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (Other) Misc.	7 Total
611X-6146	Payroll Costs	\$ 47,169	\$ --	\$ 262,933	\$ 9,943	\$ --	\$ 1,241,046	\$ 1,561,091
6149	Fringe Benefits (Unused Leave for Separating Employees in Function 41 and Related 53)	--	--	--	--	--	--	--
6149	Fringe Benefits (Unused Leave for Separating Employees in all Functions except Function 41 and Related 53)	--	--	--	--	--	--	--
6211	Legal Services	--	--	207,100	--	--	--	207,100
6212	Audit Services	--	--	--	17,250	--	--	17,250
6213	Tax Appraisal and Collection	--	246,652	--	--	--	--	246,652
621X	Other Prof. Services	--	--	--	--	--	6,287	6,287
6220	Tuition and Transfer Payments	--	--	--	--	--	--	--
6230	Education Service Centers	100	--	--	--	--	--	100
6240	Contr. Maint. and Repair	--	--	--	--	9,819	--	9,819
6250	Utilities	--	--	--	--	--	--	--
6260	Rentals	--	--	130	--	--	6,276	6,406
6290	Miscellaneous Contr.	--	--	1,175	15,102	--	41,133	57,410
6310	Operational Supplies, Materials	--	--	--	--	--	154	154
6320	Textbooks and Reading	--	--	37	--	--	--	37
6330	Testing Materials	--	--	--	--	--	--	--
63XX	Other Supplies, Materials	3,276	--	13,406	547	--	17,712	34,941
6410	Travel, Subsistence, Stipends	10,098	--	6,373	--	--	14,818	31,289
6420	Ins. and Bonding Costs	25,626	--	--	--	--	--	25,626
6430	Election Costs	6,758	--	--	--	--	--	6,758
6490	Miscellaneous Operating	14,114	--	12,290	441	--	62,286	89,131
6500	Debt Service	--	--	--	--	--	--	--
6600	Capital Outlay	--	--	--	--	--	7,373	7,373

Total \$ 107,141 \$ 246,652 \$ 503,444 \$ 43,283 \$ 9,819 \$ 1,397,085 \$ 2,307,424

Total Expenditures for General and Special Revenue Funds (9) \$ 71,753,248

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10)	\$ 2,558,939
Total Debt & Lease (6500)	(11)	\$ --
Plant Maintenance (Function 51, 6100-6400)	(12)	\$ 5,804,357
Food (Function 35, 6341 and 6499)	(13)	\$ 2,172,963
Stipends (6413)	(14)	\$ --
Column 4 (above) - Total Indirect Cost		\$ 43,283

Subtotal 10,579,542

Net Allowed Direct Cost \$ 61,173,706

CUMULATIVE

Total Cost of Buildings Before Depreciation (1520)	(15)	\$ 195,521,040
Historical Cost of Buildings over 50 years old	(16)	20,000
Amount of Federal Money in Building Cost (Net of #16)	(17)	--
Total Cost of Furniture & Equipment Before Depreciation (1530 & 1540)	(18)	12,585,213
Historical Cost of Furniture & Equipment over 16 years old	(19)	732,130
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20)	\$ 845,344

(8) Note A - \$15,923 in Function 53 expenditures and \$230,000 in Function 99 expenditures are included in this report on administrative costs.

**MANOR INDEPENDENT SCHOOL DISTRICT**  
**NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**EXHIBIT J-3**

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 685,000	\$ 849,548	\$ 164,548
5800 <i>State Program Revenues</i>	46,498	46,342	(156)
5900 <i>Federal Program Revenues</i>	3,408,010	3,654,892	246,882
5020 <b>Total Revenues</b>	<u>4,139,508</u>	<u>4,550,782</u>	<u>411,274</u>
<b>EXPENDITURES:</b>			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	4,589,500	4,455,926	133,574
<b>Total Support Services - Student (Pupil)</b>	<u>4,589,500</u>	<u>4,455,926</u>	<u>133,574</u>
Support Services - Nonstudent Based:			
0051 <i>Plant Maintenance and Operations</i>	100,000	--	100,000
<b>Total Support Services - Nonstudent Based</b>	<u>100,000</u>	<u>--</u>	<u>100,000</u>
6030 <b>Total Expenditures</b>	<u>4,689,500</u>	<u>4,455,926</u>	<u>233,574</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	(549,992)	94,856	644,848
1200 Net Change in Fund Balance	<u>(549,992)</u>	<u>94,856</u>	<u>644,848</u>
0100 Fund Balance - Beginning	1,218,836	1,218,836	--
3000 Fund Balance - Ending	<u>\$ 668,844</u>	<u>\$ 1,313,692</u>	<u>\$ 644,848</u>

**MANOR INDEPENDENT SCHOOL DISTRICT**

**EXHIBIT J-4**

DEBT SERVICE FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
5700 <i>Local and Intermediate Sources</i>	\$ 23,316,650	\$ 24,579,140	\$ 1,262,490
5020 <b>Total Revenues</b>	<u>23,316,650</u>	<u>24,579,140</u>	<u>1,262,490</u>
<b>EXPENDITURES:</b>			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	5,760,000	5,375,000	385,000
0072 <i>Interest on Long-Term Debt</i>	17,541,450	9,348,386	8,193,064
0073 <i>Bond Issuance Costs and Fees</i>	15,200	545,895	(530,695)
<b>Total Debt Service</b>	<u>23,316,650</u>	<u>15,269,281</u>	<u>8,047,369</u>
6030 <b>Total Expenditures</b>	<u>23,316,650</u>	<u>15,269,281</u>	<u>8,047,369</u>
1100 <b>Excess (Deficiency) of Revenues Over (Under)</b>			
1100 <b>Expenditures</b>	--	9,309,859	9,309,859
Other Financing Sources (Uses):			
7901 <i>Refunding Bonds Issued</i>	--	48,240,000	48,240,000
7916 <i>Premium or Discount on Issuance of Bonds</i>	--	7,712,982	7,712,982
8940 <i>Payment to Bond Refunding Escrow Agent</i>	--	(55,412,923)	(55,412,923)
7080 <b>Total Other Financing Sources and (Uses)</b>	<u>--</u>	<u>540,059</u>	<u>540,059</u>
1200 <b>Net Change in Fund Balance</b>	<u>--</u>	<u>9,849,918</u>	<u>9,849,918</u>
0100 <b>Fund Balance - Beginning</b>	18,011,973	18,011,973	--
3000 <b>Fund Balance - Ending</b>	<u>\$ 18,011,973</u>	<u>\$ 27,861,891</u>	<u>\$ 9,849,918</u>

**WEST, DAVIS & COMPANY, LLP**

11824 Jollyville Road, Suite 100

Austin, Texas 78759

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

Board of Trustees  
Manor Independent School District  
Manor, Texas

Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manor Independent School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Manor Independent School District's basic financial statements, and have issued our report thereon dated December 10, 2013.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

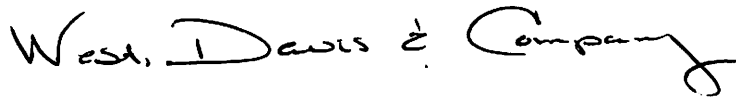
As part of obtaining reasonable assurance about whether Manor Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

## **Manor Independent School District's Response to Findings**

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

### **Purpose of this Report**

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

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

West, Davis & Company, LLP  
Austin, TX  
December 10, 2013



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

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

Board of Trustees  
Manor Independent School District  
Manor, Texas

Members of the Board of Trustees:

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

We have audited Manor Independent School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Manor Independent School District's major federal programs for the year ended June 30, 2013. Manor Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, Manor Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

**Report on Internal Control Over Compliance**

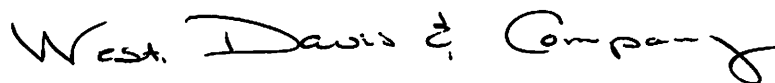
Management of Manor Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Manor Independent School District's internal control over

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

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

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

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

A handwritten signature in cursive script that reads "West, Davis & Company". The signature is written in black ink and is positioned above the typed name of the firm.

West, Davis & Company, LLP  
Austin, TX  
December 10, 2013

**MANOR INDEPENDENT SCHOOL DISTRICT**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE YEAR ENDED JUNE 30, 2013*

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?  Yes  No

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

Noncompliance material to financial statements noted?  Yes  No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?  Yes  No

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	ESEA Title I Part A- Improving Basic Programs
84.371C	Texas Literacy Initiative (STR RDRS)

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

Auditee qualified as low-risk auditee?  Yes  No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

**MANOR INDEPENDENT SCHOOL DISTRICT**  
*SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEAR ENDED JUNE 30, 2013*

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
Finding #10-02		
The District should establish fund #461 to account for all campus activity funds.	Implemented	Not Applicable
The District should ensure that expenditures are processed in the same manner as other District expenditures.	Not Implemented	Management is in the process of implementing.

**MANOR INDEPENDENT SCHOOL DISTRICT**

*CORRECTIVE ACTION PLAN*

*FOR THE YEAR ENDED JUNE 30, 2013*

Finding # 10-02

The District has established the Fund #461; however, it has not fully implemented procedures to insure that expenditures are processed in the same manner as other District expenditures.

Time Frame:

The District will complete the implementation of this corrective action by June 30, 2014.

District Contact:

The District contact person is Dan Arrigona, Executive Director of Financial Operations.

**MANOR INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. DEPARTMENT OF EDUCATION</b>			
Passed Through State Department of Education:			
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	12610101227907	\$ 20,456
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	12610101227907	78,301
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	13610101227907	918,884
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	13610101227907	45,693
<i>ESEA Title I Part A - Improving Basic Programs *</i>	84.010A	13610101227907	2,536
Total CFDA Number 84.010A			1,065,870
<i>IDEA-B Formula *</i>	84.027A	126600012279076000	15,000
<i>IDEA-B Formula *</i>	84.027A	126600012279076000	281
<i>IDEA-B Formula *</i>	84.027A	136600012279076000	608,668
<i>IDEA-B Formula *</i>	84.027A	136600012279076000	518,227
<i>IDEA-B Formula *</i>	84.027A	136600012279076000	8,411
<i>IDEA-B Formula *</i>	84.027A	136600012279076000	41,159
Total CFDA Number 84.027A			1,191,746
<i>Career and Technical - Basic Grant</i>	84.048A	13420006227907	212
<i>Career and Technical - Basic Grant</i>	84.048A	13420006227907	78,611
Total CFDA Number 84.048A			78,823
<i>IDEA-B Preschool *</i>	84.173A	1366100122790760	9,919
<i>IDEA-B Preschool *</i>	84.173A	1366100122790760	11,862
<i>IDEA-B Preschool *</i>	84.173A	1366100122790760	1,873
Total CFDA Number 84.173A			23,654
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287C	126950147110038	3,692
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287C	126950147110038	3,654
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287C	126950147110038	243,498
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287C	126950177110038	739,588
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287C	12690177110038	25,778
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287C	126950177110038	5,003
<i>Title IV Part B21st Century Community Learning Centers</i>	84.287C	126950177110038	317
Total CFDA Number 84.287C			1,021,530
<b>GEAR UP</b>	84.334S	135110017110003	118,315
<i>Title III Part A English Language Acquisition and Language Enhancement</i>	84.365A	12671001227907	4,122
<i>Title III Part A English Language Acquisition and Language Enhancement</i>	84.365A	12671001227907	72,463
<i>Title III Part A English Language Acquisition and Language Enhancement</i>	84.365A	13671001227907	195,781
<i>Title III Part A English Language Acquisition and Language Enhancement</i>	84.365A	13671001227907	8,005
Total CFDA Number 84.365A			280,371
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	12694501227907	1,539
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	12694501227907	8,940
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	13694501227907	92,694
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	13694501227907	1,639
<i>ESEA Title II Part A - Teacher &amp; Principal Training &amp; Recruiting</i>	84.367A	13694501227907	2,536
Total CFDA Number 84.367A			107,348

**MANOR INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Texas Literacy Initiative (STR RDRS)</i>	84.371C	126460037110017	1,155,690
<i>Texas Literacy Initiative (STR RDRS)</i>	84.371C	126460037110017	708,261
<i>Texas Literacy Initiative (STR RDRS)</i>	84.371C	126460037110017	88,592
<i>Texas Literacy Initiative (STR RDRS)</i>	84.371C	126460037110017	28,411
Total CFDA Number 84.371C			<u>1,980,954</u>
<i>Title I SIP Academy Grant *</i>	84.377A	126107047110019	33,750
<i>Title I SIP Academy Grant *</i>	84.377A	126107047110019	15,629
Total CFDA Number 84.377A			<u>49,379</u>
<i>Title I SIP Academy Grant *</i>	84.377C	126107047110019	31,263
<i>Title I SIP Academy Grant *</i>	84.377C	126107047110019	359,782
<i>Title I SIP Academy Grant *</i>	84.377C	126107047110019	1,986,937
Total CFDA Number 84.377C			<u>2,377,982</u>
Total Passed Through State Department of Education			<u>8,295,972</u>
Passed Through Region X ESC:			
<i>ESEA Title X Part C - Education for Homeless Children and Youth</i>	84.196A	11-018	4,812
<i>ESEA Title X Part C - Education for Homeless Children and Youth</i>	84.196A	00-018	59,003
<i>ESEA Title X Part C - Education for Homeless Children and Youth</i>	84.196A	00-018	3,997
Total CFDA Number 84.196A			<u>67,812</u>
Total Passed Through Region X ESC			<u>67,812</u>
Total U. S. Department of Education			<u>8,363,784</u>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through State Department of Education:			
School Breakfast Program *	10.553	71401301	851,449
National School Lunch Program *	10.555	71301301	2,556,560
Commodity Supplemental Food Program (Non-cash) *	10.555	227-907	246,883
Total CFDA Number 10.555			<u>2,803,443</u>
Summer Food Service Program *	10.559	227-907	40,696
Total Passed Through State Department of Education			<u>3,695,588</u>
Total U. S. Department of Agriculture			<u>3,695,588</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 12,059,372</u>

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

The accompanying notes are an integral part of this schedule.

**MANOR INDEPENDENT SCHOOL DISTRICT**  
*NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*FOR THE YEAR ENDED JUNE 30, 2013*

Basis of Presentation

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



**MANOR INDEPENDENT SCHOOL DISTRICT**

*SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS  
AS OF JUNE 30, 2013*

<u>Data Control Codes</u>	<u>Responses</u>
SF2    Were there any disclosures in the Annual Financial Report and/or other sources of information concerning default on bonded indebtedness obligations?	No
SF4    Did the district receive a clean audit? - Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5    Did the Annual Financial Report disclose any instances of material weaknesses in internal controls?	No
SF9    Was there any disclosure in the Annual Financial Report of material noncompliance?	No
SF10    What was the total accumulated accretion on capital appreciation bonds included in the government-wide financial statements at fiscal year-end?	\$     610,097